

2015 Annual Report



TIME FOR CHANGE





Mission

To secure and provide an excellent sustainable water supply service of appropriate quality, at a reasonable price, which meets the growing needs of the people, and supports the economic development of the country

Vision

To excel in the provision of an uninterrupted round the clock service of world class standard throughout the year to the entire population of Mauritius

Values

Responsiveness, Courtesy, Excellence, Integrity, Teamwork, Quality



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BOARD'S RESPONSIBILITY STATEMENT

The Central Water Board is responsible for the proper keeping of accounting records which disclose, with reasonable accuracy, at any time, the financial position of the Central Water Authority (CWA).

In line with the Statutory Bodies (Accounts and Audit) Act as subsequently amended, the Authority shall, not later than four months after the end of every Financial Year, prepare and submit an annual report, including the financial statements to the Auditor.

Financial Statements

The Board is responsible for the preparation of financial statements in compliance with the International Financial Reporting Standards (IFRS).

The Board is also responsible for the integrity of these annual financial statements and for the objectivity of any information presented therein.

In preparing these financial statements, the Board has:

- maintained proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority;
- ensured that the financial statements provide an integral and transparent state of affairs, Income and Expenditure Account and cash flows of the Authority;
- selected suitable accounting policies and applying them consistently;
- safeguarded the assets of the Authority by maintaining appropriate internal control systems and procedures;
- taken reasonable steps to prevent and detect fraud and any other irregularities;
- prepared same on a going concern basis;
- made judgments and estimates that are reasonable and prudent

Internal Control

The Board has an overall responsibility for the safeguarding of assets of the Authority and to prevent and detect fraud and other irregularities. An Audit & Risk Committee has been set up to assist the Board in discharging its oversight duty and responsibility and ensuring the integrity of financial statements, compliance with applicable legal and regulatory requirements and an effective performance of the Internal Audit function.

The Authority has an established Internal Audit function which assists management in effectively discharging its responsibilities. The Internal Audit is an independent function that reports directly to the Audit & Risk Committee.

Corporate Governance

The Board, confirm to the best of its knowledge that the Central Water Authority has complied with all its obligations and requirements under the Code of Corporate Governance.

Signed by:

Signature:

Name : **Gaston François Desmarais**

Chairperson, CWB

Date: **27 December 2016**

Signature:

Name : **S. Appanah**

Member, CWB

Date: **27 December 2016**



CHAIRMAN'S OVERVIEW



Chairman's Overview



It is indeed a pleasure for me to report on the performance of CWA for the year 2015. One year has elapsed already since I was entrusted the responsibility for Chairman of CWA.

I am honoured to being associated with the water sector since water plays a primordial role in society, important for ensuring a healthy and decent standard of living and it also acts as a catalyst for economic growth and development. Working towards a more water secure future for Mauritius has therefore been the Authority's top priority.

When I took over at the start of the year, it was clear that CWA was going through a sort of crisis as public confidence in its service was at its lowest. This was caused by the dry spells that characterized the later part of 2014 and was accentuated by CWA's ageing pipe network. Hence, at the outset, we needed to focus on transforming our culture, driving operational excellence and putting customers at the heart of what we do. In this journey, I have appreciated the diligence of CWA Management and staff and I commend the effort of our Board Members.

Good progress continued to be made on many fronts. We have prioritised on getting things right first time and reducing our cost to serve. We strived to build a greater degree of resilience in both our networks and to our water treatment works. We also put significant focus on investing in the professional expertise of our people.

The Board will continue to support good governance and enhanced transparency. Accordingly, the mandate of the Audit and Risk Sub-Committee of the Board was enlarged to include the Governance aspect.

We have crossed the margin of 350,000 consumers, with a market growth of around 2%. We have continued to ensure affordability in line with our Mission Statement since our water charges are one of the lowest in the world. Our ongoing strategy is to increase flexibility, provide a greater customer-centric focus, enhance efficiency and ensure effective delivery of our key service outcomes.

Certain historic events have marked the year 2015, notably, the Sustainable Development Goals (SDGs) launched by UN in September last which set important targets for the Water Sector. It is now the collective responsibility of each player in the sector to ensure the fulfillment of these objectives.

Mauritius has also taken certain commitments for the reduction of greenhouse gases by year 2030 at the UN Summit on Climate Change(COP 21) held in Paris last year. I understand that this is to be principally achieved through a shift to renewable energy sources from that of fossil fuel. CWA will not remain passive but contribute in this endeavour by increasingly resorting to clean energy sources. Furthermore, we are focusing on ways and means of reducing our energy bill through an active energy efficiency programme that will include sourcing of more cost efficient pumps.

The theme for World Water Day 2015 'Water and Sustainable Development' was an opportunity for reflection on the sustainable use of water in the context of climate change and growing pollution of the environment. It was good to note the interest of students in the Essay Competition launched to mark that occasion.

It is unfortunate that CWA is not self sustainable. Its pricing policy does not engender sufficient funds for renewal of the stretches of pipe network that are badly in need of replacement. Thus, the decision of Government to allocate substantial funds to the Water Sector under the Build Mauritius Fund, geared towards alleviating the water supply problems of the population, is a commendable one. These resources will enable CWA to work towards the 24/7 vision of Government for water provision to the population year out.

With the increasing injection of Government funds into CWA's infrastructure upgrade, the responsibility of the Board has increased manifold. It has to see to it that every cent allocated is used judiciously, in a spirit of transparency and accountability. CWA Board will be putting in place a proper monitoring mechanism to oversee these projects.

CWA's future success will rest on the business ability to innovate and operate more effectively to meet the needs of our customers and stakeholders. However, looking over the long term, climate change, population growth, real estate development/advent of Smart Cities, a booming tourism industry as well as the second economic miracle embodied in Government's Vision 2030 will add increasing pressure to the supply demand balance. The organization has already started as from now, to proactively implement solutions which will enable it to keep pace with rising demand.

CWA has an ambitious investment plan that includes increase in treatment capacity, renewal of defective pipes in critical locations, increase in storage capacity (service reservoirs), upgrading of pumping stations, etc. The Authority's quest for continuous improvement in water quality cannot be undermined. The newly upgraded Pailles Water Treatment Plant is finally operational and treating additional volumes of water and well rid of the problem of clogging. Several water treatment plants are being upgraded to tackle the problem of pollution of our watercourses. CWA's laboratory is also being constantly upgraded with state of the art equipment, capable of testing new parameters.

Water losses are an overriding concern for CWA. The reduction of Non-Revenue Water programme has been phased, with initial focus on the Upper MAV system. This project was implemented by having recourse to expertise from the Consortium of Consultants from Singapore Cooperation Enterprise. The project, due for completion in early 2016, is expected to lead to visible improvements in network efficiency in the relevant DMAs. The project will be extended to other DMAs in the particular zone and also replicated in other water supply systems.

CWA has sustained its save water campaigns, though with reduced vigour, given that the water supply situation throughout the year was quite favourable.

I am confident that we will continue to improve our service delivery. My key focus for the coming year is to ensure that we continue holding customers at the heart of all that we do and that we also work in line with the vision of Government.

With the direction charted by the Strategic Plan, a board membership with broad spectrum expertise, a strong dedicated management team and experienced and hardworking staff, we shall no doubt continue on the path of progress, albeit with potential difficulties which we would overcome in concert.



Gaston François Desmarais
Chairperson, CWA

General Manager's Message



I am pleased to report on the Authority's activities for the foregoing year in which we continued to drive our Strategic Plan while also embracing the Vision of the new Government.

Despite shortage of manpower to head strategic departments as well as other constraints, we have continued to gear CWA towards a betterment of service and innovative technology.

Investing in our people has been a priority to ensure that we have the right skills, competence and talent we need to succeed in the future. During the year, 93 formal training sessions were held for our staff, including 7 overseas.

By gaining a better insight into the needs of customers, our services are tailored so as to be most responsive to the consumer expectations. Accordingly, close to 100,000 families continued to benefit from the minimum monthly water tariff of Rs 55/- during the year. Besides, in Budget Speech 2015, Government announced the policy that six cubic metre of water will be made available free of charge to domestic consumers. Different scenarios were worked out by our Commercial Services, in that context. Implementation of this measure is to be effective as from January 2016.

Along the same vein, Government sustained the Water Tank Grant Scheme whereby some 32,500 additional low income households were able to benefit from the grant for purchase of a domestic water tank in the course of the year.

The shift in Government's priorities to give precedence to the water related problems gives a new impetus to the water industry. Government's commitment in terms of grant funding under BMF, to tackle the problem of ageing CWA pipe network is truly appreciated. The challenge now is for CWA to demonstrate its ability to implement the projects in a timely and effective manner.

Around 130 km of pipelines were constructed in 2015, mostly from CWA own funds and Government /EIB loan. The Non Revenue Water Project (NRW) in MAV (Upper) was on schedule and following the departure of the Singaporean Consultants around end June 2015, CWA staff attached to the NRW Unit took over the reins of the project. The meter change exercise under this programme proceeded smoothly and leaks detected were repaired according to schedule. The major contracts for pipe replacement were on target and expected to be completed early 2016.

Unfortunately, the project for Construction of Bagatelle Water Treatment Plant could not take off due to the court case. We shall have to bear with the fact that the dam will soon be ready but not the treatment plant.

Our major achievement during the year, aside from the Non Revenue Water project was the Upgrading of Pailles Water Treatment Plant. Though the project suffered some setbacks, in terms of cracks detected in the concrete tank, ultimately, these were remedied and the treatment plant was functioning at its full capacity by year end. The problem of clogging of filters during heavy rains was eliminated altogether and residents of the Capital were able to enjoy a secure and sustained water supply, even after heavy rains.

On the technological front, CWA has been undergoing a business transformation, be it its move to embark on e-procurement or e-payment solutions, SBM Bill Pay, Orange Money and Emtel mobile payment services, etc. It is constantly improving use of data, employing enhanced IT tools and techniques and working towards smart technology. During the year, CSL, our hotline operator started working in real time with CWA with regards to customer services.

CWA's website was revisited and I am pleased to share that the new version garnered some compliments from our webpage visitors.

The newly refurbished Reception /PR area at St Paul is the pride of CWA. This is only one of the tangible aspects underpinning the changes/enhancements CWA wishes to bring forward in its customer services.

CWA does not want to be left behind in the race to adopt renewable energy sources that contribute towards a green economy. Accordingly, a number of projects were implemented viz, photovoltaic panel at Head Office, procurement of variable speed drives for pumps, amongst others. Management also took cognizance of the Report on Energy Efficiency and Energy Saving Initiatives submitted by the team of consultants from UOM, which happens to contain important recommendations. An Implementation Plan is being drawn up regarding same.

CWA could not proceed with its meter change programme due to obstacles in procurement of its lot of 100,000 consumer meters. It is hoped that 2016 will herald more favourable circumstances so that it shall be in a position to kick start this important exercise.

Recruitment of key personnel was predominant on our agenda and selection exercises were conducted on a recurrent basis. Some of the empty posts have been filled while other key positions are still vacant. Sadly, CWA does not have a competitive edge in its remuneration policy and staff attraction and retention has continued to be a problem as far as technical and other key personnel is concerned.

We continued on our risk management journey and risk mitigation plans were drawn up and approved by Board. Implementation of these at departmental level is the next step.

An Action Plan for Rationalization of Measures towards Cost Reduction and Revenue Generation was devised and thoroughly driven by our Finance Division. Certain benchmarks were set for cost reduction and Heads of Divisions were accordingly called upon to adopt new ways of doing things that were relatively less expensive. This is a genuine example of pro-activeness which tries to instill a new mindset and culture of savings at the Authority.

The progress achieved so far is a reflection of our people's dedication, hard work and commitment. With the dynamic shifts in our operating landscape and the evolving needs of customers and stakeholders, I expect the upcoming period will be more challenging. However, I have absolute confidence in CWA's ability to meet and thrive in these challenging times.



Dev Anand Aukle
General Manager



**CORPORATE
GOVERNANCE
REPORT**



STATEMENT OF COMPLIANCE

We, the Board Members of Central Water Authority (CWA), confirm that to the best of our knowledge that CWA has complied with all of its obligations and requirements under the Code of Corporate Governance wherever applicable.

Signature: 

Name : Gaston François Desmarais
Chairperson

Date: 27 December 2016

Signature: 

Name : S. Appanah
Board Member

Date: 27 December 2016

Corporate Governance Report 2015

Sections of the Code	Code of Corporate Governance in the issued by the National Committee of Corporate Governance (General Notice No. 844 of 2005)	Compliance
Section 2	Boards and Directors	
2	Role and Function of the Board	Comply
2.1	Structure of the Board	Comply
2.2	Composition of the Board	Comply
2.3	Role of the Board	Comply
2.4	Conflicts of Interest	Comply
2.5	Role and Function of the Chairperson	Comply
2.6	Role and Function of the Chief Executive Officer (CEO)	Comply
2.7	Role of the Executive, Non-Executive and Independent Non-Executive Director	Not Applicable
2.8	Remuneration of Directors	Comply
2.9	Director Selection, Training and Development	Not Applicable
2.10	Board and Director Appraisal	Not Applicable
Section 3	Board Committees	
3.1	Accountability and Responsibility for performance	Comply
3.2	Terms of Reference for Board Committees	Comply
3.3	Transparency and Disclosures from Board Committees to Board	Comply
3.4	Composition of Board Committees	Comply
3.5	Audit Committee and Corporate Governance Committee	Comply
3.6	Other Committees	Comply
3.7	Independence of Board Committees	Comply
3.8	Secretary of Committees	Comply
3.9.1	The Audit Committee	Comply
3.9.2	The Corporate Governance Committee	Comply
3.9.3	Board Risk Committee	Comply
3.9.4	The Remuneration Committee	Not Applicable
3.9.5	The Nomination Committee	Not Applicable
Section 4	Role and Function of the Company Secretary	Comply
Section 5	Risk Management, Internal Control and Internal Audit	
5.1	Risk Management	Comply
5.2	Internal Control	Comply
5.3	Internal Audit	Comply
5.4	Reporting and Disclosure	Comply
Section 6	Accounting and Auditing	
6.1	Accounting	Comply
6.2	Audit	Comply
6.3	Non-Audit services	Comply

Section 7 Integrated Sustainability Reporting		
7.1	Social and economic responsibilities of companies	Comply
7.2	Policies in respect of ethics, environment, health and safety	Comply
7.3	Ethics	Comply
7.4	Environment	Comply
7.5	Health and safety	Comply
7.6	Social Issues	Comply
Section 8 Communication and Disclosure		
8.1	Board should address the shareholders and stakeholders on matters of material interest	Comply
8.2	Annual Report	Comply
8.3	Directors' Responsibilities	Comply
8.4	Corporate Governance Report	Comply
8.5	Funding	Comply (Funding Agencies incl. Govt)
Section 9 Relationship with shareholders		Comply



CORPORATE GOVERNANCE

Corporate Governance involves a set of relationships among the board, management and other stakeholders. Effective corporate governance practices are essential to achieving and maintaining high level of public trust, corporate success and sustainable economic growth.

As a guardian of the country's most precious natural resource, the CWA is duly bound to operate within a strong governance framework that rests on a value system of fairness, transparency, accountability, integrity and trust.

THE CENTRAL WATER BOARD (The Board)

The Central Water Authority Act 20/1971, declared by proclamation with effect from July 1971, established the Central Water Authority (CWA) and provides for the latter to be administered and controlled by a Central Water Board (CWB).

The CWB is fully committed to attaining and sustaining the highest standards of corporate governance with the aim of maximizing long-term value creation for the stakeholders.

Recognising the need for observing highest standards of transparency, accountability and integrity, the Board is dedicated to continuously foster a corporate culture that emphasises good corporate governance.

Being responsible in promoting the long-term success of the Authority, the Board endeavours, inter-alia, to:

- exercise leadership, intellectual honesty, integrity and judgment in directing the Authority with a view to achieving sustainable prosperity whilst ensuring both performance and integrity.
- continuously review the processes and procedures in place to ensure the effectiveness of the Authority's internal systems of control to safeguard the Authority's assets and reputation.
- set the strategic direction and long-term goals and ensuring that adequate resources are available for the Authority to implement the strategic plan.
- ensure that the Authority complies with all relevant laws, regulations and codes of best business practice

Through its vision, core values and formal policies, which set out what the CWA expects from employees in the running of its businesses, the Board seeks to engender a culture where business ethics, integrity and fairness are values that all employees endorse and apply in their everyday conduct.

In accordance with Section 7 (2) of the Central Water Authority Act 1971, the Board is constituted as follows:

- a chairperson – appointed by the Minister;
- a representative of the Ministry responsible for the subject of finance;
- a representative of the Ministry responsible for the subject of energy;
- a representative of the Ministry responsible for the subject of labour and industrial relations;
- 2 members with experience in agricultural, industrial, commercial, financial, scientific or administrative matters, appointed by the Minister.

The Chairperson is appointed by the Minister on such terms and conditions as he thinks fit. Every ex-officio member remains a member for as long as he holds the office by virtue of which he became a member and every appointed member holds office for not more than 2 years but is eligible for re-appointment.

The Board of the Central Water Authority was constituted as follows up to 05 April 2015.

Mrs. Nirmala Nababsing	Chairperson
Mr. R.K. Bunjun (up to 12 March 2015) Mr. Ayoob Saab (as from 13 March 2015)	Representative of the Ministry of Energy and Public Utilities (Ministry responsible for the subject of Energy)
Mr. Visvanaden Soondram	Representative of the Ministry of Finance & Economic Development (Ministry responsible for the subject of Finance)
Mr. Manodaren Naidoo Soobrayen	Representative of the Ministry of Labour & Industrial Relations (Ministry responsible for the subject of labour and industrial relations)
Dr. Yousouf Ismaël	Member appointed by the Minister
Mr. Daniel Marion	Member appointed by the Minister

The composition of the Board of the Central Water Authority as approved by the Vice Prime Minister, Minister of Energy and Public Utilities, for the year 2015 (effective as from **06 April 2015**) was as follows:

Mr. Gaston François Desmarais	Chairperson
Mr. Rajcoomar Bikoo (Alternate: Mr. Radhamohun Mungar)	Representative of the Ministry of Energy and Public Utilities (Ministry responsible for the subject of Energy)
Mr. Visvanaden Soondram (Alternate: Mr. Hemnish Urdhin)	Representative of the Ministry of Finance & Economic Development (Ministry responsible for the subject of Finance)
Mr. Edley Armoogum (Alternate: Mrs. Amrita Imrith; Mr. Shyam Teeluck)	Representative of the Ministry of Labour & Industrial Relations (Ministry responsible for the subject of labour and industrial relations)
Dr. Yousouf Ismaël	Member appointed by the Minister
Mr. Luc Mario Gilbert Bazerque	Member appointed by the Minister

The Chairperson

The Chairperson plays a vital role in ensuring the smooth functioning of the board in the interests of good governance by providing overall leadership without limiting the principle of individual responsibility for board decisions. Among others, the core functions of the Chairperson include the following:

- Encouraging and ensuring the active participation of each board member in discussions and deliberations of the board.
- Ensuring effective communication with stakeholders.
- Acting as the main link between the board and management and particularly between the board and the general manager.
- Overseeing the Board agenda and ensuring that the relevant information and facts are placed before the board to enable the board members to reach informed decisions.



HIGHLIGHTS

Water is the
driving force
of all Nature.

BOARD MEMBERS

Mrs. Nirmala Nababsing

Chairperson up to 05 April 2015

Senior Chief Executive – Ministry of Energy & Public Utilities.

Mr. Gaston François Desmarais

Chairperson as from 06 April 2015

Mr. G. F. Desmarais graduated from the Institut d'Etudes Politiques de Paris in 1978. He also followed a programme for Management Development (PMD 57) at the Harvard University in 1989.

Mr. G.F Desmarais has a wide experience in the private sector for having spent 33 years at Ireland Blyth Ltd (IBL). He joined IBL in 1979 as Co-ordinator Commercial Division and had occupied several posts at Management / Top Management Level – Assistant Manager, Manager, Associate Director.

In 1993, Mr. G.F. Desmarais was appointed as Executive Director Board of Management at IBL where he was in charge of the Commercial Division.

Following the re-engineering of the Group in 2004, he was appointed Chief Operations Officer of Large Projects Property & Services. From 2004 till his retirement on 31 December 2012, he led major projects and strategic partnerships in the field of Real Estate Development and Public Utilities – water, sanitation, waste management, power generation and water treatment.



Representative of the Ministry responsible for the subject of Energy

Mr Rajcoomar Bikoo

[As from 06 April 2015]

Ex-Officio Member

Mr. Rajcoomar Bikoo holds a Master in Business Administration and a BTech in Electrical and Electronics Engineering.

He is actually the Director General at the Ministry of Energy & Public Utilities.

He has more than 25 years experience in the Utilities Sector.



Mr. R.K. Bunjun

(up to 12 March 2015)

Ex-Officio Member

Deputy Permanent Secretary – Ministry of Energy & Public Utilities

Mr. Ayoob Saab

(up to 05 April 2015)

Ex-Officio Member

Deputy Permanent Secretary – Ministry of Energy & Public Utilities

Representative of the Ministry responsible for the subject of Finance

Mr. Visvanaden Soondram

Ex-Officio Member

Fellow of the Association of Chartered Certified Accountants (UK) and holder of a MSc in Finance. Mr. V. Soondram is presently Lead Analyst at the Ministry of Finance & Economic Development and has a vast experience in the Public Sector (including Financial Management Audit).



Representative of the Ministry responsible for the subject of Labour and Industrial Relations

Mr. Manodaren Naidoo Soobrayen

(up to 05 April 2015)

Ex-Officio Member

Assistant Director at the Ministry of Labour & Industrial Relations



Mr. Edley Armoogum

(as from 06 April 2015)

Ex-Officio Member

Mr. Edley Armoogum is the Director at the Ministry of Labour & Industrial Relations. He has extensive experience in the Public Sector and has more than 45 years of service.



Appointed Members

Dr. Yousouf Ismaël

Appointed Member

Dr Ismaël holds a BSc. (Hons) in Agriculture, MSc. Development Economics & Planning, PhD Economics and a Post-Doctoral from the University of Reading, UK. He has over 14 years' experience in Project Management in Asia, Africa and UK.

He occupied the post of Head Business Development & Marketing at the St Aubin Group from May 2012 to September 2014.

In October 2014, Dr Y. Ismaël was appointed Chief Executive Officer of Global Finance Mauritius.



Mr. Daniel Marion

(up to 05 April 2015)

Appointed Member

Holder of a 'Licence en Lettres Modernes', a 'Maitrise en Lettres' and a PGCE. He was the former Rector of John Kennedy College and has served on several Boards.



Mr. Luc Mario Gilbert Bazerque

(as from 06 April 2015)

Appointed Member

Holder of a degree in Mechanical Engineering, Sales, Marketing and Business Administration, Mr. G. Bazerque has worked in several African Countries and the hotel industry in Mauritius.

Since 2014 he was the Technical Director of Woodstock Renovation Electrical and Mechanical Ltd.

BOARD COMMITTEES

The Board has set up a structure of Board Committees to efficiently advance the business of the board and to better carry out its stewardship and fiduciary responsibilities. Each Board Committee operates under defined Terms of Reference whereby detailed attention is given to specific issues pertaining to finance and procurement, human resources, projects, audit and risk management and corporate governance. The Board Committees are advisory in nature and all deliberations are submitted to the Board for approval.

During the year under review, the following Board Committees have been established by the CWB to examine in-depth specific matters:

- Finance Committee
- Staff Committee
- Audit, Risk & Governance Committee

FINANCE COMMITTEE

Terms of Reference

To review the Authority's financial policies, strategies and take such actions and make such reports and recommendations to the Board as it deems advisable;
To examine Bid Evaluation Reports in respects of bids whose value exceeds Rs 5 million and make recommendations to the Board for award;
To recommend for approval to the Board expenditures exceeding the financial authority of the General Manager;
To examine the Authority's Budgets, Cash Flow Statements, Management Accounts and Financial Statements and to make recommendations to the Board;
To execute such other functions as may be referred to it from time to time by the Board.

During the year 2015, the Finance Committee met on **11** occasions.

Prior to the constitution of the Central Water Board in April 2015, the Finance Committee met on three (3) occasions under the chairmanship of the representative of the Parent Ministry and was constituted as hereunder:

Chairperson	The representative of the Parent Ministry
Member	The representative of the Ministry of Finance & Economic Development

Following the reconstitution of the Central Water Board in April 2015, the Finance Committee was reconstituted as follows and met on eight (8) occasions.

Chairperson	Dr. Y. Ismaël
Member	Mr. V. Soondram Mr. R. Bikoo Mr. G. Bazerque

The General Manager, the Chairperson of the Procurement Committee and the Deputy General Manager (Technical) were in attendance in the Finance Committee.

STAFF COMMITTEE

The Staff Committee considers and makes recommendations to the Board on matters relating to, inter-alia:

- Human Resource Strategies
- Selection and Appointment
- Remuneration and Performance Management
- Training and Development
- Industrial Relations

Prior to 06 April 2015, the Staff Committee was constituted as follows:

Chairperson	The representative of the Parent Ministry
Member	The Representative of the Ministry responsible for the subject of Labour & Industrial Relations
	Appointed Member – Mr. D. Marion
	The General Manager
	The Deputy General Manager (Adm)

However, there was no meeting of the Staff Committee prior to **06 April 2015**.

During the period under review, the Staff Committee met on **20 occasions** (including 10 sittings for interview exercises). The Composition of the Staff Committee was as follows:

Chairperson	Mr. G. Bazerque
Member	Mr. R. Bikoo
	Mr. E. Armoogum

Initially the General Manager and the Deputy General Manager (Adm) were co-opted members. However, following the Board meeting of **30 September 2015**, the General Manager was appointed as a full member on the Staff Committee.

AUDIT, RISK & GOVERNANCE COMMITTEE (ARGC)

The Audit, Risk & Governance Committee's role is to assist the Board in discharging its responsibilities and duties in relation to specific matters pertaining to financial reporting process, internal controls, internal audit function, external audit, risk governance, risk frameworks, risk management practices and policies.

The ARGC also ensures that the Board fulfills its legal, ethical and functional responsibilities through adequate governance policy development. It also assists the Board in promoting good governance practices and to ensure that disclosures are made in the annual report in compliance with the disclosure provisions in the Code of Corporate Governance.

Prior to **06 April 2015**, the Audit Risk & Governance Committee was constituted as follows:

Chairperson	Dr. Y. Ismaël – Appointed Member
Member	The Representative of the Ministry responsible for the subject of Energy
	The Representative of the Ministry responsible for the subject of Finance
	The Representative of the Ministry responsible for the subject of Labour and Industrial Relations.

There was no meeting of the Audit Risk & Governance Committee prior to **06 April 2015**.

After the re-constitution of the Board in April 2015, the Audit, Risk & Governance Committee was constituted as hereunder and met on 4 occasions during the year 2015.

Chairperson	Mr. V. Soondram (up to September 2015)
	Dr. Y. Ismaël (as from October 2015)
Member	Dr. Y. Ismael (Up to October 2015)
	Mr. V. Soondram (as from October 2015)
	Mr. G. Bazerque

Attendance and Remuneration of Board Members

Board members are remunerated from the General Fund as the Minister may determine.

The monthly fee payable to the Chairperson was **Rs 45,000/-** up to July 2015. As from August 2015, the monthly fee payable to the Chairperson was revised to **Rs 90,000/-**.

Board Members were paid a monthly fee of **Rs 10,000/-** and **Rs 6,000/-** for attending Board meetings and Board committees irrespective of the number of sittings.

Members who act as Chairperson of Board Committees were entitled to an additional fee of **Rs 2,000** for each meeting they were called upon to chair.

As regards interview exercise, the Chairperson was paid a fee of Rs 1,200 per sitting while Members were paid a fee of Rs 700 per sitting.

During the period under review, the fees paid to the Chairperson and Board Members for attendance at Board and Board Committee meetings amounted to **Rs 1,370,600/-**.

Board Members	Board Meetings (including Special Board Meetings)	Board Committees			Remuneration for year 2015 (Net of PAYE) (Rs)
		FC	SC	ARGC	
No. of Meetings	12	8	20	4	
Mr. G. F. Desmarais (Chairperson)	12	-	-	-	532,500
Mr. R. Bikoo	12	7	11	-	167,450
Mr. R. Mungar (alternate to Mr. R. Bikoo)	-	1	6	-	10,880
Mr. V. Soondram	11	7	-	4	145,520
Mr. E. Armoogum	8	-	-	-	47,685
Mrs. A. Imrith (alternate to Mr. E. Armoogum)	1	-	7	-	60,945
Mr. S. Teeluck (alternate to Mr. E. Armoogum)	3	-	3	-	26,775
Dr. Y. Ismaël	12	8	-	4	166,260
Mr. G. Bazerque	10	5	16	4	173,315
Prior to constitution of Board in April 2015					
Mr. R. K. Bunjun		2	-	-	14,790
Mr. Ayoob Saab		1	-	-	7,395
Mr. S. Soondram		3	-	-	17,085
Total					1,370,600

FC : Finance Committee

SC : Staff Committee

ARGC : Audit, Risk & Governance Committee

Role of the General Manager

The function and role of the General Manager is clearly demarcated from that of the Chairperson. The General Manager, inter-alia, strives consistently to achieve the Authority's financial and operating goals and objectives and ensure that the day-to-day business affairs of the Authority are appropriately managed and monitored. Monthly management meetings under the chairmanship of the General Manager to ensure a proper follow-up on project implementation division-wise.

During the year under review, the General Manager endeavoured to maintain a positive and ethical work climate conducive to attracting, retaining and motivating employees at all levels of the Authority. In addition, the General Manager strived to foster a corporate culture with a view to promoting ethical practices, rejecting corrupt practices, offering equal opportunities, encouraging individual integrity and meeting social responsibility objectives and imperatives.

Role of the Secretary to the Board and Board Committees

The Secretary is a central source of guidance and advice to the Board on matters of ethics and good governance.

The Secretary endeavoured to ensure that the Authority complies with its constitution and all relevant statutory and regulatory requirements, codes of conduct and rules established by the Board.

The Administrative Secretary was the Secretary to the Board and Board Committees (save for Staff Committees in which the Representative of the HR Division acted as Secretary).

Senior Management Team



Dev Anand Aukle

Acting General Manager – Dec 2010 to 04 November 2015

General Manager – as from 05 November 2015

Mr D. A. Aukle holds a Bachelor of Engineering from the Bombay University and a MSc in Engineering (Hydraulics and Water Resources) from Canada. He is also holder of a Certificate in Water Resources Management from Italy.

He Joined the CWA in 1977 as Executive Engineer and was ultimately promoted to Principal Engineer (1988-1992) and Chief Engineer (1993-2002). He moved to Wastewater Management Authority as Deputy General Manager (Technical) – on contract – in July 2003 where he served for two years. He returned to CWA in 2005 and served as Chief Engineer till 2007 prior to being promoted as Deputy General Manager (Technical). Since December 2010 up to 04 November 2015, Mr. D.A Aukle occupied the post of Acting General Manager of the Authority. He was appointed General Manager with effect from 05 November 2015 in accordance with Section 14(1) of the CWA Act.



Hermann Joseph

Deputy General Manager (Adm) – Since 2004

Mr H. Joseph is holder of a Degree in Accounting and Computer Science and a MSc in Finance. He was an Ex-Member of The Association of International Accountants (A.A.I.A) and The British Computer Society (M.B.C.S). He is also a MQA Registered Trainer in IT – NQF Level 5.

He started his career at CWA in August 1973 as Accounts Clerk and has been successively promoted to Senior Accounts Clerk, Accounts Officer, Accountant, Chief Financial Officer and Deputy General Manager (Administration). He occupied the post of Chief Financial Officer from August 1987 to December 2004. Since December 2004 to-date he has occupied the post of Deputy General Manager (Administration) in the Authority.



Jeetsing Munbauhal

Ag. Deputy General Manager (Technical) – Since January 2012

Qualifications: Bachelor of Civil Engineering (Australia)

Certificate in Computer Science Engineering (UOM)

Member of Institute of Engineers (Australia).

Krishnacoomar Bisnatsingh

Acting Chief Engineer (Operations) –

Since July 2012

Qualifications: Pre-Engineering Div.I
BSc Civil Engineering



Saytookumar Gungah

Chief Engineer (Planning & Development) –

Since September 2012

Qualifications: B.Tech Civil Eng (I.I.T)

Dip. Hydraulic Eng (Delft Netherlands)

MSc Eng Project Management (UOM)

ACI Arbitrator – Associate Chartered
Institute of Arbitrators (UK)

Dhanraj Gungadeen

Ag. Chief Engineer (water resources/operation
& support services) – 03 March 2014 to 15

February 2015 and as from 07 November 2015

Qualifications: B. Eng. (Hons) Mechanical
Engineering



Sewkumarsing Dinassing

Ag. Chief Engineer (water resources / operation & support
services) – 01 March 2015 to 06 November 2015.

Qualifications: B.Eng. (Hons) Mechanical Engineering
(University of Westminster, London, UK)





Outtum Issur

Chief Financial Officer – Since 2005

Qualifications: Fellow of the Association of Chartered Certified Accountants (FCCA) and MSc Finance
Member of the Mauritius Institute of Professional Accountants (MIPA)

Member of the Chartered Institute of Management Consultants-Canada

Fellow of the Institute of Administrative Management (UK)



Chittaman Jugroo

Manager Commercial Services –
Since November 2010

Qualifications: Fellow of Chartered Certified Accountants (FCCA) and MSc Finance.
Member of the Mauritius Institute of Professional Accountants (MIPA).



Nitish Jhagdambi

Ag. IT Manager -

Since August 2013 to 30 April 2015.

Qualifications: BSc Computer Science with multimedia.



Daniel Chan Moo Lun

Chief Internal Auditor –
Since April 1990

Qualifications: Fellow of the Association of Chartered Certified Accountants (FCCA).



Ms. Arpana Ramkissoo-Balnac

Ag. IT Manager – as from 06 April 2015.

Qualifications: BSc Hons. Business Information System – University of Technology, Mauritius.



Ramakrishna Neelayya

Administrative Secretary – Since January 2011

Qualifications: BSc (Hons) Economics
Post Graduate Dip. (Marketing Management)
Post Graduate Dip.(Business Administration)



Yateendranath Ramkhelawon

HR Manager (On Contract) –
up to January 2015

Qualifications: Diploma in Personnel Management LLB (Hons)



Kalleeanee Heeramun

Economist / Analyst
(On Contract) – as from May 2012

Qualifications: BA (Hons) Economics – University of Delhi



Ms. Madina Bibi Surfraz

Officer in Charge (HR Division) –
as from 09 March 2015

Qualifications: BSc. in Communication Studies with specialization in Business Communication (University of Mauritius)



Rohit Mungra

Senior Advisor - Since 2007

(Mr R Mungra was the General Manager of the CWA on contract basis from 2001 to 2005)

Qualifications: BTech (Civil Engineering) IIT
Diploma in Water Supply and Public Health Engineering
Diploma in Water Quality Control & Management



CODE OF CONDUCT FOR CWA EMPLOYEES

The code of conduct for CWA employees which was approved by the Board in August 2012, rests upon a number of core values which require that CWA employees behave with integrity, selflessness, impartiality, objectivity, accountability, openness, honesty and justice.

The three guiding principles of the code are that CWA employees shall:

- fulfill their lawful obligations to the CWA with professionalism, integrity and loyalty;
- perform their official duties honestly, faithfully and efficiently while respecting the rights of the public and their colleagues; and
- not bring the CWA into disrepute through their private activities

TRANSPARENCY, ACCOUNTABILITY & INTEGRITY

Transparency

With a view to ensuring maximum transparency within the Authority, clear sets of internal procedures have been devised to eliminate the risks of fraud, errors and corruption. Well established and comprehensive Procedures have been worked out and are available on the Intranet of the Authority to ensure that all employees have easy access.

All internal and external circulars are published on the Intranet to ensure that all employees are updated. Besides, all major board decisions are also published on the Intranet in line with our transparency policy on a monthly basis.

The CWA annual reports and financial statements are also available on the CWA website: <http://cwa.govmu.org> and can be downloaded by anyone free of cost.

Accountability

In line with our Accountability policy, all payments are effected according to established procedures.

Integrity

The Authority ensures, as far as possible, that there is segregation of duties in all sections.

Risk Management, Internal Control & Internal Audit

The Board has the overall responsibility for the Authority's system of risk management and internal controls as well as for the assessing of their effectiveness. The Board views risk management as an integral component of good business practice with a view to supporting management's decision making, improving the reliability of business performance and assisting in the preparation of the Authority's consolidated accounts.

The Board delegates to executive management the responsibility for designing, operating and monitoring both the system and maintenance of effective internal control. The system of internal control is based upon an ongoing process of identifying, evaluating and managing key risks and includes the risk management processes as well. In this context, regular risk assessment is carried out in respect of Health and Safety throughout the organisation. Recognising that the operational activities involve permanent exposure to hazards and the safety of its employees is a constant concern, the CWA carried out Hazard Identification and Risk Assessment on all CWA sites. The recommended measures, inter-alia, provision of protective equipment, provision of safety signs, training programmes among others are duly implemented. These measures help to mitigate risks and provide safer working conditions that will undoubtedly help to reduce accidents, injuries and occupational illnesses.

The Authority is aware that the element of risk is omnipresent in the organisation and without solid risks mitigation plans in place, it would be difficult to cope with the set of operational, environmental, social, economic, political and other categories of risks that hamper the smooth operation of the organisation. A sound risk management system ensures business continuity in a highly volatile environment. In this respect, actions to mitigate the risks identified at CWA have been worked out and agreed by Central Water Board. Their implementation is ongoing and regular monitoring meetings are held to follow on progress.

The Internal Audit function provides Management and the Audit & Risk Committee with assurance that the internal controls in place are appropriate and effective. The Internal Audit Division is governed by an Internal Audit Charter approved by the Audit Committee. It reports to the Audit Committee functionally and administratively to the General Manager.

The objective of the Internal Audit is to assist various levels of management in the effective discharge of their responsibilities. It also undertakes reliable assessment and value adding services relating to systems, internal controls and procedures. Internal Audits are conducted as per the Annual Audit Plan approved by the Audit & Risk Committee. Special investigations are carried out at the request of the General Manager. The Internal Audit Team collaborates with the External Auditors as far as the review of system of internal control is concerned and follow-up action on weaknesses noted by them.

Internal Audits are conducted as per the Annual Audit Plan approved by the Audit & Risk Committee. Special investigations are carried out at the request of the General Manager. The Internal Audit Team collaborates with the External Auditors as far as the review of system of internal control is concerned and follow-up action on weaknesses noted by them.

HEALTH & SAFETY

The Authority firmly believes that the security and health of its employees are sine qua non obligation. As a caring employer, CWA is committed to providing and maintaining a healthy, safe and secured working environment for its employees as well as for its stakeholders in general. During the year under review, the Authority has continued its effort to create an ideal environment for health, safety and welfare of its employees. Moreover, in line with the requirements of the Occupational Safety & Health Act 2005, Safety & Health Committees were conducted at regular intervals to look into all aspects health and safety pertaining to the Authority.

POLITICAL & CHARITABLE DONATIONS

During the period under review, no political and charitable donations were made.

CORPORATE SOCIAL RESPONSIBILITY

The CWA recognises the need to be socially committed and supportive to the lower income group. In this respect, during the year under review, CWA has maintained the Water Tank Grant Scheme with a view to supporting families in Mauritius and Rodrigues with a monthly income not exceeding Rs 15,000/- for the purchase of a water tank at a subsidised price.

RELATED PARTY TRANSACTIONS

The particulars in respect of Related Party Transactions have been disclosed in Note 27 of the Financial Statements.



OPERATIONAL REVIEW





OPERATIONAL REVIEW

Water management sustainability, stronger infrastructure and water quality assurance remain the dominant areas of the CWA operations. The institution continues to invest in its operational capabilities so that it can swiftly and effectively respond to new opportunities and threats. However, non revenue water has been the major challenge for CWA and hence, the Singaporean-backed Reduction of Non Revenue Water initiative in the MAV (Upper) Zone.

Continuous improvement of customer care and on-going communications with the public remain high on our agenda. We want to engage the community in our efforts to instil sustainability in our production model and create more opportunities for demand management initiatives.

Our operational capabilities rest on two key pillars, namely, Human resources and Technological platform. The year 2015 has seen vital investments in both areas as part of our vision to make the CWA a high-performance public utility organisation.

The role of sound governance, institutions and regulations and the need for new ways of communicating and engaging with stakeholders and the need to build sustainability in the sector based on sound asset management, appropriate financial mechanisms and fair tariffs for all are indispensable.

It is a prerequisite for Mauritius to be water secure in the face of challenges such as climate change, population growth, etc. As such, balancing the equation between water availability and increasing demand, together with meeting the ever growing expectations of public in terms of quality service, remain pressing issues for CWA.

The Sustainable Development Goals were launched by the UN in September 2015. All the member states including Mauritius were signatory to it. Goal No. 6 relates to Water and Sanitation and sets out some targets, viz, reduction in number of people suffering from water scarcity, abatement of water pollution, protection and restoration of water related eco-systems including rivers, aquifers, international co-operation and capacity building support in programmes such as rainwater harvesting, desalination, and greater participation of local communities in improving water management, among others. The signatory governments have taken commitment to fulfil these objectives by year 2030.

The theme for the World Water Day 2015, which was the 'Water and Sustainable Development', stressed the importance of water in the ecosystem and for a sustainable water management in a green economy. The World Water Day was marked by a one-day Seminar organised at La Canelle, Domaine Les Pailles for major stakeholders in the water sector.

A number of milestones were attained during the year. The upgrading works at Pailles Water Treatment Plant, initially scheduled for completion in March 2015, had to face some setbacks and the commissioning was delayed. Following remedial works to repair the cracks detected in the concrete tank, the new treatment plant, with its rapid gravity treatment facility, was successfully treating some 80,000 cubic metre of water, daily, by the end of the year. On the other hand, the project for Reduction of Non Revenue Water in the MAV (Upper) zone was well underway in 2015 and by year end, the four pipe replacement contracts launched were almost completed. Government's decision to finance pipe replacement projects and some other CWA projects under the Build Mauritius Fund was a highly laudable one that holds much promises for the future of the Mauritian water sector.

Regarding other objectives set, some 58 km of pipelines were renewed in 2015 by the Planning and Development Division. However, the project for Construction of Bagatelle Dam Water Treatment Plant (WTP) could not take off as planned. Following challenge at IRP by some aggrieved bidders and subsequent ruling, a case was filed at the Supreme Court. As at December 2015, the case had not been settled.

The organisation continued on its Risk Management journey in 2015. The element of risk is omnipresent in the organisation and Management at CWA reckons that without solid risks mitigation plans in place, it is impossible to cope with the set of operational, environmental, social, economic, political and other categories of risks that hamper the smooth operation of the organisation. A sound risk management system ensures business continuity in a highly volatile environment. Actions to mitigate the risks identified at CWA were worked out and agreed by CWA Board. Their implementation is ongoing.

Given the rising needs of the Authority in terms of financial resources for both its working capital requirements and water infrastructural commitments, the whole management team of the Authority started working on an action plan for implementation of rationalisation measures for self-generation of revenue and for implementation of cost savings opportunities by doing things differently in a more effective /productive manner. This concept is not new. It was first introduced at the Central Water Authority in the financial year 2005/06 in an attempt to achieve operational efficiencies and provide the Authority with incremental income and cost savings for re-investment in priority areas. Over the years, many devised programmes, successfully implemented, have contributed to improvement of CWA's cash flow. The Authority will continue to pursue its existing plans or develop new strategies as part of operational review.

Water Supply in Mauritius

During the last 42 years of its existence, the CWA has strived to make piped potable water universally accessible in Mauritius. Despite countless challenges faced by Government and the CWA over the years, we can boast to be the only country in the region which has achieved nearly 100% water supply coverage.

During a normal/wet season, 86% of the population receive potable water on a 16-24 hour basis. It is worth highlighting that the potable water supplied by CWA is compliant to the norms of the World Health Organisation (WHO) and to the Drinking Water Standards set by the Ministry of Environment.

Potable water is supplied across the island through six distribution systems that are organized on a geographical basis as shown below:

PORT-LOUIS WATER SUPPLY SYSTEM

- Consists of some 444 km of pipeline network which serves about 49,191 subscribers
- Comprises 13 service reservoirs, 17 pumping stations and 14 boreholes

DISTRICT WATER SUPPLY SYSTEM (NORTH)

- Consists of some 930 km of pipeline network which serves about 76,694 subscribers
- Comprises 16 service reservoirs, 48 pumping stations and 43 boreholes

DISTRICT WATER SUPPLY SYSTEM (EAST)

- Consists of some 576 km of pipeline network which serves about 43,780 subscribers
- Comprises 11 service reservoirs, 11 pumping stations and 13 boreholes

DISTRICT WATER SUPPLY SYSTEM (SOUTH)

- Consists of some 660 km of pipeline network which serves about 52,172 subscribers
- Comprises 16 service reservoirs, 13 pumping stations and 14 boreholes

MARE AUX VACOAS (UPPER) WATER SUPPLY SYSTEM

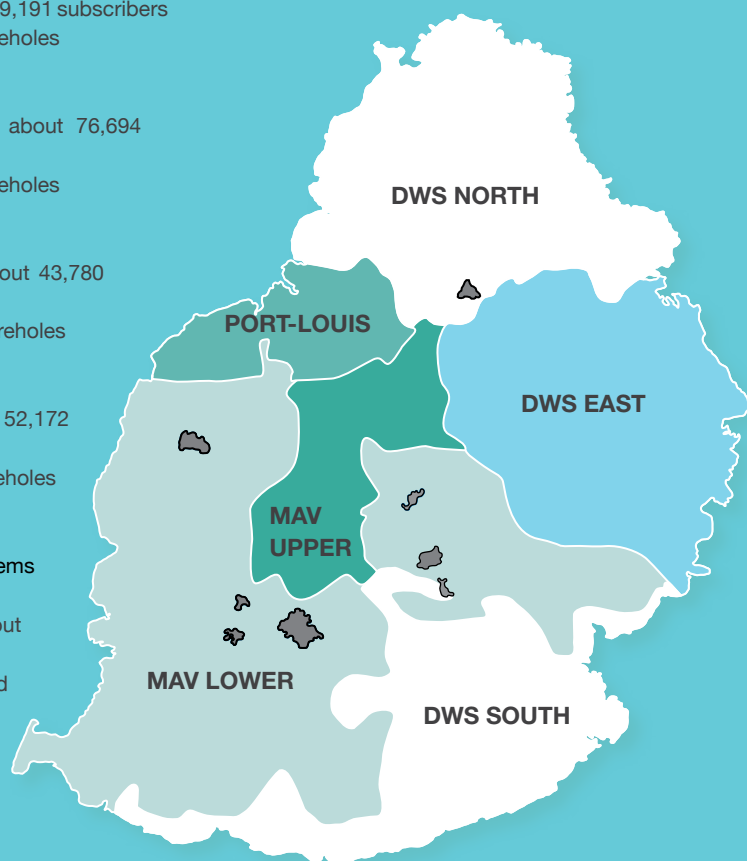
Serves the central part of the island – mainly the upper Plaines Wilhems and part of Moka district

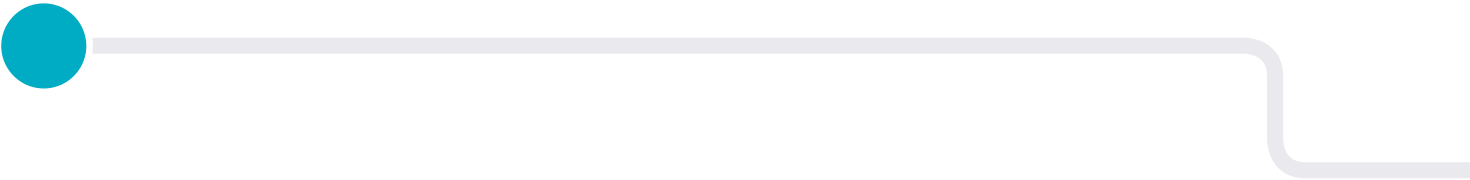
- Consists of some 815 km of pipeline network which serves about 68,927 subscribers
- Comprises 13 service reservoirs, 12 pumping stations and 15 boreholes

MARE AUX VACOAS (LOWER) WATER SUPPLY SYSTEM

Serves the central part of the island – mainly the Lower Plaines Wilhems and part of Moka district

- Consists of some 851 km of pipeline network which serves about 62,170 subscribers
- Comprises 28 service reservoirs, 43 pumping stations and 51 boreholes





Service delivery over the island is done through a distribution network of some 5,000 km, made up of trunk, service and distribution mains. Some 100 Service Reservoirs sustain supply with a total storage capacity of 238,000 cubic metres scattered all around the island.

Water Treatment Plants

CWA operates seven water treatment plants, namely, one slow sand and six rapid gravity filtration plants with a total treatment capacity of 328,000 m³/day for the treatment of surface water as hereunder:

Treatment Plant	Treatment Capacity (m ³ /day)
La Marie (old)	60,000
La Marie (new)	70,000
La Nicolière	66,000
Pailles	80,000
Piton du Milieu	27,000
Rivière du Poste	15,000
Mont Blanc	10,000

Building Resilience to Climate Change

The CWA has, over the years, been bracing itself to face the challenges brought about by climate change. It has put in place a contingency plan to palliate shortages during dry season and also to mitigate the effects of prolonged drought. These measures include the renewal of some strategic old and leaking pipelines, construction of diversion pipelines, extension of existing treatment capacity, renewal of defective water meters, stepping up of measures against illegal tapping, etc. The tapping of river sources and the installation of containerised filtration plants also form part of this contingency plan. Water tanker facilities are provided to hardest hit areas. In parallel, a series of demand management measures are taken that include save water campaigns, promotion of rainwater harvesting systems, etc.

Inculcation of the Water Saving Culture/National Water Education

Awareness campaigns have been sustained to inculcate the culture of water conservation. The overall objective is to draw the attention of the public on the judicious use of water and the collective responsibility towards sustainable water management.

Improving our Response to Complaints

The Emergency Cell of CWA was dismantled and instead, Regional Co-ordinators (water supply) were appointed to co-ordinate all interventions after working hours and during public holidays and weekends, by ensuring proximity with problems, and providing regular feedback to Management.

Water Tank Grant Scheme

Another step taken by Government to counter the effects of drought was the 'Water Tank Grant Scheme' launched in 2011. This scheme is meant to support families in Mauritius with a monthly income not exceeding Rs 15,000 for the purchase of a water tank at a subsidized price, subject to established terms and conditions. Since the start of the scheme, the CWA has received some 33,522 applications, of which 32,477 have been approved. An amount of Rs 109.8 Million has been disbursed by Government as at end 2015 under this scheme.

OPERATIONS

Production

A satisfactory water supply situation prevailed throughout the greater part of the year, thanks to the intermittent rainfall. The reservoirs were at their normal levels and the boreholes had also recorded mean levels. The advent of the dry season did not cause much stress on the water supply network, except for a few isolated cases. Throughout 2015, the MAV reservoir continued to be supplemented by an additional 20,000 m³/day of water resources from the Mare Longue basin.

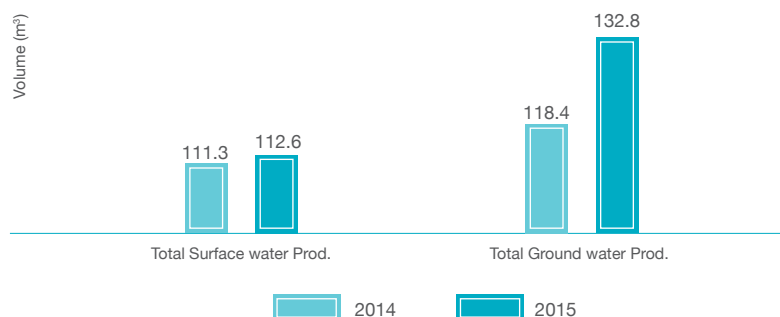
The average daily throughput in the distribution network was around 670,000 m³/day in 2015 and this figure has been consistently on the rise, except for year 2010-2011 characterised by prolonged drought conditions. Groundwater constitutes some 54% of total water production and the balance is derived from surface sources. Groundwater is abstracted from some 116 boreholes with a total yield of some 312,000 m³/day during normal season and some 262,500 m³/day during the dry season. The water supplied by CWA conforms to the WHO norms for safe drinking water as well as local standards.

Water supply service in 2015 is recapitulated below:

- some 64.5% of the population received from 16 to 24 hrs service
- some 14 % received between 12-15 hrs service
- some 19.3% of the population received from 8-12 hrs service
- around 2.2% of the population received less than 8 hrs supply service

Section	Volume of Water Produced (mm ³)	
	2014	2015
Port Louis	39.8	35.4
North	44.2	50.9
MAV Upper	39.0	51.7
MAV Lower	41.8	33.3
East	29.8	37.9
South	35.0	36.2
Total	229.6	245.5

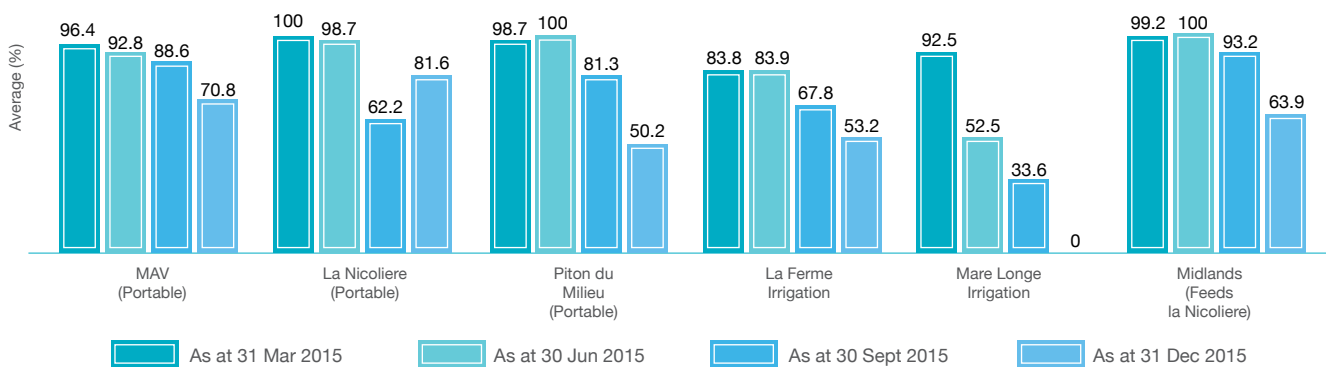
Volume of Water Produced (mm³)- 2014 & 2015



Reservoir Level

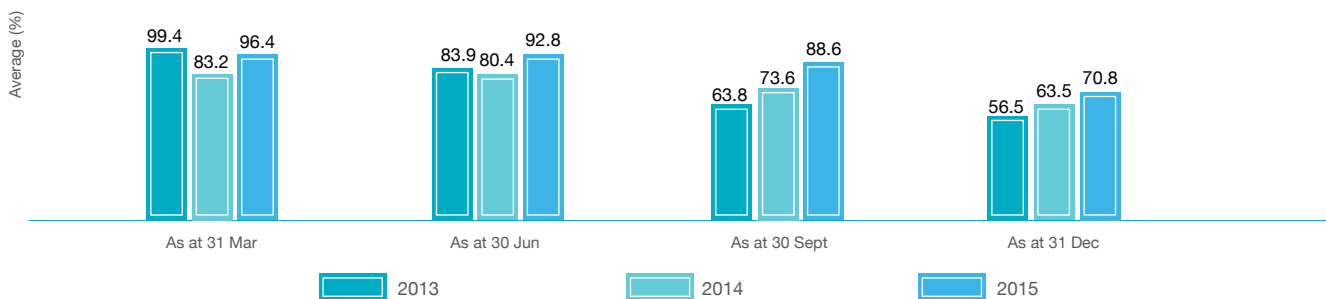
The reservoir levels, in terms of percentage, at the end of the 4 quarters are depicted hereunder:

Reservoir Storage - 2015



*Mare Longe reservoir storage in 4th quarter was nil as repair to gate valve was underway

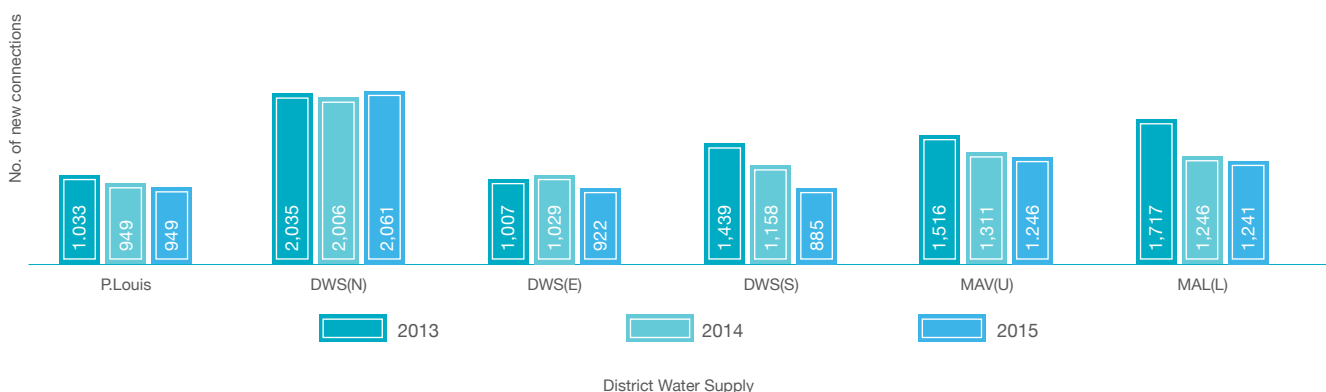
Reservoir MAV(Potable) Storage (%)



New Supplies Connected

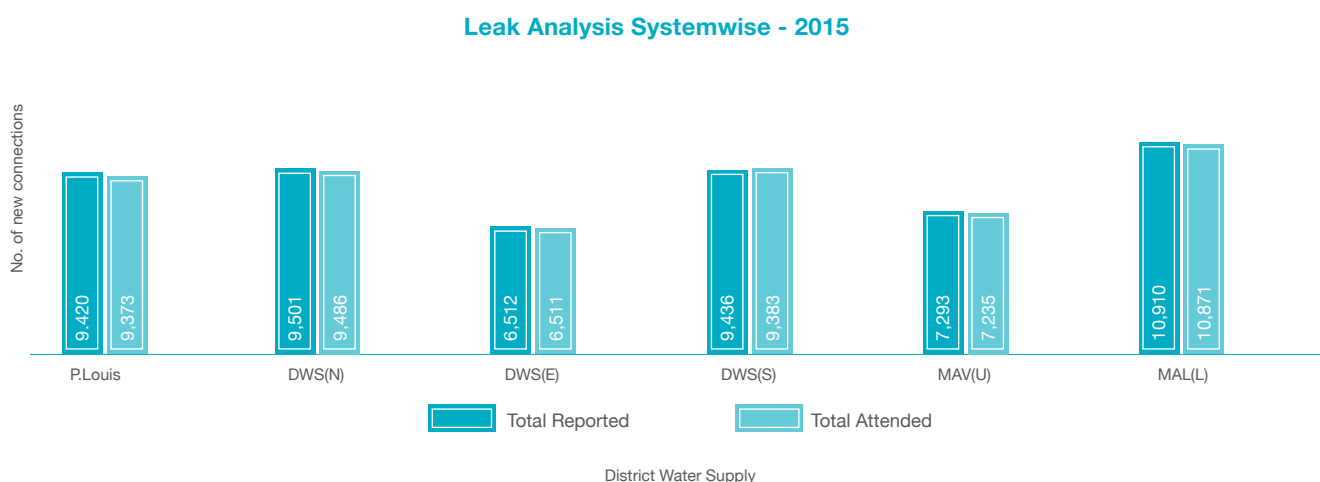
A total of 7,261 new supplies were connected in 2015 as compared to 7,699 in 2014 and 8,747 in 2013.

New Connections



Leaks and Complaints

The Operations Division attended to some 52,859 leaks, a system-wise breakdown of which is as hereunder:



The average monthly backlog of leaks in year 2015 was 616.

The Division attended to some 69,534 complaints (other than leaks) and an average monthly backlog of 197 was experienced. Some 75,682 complaints were addressed the previous year.

Granting of Water Supply Clearance

Some 169 Water Supply Clearances were granted in the context of Morcellement Development.

With the setting up of the SMEDA One Stop Shop at the ex-BAI Building known as Mybiz, to assist small and medium entrepreneurs in the initial start of their businesses, CWA, a key partner, has since Dec 2015, posted staff to operate a counter there. This one window facility will considerably facilitate prospective investors who have to obtain the water supply clearance in the context of the Land Use and Building Permits delivered by Local Authorities. The possibility of processing these clearances online is being explored.

Reduction of Non Revenue Water (NRW)

One of the overarching challenges that CWA faces is the extent of unaccounted for water losses in its distribution system. Accordingly, as part of Water Sector Reforms, an agreement was signed in 2013 between GOM, as represented by the Ministry of Energy and Public Utilities, and the Singapore Cooperation Enterprise for a Reduction of NRW project in the Upper MAV Zone. The agreement was for project management services to be delivered by consultants from a consortium comprising the Singapore Cooperation Enterprise (SCE), PUB Singapore and CH2M HILL. The objective is to reduce non-revenue water from its initial level of 59% to 44% by the end of the project. The Consultant issued the Baseline/Target NRW Level Report in Nov 2013, whilst the Interim NRW Level Report was issued in May 2014.

At the outset, the strategy adopted was to focus on networks with history of high NRW. The NRW team proceeded with the upgrading of DMAs of these priority areas to ensure their integrity, conducted leak detection exercises, established stretches of pipelines that needed replacement, and carried out network digitisation/network modelling. Data loggers and other NRW monitoring equipment were procured and standard bidding documents were updated using best practices from PUB Singapore and elsewhere. The technical experts also provided training in GIS to local staff.

By Feb 2014, works to seal all 50 DMAs in the Upper MAV system was completed and work on refurbishment of the 50 DMAs was completed in May 2014. The NRW monitoring system using Primayer SMS data loggers has been implemented since Jan 2014. Additional data loggers have been procured to provide full coverage of flow, pressure, and service reservoir level monitoring at key points in the network. The WaterGEMS software for network modelling was procured by CWA in Jun 2014. This model is being utilised for network improvements including pressure management schemes, where possible.

Works have almost been completed on the four pipe replacement contracts awarded around Dec 2014/Jan 2015. These are scheduled for completion in March/April 2016. Other works such as leak detection and repairs were ongoing by end of December 2015. Some 1,900 leaks have been repaired whilst around 15,828 defective consumer meters identified for replacement in the priority DMAs were replaced. The contract of the Consortium of Consultants (Singaporean Team), which started in July 2013, came to term in June 2015 and the project was subsequently managed by the local team of technicians from CWA, who had been understudying the experts. The cost of the NRW project revolves around Rs 1 billion and it is being co-financed by GOM (loan) and the European Investment Bank (loan). The details of the four pipe replacement contracts and their status as at 31 December 2015 are given below:

DMA	Pipe length	Cost Estimate (Rs M) inc. VAT	Status as at Dec 2015
Henrietta	3.8 km	39	Completed (3.8km)
New Solferino	27.3 km	180	Ongoing (25.8 km replaced)
J.Kennedy	24.7 km	215	Ongoing (19.8 replaced)
Curepipe and Lislet Geoffroy St	22.7 km	188	Ongoing (20.4 km replaced)

A total of 70 km of pipelines were replaced in 2015 in the 4 DMA's at a cost of Rs 240M (disbursement as at Dec 2015)

Transfer of technical know-how was an essential element of the Project Management contract of the Singaporean Team and CWA staff was trained in the different aspects of reduction of NRW. It is proposed to replicate this project to the remaining water supply zones, in a phased manner, subject to availability of funding.



SCIENTIFIC SERVICES



Monitoring of Water Quality

The Water Quality Laboratory of the CWA has the mandate to monitor the quality of raw water and treated water supplied to consumers to ensure compliance with WHO Standards and the Mauritian Drinking Water Standards set by the Ministry of Environment. On an average, some 500 water samples are tested on a monthly basis from rivers, impounding reservoirs, springs, boreholes, treatment plants and from the water distribution system of CWA. The laboratory also performs tests on samples of wastewater discharged by industries listed in the EPA regulations in the context of the granting of Effluent Discharge Permits.

Laboratory Accreditation

The CWA laboratory has, since year 2012, been accredited to ISO 17025:2005(E) Standards for some 13 parameters with a view to ensure that its quality management system and the testing services provided are of international standard. During years 2014/2015, the accreditation process has been extended to 21 parameters and it is proposed to work towards accreditation of additional ones.

Improvement in Treatment Processes

Experts deputed by the Japan International Cooperation Agency (JICA) made recommendations for improvement of treatment processes at La Marie, Piton du Milieu, Mont Blanc and Rivière du Poste treatment plants. Accordingly, the contract for rehabilitation works at La Marie WTP was ongoing in 2015. Improvement works at Mont Blanc Treatment Plant and Riv du Poste WTP will follow. Process has been initiated for enlistment of Consultant for feasibility study and design in respect of the above. Procedures for Consultancy Services for feasibility study on the Rehabilitation and Extension of La Nicoliere Treatment Plant and Associated Works were also launched in the course of the year.

Effluent Discharge Permit (EDP)

A Memorandum of Understanding (MoU) was signed in 2009 between MEPU, WRU and CWA in connection with the EDP. MEPU is the enforcement agency for the EDP regulation and in this context, the effluent discharge of the polluting industries was monitored during the course of the year by the Scientific Services of CWA. Based on the results of analyses of the wastewater discharged by these industries, the MEPU decides on whether to grant them the permit. A new MoU to include EDP, Pollution Control, and Water Quality Surveillance is currently under preparation.

Water Quality Surveillance Programme

The institution is playing a very vital part in the fight against the proliferation of algae in our impounding reservoirs. A surveillance programme has been launched at national level since 2013, under the supervision of Ministry of Energy and Public Utilities, to look into this issue. The CWA, which forms part of the Task Force, plays a fundamental role in that it is mandated to carry out sampling and testing for algae, pesticides, heavy metals, physicochemical and bacteriological parameters, etc., in connection with the programme. Phase I of the surveillance programme which focuses on Midlands Dam and La Nicolière Reservoir, has been completed. Phase II which entailed the extension of the programme to La Ferme, Mare aux Vacoas, Piton du Milieu, Rivière des Anguilles, Rivière Terre Rouge and Rivière Cascade was launched in August 2013 and completed in December 2014. In the current year, the surveillance programme has been extended to all surface water bodies being tapped for potable use.

During the year under review, the CWA laboratory acquired an Atomic Absorption Spectrophotometer for testing of heavy metals. The procedures for purchase of a Fluorometer as well as an Ion Chromatograph were launched in 2015.



Environment Impact Assessment (EIA)

The Water Quality Laboratory is also involved in the process of Environment Impact Assessment with a view to protect/prevent pollution of our fresh water resources. Copies of all EIA documents are submitted to the Authority for scrutiny and for evaluation of their impact on our water resources. Views and mitigating conditions to be attached to the EIA licences are then submitted to the MEPU for onward transmission to the Ministry of Environment, Sustainable Development, Disaster and Beach Management.

Ground Water Licences

The water quality trend in the groundwater resources is also monitored by CWA laboratory across the island for all users of borehole water for industrial, agricultural and irrigation purposes. The water quality data is used as a basis for recommendation for the renewal of groundwater licences.

MECHANICAL AND ELECTRICAL (M&E) SUPPORT

The main objective of M&E section is to provide support services to the Operations, Planning and Development, Commercial Division as well as the Scientific Services section. It ensures that all the 142 nos. pumping stations (boreholes/surface pumps) and 8 nos. buildings of CWA, with all associated logistics and accessories are properly maintained in order to provide water supply on a 24/7 hour basis.

The M&E section has the following responsibilities:

- Regional subsections consisting of electrical workshop for inspection and condition monitoring exercise and fault repair, and the mechanical workshop responsible for maintenance of M&E equipment at all pumping stations.
- Chlorination Workshop responsible for maintenance of all chlorination equipment and processes at pumping stations islandwide
- Mechanical Services Unit that looks after repairs and maintenance of the fleet of vehicles (pick up lorry, cranes, cars, etc) and plants of the Authority
- The Transport Control Unit which is mandated to monitor and perform administrative procedures (motor vehicle licence, registration, insurance, etc) for the whole fleet of vehicles
- The Meter Workshop responsible for the testing, repair and calibration of mechanical water meters (industrial and domestic)

Activities carried out among others, during the year:

- Inspection and Condition Monitoring (ICM) exercise on all the electrical and electro-mechanical equipment found on the 142 Nos pumping stations, 96 chlorination sites and 8 office buildings on a monthly basis. The equipment includes submersible, surface pumps, starter panels, VSDs, chlorination equipment and standby generators.
- Attended to breakdowns on pumping stations and on chlorination sites.
- Followed up on maintenance works for data loggers, photovoltaic lighting systems and containerized pressure filter at sites.
- Intervention by M&E Team 119 times for removal and installation of submersible pumps in boreholes and surface pumps at pumping stations.
- Servicing of standby and mobile generators
- Drilling of 3 (nos) duplicate boreholes at Petite Julie, Petite Rivière and La Louise

Some 20 new pick up vans, one crane lorry and one forklift were procured during 2015 and by the end of the year, 173 of the 226 CWA vehicles were equipped with GPS/Fuel sensors. The fuel sensors have enabled the authority to track down abuses and make fuel savings.

PLANNING & DEVELOPMENT

The Planning & Development Division together with the Drawing and Survey Office, through planning, survey, design, implementation and supervision of works, ensure that the wide range of projects in the construction pipeline are realised. Occasionally, the above services are outsourced, especially if capacity in-house is overstretched.

Pipelines Projects

Water is supplied through a distribution network made up of some 5,000 km of pipes excluding house connections. More than 1,500 km of this network is above 50 years old and subject to frequent leaks and bursts, representing significant losses in terms of water and revenue for the CWA. Considerable investments have been warranted recently not only to upgrade but also to extend the potable water supply coverage. The extent of pipes laid from 2010 to 2015 and the amounts disbursed are reflected as follows:

Year	Pipelines Constructed (km)	Disbursements (Rs. M)
2010	45	199.4
2011	80	340.4
2012	65	325.0
2013	40	245.0
2014	51	306.0
2015	58	268.0

Key Water Sector Projects to be financed under the Build Mauritius Fund

Year 2015 witnessed a switch in priorities for Government in that water gained precedence in the public sector investment programme. The Government's urgency for tackling water related issues was demonstrated by substantial budgetary allocations (grant) for water sector that included Rs 2.3 billion for replacement of some 185 km of pipelines under the Build Mauritius Fund (BMF) within the next three years and at least Rs 15 billion worth of funding needs identified for renewal of the remaining stretches of defective pipelines (1,500 km) across the island in the year to come. Additionally, some Rs 1.2 billion was earmarked under the BMF for construction of new and upgrading of existing treatment plants and some service reservoirs. By December 2015, most of these projects were at consultancy stage (procedures initiated for recruitment of Consultant). Some of the projects are being designed in-house. The implementation of some projects will start as from March 2016.

The list of projects established under BMF included pipelines whose renewal was long overdue due to ageing, those with high levels of non revenue water and areas where the population had to face frequent water supply cuts and low pressure, especially during the dry season.

In 2015, the following major projects were completed to the tune of Rs 1.1billion as follows:

Project	Cost Rs(M) (inc. VAT)	Main features of project	Outcome / desired outcome
Renewal of Service Main and laterals on Savanne Rd at Tyack, Riv des Anguilles	31 M	Supply and laying of 1.7 km of 150 mm dia. of DI pipes and 1.2 km of 100 mm dia. of DI pipes	The existing old 100 mm asbestos cement pipe was subject to frequent leaks and bursts and caused much problems for inhabitants of the region. It was proposed to replace same to reduce water losses and improve water supply.
Distribution Main from Junction of Victoria Rd, Belvedere to Camp La Boue, Long Mountain	20.7 M	Supply and laying of 150 mm dia. DI pipes and fittings and 2.5 km of 150 mm dia. DI pipes	This project formed part of the wider project to mobilise, treat and transfer water from Rempart River to Camp La Boue. The objective is to improve water supply service for some 5,000 inhabitants of the locality who are subjected to water supply cuts, especially during dry periods.
Renewal of Pipeline at Morcellement Anna	51.2 M	Laying of about 7.7 km of DI/HDPE pipes dia ranging from 63/200 mm	The internal reticulation at Morcellement Anna, Flic en Flac, made up of asbestos cement and galvanized iron pipes, is in a very poor condition and needs to be renewed. The service pipe has been replaced with DI and HDPE pipes to avoid further network losses and reduce inconvenience to residents.
Upgrading of Pailles Water Treatment Plant	735 M	The project for the upgrading of Pailles WTP, awarded in July 2013, consisted of a complete overhaul of the existing slow sand filtration plant of 60,000 m ³ capacity. The new rapid gravity treatment plant is meant to mobilise and treat some 80,000 m ³ /day of water	The project which, has been commissioned in October 2015 comes as a welcome relief to the resident population of the capital and commuting public who were formerly subjected to water supply disruptions caused by the clogging of the slow sand filters during heavy rainfall.
Renewal of Service Main along Trou d'Eau Douce Rd/Palmar	28.1 M	Supply and laying of about 2.5km of 200mm DI pipeline as service mains along Belle Mare/Palmar/Trou D'Eau Douce Main Road B59	To improve water supply for inhabitants of that region, who are subjected to water supply disruptions and low pressure during dry periods
Renewal of Service Main from St Hubert to St Hilaire and adjoining laterals	48.3 M	Supply and laying of about 2.2 km of 200 mm DI pipes as service main from St Hubert to St Hilaire, 1.2 km of 100 mm DI pipes and 3 km of 80 mm DI pipes in its adjoining laterals and associated works	The objective of this project is to renew the existing old and leaking 150 mm AC pipe and adjoining laterals in order to improve the water supply in the region of St Hubert and St Hilaire.
Water Supply to SSRN Hospital and Associated Works	27.7M	Supply and laying of about 2.7 km of distribution main of 200 mm DI pipeline from Pamplémousses to SSRN Hospital, supply and laying of 2.6 km of 80/100/150 dia. of DI pipes along laterals within Pamplémousses to SSRN Hospital	The main purpose of this project is to provide a reliable water supply to SSRN Hospital and renew old AC/CI pipelines within Pamplémousses centre



Project	Cost Rs(M) (inc. VAT)	Main features of project	Outcome / desired outcome
Transfer of Water from Midlands Dam to Piton du Milieu Water Treatment Plant	71.9 M	Supply and laying of about 5.8 km of 500 mm of DI pipes	<p>This project forms part of the Piton du Milieu to Midlands Dam project which aims to transfer some 20,000 m³ of raw water from Midlands Dam to be treated at Piton du Milieu for distribution in the Camp Fouquereaux pipeline. This project was conceived in the aftermath of the acute drought experienced in 2011, when it was observed that water resources in MAV reservoir were inadequate to meet demand in the Plaine Wilhems catchment. The project aims to improve water supply in Cote D'Or, Valetta, Dagotiere and Alma regions.</p>
Pipeline from Piton du Milieu water Treatment Plant to Hermitage	79.4 M	Supply and laying of 6.4 km of 500 mm of DI pipes	



Upgrading of Pailles Water Treatment Plant

This project which was due for completion in March/April 2015 unfortunately had to face some major impediments. A number of cracks were detected in the finished product. These had to be later rectified by the Contractor. In the process, CWA had to have recourse to international expertise to assess the quality of work undertaken by the contractor and propose solutions. As a result, the Treatment Plant had to be closed also for a short period of time to enable repair works to be undertaken. All defects were fortunately remedied and the new plant was operational on 24 October 2015. The plant is under Operation and Maintenance period for a period of two years from that date. A maximum of 80,000 cubic metre is being treated on a daily basis and the issue of clogging of filters has been eliminated altogether. The residents of the capital and surrounding regions are now no longer subjected to water supply cuts in the aftermath of heavy rains.

Project that was unduly delayed: The Construction of Bagatelle Water Treatment Plant

With a view to cope with the seasonal deficits in water resources as a result of climate change and to address the present unsatisfied and projected demand for potable water in the Port Louis District and Lower Plaines Wilhems area upto 2050, it is proposed to set up a new treatment plant and accompanying distribution pipelines. This project goes hand in hand with the construction of the Bagatelle Dam which is expected to mobilise some 25 Mm³ of water, on a yearly basis. The project, will comprise the construction of a 60,000 m³/day capacity rapid gravity filter plant, associated storage reservoir and transmission facilities. Notification of award was issued in respect of construction works on the water treatment plant, based on the recommendation of the Central Procurement Board. However, challenge was received at IRP from two aggrieved bidders. The matter has been referred to Court. As at 31 December 2015, the Supreme Court had not yet given its ruling. Given the above circumstances, the project has been unduly delayed.

Other Major Ongoing Projects as at Dec 2015

S/N	Project	Project Value Rs (M)
1	South Western Coast Project (Phase 1) (8.3 km)	66.0
2	Reduction of Non Revenue Water Project in MAV(Upper) (79 km)	1000.0
3	Water Supply to SSRN Hospital and Associated Works (5.3 km)	31.9
4	Rehabilitation of Sedimentation Unit at la Marie Treatment Plant	42.4
5	New Pipeline from Melrose Reservoir to Montagne Blanche (Le Chaillet)(4.3 km)	38.0
6	Renewal of Service Main at Ferney and Morcellement Ferney(6 km)	35.3

The CWA Drawing Office has ensured that the number of houses linked to GIS at the end of the year 2015 were 350,784 as against 342,908 in 2014.

Various projects of strategic importance are in the pipeline for implementation within the next three years. Subject to availability of funding, the CWA plans for an annual investment of approximately Rs 2 billion for the realization of these projects, which cater for the planning horizon 2050. Projects will also be undertaken which aim at building resilience to the effects of climate change. The Plan of Action embodied in this Annual Report gives a highlight of the investment programme of the CWA for the short to medium term.

COMMERCIAL SERVICES

The Commercial Division is determined in its efforts to gear CWA towards higher standards of service and to maximise revenue with the support of its various sub divisions.

On the revenue collection side, the Commercial Division has been able to overcome the major hurdles that are faced by many water utilities around the world and is seen as the most important Revenue Centre of the Authority, with a debt collection efficiency of 99%. This performance is viewed as a reference by many African countries.

Sales

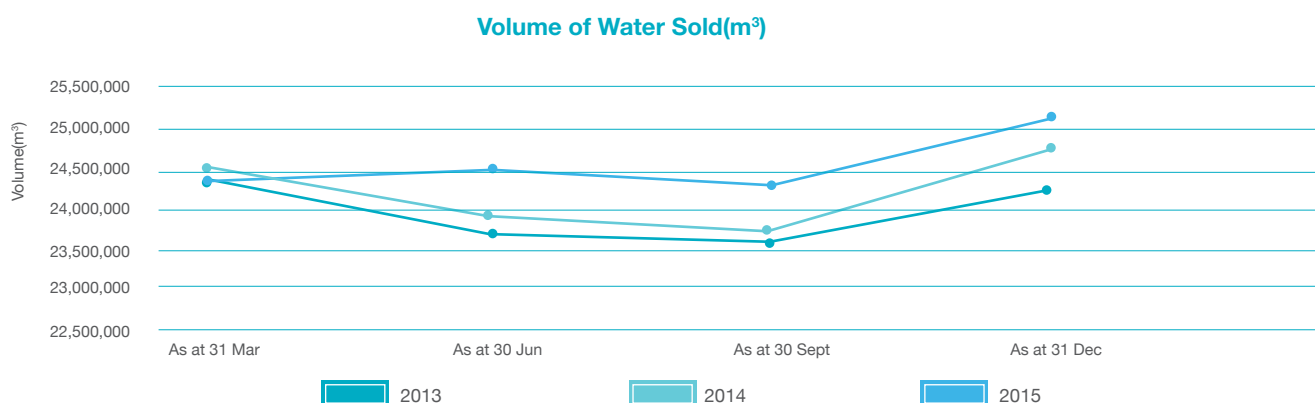
Ninety-eight million (98.1M) cubic metres of potable water were sold in 2015. The total volume of raw water sold stood at 14.8 million cubic metres.

The daily per capital water consumption for Mauritius was as follows:

	2015	2011
Household customers (lts)	168	167
Total (all sectors) (lts)	220	218

**Mare Longue reservoir storage in 4th quarter was nil as repair to gate valve was underway*

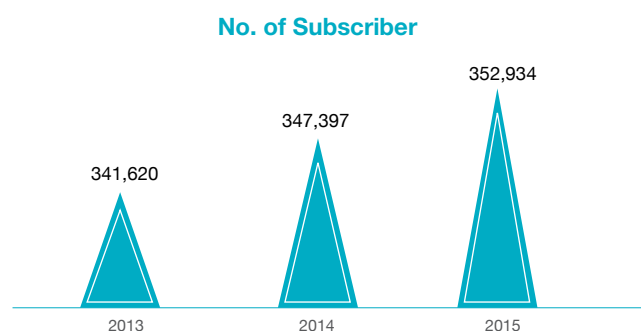
The average price paid by the consumer has remained at around Rs 13/- per metre cube in 2015. On the other hand, the cost of producing one cubic metre of water was slightly higher. It was clear that requests for tariff increases by CWA to improve its financial health, would not be entertained by Government. It was, instead, announced in Budget 2015, that every household would receive at least 6 cubic metre of water free of charge. Government finally decided to implement this measure as from January 2016 and to limit it to families consuming less or equal to 6 cubic metres. It should be noted that during the year, a third of the households (i.e, some 100,000) have continued to enjoy the minimum price of Rs 55/- which applies to water consumption upto 10 m³/month.



Our Customers

Our customers (the registered subscribers of potable water) are classified in terms of Domestic, Non-Domestic (Commercial, Industrial, Business Consumers (Hotels), Veg/Livestock Producers, etc) and Public Sector Agencies (Government). The evolution of the registered subscribers of potable water, in the different categories over the last 3 years, is as follows:

Category	No. of Registered Subscribers		
	31 Dec 2013	31 Dec 2014	31 Dec 2015
Domestic	317,824	323,288	328,751
Non-Domestic	21,285	21,570	21,650
Government	2,511	2,539	2,533
Total	341,620	347,397	352,934



■ No. of Subscriber

The overall clientele grew by 1.6% to 352,934 subscribers by 31 December 2015.

Customer Services

Responsiveness and courtesy are some of the core prevailing values at CWA. Accordingly, continuous effort and investment is being channelled towards enhancing customer service and bringing in a personal touch in all dealings with customers.

Customer contacts are managed by the Customer Services Unit, which regroup eight walk-in centres throughout the Island, as well as the CWA 170 Helpdesk.

The Customer centre at St Paul has been upgraded. The newly refurbished Reception Area and Public Relations Office have been in use as from 12 October 2015. This is a milestone for CWA as far as customer care is concerned.

Customers can also avail from EMTEL payment facility (m-payment), launched on 15 September 2015.

As a socially responsible Authority, CWA provides a further 14 days delay to pensioners, over and above the payment period of 21 days.

CWA 170 Helpdesk

The CWA hotline provides a 24/7 service to customers. Important Key Performance Indicators (KPI) have been worked out to that effect. Some 315,475 hotline calls were handled by the operators during the year under review. The Call Centre was reinforced to work towards greater operational efficiency. Hotline operators were provided with training and they were able to transfer their valuable learning on the job.

The Anti-Fraud Unit

The Anti-Fraud Unit is viewed as a keystone of the CWA in unveiling cases of illegal use of water and addressing issues relating to Non Revenue Water. It was set up in September 2004 with the responsibility for detecting and reporting on pilferage of water. During the year, around 579 cases of illegal tapping were unearthed, thus bringing additional revenue of the order of Rs 9.9 M to the Authority.

The Big Consumers Unit

The Big Consumers Unit (BCU) was set up in 2007 to closely monitor consumption of some big consumers such as industrial entities and hotels and provide dedicated service to these customers. It is to be noted that some 2,544 big consumers are monitored on a fortnightly basis. The debts of big consumers are being watched closely to avoid bad debts. Meters are changed as and when required. With a view to reduce the time lag between consumption and billing, a pilot project will be carried out by CWA for the implementation of the Automatic Meter Reading for its big customers. The procurement of these smart meters will be undertaken in 2016.

Complaints on Billing

The Commercial Services staff attended to some 3,255 complaints in relation to meter reading and billing services. Approximately 97% of these complaints were attended within the response time set out in the Customer Charter.

Problem Description	Complaints Attended (Nos.)	
	2014	2015
Excessive Bills	328	493
Meter Not Working	623	566
Others (includes Meter Reading)	2,469	2,196
Total	3,420	3,255

Debtors Control Unit

The Debtors Control Unit contributes highly to the debt collection efficiency of 99%. A new strategy for the recovery of debts has been implemented islandwide since 1st July 2009, whereby senior meter readers meet the debtors in person and deliver the reminder bills. Where there is no response, a second and final reminder is delivered to the debtor informing him that arrears have remained unpaid and the supply is being marked for disconnection at any moment without further notice. In very difficult cases, recourse has also been made to debt collecting agents. An amount of Rs 80M was recovered by the Unit in 2015.

The number of disconnected supplies and the number of re-opened supplies for the year were 5,880 and 4,024, respectively.

The Prosecution Unit

The Prosecution Unit is divided into two sub-units, namely, the Small Claims Tribunal and Large Claims Unit. After exploring the different avenues for debt collection, as a last resort, the CWA prosecutes debtors.

The Small Claims Tribunal takes legal action against debtors at District Court of Mauritius for debts upto a maximum of Rs 25,000 and not more than one year old. In 2015, some 1,593 notices of prosecution were issued to debtors, while some 300 cases were lodged in Small Claims Tribunal (SCT). Some 350 cases were lodged in SCT the previous year.

Large Claim Unit prosecutes debtors outside the scope of Small Claims Tribunal in the Intermediate and Supreme Courts.

Groundwater (Amendment) Regulations 2015

The Groundwater Regulations 2011 were amended by virtue of the provisions of the Groundwater (Amendment) Regulations 2015 to incorporate application of a penalty rate when a licensee abstracts groundwater in excess of his monthly allocation. Implementation of this regulation is underway.

The Human Resource (HR) Division ensures that people of the right calibre and skills are available in adequate numbers to the Authority to enable it to provide a quality service to the population. During the year 2015, the major challenge of the HR Division has been in terms of recruitment and retention of Officers in scarcity areas.

Our HR Division extends support in the application of policies and procedures guiding staff management, employment conditions and manpower planning.

HUMAN RESOURCES

As at 31 December 2015, the CWA had a workforce of 1,008 employees (843 male and 164 female) on establishment, and 103 Officers were employed on contract basis. Moreover, with a view to maintaining its overhead costs at a reasonable level, the Authority continued to sub-contract some of its activities (especially the non-strategic functions). The table below shows the total number of employees on establishment as per employee category:

Category	No. of Employees
Senior Management	8
Professional	42
Administrative	195
Operational	357
Manual	406
Total	1,008

During the year under review, the CWA recruited 29 new employees (28 on establishment and 1 on contract basis) and promoted 2 employees to higher posts. On the other hand, 27 employees left the organisation.

Year	No. of Subscribers	No. of Employees	Ratio of Employees to Subscribers
2011	328,015	948	1:346
2012	334,438	951	1:351
2013	341,620	985	1:347
2014	347,397	1,023	1:340
2015	352,934	1,008	1:350

Capacity Building & Human Resource Development

The CWA is fully committed to building the necessary expertise, devising and executing strategies, processes, systems and practices in the various functional areas. The institution believes in the notion of continuous learning. During the year under review, staff members have had the opportunity to undergo in-house and external training in fields related to their duties. The fields in which training was provided to staff are, namely, Balanced Scorecard, Autocad, Code of Conduct, Project Management, Employment Law, and Foresight Exchange, amongst others. Officers also attended workshops on the Smart Cities concept.

Besides, in Jan 2015, FIDIC carried out an in-house training on FIDIC Contract Law.

These training programmes are designed to improve leadership skills, boost motivation and develop pro-activeness of staff. CWA hopes to optimise on the existing skills and expertise of its personnel and develop creativity at work. A sum of Rs 2.1M was spent on capacity building in 2015.

Training on Risk Management

A half-day training on Crisis Prevention and Recovery Management was held on 13 May 2015 at the CWA premises for the benefit of some CWA Officers involved in Risk Management. The training was facilitated by the Mauritius Institute of Directors. The International Resource Person further elaborated on the techniques of assessing the different categories of risks and stressed on the need for timely action to avoid disasters. He also reviewed the risk mitigation plans of the respective Divisions and provided constructive advice. The Audit, Risk and Governance Committee and CWB took cognisance of the risk mitigation plans of the different departments and have given the greenlight to proceed with implementation of the actions proposed.

Insurance for the benefit of Employees

Medical Insurance

As a responsible and caring organisation, CWA has, since 2002, implemented a contributory Medical & Surgical Scheme for the benefit of its employees, whereby the Authority contributes part of the premium in respect of each staff.

Group Personal Accident

Along the same vein, CWA has, as from January 2012, subscribed to a 24-hour 'Group Personal Accident' Insurance Cover for all its employees.

Welfare Activities

Blood Donation was organised for staff on 19 Nov 2015 at CWA premises and an outing organised for club members at Bras D' Eau in the North on 26 September 2015.

INFORMATION TECHNOLOGY

Information technology forms an integral part of CWA's environment and computer technology is omnipresent in the organisation. To that effect, the Authority aims at providing high quality service by making use of state of the art technology in order to meet the evolving needs of both its internal and external customers. Our technological drive is geared towards the improvement of service delivery to maximise customer satisfaction and enhancement of employee productivity. The following facilities have accordingly been provided:

Database Optimisation Exercise

Since its existence, the CWA Cash Collection database had never been optimized. Consequently, most of the processes were being hindered, thereby affecting the performance of the whole billing system. Hence, a database optimization exercise was carried out in order to ensure the smooth running of the existing cash collection and billing system.

CSL/CWA online connectivity

Since October 2015, CSL (the hotline operator) is operating in real time with CWA with regard to CWA Customer Service and Debtors applications.

Upgrade of Telecommunication Lines at La Marie and La Cure Sub Offices

Following persistent network problems at La Cure and slow network-response times at La Marie Sub-offices, Mauritius Telecom was requested to increase the bandwidth with a view to increase employee productivity by speeding access to applications at the mentioned sub-offices.

Implementation of Ground Water penalty bills in CWA Billing System

The Ground Water (Amendment) Regulations 2015 made it possible for CWA to issue penalty bills with effect from 1st July 2015 on a quarterly basis to ground water users who extract ground water exceeding their authorized quota.

Implementation of a network load balancer for Internet connectivity resiliency & load balancing

A network load balancer was implemented to make optimum use of available internet connectivity lines by balancing load

between them and catering for resiliency in case of outage in any of them.

Emtel Mobile Payment System

In-house development of e-payment facilities has been carried out by IT Division to allow Emtel users to clear their water bills via mobile phones.

Upgrade of Hardware

Consolidation of IT infrastructure by replacing ageing equipment with new and more performing hardware.

Implementation of Symantec centralised backup solution

CWA IT section carried out installation of a backup system whereby all servers are backed up on a centralised equipment. Backup are done in terms of data and server image for dissimilar hardware restore. The Backup solution caters for both physical and virtual servers.

Launching of tender for the completion of ERP pending issues + Maintenance Contract for ERP

As decided by the CWB, the IT Division launched a Restricted Bidding exercise among Oracle partners to complete the outstanding works with regards to Oracle E-Business Suite and to provide a one-year maintenance support contract. The same was launched by end 2015.

Wireless Presentation Gateway

In a bid to move towards a paperless environment, the IT unit has implemented wireless presentation gateways to facilitate presentations, committees and training programmes wirelessly from the user's laptop.



CORPORATE COMMUNICATION AND PUBLIC EVENTS

Communication Campaign

The Communication Cell has sustained its communication campaign in 2015 to raise the awareness of public on the need for judicious use of water and sustainable water management. With a view to sensitise the younger generation on the importance of saving water, the Communication Cell has introduced a 'snake game', whereby tips about how to make use of water have been imprinted. The idea behind is for children to learn about the value of water as a natural and collective commodity. The snake games were distributed among students visiting our treatment plants during their yearly educational outing.

The Communication Cell organised/participated in various events during the year, namely World Water Day (WWD) 2015, Award Ceremony for Painting and Essay Competition, World Environment Day, etc. A Painting and an Essay Competition was launched in the context of WWD 2015 by the Ministry of Energy and Public Utilities. The themes for the competitions were as follows:

- Water and Health (Primary School)
- Water and Sustainable Development (Secondary School)

An Award ceremony for the above competition was consequently organised at the Paul Octave Wiehe Auditorium, University of Mauritius on 1st October 2015.

A Rollup Banner with the message '**Nu Dilo Nu Tresor pa Gaspiy li**' has been produced and used occasionally by CWA during exhibitions, trade fairs and similar events. A standalone mascot with individual brochure holder is displayed in all CWA cash offices. The intention is to humanise and strengthen CWA's corporate identity. It is to be noted that water saving tips have also been imprinted in the monthly water bills.

CWA also participated in the 16th WaterNet/WARFSA/GWP-SA Symposium hosted in Mauritius from 28 to 30 October 2015 at Le Meridien Hotel. This symposium, which was facilitated by the UOM and other relevant stakeholders, has been held annually in the Eastern and Southern African regions for the past fifteen years. The theme for the 2015 Symposium was 'Integrated Water Resources Management and Infrastructure Planning for Water Security in Southern Africa'. The CWA sponsored the 16th WaterNet/WARFSA/GWP-SA Symposium as a Platinum Sponsor for the sum of Rs 225,000. Consequently, it availed of inter-alia, the following facilities:

- Space for exhibition during the symposium
- Full page advertisement in the symposium program booklet
- 10 mins Presentation during the plenary sessions on products/services
- Opportunity to distribute corporate gifts to all guests
- Branding as a sponsor including on screen and banners in the symposium room
- Three complimentary symposium registrations and invitation to cocktail and dinner

Revamping CWA's Website

The CWA website has been revisited to make it more user friendly, informative and visually appealing. The new website was launched on 03 August 2015. This new website is geared to diffuse vital information with respect to the different aspects/activities of the CWA and is a user-friendly navigation platform to satisfy each visitor's requirements.

WORKING TOWARDS ENERGY EFFICIENCY

During the year, CWA undertook the project for Installation and Commissioning of variable speed drives and accessories at pumping stations at Chamarel, Rivière du Rempart, Petit Paquet and Bananes for operation of submersible pumps. The installation of the variable speed device, scheduled for beginning 2016, is meant to provide regulated water flow to the distribution network and to reduce the energy consumption on site.

The contract for Supply, Installation, Testing and Commissioning of a 10 KwP Photo Voltaic System and Accessories for CWA Head Office was awarded in February 2015. By December 2015, the system had been put in place already but not yet commissioned.

The services of University of Mauritius were retained for an Energy Efficiency and Energy Saving Initiatives at the Central Water Authority. The Team of Consultants submitted their report containing various findings and recommendations. Implementation of the measures proposed will start as from 2016 with the procurement of necessary equipment and technology.

E-PROCUREMENT

CWA has taken a leap forward as far as the procurement methodology is concerned. It is one of the first public sector organisations to embark on e-procurement, which allows for preparation and launching of bids online. Relevant staff has been trained in this new procurement process. Launching of bids online was initially undertaken for goods at CWA and is now being extended to works. The e-procurement is designed to lower transaction cost in moving from paper to digital and also to bridge the digital gap with the private sector, modernize the way public bodies carry out procurement tasks, increase speed of transactions through relaxation of time and space constraints (connect anytime from anywhere), generate efficiency gains at industry level, for both the organization and suppliers and last but not least, increase transparency.



A full-page background image showing a worker in an orange protective suit and helmet working in a trench. The worker is wearing blue gloves and is positioned near a large pipe. The scene is dimly lit, with some light reflecting off the worker's suit. Two overlapping purple circles are superimposed on the image, containing the text 'STRATEGIC PLAN' and '2016 - 2019'.

STRATEGIC PLAN

2016 - 2019



BACKGROUND

The Central Water Authority is a Body Corporate established under the CWA Act 1971, with subsequent amendments and it became operational in 1973. It operates under the aegis of the Ministry of Energy and Public Utilities and is the sole Authority in Mauritius responsible for the treatment and distribution of potable water to households, government and the business community, among others, with a view to fostering economic growth and social development in Mauritius.

The CWA is administered and controlled by a six member Central Water Board (CWB) which is expected to meet at least once every month. The General Manager is responsible for the execution of the water policy and the effective management of the day to day business activities of the Authority.

VISION AND MISSION STATEMENT

VISION of CWA

‘To excel in the provision of an uninterrupted round the clock service of world class standard throughout the year to the entire population of Mauritius.’

MISSION of CWA

‘To secure and provide an excellent sustainable water supply service of appropriate quality, at a reasonable price, which meets the growing needs of the people, and supports the economic development of the country.’

OBJECTIVE OF STRATEGIC PLAN

The purpose of this Plan is to embody the overall business strategy of the CWA. It sets out objectives and priorities for period 2016-2019.

This document acts as a roadmap for all activities related to the potable water sector for the next three and a half years. The plans and initiatives, that are part and parcel of this document, will spearhead the Central Water Authority's short to medium term strategic drive.

The Strategic Plan provides:

- (i) an overview of the current situation (SWOT), the main challenges and the strategic orientation of the organisation for the next three years;
- (ii) the Plan of Action under each strategy; and
- (iii) the Financial Planning

THE SERVICE WE PROVIDE

The core business activity of CWA is the provision of safe drinking water to the Mauritian population, government bodies and business enterprises, which in all, make up the 352,934 registered subscribers, as at December 2015. In this endeavour, it has to manage some 5,000 km of pipe network (excluding house connections), seven (7) water treatment plants, around 116 boreholes and some 100 service reservoirs.

The CWA operates with a staff base of 1,008 employees (on establishment as at Dec 2015) and is operationally structured to deliver service in six water supply zones as follows:

- (1) Port Louis Water Supply System
- (2) District Water Supply System (North)
- (3) District Water Supply System (East)
- (4) District Water Supply System (South)
- (5) Mare aux Vacoas (Upper) Water Supply System
- (6) Mare aux Vacoas (Lower) Water Supply System

BUSINESS PERFORMANCE

The total revenue of CWA was in the vicinity of Rs 1.8 billion and the Authority's assets were worth some Rs 8.0 billion as at Dec 2015. The total volume of potable water sold was 98 million cubic metres, while production was of the order of 245.6 million cubic metres, made up of 54 % groundwater and 46 % surface water resources. The network efficiency ranged between 45 - 50%. Some 128 km of pipelines were constructed/renewed in 2015, made possible by an investment of some Rs 508M, mostly coming from CWA own funds/GOM loan.

The total kilometres of pipelines laid over the past five years, together with the amount of disbursements made are recapitulated below:

Year	Pipelines Constructed (km)	Disbursements (Rs. M)
2011	80	340
2012	65	325
2013	40	245
2014	51	306
2015	128*	508

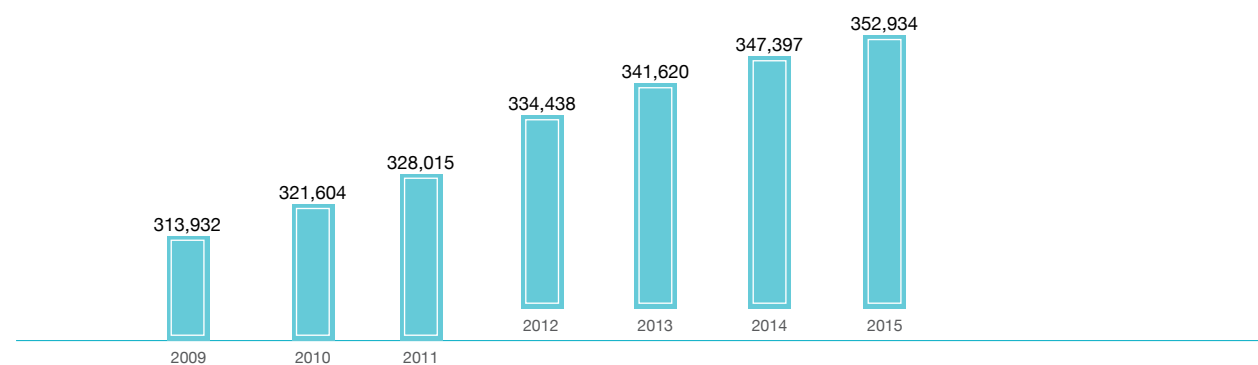
*Includes NRW Pipelines Projects

MARKET INFORMATION

CWA has a registered customer base of some 352,934 subscribers, as detailed hereunder:

Customer Category	Number (December 2015 figures)
Domestic	328,720
Acquired (Concessionary Prise)	31
Business Consumers	1,147
Public Sector Agency Consumers	2,533
Industrial Consumers	573
Agricultural Consumers	3,977
Commercial Consumers	13,873
Religious & Charitable Institutions	2,080
Total	352,934

Subscribers Evolution



The Authority experiences an average annual market growth of approximately 2%. The market within which it operates has certain specific characteristics as depicted in the following section.

INSTITUTIONAL SWOT (STRENGTHS/WEAKNESSES/OPPORTUNITIES/THREATS)

A SWOT Analysis of the Organisation reveals the following existing/emerging issues that impact upon the performance of the CWA and need to be given foremost attention while formulating any business strategy.

Internal and External Factors	Strengths	Weaknesses	Opportunities	Threats
Financial Analysis	Constantly bringing innovative solutions for settlement of bills (SBM BillPay, Orange Money, Emtel Mobile, Internet banking, etc)	High direct and indirect costs of operation Low profitability and no surplus to plough back into business for expansion Heavy debt leverage	Potential for lowering of energy footprint in view of gradual implementation of green energy solutions Government's renewed interest in water sector and ensuing investments through BMF	Foreign funding agencies are imposing stringent conditions for grant of loan
Human Resource Analysis	Annual Training Plan established after TNA being carried out International exposure given to staff through attachments and other training programmes abroad Existing Procedural Agreement with Unions	Heavy staff base High turnover among engineering and technical staff Conditions and pay governed by PRB Industrial relations not always easy	Recruitment is an ongoing process A more effective staff retention scheme to be devised Recourse to consultancy services for key functions (feasibility/design/supervision)	Ageing manpower
Operational Analysis	The Authority's 42 years experience in provision of drinking water 99.7% of population has access to piped potable water	The extent of CWA pipe network that is old and inefficient and ensuing high level of NRW Pilferage Lengthy and cumbersome procurement procedures Wayleave Issues-RDA, local government, private owners High volume of complaints from public	Experience and technical knowhow gained under NRW project in MAV(Upper) to be applied in other project areas Proposed restructuring of CWA through strategic partnership /other alternatives	
Economic Analysis	CWA is a public utility, virtually enjoying monopoly position	Limited opportunities for growth given small market	Public/Private Partnership (BOT, BOO, etc) Scope for further increases in tariff as the relative weight of water bill is negligible in consumers basket of goods	

Internal and External Factors	Strengths	Weaknesses	Opportunities	Threats
Technological Analysis	<p>State of the Art IT applications, tools and techniques</p> <p>Wide intranet/ internet coverage</p> <p>Gradual computerisation of key functions, leading to saving of time and energy and shift to a paperless organisation</p>	CWA lags behind in application of modern tools and techniques in Operations and Maintenance	<p>The introduction/extension of the Automated Remote Meter Reading/ Automated Mobile Meter Reading</p> <p>The forthcoming Telemetry and Telesurveillance project in DWS(N)</p> <p>Customer applications and payment solutions keeping pace with digital/cyber age</p> <p>Embarked on E-Procurement</p>	<p>Water supply exposed to risks engendered by climate change</p> <p>Water quality endangered by threat of algae proliferation and pollution of water courses</p>
Political Analysis	Renewed interest of Government to tackle water sector problems	Government regulations and control with regard to price fixing	<p>National Water Policy formulated at Government level</p> <p>SDGs (for water) set by UN to which Mauritius is a party and Government's engagement to fulfil objectives set</p>	
Environmental Analysis	CWA water quality meets the WHO/ Ministry of Environment standards for safe drinking water	The extent of distribution network made up of asbestos pipes that warrants replacement	<p>Building Resilience to Climate Change -Pre-emptive measures being/ to be taken by CWA to counter the effects of climate change</p> <p>Surveillance programme at national level to look into the problem of pollution</p> <p>Water treatment processes being revisited by CWA to take care of the problem of pollution</p>	



MAJOR CHALLENGES

From the foregoing analysis, fundamentally, six major challenges emerge, that need to be addressed during the Strategic Planning period:

1. The Ageing of CWA's distribution network-the surge in volume of Non Revenue Water

Water is a valuable resource and its loss has to be minimized at all costs. Unfortunately, it is estimated that at least some 1,500 km of CWA pipe network is more than 50 years old and needs urgent replacement. Most of these pipes are of asbestos cement type, cast iron or galvanised iron type and subject to frequent bursts, and are responsible for the substantial level of losses in the distribution network. This short and medium term plan strives to bring down these losses to internationally acceptable levels, viz, to 25% in at least some of the water supply systems and to start with, the MAV (Upper) system. Accordingly, in 2013, the CWA has embarked on a Reduction of Non Revenue Water Project with the support of Singaporean Consultants under a Government to Government Agreement. The Project Management Services which spanned over period July 2013-June 2015 were delivered by a consortium of international consultants from Singapore Cooperation Enterprise/PUB Singapore/CH2M HILL. The project is scheduled for completion in Mar/Apr 2016 and includes components such as pipe renewal, replacement of meters and telemetry.

2. Climate Change

The effects of global warming have, among others, been translated into uneven rainfall patterns affecting water resource availability in Mauritius. The Authority was still reeling from the unprecedented drought experience of 2010/2011 when it had to face similar weather conditions during Oct-Dec 2014, leading to acute deficiency in water supply. This put a lot of strain on its existing manpower and other resources. The drought experience highlighted the unpreparedness of the Mauritian Water Sector and forced Government to review its economic agenda and give precedence to water related investments in year 2015. The Authority should get well prepared for similar scenarios in the near future, whereby satisfying the water needs of a growing population, while at the same time, sustaining the level of economic activity will become a challenge for the Authority. It is imperative that it starts, as from now, adopting a series of mitigation measures to counter the adverse effects of future droughts. Demand management measures also form part of this climate change adaptation strategy. It is understood that unless Government injects money into the sector, this may not be possible with the prevailing tariff in force.

3. Water Quality

The possible proliferation of algae in our water courses and reservoirs is another issue that has been of concern recently. With increasing economic and social activity in vicinity of our rivers and impounding reservoirs, the risk of algal bloom has risen. This could eventually affect the quality of the potable water being supplied by CWA and may in long term constitute a health hazard. Preventive measures are called for with a view to avoid the occurrence of such a situation. Consequently, a Surveillance Committee was set up in 2012 at the level of the Ministry of Energy and Public Utilities, comprising various stakeholders, to carry out sampling tests of water resources in our impounding reservoirs. The scope of the project, which was initially limited to Midlands/Nicoliere reservoirs, has been extended to the remaining reservoirs under phase II of the programme and extended to rivers and the Magenta Canal as well.

4. Responding to Market Changes

CWA anticipates an annual sustained growth of at least 2 % in demand, as a direct result of an annual population growth, tourism picking up and other projected social and economic changes. It is expected that the hospitality and property development sector, together with the ocean economy (seafood and marine) and the knowledge hub will represent future catalysts for economic growth in our country. Besides, the residential and industrial expansion in urban and peri-urban zones (SMART cities) and the growth of shopping malls/hypermarkets will undoubtedly continue. These developments will

put much pressure on CWA's existing water supply network and will necessitate mobilization of additional amounts of water resources. Accordingly, the Central Water Authority will be called upon to expand its distribution network and treatment and storage capacities to be able to respond to the market opportunities ahead. It will also have to tap new sources of supply to supplement existing ones. Moreover, with economic growth and development, customers are becoming more and more demanding, both in terms of consistency of supply and quality of service provided. CWA is working towards meeting these rising expectations. The Authority will also have to explore other alternatives for pipelaying such as trenchless technology to be more cost effective and to reduce inconvenience to the public during excavation works.

5. Securing Funding for Growth -Sustaining its Operations

CWA is not a profit seeking organisation but operates at cost covering levels, as it is called upon to fulfill Government's social objectives. Water tariffs are kept artificially low so as not to hamper social and economic progress. Besides, the operational costs at the CWA are very high, and this, despite measures taken to curtail these costs. As a result, the Authority finds itself in a situation where it has to rely heavily on loan funding to finance its capital development programme. The challenge here is for the CWA to generate enough internal resources in order to enable it to meet its debt service obligations and also, to ultimately become self-sufficient. As such, the strategy ahead includes tariff revisions while at the same time, CWA takes a firm commitment to eliminate wastage and curtail its overheads.

6. Building the Corporate Image of CWA

CWA is called upon to deliver an essential service amidst odds such as a considerable network of ageing pipeline, which is subject to frequent leaks and bursts, as well as increasingly frequent drought conditions that culminate in water supply cuts. Inevitably, there is often public outcry against CWA's service. Managing the corporate image of CWA, under such circumstances, is therefore one of the major challenges the organization has to face. The process has already started through various outreach programmes and sensitization campaigns. Various platforms, including social media, are also being deployed by the CWA Communication Cell. It is proposed to recruit a Communication Consultant and a Communication Director to manage the corporate image of the organization. The CWA's website has also been revamped to make it more informative and user friendly. Along the same vein, the Customer Charter is being reviewed.

STRATEGIC OBJECTIVES

The prevailing strategic objectives of the CWA are as hereunder:

- to ensure security of supply with a round the clock service
- to reduce non revenue water to an economically acceptable level by improving the network efficiency
- to sustain water quality to meet international benchmarks
- to improve customer service and manage the corporate image
- to consolidate financial viability and operate in a cost effective manner.

Based on the findings of the SWOT Analysis and keeping in mind the challenges highlighted above, certain strategies have been devised, aimed at minimizing the impact of these challenges and shortcomings, namely:

Strategy 1	To be more Customer-Centric
Action 1	<p>Raising Standards of Service</p> <ul style="list-style-type: none"> 1.1 Renovation of the Customer Service Centres and construction of a new Customer Centre at Palmyre to achieve greater market proximity. 1.2 The CWA Customer Service Department undertakes to further reduce response time for attending to complaints. 1.3 Use of mobile, email and SMS for billing will be encouraged. CWA has already embarked on an innovative payment solution known as M-Payment in collaboration with Orange and EMTel, allowing consumers to pay their bills via their mobile phones. 1.4 Possibilities will be explored for payment of CWA bills via large retail outlets at Shopping Malls (e.g, Bagatelle, Shoprite, etc). 1.5 Payment of bills via MCB Internet Banking facility. 1.6 Implementation of an electronic billing/invoicing system for consumers. 1.7 Strategy for cross subsidisation of certain category of consumers will be maintained. 1.8 Implementation of a staggered billing system (quarterly billing instead of monthly for domestic consumers). 1.9 CWA's Customer Charter (2007), which spells out what the customer can expect from the different service desks, is being revisited and relevant benchmarks updated. Same to be launched early 2016.
Action 2	<p>Ensuring Regularity and Security of Supply</p> <ul style="list-style-type: none"> 2.1. The Reduction of Non Revenue Water (RNRW) Project being undertaken in the Upper MAV Zone will be extended to other DMAs in this particular zone and to other water supply systems, subject to availability of funding. 2.2. In addition to 2.1 above, CWA undertakes to renew, annually as from 2016, approx. 100 km of old and inefficient pipelines island-wide, which include leaking pipes, asbestos pipes and non standard pipes. 2.3. The distribution network will be expanded in response to projected increases in demand, including from SMART Cities. 2.4. CWA will be expanding its treatment capacity through construction of a water treatment plant (WTP) downstream of Bagatelle Dam which will allow for treatment of some additional 60,000 cubic metres to cater for the Port Louis and Lower Plaine Wilhems catchments. Also, the Nicoliere WTP will be rehabilitated and its treatment capacity extended to 100,000 m³/day. The Piton du Milieu, Mont Blanc and Riv du Poste WTPs will also be upgraded. Ongoing upgrading works to facilitate sludge removal at La Marie WTP are expected to be completed early 2016. Construction of a 15,000 m³/day treatment facility at Pont lardier, Deep River Beau Champ is also on the agenda. 2.5. Increase in reservoir storage capacity through construction of new service reservoirs, namely, at Mont Blanc, Cluny, Mont Fayence, Salazie, Balisson, Riche en Eau and Rivière Dragon. Other service reservoirs will be rehabilitated. 2.6. A number of boreholes/pumping stations will be upgraded.

Strategy 1	
Action 3	<p>Improving Water Quality</p> <p>3.1. Sustaining the accreditation status of the CWA laboratory and increasing the number of parameters covered by the accreditation process by ten (to note that CWA lab is accredited to ISO 17025:2005 (E) Standards for some 21 parameters as at Dec 2015).</p> <p>3.2. Increase in capacity of CWA lab to test other parameters so as to meet international benchmarks for quality. Accordingly, investment will be carried out in new equipment.</p> <p>3.3. The treatment processes at the various treatment plants, namely, Piton du Milieu, Rivière du Poste and Mont Blanc will be improved to strengthen the control capacity of chemical feeding and quality of water treated. The processes are also being enhanced to take care of the problem of algae, which is a potential threat to our water resources and a hindrance in the water treatment process.</p> <p>3.4. In the context of the Surveillance Programme put in place at national level to monitor the water quality of our impounding reservoirs, sampling and testing of water for detection of algae, pesticides, heavy metals, physico-chemical and bacteriological elements will be sustained. Appropriate recommendations will be put up for preventive/remedial action.</p>
Strategy 2	
Action 1	<p>A CWA Committed to Change</p> <p>Enhancing Performance (Human Resource)</p> <p>1.1. The CWA will establish a sound Performance Management System in line with the recommendations of PRB. In this connection, CWA will resort to the services of a consultant to carry out an organisational review, taking into consideration the mission/vision/objectives of the CWA. We are aiming for a leaner organization with higher value added.</p> <p>1.2. Succession Planning will become an integral part of Human Resource Planning at CWA.</p> <p>1.3. The CWA will work towards improved gender balance, to the extent possible.</p> <p>1.4. Training Needs Analysis will be carried at regular intervals to ensure that new skills and knowledge are taken into account and a Training Plan will be established accordingly. New avenues of training will be explored, and the Authority will adopt an inclusive approach, targeting maximum no. of officers encompassing all grades.</p> <p>1.5. CWA will work towards an improvement in industrial relations through regular meetings and contacts with unions.</p> <p>1.6. CWA will have recourse to consultancy services to undertake a review/re-engineering of CWA's Internal Audit Function.</p> <p>1.7. Improving security at CWA through Installation of CCTV cameras at strategic places.</p> <p>1.8. Health and Safety Audits will be conducted on a monthly basis and training on OSHA will be dispensed regularly. We aim to make CWA a safe place to work.</p>
Action 2	<p>Drive for Financial Sustainability</p> <p>2.1. CWA will adopt an appropriate pricing policy that reflects the true cost of service.</p> <p>2.2. Renewal of all non working meters, as a matter of urgency.</p> <p>2.3. Tampering of meters will be discouraged (Anti-fraud measures will be reinforced).</p> <p>2.4. Monitoring of Big Consumers on a weekly basis to provide dedicated service to these customers.</p> <p>2.5. Review of meter rentals.</p>

Strategy 2

A CWA Committed to Change

- 2.6 CWA is targeting a lower energy footprint through implementation of different energy efficient options. Stand alone photovoltaic systems will be installed at strategic locations. CWA will adopt a strategy for implementation of green energy solutions in line with recommendations contained in report submitted by the Consultant on Energy Efficiency and Energy Saving Initiatives at CWA.
- 2.7. Beefing up of systems and procedures put in place for monitoring of overtime.
- 2.8. Lowering of transport costs and costs relating to fuel and oil (The GPS, which has been installed in 173 vehicles, will be extended to the remaining fleet).
- 2.9. Cost effective maintenance solutions will be explored to reduce downtime and keep all vehicles and plants in good running condition.
- 2.10. Reduction of intervention time/downtime to attend to breakdowns at pumping stations.
- 2.11. Timely repair and testing of meters.
- 2.12. Maximum use of hedging strategy to mitigate any adverse risk exposure in exchange rate fluctuations.

Action 3

Application of High Tech Gear/Smart Technology

- 3.1. Implementation of a Telemetry and Telesurveillance project in the North District Water Supply System.
- 3.2. Pilot project for Automated Remote and Mobile Meter Reading System.
- 3.3. An online service for documents safekeeping and dispatching through the implementation of a Document Management System.
- 3.4. Better integration of Information Technology in CWA processes to enhance productivity and customer service. Includes possibility of online application for posts advertised.
- 3.5. Implementation of e-budgeting, e-payment systems and extension of e-procurement to improve, quicken and modernise budget preparation, procurement and payment cycles.
- 3.6. Development of an IT Strategic Plan.
- 3.7. Migration of Registry System to shift it from an obsolete hardware to a virtual platform.
- 3.8 Upgrade of CWA oracle database and replacement of legacy oracle applications and forms.

Action 4

A more Effective Communication Strategy

- 4.1. A greater role played by social media as opposed to mass media communication strategies.
- 4.2. Regular and timely communication campaigns/interventions in public.
- 4.3. Recruitment of a Communication Consultant and Communications Director to be in charge of the communication process and manage the corporate image of CWA.
- 4.4. Adoption of Demand Management Measures to promote water efficient culture viz, Water Education Campaign at national level, save water campaigns in schools, distribution of brochures, water saving tips, etc...
- 4.5. Promotion of concept of rainwater harvesting, use of water tap aerators, etc...
- 4.6. Participation in World Water Day and other fora to raise public awareness on importance of water.

PLAN OF ACTION

This section showcases the concrete actions under each strategy underpinning the various objectives spelt out in this document, which are in line with CWA's mission statement.

OBJECTIVE NO. 1

To ensure regularity and security of supply with a round the clock service



STRATEGY

To be more Customer-Centric



ACTION

- Harnessing of additional surface and underground water resources
 - Increasing treatment and storage capacity
 - Extension and Upgrading of pipe network
- Mobilisation of additional resources during dry season, viz, rehabilitation of existing and commissioning of new boreholes, intake structures on rivers and associated pumping mains, etc.



DETAILS OF ACTION	DIVISION	PERIOD	COST (Rs) M
Extension and upgrading of distribution pipes island-wide to improve levels of service(includes Rs 2.45 billion for BMF projects)	P&D	2016-19	3,720
Project for the Transfer of water from Midlands Dam to Piton du Milieu	P&D	2016-19	234.0
Rehabilitation and improvement of pumping stations and associated work	P&D WR/OSS	2016-19	100.0
Construction of service reservoirs and associated works	P&D	2016-17	150.0
Extension and upgrading of existing treatment plants and construction of new treatment facilities (includes Extension of Nicoliere WTP and improvement of treatment processes at treatment plants recommended by the JICA expert and new plants at Riv des Anguilles and Pont Lardier (DRBC))	P&D	2016-19	1,672.0
Construction of Treatment Plant at Bagatelle Dam and Downstream Works + Consultancy Services	P&D	2016-18	1,422.0
Mobilisation of resources for Dry Season	P&D &Ops	2016-19	Imputed
Drilling of boreholes	M&E	2016-19	27.0
Electro- Mechanical Equipment including pumps	WR/OSS	2016-19	80.0
Connection of new supplies and road reinstatement	Ops	2016-19	422.0
Total		2016-19	7,827.0

OBJECTIVE NO. 2

To reduce non-revenue water to an economically acceptable level



STRATEGY

To be more Customer-Centric



ACTION

- Reduction of unaccounted for water
- To replace meters above 10 years old



DETAILS OF ACTION	DIVISION	PERIOD	COST (Rs) M
Reduction of non-revenue water in MAV Zone (Upper) and DWS East	NRW Cell	2016-19	6,300.0
Establish discreteness of DMAs'	NRW Cell	2016-19	20.0
Replacement of 250,000 > 10 years old meters	Commercial Services	2016-19	250.0
Procurement of cold water meters	NRW Cell	2016-19	35.0
Repair of Leaks in the six water supply systems	Ops	2016-19	90.0
Telemetry and Telesurveillance system- DWS North	WR/OSS	2017-18	60.0
Total		2016-19	6,755.0

OBJECTIVE NO. 3

To sustain water quality to meet international benchmarks



STRATEGY

To be more Customer-Centric



ACTION

- Monitoring of raw water resources tapped for treatment
- Cleaning and disinfection of reservoirs



DETAILS OF ACTION	DIVISION	PERIOD	COST (Rs) M
Monitoring programme for quality of raw water resources tapped for treatment	WR/OSS	2016-19	Imputed
Purchase of Equipment for water quality monitoring including maintaining accreditation status	WR/OSS	2016-19	35.0
Construction of chlorine shed	WR/OSS/P&D	2016-17	80.0
Supply, Installation and Commissioning of Containerised Pressure Filtration Plant	Ops	2016	30.0
Chlorination Equipment	WR/OSS	2016-19	76.0
Repair and maintenance of filters	Ops	2016-19	50.0
Cleaning and disinfection of reservoirs	Ops	2016-19	Imputed
Total		2016-19	271.0

OBJECTIVE NO. 4

To sustain water quality to meet international benchmarks



STRATEGY

To be more Customer-Centric



ACTION

- To improve the system for management of complaints
 - Upgrading of customer centres
- Reinforce communication strategy and step up awareness campaigns



DETAILS OF ACTION	DIVISION	PERIOD	COST (Rs) M
Construction of new customer centres and upgrading of existing ones	P&D	2016-19	50.0
Improving public relations and undertaking National Water Education Campaign (includes organisation of World Water Day, save water campaigns, etc.)	Communica- tion Cell	2016-19	20.0
Call Services outsourced	Commercial/ Operations	2016-19	17.5
Purchase of meter chambers	Commercial	2016-19	25.0
Disconnection/re-metering	Commercial	2016-19	62.5.0
Total		2016-19	175.0

OBJECTIVE NO. 5

To improve effectiveness and efficiency and consolidate the financial viability of the Authority



STRATEGY

A CWA Committed to Change



ACTION

- Application of innovative software solutions to improve business processes
 - Revenue maximisation measures
 - Cost containment measures
 - Capacity Building



DETAILS OF ACTION	DIVISION	PERIOD	COST (Rs) M
Servers, computers and other IT equipment including network upgrade	IT	2016-19	50.0
Software tools including software upgrade & applications, Oracle, Financial, Inventory & Purchasing	IT	2016-19	90.0
Implementation of a Document Management System	Adm.	2016	5.0
Implementation of a Performance Management System	HR	2016-17	Imputed
Capacity Building	HR	2016-19	5.2
Automated Remote Meter Reading and Automated Mobile Meter Reading Systems	Commercial	2016-19	620.0
Metering of all production sources	Ops	2016-19	6.0
Assets Management Consultancy Services	Fin./Adm	2016-17	Imputed
Upgrading of/Construction of new office buildings & workshops	P&D/Adm	2016-19	300.0
Installation of GPS and fuel sensors in CWA vehicles	Adm/Trans.	2016-17	15.0
Installation of CCTV camera for surveillance	Adm/WROSS	2016-19	5.0
Purchase of Vehicles and other Machines	WR/OSS	2016-19	120.0
Supply and Installation of Photovoltaic System	WR/OSS	2016-19	14.0
Implementation of Recommendations of Consultant on Energy Efficiency and Energy Saving Initiatives	WR/OSS	2016-19	13.0
Installation of Variable Speed Drives for control and operation of pumps at pumping stations	WR/OSS	2016-19	6.0
Total		2016-19	1,249.2

The background of the cover is a blurred photograph of a person in a business suit sitting at a desk, looking at a document. In the foreground, there are two overlapping circles: a larger light green one on the left and a smaller, semi-transparent yellow-green one on the right. The text 'FINANCIAL REVIEW' is in white, bold, sans-serif font inside the green circle, and 'YEAR 2015' is in white, sans-serif font inside the yellow-green circle. At the bottom left, there is a decorative graphic consisting of a horizontal grey line with a small green circle at its start and a right-angled bend at its end.

FINANCIAL REVIEW

YEAR 2015





FINANCIAL REVIEW

YEAR ENDED 31 DECEMBER 2015

The year 2015 ended with an operating surplus of Rs 282.9 Million before accounting for finance costs and exchange losses; thus realising a net surplus of Rs 151.7 Million when compared to a net surplus of Rs 208.1 Million (re-stated) in the financial year ended 31 December 2014. The net surplus generated in 2015 is mainly attributed to an increase in revenue from water sales and decrease in other expenses. In 2015, total revenue increased by 1.4% compared to the year 2014 which is mainly attributed to increases in revenue with respect to Domestic, Non-Domestic and Government consumers, including Surface Water.

Operating costs and administrative expenses increased by 1.9% and 9.1% respectively compared to 2014. This was due to increase in (i) salaries and other related costs, (ii) electricity costs, and (iii) legal and professional costs. Other expenses decreased by 20% in the year 2015 compared to 2014. This was mainly attributed to a decrease in provision for impairment of receivables in year 2015.

The Authority experienced an increase in its total assets over the years, whereby a relative increase of 3.7% was noted in 2015 as compared to 2014.

The capital and reserves of the Authority increased by 0.32% which was attributed mainly to surplus for the year posted to revenue reserves. The non-current liabilities increased by 8.6% due to an increase in long term borrowings (7.6%), contribution in kind (24%), consumer deposits (3.5%), employee benefits (6%) and retirement benefits obligation (8.2%).

Cash and cash equivalents stood at Rs 49.1 Million in 2015 compared to Rs 346.1 Million in 2014. The decrease in the cash and cash equivalents was mainly attributed to high investment in Non-current assets, repayment of loans and interest payment.

Rate of Return decreased from 3% in 2014 to 2% in 2015 due to a decrease in surplus for the year and an increase in finance costs in 2015.

Operating Ratio increased from 0.83 in 2014 to 0.86 in 2015, which was outside the target range of 0.75 to 0.80. This was mainly due to an increase in total expenditure.

Operating Cash Flow ratio was 3.07 times the finance costs. In 2014, the ratio was 5.64 times.

The Finance Contract between European Investment Bank (EIB) and Central Water Authority provides that so long as the loan is outstanding, the Authority should maintain in each of its Financial Year, **Operating Cash Flow ratio** of not less than 1.5 times finance costs. In 2015, the ratio was 3.07.

SUMMARY OF FINANCIAL MATTERS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1.0 REVENUE ACCOUNT

1.1 Financial Results

The financial results for the year were:

ITEM	2015	2014 Re-stated	2013 Re-stated	2012 Re-stated	2011 Re-stated	2010 Re-stated	2009 Re-stated	2008
	(Rs M)							
Income	1,780.99	1,774.22	1,753.66	1,701.18	1,160.73	1,837.98	1,200.60	1,166.50
Expenditure	1,629.32	1,566.15	1,536.98	1,446.83	1,230.00	1,905.58	1,334.90	1,102.91
Surplus/(Deficit)	151.67	208.07	216.68	254.35	(69.27)	(67.60)	(134.30)	63.59

1.2 Provision for Depreciation

Depreciation and amortization provisions made in the accounts amounts to **Rs 266.9M** (Year 2014: Rs 279.3M).

1.3 Return on Net Operational Assets

The return on net operational assets is **1.6%**.

The operating ratio is **0.86**.

1.4 Analysis of Income and Expenditure

i. Potable and Irrigation Water Supply Services

Income

The total Income of the two services represents **84%** (Year 2014: 86%) of the total expenditure.

Finance Costs and Depreciation

The finance costs and depreciation represent **23%** (Year 2014: 24%) of the total expenditure of the two services.

Surplus for the Year

The surplus for the year is Rs **151.7M** representing **8.5%** of total income (Year 2014: Surplus of Rs 208.1M: 12% of total income)

Cash Generated from Operating Activities

Cash generated from operating activities amounts to **Rs 182.4M** (Year 2014: Rs 327.5M).

SUMMARY OF FINANCIAL MATTERS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

ii. Potable Water Supply Service

Percentage Revenue Collectible

The percentage revenue collectible from each category of consumers falling in this service is as follows:

ITEM	2015	2014	2013	2012	2011	2010 (18 months)	2009 (6 months)	2008
Category of Consumers	Percentage of total revenue collectible							
Domestic	53	54	54	54	55	56	56	55
Non-Domestic	39	38	38	38	37	36	35	35
Government	8	8	8	8	8	8	9	10

Income

Water Sales have contributed a sum of Rs 1.33 Billion (Year 2014: Rs 1.31 Billion) of the overall revenue which represented 74% (Year 2014: 74%) of total income.

iii. Irrigation Water Supply Service

Irrigation Water Sales have contributed a sum of Rs 41.9M (Year 2014: Rs 42.2M) of the overall revenue which represented 2% (Year 2014: 2%) of total income.

2.0 CAPITAL ACCOUNT

2.1 Net Cash Outflow from Investing Activities

Net Cash Outflow from Investing Activities for the period ended 31 December 2015 amounted to **Rs 855.9M** (Year 2014: Rs 717.1M).

2.2 Additions to Non-Current Assets

Assets capitalized during the period amounted to **Rs 900M** (Year 2014: Rs 406.9M).

2.3 Assets under Construction

Assets under Construction as at 31 December 2015 amounted to **Rs 625.6M** (Year 2014: Rs 595M).

SUMMARY OF FINANCIAL MATTERS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3.0 FINANCIAL TARGETS

3.1 General

Most of the Loan Agreements provide that the Authority shall generate sufficient revenue to cover:

- i. operating expenses;
- ii. depreciation;
- iii. interests on borrowings and repayment of long-term indebtedness to the extent that it does not exceed the depreciation provisions; and
- iv. a surplus for financing a reasonable portion of future expansion.

3.2 IBRD Requirements

- i. Assets to be revalued from time to time in accordance with sound and consistently maintained method of valuation satisfactory to the Bank;
- ii. The Authority to bill domestic consumers on actual consumption;
- iii. Arrears collectible not to exceed 3 months average bills;
- iv. An annual debt service coverage of not less than 1.5 times.

3.3 Ex-Management Audit Bureau (MAB) (Now, Office of Public Sector Governance) Requirements

The MAB recommended in 1992 that the Authority should endeavour to achieve the following targets:

- i. an operating ratio of 0.75 to 0.80;
- ii. a rate of return of not less than the minimum rate of interest on its loans which is 3.0% based on EIB Loan;
- iii. a current ratio of 1.25 and a liquidity ratio of 1.00;
- iv. an annual debt service coverage of 1.50 - 2.00;
- v. a debt/net assets ratio of less than 0.50 and a debt/equity ratio below 1.0;
- vi. an average collection period of 2 months and a receivable turnover of 6.00.

3.4 European Investment Bank's Requirements

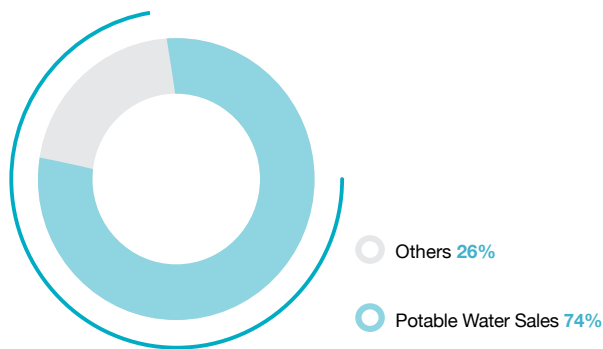
As per the Loan Agreement with EIB, the Authority has to maintain an *Operating Cash Flow* which is not less than 1.5 times its *financial costs*.

SUMMARY OF FINANCIAL MATTERS

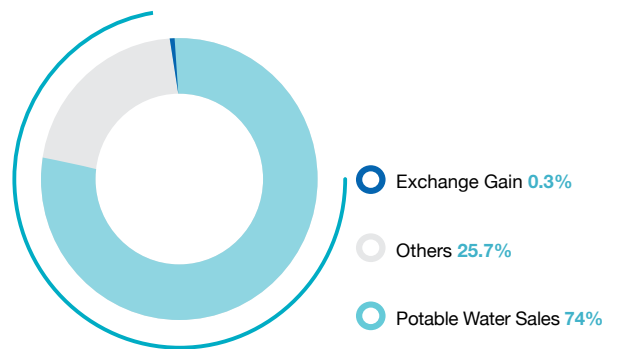
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

THE WATER INCOME RUPEE

The water income rupee was earned as demonstrated in the charts below:

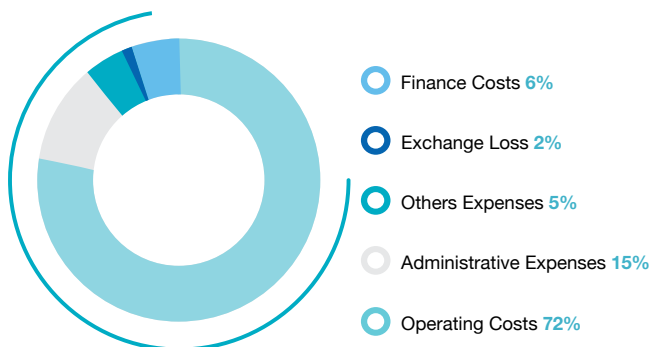


TOTAL INCOME 2015
JANUARY - DECEMBER

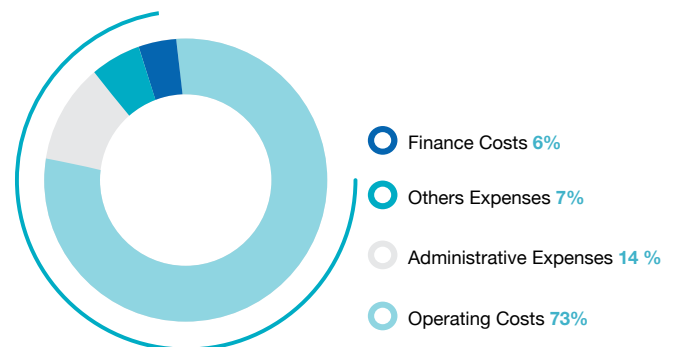


TOTAL INCOME 2014
JANUARY - DECEMBER

The water income rupee was spent as shown below:

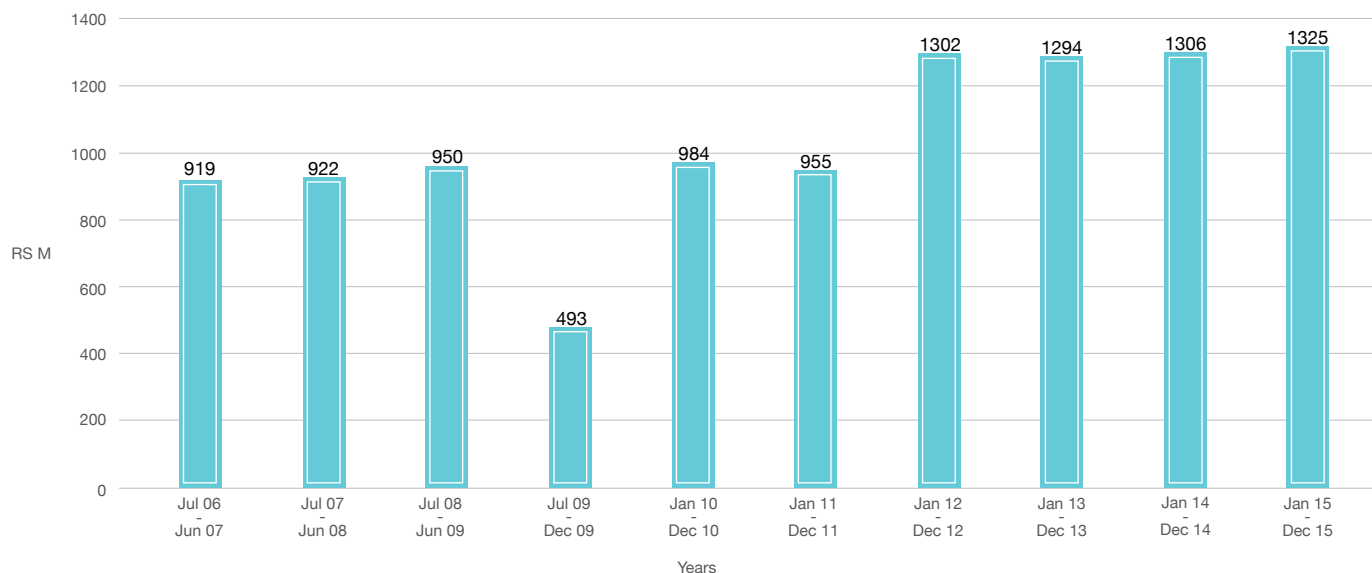


TOTAL EXPENDITURE 2015
JANUARY - DECEMBER



TOTAL EXPENDITURE 2014
JANUARY - DECEMBER

TEN-YEAR TREND ANALYSIS OF POTABLE WATER SALES



SUMMARY OF FINANCIAL MATTERS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

PERFORMANCE INDICATORS

KEY RATIOS

Statement of Comprehensive Income

YEAR	Jan 15 Dec 15	Jan 14 Dec 14	Jan 13 Dec 13	Jan12 Dec 12	Jan11 Dec 11	Jul 09 Dec 10	Jul 08 Jun 09	Jul 07 Jun 08	Jul 06 Jun 07	Jul 05 Jun 06
Rate of Return (%)	2.00	3.00	3.00	4.00	-0.12	0.92	-0.66	2.35	0.66	-0.40
Operating Ratio	0.86	0.83	0.84	0.79	1.01	0.96	0.96	0.87	0.97	1.02
Debt Servicing Ratio	0.06	0.06	0.05	0.07	0.04	0.08	0.07	0.08	0.08	0.08
Financing Ratio	2.50	3.33	4.06	3.61	-0.17	0.52	-0.52	1.51	0.37	-0.23

Statement of Financial Position

YEAR	Jan 15 Dec 15	Jan 14 Dec 14	Jan 13 Dec 13	Jan 12 Dec 12	Jan 11 Dec 11	Jul 09 Dec 10	Jul 08 Jun 09	Jul 07 Jun 08	Jul 06 Jun 07	Jul 05 Jun 06
Current Ratio	0.34	0.61	0.42	0.52	0.26	0.52	0.76	0.88	0.90	0.80
Liquidity Ratio	0.04	0.29	0.11	0.20	-0.07	0.15	0.35	0.47	0.48	0.41
Gearing ratio	0.18	0.18	0.15	0.17	0.18	0.21	0.23	0.25	0.29	0.30
Debt/Equity Ratio	5.13	4.80	4.37	4.03	3.94	3.72	4.28	4.27	4.33	4.24
Average Collection Period	2.08	2.03	2.00	1.93	2.05	1.48	1.92	1.87	2.02	2.09
Receivable Turnover	5.76	5.90	6.01	6.21	5.82	8.15	6.26	6.42	5.95	5.73

Statement of Cash Flows

YEAR	Jan 15 Dec 15	Jan 14 Dec 14	Jan 13 Dec 13	Jan 12 Dec 12	Jan 11 Dec 11	Jul 09 Dec 10	Jul 08 Jun 09	Jul 07 Jun 08	Jul 06 Jun 07	Jul 05 Jun 06
Operating Cash Flow	3.07	5.64	5.71	3.54	1.71	1.85	0.55	0.99	0.77	0.79

RATIO DEFINITIONS

1. The **Rate of return** indicates the financial return generated from the assets employed by the Authority.

$$\text{Rate of return:} \quad \frac{\text{Surplus/(Deficit) before interest}}{\text{Rate base}}$$

2. The **Operating ratio** gauges the ability of the Authority to finance its operating expenses from its operating revenue.

$$\text{Operating ratio:} \quad \frac{\text{Total expenditure before interest}}{\text{Total income}}$$

SUMMARY OF FINANCIAL MATTERS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. The **Debt servicing ratio** gauges how large a burden interests are as part of the total operational expenses.

$$\text{Debt servicing ratio:} \quad \frac{\text{Interest charged to operations}}{\text{Total expenditure including interest}}$$

4. The **Financing ratio** gauges the ability of the Authority to meet its total interest commitments.

$$\text{Financing ratio:} \quad \frac{\text{Surplus/(Deficit) before interest}}{\text{Total interest}}$$

5. The **Current ratio** gauges the ability of the Authority to meet its short term financial obligations.

$$\text{Current ratio:} \quad \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

6. The **Liquidity ratio** (Acid test ratio) indicates the ability of the Authority to meet its immediate financial obligations.

$$\text{Liquidity ratio:} \quad \frac{\text{Bank deposits and Cash \& Bank balances}}{\text{Current Liabilities}}$$

7. **Gearing ratio** indicates the financial dependability of the Authority on its long term loans.

$$\text{Gearing ratio:} \quad \frac{\text{Long Term Loans}}{\text{Total Assets - Current Liabilities}}$$

8. **Debt/Equity ratio** indicates the Authority's burden of debt in relation to its equity.

$$\text{Debt/Equity ratio:} \quad \frac{\text{Total Liabilities}}{\text{Equity}}$$

9. **Average collection period** indicates the time taken by the Authority to collect its debts on water sales.

$$\text{Average collection period:} \quad \frac{\text{Debtors}}{\text{Water Sales}} \times 12 \text{ months}$$

10. **Receivable turnover** indicates the ratio between water sales and average net debtors.

$$\text{Receivable Turnover:} \quad \frac{\text{Water sales}}{\text{Average net debtors}}$$

11. The **Operating Cash Flow ratio** gauges the ability of the authority to meet its loans repayment and interest on loans from operations.

$$\text{Operating cash flow ratio:} \quad \frac{\text{Surplus before depreciation and financial cost}}{\text{Debt repayment + interest}}$$



**REPORT OF THE
DIRECTOR OF AUDIT**

**On the Financial Statements
of the Central Water Authority
for the year ended 31 December 2015**

NATIONAL AUDIT OFFICE



NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT TO THE BOARD OF THE CENTRAL WATER AUTHORITY

Report on the Financial Statements

I have audited the accompanying financial statements of the Central Water Authority which comprise the statement of financial position as of 31 December 2015, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

REPORT OF THE DIRECTOR OF AUDIT

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

Basis for Qualified Opinion

Property, Plant and Equipment – Rs 8,549,044,549

No revaluation of assets has been carried out since the last exercise in 1998. Hence, Property, Plant and Equipment has not been stated at fair value.

No disclosure has been made of the carrying amount that would have been recognised had the assets been carried under the cost model, in line with IAS 16.

The figure of Property, Plant and Equipment as shown in the financial statements amounting to Rs 8,549,044,549, did not reconcile with that shown in the Fixed Assets Register which amounted to Rs 8,676,818,396.

Inventories – Rs 51,077,860

The inventory figure of Rs 51,077,860 as stated in the financial statements did not agree with the closing balance figure of Rs 80,938,301, shown in the Stock Management System.

Physical stock-take was not fully carried out at the year end. Hence, the completeness, existence and valuation of inventories amounting to Rs 51,077,860 at the year end, could not be ascertained.

Cash and Cash Equivalents – Rs 49,057,587

The above figure included a cash balance of Rs 9,403,907 and an overdrawn cash balance of Rs 2,368,967 which did not reconcile with their bank balances amounting to Rs 9,636,346 and Rs 3,036,446 respectively.

Borrowings – Rs 2,064,792,020

An amount of Rs 22,572,222 was paid by the Parent Ministry on behalf of the Authority to a foreign Enterprise for the provision of consultancy services in connection with the Non-revenue Water Project. The loan amount of Rs 18,057,777, net of taxes, has not been accounted for as borrowings although a loan agreement was signed between the Parent Ministry and the Authority on 17 April 2015.



REPORT OF THE DIRECTOR OF AUDIT

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Central Water Authority as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to the following matter:

Contingent Liabilities

With the exception of one Legal Adviser of the Authority, no confirmation of any pending litigation, claim, judgements, settlements, or any transactions or charges that could affect the accounts as of 31 December 2015 has been obtained from the other Legal Advisers.

Report on Other Legal and Regulatory Requirements

Management's Responsibility

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

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

Opinion on Compliance

Statutory Bodies (Accounts and Audit) Act

The issue of this report was delayed as the financial statements and the Annual Report for the financial year 2015 were amended and re-submitted to the National Audit Office on 28 December 2016.

REPORT OF THE DIRECTOR OF AUDIT

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Statutory Bodies (Accounts and Audit) Act.

Public Procurement Act

The Central Water Authority is responsible for the planning and conduct of its procurement. It is also responsible for defining and choosing the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant Regulations. My responsibility is to report on whether the provisions of Part V of the Act regarding the Bidding Process have been complied with.

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examination of the relevant records.

The Financial Reporting Act

The directors are responsible for preparing the Corporate Governance Report. My responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the Annual Report and whether the disclosures are consistent with the requirements of the Code.

In my opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.



K.C. TSE YUET CHEONG (MRS)
Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

30 January 2017



FINANCIAL STATEMENTS

YEAR 2015



STATEMENT OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2015

		31 December 2015	31 December 2014 (Re-stated)
	Note	Rs	Rs
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,549,044,549	7,917,928,655
Intangible assets	5	18,019,440	15,996,910
Assets under construction	6	625,633,459	594,995,532
Receivables	7	25,221,817	24,110,021
		9,217,919,265	8,553,031,118
Current assets			
Inventories	8	47,834,069	68,228,451
Trade and other receivables	9	315,758,243	322,048,060
Cash and cash equivalents	10	49,057,587	346,092,953
		412,649,899	736,369,464
TOTAL ASSETS		9,630,569,164	9,289,400,582
EQUITY AND LIABILITIES			
Capital and Reserves			
Government equity	11	1,015,450,607	1,015,450,607
Capital grant	11	762,603,012	795,114,599
Reserves		2,647,360,938	2,600,707,584
		4,425,414,557	4,411,272,790
Non-current liabilities			
Borrowings	12	1,533,766,835	1,424,866,114
Contribution in kind	13	547,068,843	439,852,205
Consumer deposits	14	91,821,280	88,705,446
Employee benefits	15	247,432,639	233,431,326
Retirement benefits obligations	16	1,567,562,365	1,449,313,409
Other payables: Ground Water	17	-	35,514,248
		3,987,651,962	3,671,682,748
Current liabilities			
Trade and other payables	17	657,853,526	642,696,550
Borrowings	12	531,025,185	542,797,217
Consumer deposits	14	91,913	88,794
Employee benefits	15	28,532,021	20,862,483
		1,217,502,645	1,206,445,044
TOTAL EQUITY AND LIABILITIES		9,630,569,164	9,289,400,582

Approved by Central Water Board on 27 December 2016

Signature: 
 Name: **S. Appanah**
 BOARD MEMBER

Signature: 
 Name: **G. F. Desmarais**
 CHAIRMAN

The notes on pages 87 to 118 form an integral part of the Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

		2015	2014 (Re-stated)
	Note	Rs	Rs
Revenue	18	1,367,218,253	1,348,488,679
Operating costs	19	(1,172,362,773)	(1,150,644,987)
Gross operating surplus		194,855,480	197,843,692
Other operating income	20	413,767,919	420,088,895
Administrative expenses	21	(240,732,506)	(220,554,567)
Other expenses	22	(84,951,639)	(105,585,837)
Operating surplus		282,939,254	291,792,183
Exchange (loss)/gain	23	(29,884,263)	5,642,027
Finance costs	24	(101,391,551)	(89,361,115)
Surplus for the year		151,663,440	208,073,095
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to surplus or deficit</i>			
Remeasurement: Retirement Benefit Obligation	16	(105,010,087)	(11,206,683)
Total comprehensive income for the year		46,653,353	196,866,412

The notes on pages 87 to 118 form an integral part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2015

Note	Government Equity	Capital Grant	Accumulated Fund	Capital Investment Reserve	Revaluation Reserve	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at 01 January 2013 - As previously stated	1,015,450,607	839,768,472	(879,250,888)	49,900,917	3,032,980,490	4,058,849,598
Prior year adjustment	-	-	3,371,000	-	-	3,371,000
Received during the period	-	20,227,390	-	-	-	20,227,390
Released to comprehensive income	-	(32,369,677)	-	-	-	(32,369,677)
Surplus for the year	-	-	216,674,214	-	-	216,674,214
Other comprehensive income	-	-	(216,777,284)	-	-	(216,777,284)
Total comprehensive income	-	-	(103,070)	-	-	(103,070)
Balance as at 31 December 2013 - As re-stated	1,015,450,607	827,626,185	(875,982,958)	49,900,917	3,032,980,490	4,049,975,241
Balance as at 01 January 2014 - As re-stated	1,015,450,607	827,626,185	(875,982,958)	49,900,917	3,032,980,490	4,049,975,241
Prior year adjustment	-	-	196,942,723	-	-	196,942,723
Released to comprehensive income	-	(32,511,586)	-	-	-	(32,511,586)
Surplus for the year	-	-	208,073,095	-	-	208,073,095
Other comprehensive income	-	-	(11,206,683)	-	-	(11,206,683)
Total comprehensive income	-	-	196,866,412	-	-	196,866,412
Balance as at 31 December 2014 - As re-stated	1,015,450,607	795,114,599	(482,173,823)	49,900,917	3,032,980,490	4,411,272,792
Balance as at 01 January 2015	1,015,450,607	795,114,599	(482,173,823)	49,900,917	3,032,980,490	4,411,272,792
Released to comprehensive income	-	(32,511,586)	-	-	-	(32,511,587)
Surplus for the year	-	-	151,663,440	-	-	151,663,440
Other comprehensive income	-	-	(105,010,087)	-	-	(105,010,087)
Total comprehensive income	-	-	46,653,353	-	-	46,653,353
Balance as at 31 December 2015	1,015,450,607	762,603,012	(435,520,469)	49,900,917	3,032,980,490	4,425,414,557

Note: The amount of Rs 3.032 Billion standing on the credit of the revaluation reserve will be reversed to cater for any decreases in previously revalued assets following the impending exercise for the revaluation of assets of the CWA.

The notes on pages 87 to 118 form an integral part of the Financial Statements

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

		2015	2014 (Re-stated)
	Note	Rs	Rs
OPERATING ACTIVITIES			
Surplus for the year		46,653,353	196,866,412
Adjustments for:			
Depreciation and amortisation		266,874,585	286,425,783
Foreign exchange loss/(gain)		29,884,263	(5,642,027)
Subsidy		(200,000,000)	(200,000,000)
Capital grant and contribution in kind released		(94,025,559)	(86,757,799)
Retirement benefit obligations		118,248,956	34,189,585
Employee benefits		21,328,660	12,549,422
Interest income		(4,827,186)	(11,345,410)
Provision for bad debts		21,411,534	34,738,026
Bad debts		26,150,416	38,788,169
Interest expense		101,391,551	89,361,115
Other income receivable		(4,566,919)	(10,809,001)
Adjustment - Inventory		(4,029,203)	(7,068,401)
Discount received		(3,889,395)	(6,467,685)
Profit on disposal of property, plant and equipment		-	(376,751)
OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES		320,605,056	364,451,437
Movement in working capital			
Increase in receivables		(16,233,512)	(55,386,591)
Decrease/(Increase) in inventories		20,394,382	(8,958,941)
(Decrease)/Increase in payables		(142,336,885)	27,427,908
NET CASH GENERATED FROM OPERATIONS		182,429,041	327,533,814
INVESTING ACTIVITIES			
Purchase of non-current assets		(794,659,319)	(680,962,545)
Proceeds from disposal of non-current assets		-	317,000
Loans granted to staff		(11,199,935)	(19,029,413)
Loans refunded by staff		8,425,764	9,133,997
Deposits received		3,127,103	2,896,279
Refund of deposits		(8,150)	(3,968)
Other deposits received		-	70,692
Interest paid		(66,340,938)	(40,910,804)
Interest received		4,741,209	11,428,104
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(855,914,265)	(717,060,658)
FINANCING ACTIVITIES			
Proceeds from interest bearing loans		310,719,008	551,498,704
Repayment of interest bearing loans		(102,999,762)	(62,630,450)
Contribution in kind received		168,730,612	108,135,134
NET CASH FLOWS FROM FINANCING ACTIVITIES		376,449,858	597,003,388
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(297,035,366)	207,476,545
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		346,092,953	138,616,408
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	49,057,587	346,092,953

The notes on pages 87 to 118 form an integral part of the Financial Statements

COMPARISON OF BUDGET AND ACTUAL AMOUNTS

YEAR ENDED DECEMBER 31, 2015

		Actual 2015	Original budget 2015	Revised budget 2015	Variance Budget v/s Actual 2015	Actual 2014 (Re-stated)
	Note	Rs	Rs	Rs	Rs	Rs
Revenue	18	1,367,218,253	1,414,000,000	1,380,000,000	(12,781,747)	1,348,488,679
Operating Costs	19	(1,172,362,773)	(1,063,120,000)	(1,153,056,000)	(19,306,773)	(1,150,644,987)
Gross Operating Surplus		194,855,480	350,880,000	226,944,000	(32,088,520)	197,843,692
Other operating Income	20	413,767,919	327,000,000	312,000,000	101,767,919	420,088,895
Administrative Expenses	21	(240,732,506)	(336,680,000)	(340,839,000)	100,106,494	(220,554,567)
Other Expenses	22	(84,951,639)	(16,100,000)	(15,000,000)	(69,951,639)	(105,585,837)
Operating Surplus		282,939,254	325,100,000	183,105,000	99,834,254	291,792,183
Exchange(loss)/gain	23	(29,884,263)	-	-	(29,884,263)	5,642,027
Finance costs	24	(101,391,551)	(575,100,000)	(480,105,000)	378,713,449	(89,361,115)
Surplus for the year		151,663,440	(250,000,000)	(297,000,000)	448,663,440	208,073,095
Remeasurement-Retirement Benefit Obligation		(105,010,087)	-	-	(105,010,087)	(11,206,683)
Total comprehensive income for the year		46,653,353	(250,000,000)	(297,000,000)	343,653,353	196,866,412
Capital Expenditure		794,659,319	2,231,000,000	2,056,000,000	1,261,340,681	680,962,545

The notes on pages 87 to 118 form an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. LEGAL FORM AND ACTIVITIES

The Central Water Authority (CWA) is a parastatal body wholly owned by the Government of Mauritius which operates under the aegis of the Ministry of Energy and Public Utilities and is regulated by the CWA Act No. 20 of 1971. Its principal place of business is Royal Road, St. Paul, Mauritius.

The CWA is administered by the Central Water Board and is engaged in the supply of potable water in Mauritius.

2. STATEMENT OF COMPLIANCE

The Financial Statements comply with the Statutory Bodies (Accounts and Audit) Act and the Financial Reporting Act, as subsequently amended and have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.1 Application of New/Revised IFRS

In the current year, the CWA has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 January 2015.

2.2 New and revised IFRSs and IFRICs applied

The following relevant new and revised Standards and Interpretations have been applied in the financial statements for the reporting period:

(a) Amendments to published Standards and Interpretations effective in the reporting period

Amendments to IAS 32, 'Offsetting Financial Assets and Financial Liabilities', clarify the requirements relating to the offset of financial assets and financial liabilities. The amendment is not expected to have any impact on the financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment Entities', define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through Profit or Loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. As the CWA is not an investment entity, the standard has no impact on its financial statements.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what obligating event gives rise to pay a levy and when should a liability be recognised. The CWA is not subject to levies so the interpretation has no impact on the financial statements.

Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets', remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated. The amendment has no impact on the financial statements.

Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting', provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendment has no impact on the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary.

Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employees' working lives. The amendment has no impact on the financial statements.

Annual Improvements 2010-2012 Cycle

IFRS 2, 'Share based payments' amendment is amended to clarify the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. The amendment has no impact on the financial statements.

IFRS 3, 'Business combinations' is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration are measured at fair value at each reporting date, with changes in value recognised in Profit or Loss. The amendment has no impact on the financial statements.

IFRS 8, 'Operating segments' is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. The amendment has no impact on the financial statements.

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has no impact on the financial statements.

IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The amendment has no impact on the financial statements.

IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The amendment has no impact on the financial statements.

Annual Improvements 2011-2013 Cycle

IFRS 1, 'First-time Adoption of International Financial Reporting Standards' is amended to clarify in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment has no impact on the financial statements, since the Group is an existing IFRS preparer.

IFRS 3, 'Business combinations' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11. The amendment has no impact on the financial statements.

IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. The amendment has no impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

IAS 40, 'Investment property' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendment has no impact on the financial statements.

2.3 New and revised IFRSs and IFRICs in issue but not yet effective

IAS 1 Presentation of Financial Statements: Amendments resulting from the disclosure initiative (effective on 01 January 2016)

IFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment transactions (effective 01 January 2018)

IFRS 4 Insurance Contracts: Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (01 January 2018)

IFRS 5 Non-Current Assets Held for Sale: Amendments resulting from September 2014 Annual Improvements to IFRSs (effective on 01 January 2016)

IFRS 7 Financial Instruments: Disclosures – Deferral of mandatory effective date of IFRS 7 and amendments to transition disclosures (effective on 01 January 2018)

IFRS 7 Financial Instruments: Disclosures – Amendments resulting from September 2014 Annual Improvements to IFRSs (01 January 2016)

IFRS 9 Financial Instruments: Classification and measurement of financial assets (effective on 01 January 2018)

IFRS 9 Financial Instruments: Reissue classification and measurement of financial liabilities and derecognition requirements (effective on 01 January 2018)

IFRS 9 Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective on 01 January 2018)

IFRS 9 Financial Instruments: Disclosures – Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the “own credit” gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9 (effective on 01 January 2018)

IFRS 10 Consolidated Financial Statements: Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and amendments regarding the application of the consolidation exception (effective on 01 January 2016)

IFRS 11 Joint Arrangements: Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective on 01 January 2016)

IFRS 12 Disclosure of Interests in Other Entities: Amendments regarding the application of the consolidation exception (effective on 01 January 2016)

IFRS 14 Regulatory Deferral Accounts (effective on 01 January 2016)

IFRS 15 Revenue from Contracts with Customers (effective on 01 January 2018)

IFRS 16: Leases (effective on 01 January 2019)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

IAS 12: Income Tax - Income Taxes: Recognition of Deferred Tax Assets For Unrealised Losses (effective on 1 January 2017)

IAS 16 Property, plant and equipment: Amendments regarding the clarification of acceptable methods of depreciation and amortization (effective on 01 January 2016)

IAS 19 Employee Benefits: Amendments resulting from September 2014 Annual Improvements to IFRSs (effective on 01 January 2016)

IAS 27 Separate Financial Statements: Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective on 01 January 2016)

IAS 28 Investments in Associates and Joint Ventures: Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and regarding the application of the consolidation exception (effective on 01 January 2016)

IAS 34 Interim Financial Reporting: Amendments resulting from September 2014 Annual Improvements to IFRSs (effective on 01 January 2016)

IAS 38 Intangible Assets: Amendments regarding the clarification of acceptable methods of depreciation and amortization (effective on 01 January 2016)

IAS 39 Financial Instruments: Recognition and Measurement - IFRS 9 Financial Instruments issued replacing IAS 39 requirements for classification and measurement, impairment, hedge accounting and derecognition (effective 01 January 2018)

IAS 41 Agriculture: Amendments bringing bearer plants into the scope of IAS 16 (effective on 01 January 2016)

The Directors anticipate that the adoption of the Standards and amendments in the future period will have no material impact on the financial statements of the CWA.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies, all of

which have been consistently applied throughout the year is set out below:

3.1 Basis of Accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of Property, Plant and Equipment and except for certain financial instruments that are measured at fair values at the end of each reporting period.

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 CWA take 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.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

The Financial Statements are presented in Mauritian rupees (MUR) which is the functional currency of the CWA.

3.2 Comparative Figures

Comparative figures have been re-grouped or re-stated where necessary to conform to the current period's presentation.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

3.3 Property, Plant and Equipment

Property, plant and equipment and buildings are stated at cost or revalued amount less accumulated depreciation and any accumulated impairment losses. A policy of revaluing the CWA's assets was adopted in 1998. However, due to some administrative problems, this Authority has not been in a position to carry out this revaluation exercise again since the last one conducted in 1998. The value of Property, plant and equipment and buildings has been stated on this last revaluation exercise. In order to assess the fair value of the Authority's non-current assets, an exercise for Consultancy Services for the provision of non-current assets valuation services and non-current assets impairment assessment is currently under progress.

Depreciation is charged so as to write off the cost or valuation of assets other than Land and Assets under construction, over their estimated useful lives using the straight-line method as follows:

Item	No. of years
Water Supply Facilities	10 to 60
Irrigation Facilities	50
Cars and Mobile Service Equipment	5 to 10
Other Equipment	5 to 20
Buildings	50

The gain or loss arising on the disposal of an item of plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in the Statement of Comprehensive Income.

The residual value on assets represents 0-10% of cost.

Depreciation is charged on additions in the year of acquisitions and when assets are ready for their intended use in case of constructed assets on a pro-rated basis as from the date of coming into operations. Similarly, depreciation on a pro-rata basis is charged up to the date of disposal in a particular financial year.

Repairs and maintenance costs are charged to the Statement of Comprehensive Income when the expenditure is incurred.

3.3.1 Intangible Assets

Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight-line method over their estimated useful lives. Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalized at cost which is based on the costs incurred to acquire/develop and bring to use and amortised over its useful lives of 5-10 years.

3.3.2 Transfer of Services

Following the 1992 Management Audit Bureau's (MAB) Report, the Board had approved the transfer of the Irrigation Services and Water Resources activities of the CWA to the then Ministry of Agro Industries and Fisheries and the Ministry of Energy and Public Utilities respectively. However, the finalization of the appropriate legislation is still awaited and for this reason these assets are still appearing in the reporting entity's Accounts as at 31 December 2015.

3.4 Lease

There are operating lease agreements and payments for the occupation of land and buildings by the CWA.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. Details thereof are given under Note 25.

3.5 Impairment

At the end of each reporting period, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is immediately recognised in the Statement of Comprehensive Income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.6 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to the present location and condition. The cost of inventories issued to and returned from maintenance and projects are determined through the weighted average cost (AVCO) formula. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling.

3.7 Cash and cash equivalents

Cash comprises cash at bank and in hand, demand deposits and bank overdrafts. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

3.8 Financial instruments

Financial instruments comprise financial assets and financial liabilities and are recognized when the Authority becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to and deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.8.1 Financial assets

Financial assets are classified into the following specified categories: “held to maturity” investments, “available for sale” financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

3.8.1.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3.8.1.2 Loans and receivables

The financial assets of the CWA are classified as loans and receivables. Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of receivables is established when there is an objective evidence that the CWA will not be able to collect all amounts due according to the terms of receivables. The amount of provision is recognized in the Statement of Comprehensive Income. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.8.1.3 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include CWA's past experience of collecting payment, an increase in the number of delayed payments in the portfolio past 36 months, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at cost, the amount of the impairment because of financial difficulties, the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against that allowance account. Changes in the carrying amount of the allowance account are recognized in the Statement of Comprehensive Income.

3.8.1.4 Derecognition of financial assets

The CWA derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of that asset to another entity. If the CWA neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognize its retained interest in the asset and associated liability for amounts it may have to pay. If it retains substantially all the risks and rewards of ownership of a transferred financial asset, the CWA continues to recognize the financial asset and also recognizes a collateral borrowing for the proceeds received.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

3.8.2 Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities.

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or "other financial liabilities".

(iv) Financial liabilities at "fair value through profit or loss"

Financial liabilities are as "at fair value through profit or loss where the financial liability is either held for trading or it is designated as "at fair value through profit or loss".

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future;
- It is part of an identified portfolio of financial instruments that an entity manage together and has a recent actual pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as a hedging instrument;

A financial liability other than a financial liability held for trading may be designated as "at fair value through profit or loss" upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with an entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as "at fair value through profit or loss".

Financial liabilities as "at fair value through profit or loss" are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

(v) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value net of transaction costs incurred. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on an effective yield basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

(vi) Derecognition of financial liabilities

The CWA derecognizes financial liabilities when, and only when, its obligations are discharged, cancelled or when they expire.

3.9 Borrowing costs

Borrowing costs are recognized in the Statement of Comprehensive Income in the period in which they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the assets until such time as the assets are substantially ready for their intended use.

3.10 Retirement and Other Benefit Obligations

3.10.1 Defined Benefit Pension Plan

Provision for retirement pension benefits is made under the Statutory Bodies Pension Funds Act of 1978, as amended. The schemes are Defined Benefit Plan and Defined Contribution Plan and its assets are managed by the State Insurance Company of Mauritius (SICOM) Ltd. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified in profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The retirement benefit obligations recognized in the statement of financial position represent the actual deficit or surplus in CWA's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refund from the plan or future reductions in contribution in the plan.

3.10.2 State Plan and Defined Contribution Plan

Contributions to the National Pension Scheme, Family Protection Scheme and National Savings Fund are charged to the Statement of Comprehensive Income the period in which they fall due.

3.10.3 Employee Entitlements

3.10.3.1 Sick Leave

Sick leaves not taken are accumulated by employees to a bank maximum of 110 days. Sick leaves are either cashed in full on resignation, on retirement or taken as leave prior to retirement and are recognized as liability in the Financial Statements.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

3.10.3.2 Passage Benefits

Passage benefits are provided to eligible employees as part of their contract of employment. It is calculated as a percentage of employee's salaries and are earned during active employment. The amount earned is accrued and the accrual cleared as and when employees take their passage benefit entitlement. They are therefore classified as employee benefits and are measured at their nominal value.

The carrying amount is re-measured each year and after taking into account amount paid and earned during the year.

3.10.3.3 Annual Leave - Contract Officers

Unutilised annual leaves with respect to Officers on contract are expensed during the period and amounts unpaid as at the date of reporting are accrued and recognized as a liability.

3.10.3.4 Vacation Leave

Provision is made at the end of each reporting date with respect to vacation leaves accruing to employees. They have the option to cash in full the accumulated vacation leaves in lieu of proceeding on leave prior to their normal retirement as per the provisions of the PRB Report 2013.

3.11 Car Loan

Car loans are disbursed to staff by the CWA on applications by eligible employees as part of their conditions of service. The loans are executed by way of a registered agreement between the CWA and the employees. The car loans granted to eligible Officers prior to the year 2013 bear an interest rate of 7.5 % per annum whilst those granted during the year 2013 are subject to an interest rate of 4% as per the PRB Report 2013 and are repayable monthly over a period of five or seven years, as appropriate. The interest rate on car loans advanced to new entrants as from 01 July 2013 is based on the prevailing Repo Rate. The balances of principal amounts are shown under receivables.

3.12 Revenue Recognition

Revenue comprises income from sales of water and arises from water treatment and distribution services. The sale is recognized when:

- a contract exists;
- delivery has taken place or service has been rendered;
- a quantitative price has been established or can be determined; and
- the receivables are likely to be recovered.

Delivery is measured based on cyclical meter readings.

Water sales are recognized in the Statement of Comprehensive Income in the same year.

Interest Income is accrued in the Statement of Comprehensive Income.

Other revenues are recognized as they accrue unless collectability is in doubt.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

3.13 Government Grants

Depreciable assets-related grants whose primary condition is that the CWA should purchase, construct or otherwise acquire non-current assets are treated as deferred income in the Statement of Financial Position. A portion thereof is transferred to the Statement of Comprehensive Income on a systematic and rational basis over the useful lives of the related assets.

3.14 Contribution in Kind

Contribution in kind representing Morcellement Financial Contribution and New Supplies are treated as deferred income in the Statement of Financial Position. A portion thereof is released to the Statement of Comprehensive Income on a systematic and rational basis over a period of 15 years.

3.15 Expenses

Expenses are charged to the Statement of Comprehensive Income on an accrual basis.

3.16 Research and Development

Research and Development costs are charged to the Statement of Comprehensive Income in the period in which they are incurred.

3.17 Provisions

Provisions are recognized when the CWA has a present obligation as a result of past event, and it is probable that the CWA will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the end of each reporting period and are reviewed at the end of each financial year end and adjusted to reflect the current best estimate.

3.18 Foreign Currencies

Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. Items included in the financial statements of CWA are measured using the currency of the primary economic environment in which the entity operates.

The functional currency of the CWA is the Mauritian Rupee (MUR). Transactions in foreign currencies are recorded in Mauritian Rupees at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities at the Statement of Financial Position date which are expressed in foreign currencies are translated into Mauritian Rupees at the rate of exchange ruling at the Statement of Financial Position date. Exchange gains and losses are dealt with through the Statement of Comprehensive Income.

3.19 Critical Judgements and Key Sources of Estimation Uncertainty

The preparation of Financial Statements in accordance with IFRSs requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the Financial Statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the Financial Statements set out areas where Management has applied a higher degree of judgement that have a significant effect on the amounts in the Financial Statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

4. PROPERTY, PLANT AND EQUIPMENT

	WATER SUPPLY FACILITIES	IRRIGATION FACILITIES	CARS & MOBILE SERVICE EQUIPMENT	OFFICE, WORKSHOP & LABORATORY EQUIPMENT	LAND AND BUILDINGS	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs
COST						
01 January 2014 - Re-stated	15,369,653,190	875,627,241	381,506,380	110,207,211	373,579,511	17,110,573,533
Adjustments	(42,644,315)	-	(2,744,127)	(353,608)	-	(45,742,050)
Additions	350,836,351	-	26,596,459	26,758,556	1,117,514	405,308,880
Disposal	-	-	(8,272,830)	-	-	(8,272,830)
31 December 2014 - Re-stated	15,677,845,226	875,627,241	397,085,882	136,612,159	374,697,025	17,461,867,533
01 January 2015	15,677,845,226	875,627,241	397,085,882	136,612,159	374,697,025	17,461,867,533
Additions	843,323,295	-	36,837,817	12,570,060	4,175,450	896,906,622
Disposal	-	-	-	-	-	-
31 December 2015	16,521,168,521	875,627,241	433,923,699	149,182,219	378,872,475	18,358,774,155
DEPRECIATION						
01 January 2014 - Re-stated	8,320,397,814	760,251,151	196,945,012	76,006,017	68,119,188	9,421,719,182
Adjustments	(148,105,975)	(7,770,323)	(232,700)	(17,149)	(176,800)	(156,302,947)
Charge for the year	245,001,261	6,527,518	22,206,280	5,075,874	6,826,355	285,637,288
Disposal	-	-	(7,114,645)	-	-	(7,114,645)
31 December 2014 - Re-stated	8,417,293,100	759,008,346	211,803,947	81,064,742	74,768,743	9,543,938,878
01 January 2015	8,417,293,100	759,008,346	211,803,947	81,064,742	74,768,743	9,543,938,878
Adjustments	-	-	-	-	-	-
Charge for the period	222,189,466	6,522,658	22,932,648	7,274,776	6,871,180	265,790,728
Disposal	-	-	-	-	-	-
31 December 2015	8,639,482,566	765,531,004	234,736,595	88,339,518	81,639,923	9,809,729,606
CARRYING AMOUNT						
31 December 2015	7,881,685,955	110,096,237	199,187,104	60,842,701	297,232,552	8,549,044,549
<i>31 December 2014 - Restated</i>	<i>7,260,552,126</i>	<i>116,618,895</i>	<i>185,281,935</i>	<i>55,547,417</i>	<i>299,928,282</i>	<i>7,917,928,655</i>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

4.1 State Lands

CWA occupies certain State Lands for the conduct of its operating activities which are categorized hereunder:

S/N	Category	No. of Sites
1	Leasehold State Land	15
2	State Land vested in Ministry of Energy and Public Utilities/CWA	28
3	State Land to be vested in CWA	49

5. INTANGIBLE ASSETS

Item	Computer Software Rs
Cost	
01 January 2015	32,231,198
Addition	3,106,389
31 December 2015	35,337,587
Amortisation	
01 January 2015	16,234,288
Charge for the year	1,083,859
31 December 2015	17,318,147
Carrying amount	
31 December 2015	18,019,440
31 December 2014 – Re-stated	15,996,910

6. ASSETS UNDER CONSTRUCTION

	Assets under Construction	Materials Awaiting Installation	Total
	Rs	Rs	Rs
1 January 2015	546,612,690	48,382,842	594,995,532
Additions	951,150,226	13,710,418	964,860,644
Transfers	(884,211,377)	(50,011,340)	(934,222,717)
31 December 2015	613,551,539	12,081,920	625,633,459
Carrying Amount			
31 December 2014	546,612,690	48,382,842	594,995,532

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

7. LONG TERM RECEIVABLES – CAR LOAN

Movements in car loan are as follows:

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Opening balance	31,147,123	21,251,708
New loans granted	11,199,935	19,029,413
Refund during the year	(8,425,764)	(9,133,998)
Closing balance	33,921,294	31,147,123
Amount falling due within one year	(8,699,477)	(7,037,102)
Amount falling due after more than one year	25,221,817	24,110,021

8. INVENTORIES

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Spare parts and materials	51,077,860	71,472,242
Provision for slow-moving and dormant items	(3,243,791)	(3,243,791)
Carrying amount	47,834,069	68,228,451

All the major Pipes and Fittings held in Store as at 31 December 2015 were “unallocated items” and have been treated under Inventories. No amount has been pledged as security for liabilities.

Inventory items amounting to Rs 66,526 have been charged to the Statement of Comprehensive Income in the financial year 2015.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

9. TRADE AND OTHER RECEIVABLES

The receivables are mainly in respect of potable and irrigation water sales.

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Car loans (Note 7)	8,699,477	7,037,102
Potable water sales	195,031,141	187,092,770
Meter rentals	42,136,440	41,567,957
Provision for impairment – Potable water sales	(6,490,276)	(3,991,615)
Irrigation water sales	46,403,159	33,270,510
Provision for impairment – Irrigation water sales	(46,403,159)	(33,248,513)
Surcharge - Potable water sales	10,203,091	9,447,826
Surcharge - Irrigation water sales	4,640,316	3,324,851
MOW & others	4,967,191	4,901,196
Post Office & others	14,816,679	11,509,571
Bank interest	101,982	16,005
Value Added Tax	19,580,414	39,360,783
Advance payment	20,476,829	13,996,982
Claim for damages	5,758,223	5,758,223
Provision for claims for damages	(5,758,223)	-
Sundry receivables	1,594,959	2,004,412
Total	315,758,243	322,048,060

Item	31-Dec-15	31-Dec-14
	Rs	Rs
<i>Bills rendered to consumers</i>	283,570,740	261,931,237
<i>Provision for impairment – Water Sales</i>	(52,893,435)	(37,240,128)
Net bills rendered	230,677,305	224,691,109
Trade receivables	230,677,305	224,691,109
Other receivables	85,080,938	97,356,951
Receivables	315,758,243	322,048,060

9.1 Reconciliation of changes in Provision for Impairment of Receivables

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Opening Balance	37,240,127	2,544,208
Impairment recognized on receivables	58,651,660	37,240,127
Amount utilized during the year	(26,150,416)	(2,502,101)
Amounts reversed during the year	(11,089,711)	(42,107)
Closing Balance	58,651,660	37,240,127

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

10. CASH AND CASH EQUIVALENTS

(a) Cash comprises cash at bank and in hand, demand deposits and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents included in the Statement of Cash Flows comprise the following Statement of Financial Position amounts:

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Petty Cash	99,664	97,444
Cash at Bank	48,957,923	345,995,509
Total Cash and Cash Equivalents	49,057,587	346,092,953

(b) Property, Plant and Equipment

During the period, the Authority acquired/constructed property, plant, and equipment with an aggregate cost of Rs 794M.

11. CONTRIBUTED CAPITAL

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Government Equity	1,015,450,607	1,015,450,607
Capital Grant	762,603,012	795,114,599
Total	1,778,053,619	1,810,565,206

12. BORROWINGS

Long term borrowings represent loans advanced by the Government of Mauritius (GoM) and Foreign Lending Institutions. The foreign loans are government guaranteed. The rate of interest ranges from 3% to 10% per annum. The amount payable within one year is shown under current liabilities and the non-current portion is included in the non-current liabilities.

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Local Loans	1,755,744,612	1,630,717,603
Foreign Loans denominated in:		
USD	103,185,707	115,576,743
Euro	147,667,077	153,807,166
Kuwait Dinars	58,194,624	67,561,819
Total Loans	2,064,792,020	1,967,663,331
Less amount repayable within one year	(531,025,185)	(542,797,217)
Amount repayable after one year	1,533,766,835	1,424,866,114

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

CWA has not pledged any financial assets as collateral pertaining to the above liabilities.

In the absence of a duly signed loan agreement between the CWA and the Government of Mauritius, an amount of Rs 43M, which is under contestation by the CWA, representing payments effected by the Ministry of Energy and Public Utilities to a foreign Consultant pertaining to Reduction of Non-Revenue Water in MAV-Upper System and charged as loan to the CWA, has not been accounted in the financial statements.

The above amount has been contested by the CWA and the matter is still pending at the level of the Government of Mauritius.

An analysis of non-current borrowings is as follows:

Item	31-Dec-15	31-Dec-14
	Rs	Rs
After one year and before two years	127,288,328	203,581,711
After two years and before three years	163,918,709	120,472,569
After three years and before five years	357,977,069	266,688,106
Later than five years	884,582,729	834,123,728
	1,533,766,835	1,424,866,114

An amount of Rs 200M representing subsidy has been set off against Government borrowings following the revocation of the Central Water Authority (Production of Drinks) (Fees and Other Charges) Regulations 2011. Refer to Note 20.

12.1 Unserved Loans/Defaults

Details of defaults in the year 2015 with respect to loans contracted by the Authority prior to 2010 are given hereunder:

Item	Principal	Interest
	Rs	Rs
Loans contracted by the GoM on-lent to CWA	19,563,662	7,943,347
Local loans contracted directly from GoM	64,336,023	36,371,296
Total	83,899,685	44,314,643

12.2 Carrying Amount of Loans Payable in Defaults

Item	Principal	Interest
	Rs	Rs
Loans contracted by the GoM on lent to CWA	161,380,329	50,835,672
Local loans contracted directly from GoM	680,201,488	161,149,310
Total	841,581,817	211,984,982

An agreement has been reached since the year 2013 between the Government of Mauritius and the CWA for the offsetting of the loans in default on a yearly basis against the subsidy of Rs 200M following the revocation of the Central Water Authority (Production of Drinks) (Fees and Other Charges) Regulations 2011.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

13. CONTRIBUTION IN KIND

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Opening balance	439,852,205	385,963,282
Received during the period	168,910,017	108,704,691
Refund during the period	(179,406)	(569,557)
Release to Statement of Comprehensive Income	(61,513,973)	(54,246,211)
Closing balance	547,068,843	439,852,205

14. CONSUMER DEPOSITS

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Opening Balance	88,794,240	85,901,929
Receipts during the period	3,127,103	2,896,279
Refund during the period	(8,150)	(3,968)
Total	91,913,193	88,794,240
Less amount shown as short term deposits (see note 14.1)	(91,913)	(88,794)
Amount shown as non-current liabilities	91,821,280	88,705,446

14.1 As from Financial Year 1999/2000, a percentage of 0.1 of total amount received as deposits is treated as short-term deposits.

The amount disclosed as short-term deposits is as hereunder:

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Consumer deposits (see note 14)	91,913	88,794

15. EMPLOYEE BENEFITS

Employee benefits represent sick leave, vacation leave, passage benefit and annual leave accrued by staff.

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Sick Leave	111,153,546	101,160,757
Passage Benefit	52,242,689	46,976,698
Vacation Leave	109,405,631	104,642,269
Annual Leave/Gratuity	3,162,794	1,514,085
Total benefits	275,964,660	254,293,809
Less amount payable within one year	(28,532,021)	(20,862,483)
Amount payable after one year	247,432,639	233,431,326

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

15.1 The movement in provision for Employee Benefits is given hereunder:

Item	01-Jan-15	Additional Provision (Net of amount utilized)	31-Dec-15
	Rs	Rs	Rs
Sick Leave	101,160,757	9,992,789	111,153,546
Passage Benefit	46,976,698	5,265,991	52,242,689
Vacation Leave	104,642,269	4,763,362	109,405,631
Annual Leave/Gratuity	1,514,085	1,648,709	3,162,794
Total	254,293,809	21,670,851	275,964,660

16. RETIREMENT BENEFIT PLAN

Defined Benefit Plan

The CWA contributes to defined benefit plan for its employees and has recognized a net defined benefit liability of Rs 1.57 Billion in respect of pension benefits under the Central Water Authority Pension Fund in the Statement of Financial Position as at 31 December 2015.

The amount included in the statements of financial position arising from CWA's obligations in respect of the defined benefit plan is as follows:

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Present value of funded obligations	1,643,197,616	1,487,239,496
Fair value of plan assets	(75,635,251)	(37,926,087)
Net defined benefit liability	1,567,562,365	1,449,313,409

16.1 Reconciliation of Net Defined Benefit Liability/(Asset)

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Opening Balance	1,449,313,409	1,415,123,824
Amount recognized in Statement of Comprehensive Income	127,856,180	128,540,679
Amount recognized in Other Comprehensive Income	105,010,087	11,206,683
Less:		
Employer contribution	(114,608,176)	(105,542,605)
Actuarial reserves transferred	(9,135)	(15,172)
Closing Balance	1,567,562,365	1,449,313,409

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

16.2 Reconciliation of Fair Value of Plan Assets

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Opening Balance	37,926,087	17,941,259
Interest income	4,076,635	2,187,610
Employer contribution	114,608,176	105,542,605
Actuarial reserves transferred	9,135	15,172
Employee contribution	15,170,594	15,988,195
Benefits paid	(96,929,811)	(102,738,244)
Gain/(loss) on asset	774,435	(1,010,510)
Closing Balance	75,635,251	37,926,087

16.3 Reconciliation of Present Value of Defined Benefit Obligation

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Opening Balance	1,487,239,496	1,433,065,083
Current service cost	33,543,248	30,177,288
Interest cost	111,542,962	114,645,207
Benefits paid	(94,912,612)	(100,844,255)
Loss on liability	105,784,522	10,196,173
Closing Balance	1,643,197,616	1,487,239,496

16.4 Amounts recognized in comprehensive income in respect of the defined benefit plan are as follows:

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Current service cost	33,543,248	30,177,288
Employee contribution	(15,170,594)	(15,988,195)
Fund expense	2,017,199	1,893,989
Net interest on net defined benefit liability/(asset)	107,466,327	112,457,597
Components of defined benefit costs recognized in comprehensive income	127,856,180	128,540,679

16.5 Remeasurement of the net defined benefit liability:

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Return on plan assets (above)/below interest income	(774,435)	1,010,510
Liability experience loss	105,784,522	10,196,173
Components of defined benefit costs recognized in other comprehensive income	105,010,087	11,206,683

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

The current service costs and the net interest expense for the year are included in operating costs and administrative expenses.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

16.6 Allocation of Plan Asset at End of Year

Description	31-Dec-15	31-Dec-14
	%	%
Fixed Interest Securities and Cash	58.1	57.1
Loans	4.3	4.1
Local Equities	15.9	21.1
Overseas Bonds and Equities	21.0	17.0
Property	0.7	0.7
Total	100	100

16.7 Assets issued or used by the CWA

Percentage of assets at end of year	31-Dec-15	31-Dec-14
	%	%
Assets held in the entity's own financial instruments	0	0
Property occupied by the CWA	0	0
Other assets used by the CWA	0	0

16.8 Components of the amount recognized in Other Comprehensive Income

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Assets experience gain/(loss) during the year	774,435	(1,010,510)
Liability experience gain/(loss) during the year	(105,784,522)	(10,196,173)
Components of defined benefit costs recognized in other comprehensive income	(105,010,087)	(11,206,683)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

16.9 Principal Assumptions Used at End of Period

The plan is exposed to actuarial risks such as investment risk, interest rate risk, mortality risk, longevity risk and salary risk. The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

Description	31-Dec-15	31-Dec-14
Discount rate	7.5%	8.0%
Future salary increases	5.0%	5.5%
Future pension increases	3.0%	3.5%
Mortality before retirement	A6770 Ultimate Tables	
Mortality in retirement	PA (90) Tables rated down by 2 years	PA (90) Tables
Retirement age	As per Second Schedule of the Statutory Bodies Pension Funds Act	

The discount rate is determined by reference to market yields on bonds. The change in assumption with respect to "Mortality in Retirement" is due to an enhancement in longevity implying that life expectancy at birth has improved.

The CWA pension fund is a defined benefit scheme where the pension benefits are based on final salary at time of retirement and are payable as long as the pensioner survives. This exposes the Company to normal risks associated with the defined pension plans such as investment, interest, longevity, salary and future pension risks.

Investment Risk: The plan liability is calculated using a discount rate determined by reference to market yields on government bond. If the return on the plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest Risk: A decrease in the bond interest rate will increase the plan liability. However, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity Risk: The plan liability is calculated by reference to the best estimate for the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary Risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability. The salary increases could be higher or lower than that assumed. In case of high salary increases relative to investment returns, this would decrease the real return, creating future deficit and hence require further annual contributions.

Pension Increases: Post-retirement pension increases have a significant impact on the fund liability. The higher the increases compared to the return on the assets backing the liabilities, the higher the impact will be felt on the pension costs

Legislation and regulation: Changes in legislation and regulation governing pension funds such increase in taxation, government fees and minimum benefits may adversely affect the fund.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

16.10 Sensitivity Analysis on Defined Benefit Obligation at End of Period

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

Description	31-Dec-15
	Rs
Increase due to 1% decrease in discount rate	196,700,000
Decrease due to 1% increase in discount rate	163,000,000

Description	31-Dec-15
	Rs
Increase due to 1% increase in salary growth	70,000,000
Decrease due to 1% decrease in salary growth	61,400,000

Description	31-Dec-15
	Rs
Increase due to increase by one (1) year in life expectancy	43,800,000
Decrease due to decrease by one (1) year in life expectancy	43,800,000

The sensitivity analysis has been carried out by recalculating the Defined Benefit Obligation at the end of the period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The same exercise is thereafter done for future salary increases and life expectancy. The main limitation of such analysis is that interdependence between the assumptions is ignored. There have been no changes in methods and assumptions used for preparing the sensitivity analysis. In reality, one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases given that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

16.11 Future cash flows

The CWA expects to contribute Rs 124,457,143 to its pension plan in 2016 and the weighted average duration of the defined benefit obligation (calculated as a % change in present value of liabilities for a 1% change in discount rate) is 12 years.

Further to the actuarial valuation of CWA's defined benefit pension fund conducted by SICOM Ltd in June 2013, CWA's contribution to the fund was increased to Rs 9.2M per month with effect from 01 July 2013 and was further increased by 10% as from July 2014. The current monthly payment stands at Rs 12.2M until the next actuarial valuation exercise expected in January 2017.

Retirement benefit obligations have been based on the report submitted by SICOM Ltd dated 12 April 2016.

16.12 Defined Contribution Scheme

The amount recognized as expense in the Accounts for the financial year 2015 with respect to Defined Contribution Plan under the Public Sector Defined Contribution Scheme amounted to Rs 3.2M (2014: Rs 2.4M).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

17. TRADE AND OTHER PAYABLES

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Accrued Expenditure	353,405,967	344,147,667
Interest on Borrowings	220,221,123	221,070,474
Wastewater	27,706,196	18,523,332
Ground Water	51,922,567	89,563,905
Advance/Double Payments	4,597,673	4,900,837
Sundry Payables	-	4,583
Total	657,853,526	678,210,798
Amount recognised under non-current liabilities – Ground Water	-	(35,514,248)
Amount payable within one year	657,853,526	642,696,550

No financial assets have been pledged as collateral with respect to the above liabilities.

An amount of Rs 7.5M is included in the above amount to cater for probable payment to Enterprise Feljas & Masson, a contractor of the CWA who is in dispute with the latter arising out of contract C9024/4 pertaining to the Design, Manufacture and Erection of Mechanical and Electrical Plant at La Marie Treatment Plant. The matter was referred to an Arbitrator and award granted in favour of the Contractor. CWA has appealed against the award in the Supreme Court and the judgment of the Court is still awaited.

18. REVENUE

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Potable:		
Domestic	704,874,215	702,613,808
Non-Domestic	510,072,687	498,606,104
Government	107,887,958	102,915,416
Surface Water	2,452,705	2,200,821
Sub-total	1,325,287,565	1,306,336,149
Irrigation	41,930,688	42,152,530
Total	1,367,218,253	1,348,488,679

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Revenue from Surface Water relates to water consumption by consumers from streams, rivers, wetland and lakes.

19. OPERATING COSTS

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Salaries & related costs	400,245,725	386,401,843
Operating expenses	487,793,587	457,436,395
Transport costs	33,347,517	33,144,020
Legal & professional fees	1,119,090	2,842,202
Depreciation of operating assets	249,856,854	270,820,526
Total	1,172,362,773	1,150,644,987

20. OTHER OPERATING INCOME

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Government grants released	32,511,587	32,511,586
Contribution in kind released	61,513,973	54,246,212
Subsidy – Set-Off against arrears of loans*	200,000,000	200,000,000
Meter rentals	42,636,601	41,976,075
Interest receivable	4,827,187	11,345,409
Surcharge - Potable water sales	27,811,975	27,699,565
Surcharge - Irrigation water sales	1,320,610	1,320,379
Re-opening fees	4,270,699	3,395,102
Morcellement/Non-refundable processing fees	4,975,100	4,498,082
Commission	15,130,787	12,160,958
Sundry income	18,769,400	30,935,527
Total	413,767,919	420,088,895

* This item pertains to set-off of Government borrowings against subsidy of Rs 200M following the revocation of the Central Water Authority (Production of Drinks) (Fees and Other Charges) Regulations 2011. Refer to Note 12.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

21. ADMINISTRATIVE EXPENSES

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Salaries & related Costs	173,172,219	167,182,459
Operating expenses	38,332,390	28,545,069
Transport costs	7,192,501	7,866,399
Legal & professional fees	3,526,968	174,077
Bank charges	1,490,694	1,179,735
Depreciation: Buildings & other assets	17,017,734	15,606,828
Total	240,732,506	220,554,567

22. OTHER EXPENSES

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Employee benefits	23,631,003	15,120,620
Commission paid	13,758,686	17,315,773
Bad debts written off	26,150,416	38,788,169
Gain on disposal of non-current assets	-	(376,751)
Increase: Provision for impairment of receivables	21,411,534	34,738,026
Total	84,951,639	105,585,837

23. LOSS ON EXCHANGE

The Authority experienced a gain of Rs 1.8M arising out of translation difference at the reporting date with respect to liabilities and assets denominated in foreign currencies which has been offset against a loss of Rs 31.7M arising out of same translation difference. The net loss recognized in the statement of comprehensive income amounted to Rs 29.9M.

24. FINANCE COSTS

Item	31-Dec-15	31-Dec-14
	Rs	Rs
Interest on Foreign loans	11,698,556	13,727,399
Interest on Local loans	97,560,049	84,511,599
Total interest	109,258,605	98,238,998
Interest Capitalized	(7,867,054)	(8,877,883)
Charged to Statement of Comprehensive Income	101,391,551	89,361,115

24.1 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets have been capitalized as part of the cost of that asset. The amount of borrowing costs capitalized during the year 2015 amounted to Rs 7.9M. The capitalization rate applied to borrowing costs ranged between 3% and 4.65%.

NOTES TO THE FINANCIAL STATEMENTS

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25. OPERATING LEASE

The CWA has lease agreements for the lease of buildings and parking slots to conduct its operations. The leases are classified as operating leases and are recognized as expense in the item operating expenses under Notes 19 and 21 above in the Statement of Comprehensive Income. An amount of Rs 3.6M has been recognized as expense in the year 2015.

The amount of future minimum lease payments with respect to operating leases are as detailed hereunder:

Period	31-Dec-15	31-Dec-2014
	Rs	Rs
Not later than one year	3,196,813	2,829,718
Later than one year and not later than five years	5,134,125	3,116,672

The renewals of the lease agreements are negotiated as from two (2) to three (3) months prior to the expiry dates and on such terms and conditions as agreeable between the two parties.

26. CONTINGENT LIABILITIES

At 31 December 2015, the Authority had contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities would arise. The Authority has given guarantees amounting to some Rs 73.6M (31 December 2014: Rs 36.9M) in favour of District & Municipal Councils, Road Development Authority and Mauritius Revenue Authority for obtaining wayleaves and operation of water stills.

Description	31-Dec-15	31-Dec-14
	Rs	Rs
District Council	47,923,763	24,150,213
Municipal Council	24,664,500	6,717,375
Road Development Authority	1,000,000	6,000,000
Mauritius Revenue Authority	30,000	-
Total	73,618,263	36,867,588

The CWA has not pledged any financial assets as collateral with respect to the above contingent liabilities.

At the date of reporting, the CWA had some contested claims in court and for which it was improbable that judgment will be delivered against the CWA.

The Government of Mauritius, through the Accountant-General's Office, has claimed a penalty fee from the CWA amounting to some Rs 3.3M on the ground of non-repayment of loans on the due dates. The CWA has contested the claim on the ground that The Treasury failed to submit a proper claim at the material time for repayment of the principal component of the loans. The matter has been referred to CWA's Legal Adviser in view of legal contention regarding the Loan Agreement. The outcome thereof has not yet been ascertained.

NOTES TO THE FINANCIAL STATEMENTS

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27. RELATED-PARTY TRANSACTIONS

Providers of finance, trade unions, public utilities, government departments and agencies in the course of their normal dealings are deemed not to be related.

The Government of Mauritius is deemed to directly or indirectly control the Authority and exercise significant influence over the CWA in making financial and operating decision.

Key management personnel are those persons having authority and responsibility of planning, directing, and controlling the activities of the entity, directly or indirectly, including directors (whether executive or otherwise) of the entity.

The remuneration of members of key personnel management during the year was as follows:

Remuneration	31-Dec-15	31-Dec-2014
	Rs	Rs
Key Personnel Management (excluding Directors)	16,932,043	17,335,833

Key management personnel comprises the General Manager, Deputy General Managers, Senior Adviser and Heads of Division and Non-Executive Directors.

28. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial assets and liabilities and equity instrument are disclosed in Note 3 to the Financial Statements.

28.1 Categories of Financial Instruments

Financial assets	31-Dec-15	31-Dec-14
	Rs	Rs
Loans and receivables (including cash and cash equivalents)	387,406,970	688,028,334
At Fair Value through Profit and Loss	2,630,677	4,222,700
	390,037,647	692,251,034
Financial Liabilities		
Amortised cost	1,703,848,281	1,967,663,331
At Fair Value through Profit and Loss	1,386,675,118	1,021,298,847
	3,090,523,399	2,988,962,178

28.1.1 Financial Risk Management Objectives

The Authority's activities are exposed to financial risks, including:

- Foreign currency risk,
- Interest rate risk,
- Liquidity risk, and
- Credit risk.

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YEAR ENDED DECEMBER 31, 2015

A description of the significant risk factors is given below together with the risk management policies applicable. These risks are closely monitored to ensure that they are sufficiently dealt with. The CWA has devised a set of policies for managing these risks which are under the close scrutiny of the Audit, Risk & Governance Committee which is a sub-committee of the Central Water Board.

28.1.2 Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

28.1.3 Currency Profile

The currency profile of the Authority's financial assets and liabilities is summarised as follows:

	2015		2014	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
	Rs	Rs	Rs	Rs
Currency				
Mauritian Rupees	387,406,970	2,729,579,659	688,028,334	2,597,929,538
United States Dollars	-	122,748,842	-	132,380,469
Euro	2,630,677	166,793,215	4,222,700	178,089,579
Kuwait Dinars	-	71,401,683	-	80,562,592
Total	390,037,647	3,090,523,399	692,251,034	2,988,962,178

28.2 Foreign Currency Risk

The Authority undertakes certain transactions denominated in foreign currencies. Consequently, the Authority is exposed to the risk that the exchange rate of the Mauritian Rupee relative to the currencies listed above may change in a manner which has a material effect on the reported values of its financial assets and liabilities. It is the Authority's policy to enter forward foreign exchange contracts to manage its exposure to foreign currency risks.

28.2.1 Foreign Currency Sensitivity Analysis

The following table details the Authority's sensitivity to a 10% increase or decrease in the Mauritian Rupee against the relevant foreign currencies. Ten percent represents Management assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in surplus and equity where the Mauritian Rupee strengthens against the foreign currencies. For a 10% weakening of the Mauritian Rupee against the relevant foreign currencies, there would be an equal and opposite impact on surplus and equity and the balance below would be negative.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

The Authority is exposed to United States Dollars, EURO and Kuwait Dinars.

Foreign Currency Impact	Impact on Equity 2015
	Rs
United States dollars	12,274,884
Euro	16,679,322
Kuwait Dinars	7,140,168
Total	36,094,374

28.3 Interest Rate Risk

The Authority is exposed to risk associated with the effect of fluctuations in the prevailing level of market interest rate on its financial position and cash flows.

The interest rate profile of the Authority's financial assets and liabilities was:

	2015 % per annum
Financial Assets	
Cash at Bank	0.25 – 3.15
Financial Liabilities	
Borrowings	3 - 10

28.4 Liquidity Risk

Liquidity risk refers to the possibility of default by the CWA due to unavailability of funds to meet its capital and operational requirements. Prudent liquidity risk management implies maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows.

28.5 Credit Risk

Credit risk is the risk that a consumer or counter party to a financial instrument will default on its contractual obligations resulting in financial loss to the Authority. The CWA does not have a significant concentration on credit risks. Risks are mitigated by charging a 10% surcharge on invoices that are not settled within the due dates (21 days from delivery date). In the event of non-payment after 90 days following invoice delivery date, water supply is disconnected after issue of reminders and matter is referred to the Debt Collection Unit for eventual prosecution.

The Authority's credit risk is primarily attributable to its trade receivables. The amount shown on the face of the Statement of Financial Position is net of allowances for doubtful debts, estimated by Management based on past experiences.

At date of reporting, there is no indication in respect of trade receivables that are neither impaired nor past due obligations that will not be met.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

As at 31 December 2015, the maximum credit exposure was Rs 237M (31 December 2014: Rs 229M) as analysed below.

Receivables	31-Dec-15	31-Dec-14
	Rs	Rs
Invoices issued in January	115,257,871	111,558,564
Within 30 days	63,704,362	58,542,607
31-60 days	21,296,023	22,996,955
61-90 days	9,659,624	10,773,448
More than 90 days	27,249,701	24,789,150
Total	237,167,581	228,660,724

29. EVENTS AFTER REPORTING DATE

29.1 Borrowings

CWA received a claim for repayment based on a loan amount of Rs 23.8M from the Government of Mauritius pertaining to Consultancy Services provided by foreign Consultant with respect to Reduction of Non-Revenue Water in the MAV-Upper Water Supply Zone. The above amount for the period 2015 was paid directly to the Consultant by the Ministry of Energy and Public Utilities and charged as loan to the CWA.

The CWA signed a loan agreement with the Government of Mauritius on 29 December 2015, wherein only an amount of Rs 17M was earmarked as loan to the CWA with respect to Consultancy Services by the foreign Consultant under Non-Revenue Water Project in Upper MAV System.

The amount of Rs 17M has been accounted as borrowings in the financial statements 2015 and the remaining amount of Rs 6.8M is being contested by the CWA.

The CWA entered into significant commitments with the Government of Mauritius amounting to Rs 264M received for undertaking of major capital projects as part of a loan agreement signed by both parties on 29 December 2015.

On 07 April 2016, the CWA disposed some unserviceable non-current assets comprising vehicles, air compressors and generator set through an auction sale for the total sum of Rs 1.1M.

29.2 Revenue from Potable Water Sales

With effect from 01 January 2016, eligible household will be entitled to at least 6 cubic metre of water free of charge whose monthly consumption does not exceed that threshold. The shortfall in revenue from water sales has been estimated to oscillate around Rs 32M annually. The Government of Mauritius agreed to compensate CWA for this shortfall.

The above decision has not impacted on the revenue from water sales for the period ended 31 December 2015.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

30. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

In line with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the CWA effected some corrections to initial amounts presented in prior period's financial statements as detailed hereunder:

30.1 Property, plant and equipment

The adjustments made to the Property, plant and equipment figure arose out of the following:

- The CWA migrated its non-current assets to a new Fixed Assets Register in 2015 and it was noted that the depreciation amount was wrongly computed in the old Fixed Assets Register.
- Technical problems in the Oracle Financial System causing non-matching of invoices in the Accounts Payable System.

The above issues affected the net book values of Property, plant and equipment presented in prior period financial statements and was re-stated as follows:

31 December 2014 - Comparative year

- Net increase in Property, plant and equipment - Rs 98,520,578
- Increase in Reserves - Rs 130,684,247

30.2 Trade and other payables

The re-statement of the trade and other payables figures was due to unmatched invoices as a result of technical problems in the Accounts Payable Module at the time of effecting payments and cancellation of long outstanding invoices. The Statement of Financial Position balances have been re-stated as follows:

31 December 2014 - Comparative year

- Decrease in Trade and other payables – Rs 76,566,201
- Increase in Reserves – Rs 44,402,542
- Decrease in Property, plant and equipment – Rs 32,163,659

30.4 Employee benefits

The re-statement of Employee benefits figure by an increase of Rs 12,785,765 in the year 2014 was due to wrong computation of accrued benefits to employees with a corresponding decrease in Reserves.

31. TAX

The Authority is not liable to Corporate Tax.

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CENTRAL WATER AUTHORITY

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