



# WITNESSING THE

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## **ANNUAL REPORT** 2016-2017



#### 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.

#### 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.

#### VALUES

Responsiveness, Courtesy, Excellence, Integrity, Teamwork, Quality.

### CONTENTS

BOARD'S RESPONSIBILITY STATEMENT	3
CHAIRPERSON'S STATEMENT	5
GENERAL MANAGER'S STATEMENT	9
CORPORATE GOVERNANCE REPORT	12-33
OPERATIONAL REVIEW	34-66
STRATEGIC PLAN	67-85
FINANCIAL REVIEW	86-95
REPORT OF THE DIRECTOR OF AUDIT	97-103
FINANCIAL STATEMENTS	104-110
NOTES TO THE FINANCIAL STATEMENTS	111-145

#### **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, confirms 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.

Gaston François Desmarais Chairperson, CWB

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Sadhna Appanah Member, CWB



CENTRAL WATER AUTHORITY ANNUAL REPORT 2016-2017

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#### **CHAIRPERSON'S STATEMENT**

"The number of household benefitting from potable water round the clock has increased from 161, 000 in 2015 to 211, 000 in 2017. We are expecting that by the end of 2018, around 80 % of the population will have running water from the tap on a 24 hour basis."

I am pleased to report on the Authority's performance for the period January 2016 to June 2017. But most importantly, my report will focus mainly on a major reform that awaits the water sector in Mauritius.

Under the impulsion of the Deputy Prime Minister, Minister of Energy & Public Utilities, a strategic partner will be entrusted with the management of our operations under an affermage contract following recommendations from the World Bank and the IFC who are assisting the Central Water Authority with the launching of an international bidding exercise to that effect.

Several reasons justify the need for the CWA to have recourse to a strategic partner, namely an old and defective network across the island, non-revenue water exceeding 50%, intermittent supply, increasing outcry from the public with regard to water-related issues and delay on our investment programme while coping simultaneously with an ever increasing demand, despite the laudable efforts being made by the Central Water Authority's staff.

#### Changes will be for the better

My message to everyone, from the management to the staff but also to our customers and other stakeholders is not to resist change. Changes will be for the better, both for the customers and the staff of the CWA. Water is an essential element in every aspect of development, be it economic, social or cultural. Our aim, at the CWA, is to put at the disposal of all our customers an effective and efficient system of water management that can guarantee regular supply of potable water round the clock.

For the period under review, we have achieved a lot already. Firstly, the free 6 metre cube policy which is benefitting some 61,000 inhabitants and this number is on an increasing trend. Secondly, the CWA undertook an exercise which aims at replacing 80,000 old and defective meters across the Island.

#### New boreholes and rivers are being commissioned

With regard to investments, **Rs 3,4 billion** have been allocated by the government to the CWA, out of which Rs 2,2 billion have been earmarked for the replacement of some 185 km of ageing pipes dating back to 40-50 years, while Rs 1,2 billion have been earmarked for the construction and upgrading of existing treatment plants and service reservoirs.

Already, sixteen major projects have been completed while thirteen more have been awarded. Eighteen projects are ongoing and thirty-three are under preparation. The CWA has put into operation new boreholes and rivers are being commissioned so as to increase our daily production.

All the completed works, as well as those which are still ongoing are already bearing their fruits. The number of household benefitting from potable water round the clock has increased from 161,000 in 2015 to 211,000 in 2017. We are expecting that by the end of 2018, around 80 % of the population will have running water from the tap on a 24 hour basis.

At the CWA, we are also committed to reducing our operational costs. Nevertheless, we cannot escape the fact that tariff needs to be cost-related and for the moment this is not the case at the Authority. The tariff review is therefore essential if we want to ensure financial sustainability and servicing of our financial commitments without having recourse continuously to loans from the State. To that effect, a complete tariff review that will not penalise those consumers who consume water responsibly and the most vulnerable of our population would be welcomed.

#### An additional yield of 60,000 m<sup>3</sup> of potable water daily

The construction of Bagatelle Water Treatment Plant is now in full swing and is expected to be completed by December 2018. Once in operation, this will put at our disposal an additional yield of 60,000 m<sup>3</sup> of potable water daily that will go a long way towards alleviating intermittent supplies in the following areas: Rose Hill, Beau Bassin, Belle Rose, Quatre Bornes, Soreze and the surrounding areas.

#### Improvement of water supply to the southern region

Additionally, the project for the construction of the Rivière des Anguilles Dam and the adjoining Water Treatment Plant is back on track. Consultants have been appointed and tender is expected to be launched by the last quarter of 2018, for completion of work by 2022.

In the meantime works for improvement of water supply to the southern region are already on through the following projects : a new reservoir of 2,000 m<sup>3</sup> at Mont Blanc, dredging works at Valruche to increase storage capacity, renewal of main at Royal Road Surinam, a new borehole at Plaine Magnien, among others.

I would like to express my appreciation to all the hard workers, at all level, at the Central Water Authority. Without their dedication and professionalism our mission cannot be accomplished. They are at the forefront of service improvement that have been implemented in both rural and urban areas. Our top management team will have to show even more commitment and dedication with the number of projects which are being launched simultaneously, be it pipe replacement, service reservoirs, mobile treatment plants, etc. Not to forget our effort to improve our Integrated Management Information System.

#### Changing towards a more customer centric attitude

Lastly, we are pleased to witness that the culture at the CWA is gradually changing towards a more customer centric attitude. In short, there is at the Central Water Authority a more responsible and professional management which can only be beneficial to our 365,839 valuable customers.



Mr. Gaston François Desmarais Chairperson





#### **GENERAL MANAGER'S STATEMENT**

I am pleased to be associated to this 2016-2017 Annual Report for the first time as General Manager of the Central Water Authority.

Upon my appointment in February 2016, I took stock of the prevailing situation at the Central Water Authority as well as current issues, namely:

- An ageing distribution network,
- Inadequate water infrastructure to meet ever-increasing water demand for both domestic and industrial usage,
- Insufficient treatment and storage capacity,
- An erratic climatic condition that puts pressure on quantity of water,
- A distribution network fraught with leakages, resulting in more than 50% of unaccounted water,
- An ageing workforce,
- Several posts on contracts and,
- The last increase in tariff dates back to 2012, amongst others.

Taking into account the government's vision with regard to the water sector, that is to provide water round the clock to the whole population, a complete re-engineering of the Central Water Authority was urgently warranted.

#### A more economically, improved and healthier organisation.

To achieve this, the efficiency of operations at CWA had to be enhanced. To that effect, a full-fledged Turnaround Plan through an integration of five pillars, namely: Financial Excellence, People Excellence, Operational/Social Excellence, IT and Innovation Excellence and Customer Excellence has been worked out.

These five strategic pillars adopt an integrated approach to work reversing the causes of distress at CWA and transform it into a more economically, improved and healthier organisation.

#### Human Resource Department: Putting employees first

2016/17 has been a year of significant change for us in many ways at the Central Water Authority. We have welcomed new Board Members as well as new Directors, including an IT Director, HR Director, Communication Director and a Senior Audit Officer.

The Human Resource Department's (HRD) goal is to support the CWA to attract, retain and reward a talented and diverse workforce to enable the Authority and the respective departments to efficiently meet the organisational objectives. The HRD adds value by providing human resource management tools, building management infrastructure, promoting employee development, managing transition and change and attending to the welfare of our employees.

#### Valuing our customers

Customers have been complaining about intermittent supply, poor customer service, poor response time and it is about time that we increase our service delivery. CWA receives some 350, 000 complaints a year. That is not acceptable. Our aim is to excel in the provision of customer service generating customer satisfaction.

To achieve this, several bold decisions have been taken. Firstly, being unsatisfied with the standard of service which was offered by the previous service provider with regard to CWA's Hotline "170", decision has been taken to shift to the newly created CEB Facilities Ltd.

Secondly, in order to adopt a more customer centric attitude, nursing calls as well as nursing visits are being carried out to assess customer satisfaction which is important if we want to uphaul our service delivery. The CWA is also actively involved in answering to queries and complaints through the Citizen Support Unit which has been set up by the Prime Minister's Office.

Thirdly, we are committed to increase transparency in water infrastructure and charges that consumers pay. That's why

the CWA has come up with a modernised, updated and userfriendly Customer Charter since March 2016 where customers are informed, amongst others, of their rights and responsibilities towards water usage.

We will take our responsibility and also we want our 365,839 consumers to take some responsibility to ensure they have a water tank, reduce wastage, and understand the value of potable water.

#### **IT Excellence**

Our technological drive is geared towards the improvement of service delivery, again, to maximise customer and employee satisfaction. The challenge is to shift from supportive functions and more towards an integrated aspect of overall business strategy and operations.

CWA has a new ERP team, constituted to revisit the current business processes and implement new modules and restructure the IT department to be ready for new challenges ahead. In order to overcome the constraint in the IT Department, the latter has been working on the following action plan: Upgrading of the oracle application and data migration to Linux, the implementation of I-Procurement, HRMS and inventory with barcode system, the implementation of online ticketing and task management system in the IT Department, Fleet management GPS tracking software, Cloud e-mail system and collaboration suite across CWA, and finally, GIS ability, online billing, push information apps and document management system.

#### Investments worth Rs 3.4 billion

I fully recognise that running a water company comes with important responsibilities, and I understand the significant impact on our customers when we fall short of the commitments we have made to them. We are, at present, in a hugely privileged position with grants and loans worth Rs 3,4 billion received from the government in the 2016/2017 Budget. It's a first in the Central Water Authority's history, since its creation in 1973. These investments have been made to replace some 180 kilometres of old and defective pipes across the island, namely in Beau-Bassin, Rose Belle, Rivière du Rempart, Lallmatie, Roche Bois, Plaine Verte and Surinam, etc. They also aim at upgrading and increasing Treatment Plants capacities as well as increasing storage by constructing strategic Service Reservoirs and new dams.

The extent of pipe laid in 2016/2017, islandwide, was 96 kilometres amounting to Rs 599 million. Nine projects have been successfully completed during that same period to the tune of Rs 897 million namely in Solferino, Vacoas, La Nicolière, Montagne Blanche, etc. Meanwhile 18 projects, for a total sum of Rs 1.8 billion are ongoing.

#### "Our aim is to reduce the leakage to a respectful 25% which is the international norm."

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 realisation of these projects. We're thus custodians of the tax payers' money so we need to be smart and disciplined about how we spend it.

Yes, we do acknowledge that almost 50% of water produced is unaccounted due to leakage in pipes, theft by some irresponsible consumers, defective meters and poor monitoring. Our aim is to reduce the leakage to a respectful 25% which is the international norm.

A total of 10,396 new supplies were connected in 2016/17 as compared to 7,261 in 2015. Some 50,000 old and defective meters have already been replaced on a total of 60,000. The Operations Division attended to some 41,090 leaks, 69,534 complaints (other than leaks) while some 75,682 complaints were addressed in the previous year.

But most importantly, the number of household benefitting from a 24-hour water supply has increased from 65% to 71% from 2015 to 2017. Those who are supplied water on a 12-15 hour basis

increased from 14% to 23%, from 19% to 23% for those who receive water from 8 -12 hours per day while those who used to have access to water for less than 8 hours per day decreased from 9% to 1%.

#### Dry season

That said, hotter, drier weather can cause water scarcity and drought. In fact, Mauritius ranks 13<sup>th</sup> worldwide among countries with the highest risk of incurring natural calamities, according to the World Risk Report 2016. We therefore continue to invest in new water resources and to improve the efficiency and connectivity of our network.

Meanwhile, much emphasis is being laid to tackle effectively the recurrent issue of interrupted water supply or supply with a low pressure during the dry season.

#### The aim is to capture raw water from rivers, have it treated and injected in our distribution system.

New boreholes in the regions of Trianon, Plaine Magnien, Beau Songes and Coromandel have been put into operation. The Central Water Authority has recently introduced the use of Mobile Pressure Filters. The aim of which is to capture raw water from rivers, have it treated and injected in our distribution system. As at now, 4 of these Mobile Pressure Filters are already in use at Poudre D'Or, Bramsthan and Mon Loisir Rouillard. Soon, the CWA will be acquiring 10 more of these where two of them will be used at Bagatelle Dam, pending the completion of the Bagatelle Water Treatment Plant, one at Beau Bois River, Rouge Terre, New Goodlands Reservoir, amongst others. In addition, ten additional water tankers have been acquired to supply water during dry season and areas with intermittent supply.

#### **Bagatelle Dam**

The Bagatelle Dam is also called upon to play a key role in CWA's action plan in improving the population's standard of living. Once the Bagatelle Water Treatment Plant will be ready by December 2018, an additional volume of 60 000 m<sup>3</sup> will be produced on a daily basis and will supply regions of lower Plaine Wilhems as well as Port Louis. New Treatment Plants will also be constructed at Rivière des Anguilles and La Ferme. In the meantime, rehabilitation works at La Nicolière Water Treatment Plant and La Marie Water Treatment Plant are already ongoing.

I dare say that this is the first time that the Water sector has been given such strong consideration by the government. This in itself is a signal of strong commitment of the government to the water sector. At the CWA, we will ensure that each rupee of the grants or loans received is being used judiciously.

The nature of the water industry requires us to take the long view – planning years and even decades ahead on issues including water resources, the maintenance of assets, advances in technology and closing the skills gap. Make no mistake - the work we all do must leave a positive legacy for future generations.

Dr. Y. Ismaël General Manager

#### **CORPORATE GOVERNANCE REPORT**

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12 CENTRAL WATER AUTHORITY ANNUAL REPORT 2016-2017



#### 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.

Gaston François Desmarais Chairperson

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Sadhna Appanah Board Member



#### **CORPORATE GOVERNANCE REPORT 2016/17**

Sections of the Code	Code of Corporate Governance as issued by the National Committee of Corporate Governance (General Notice No. 844 of 2005)	Compliance		
Section 2	Boards and Directors			
2.1	Role and Function of the Board	Comply		
2.2	Structure of the Board	Comply		
2.3	Composition of the Board	Comply		
2.4	Role of the Board	Comply		
2.5	Conflicts of Interest	Comply		
2.6	Role and Function of the Chairperson	Comply		
2.7	Role and Function of the Chief Executive Offer (GM)	Comply		
2.8	Role of the Executive, Non-Executive and Independent Non-Executive Director	Not Applicable		
2.9	Remuneration of Directors	Comply		
2.10	Director Selection, Training and Development	Not Applicable		
2.11	Board and Director Appraisal	Not Comply [The matter would be given due consideration in the next Financial Year]		
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		

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	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 of 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 longterm 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 composition of the Central Water Board for the period January 2016 to June 2017 was as follows:

Mr. Gaston François Desmarais	Chairperson
Mr. Rajcoomar Bikoo (up to 13 September 2016) Mrs. Devika Moosoohur (as from 14 September 2016)	Representative of the Ministry of Energy and Public Utilities (Ministry responsible for the subject of Energy)
Mr. Visvanaden Soondram (up to 17 February 2016) (Alternate: Mr. Hemnish Urdhin) Mrs. Sadhna Appanah (as from 18 February 2016) (Alternate: Mr. Visvanaden Soondram)	Representative of the Ministry of Finance & Economic Development (Ministry responsible for the subject of Finance)
Mr. Edley Armoogum         (up to 25 July 2016)         Mr. Jaynarain Mathoora         (as from 27 July 2016 up to 13 November 2016)         Mr. Satiawan Nundoo         (as from 14 November 2016)         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)
<b>Mr. Luc Mario Gilbert Bazerque</b> (up to April 2016)	Member appointed by the Minister
<b>Mr. Geean Mahadeea</b> (as from 05 February 2016)	Member appointed by the Minister
<b>Mr. Jean Christophe Marylin</b> (as from 31 May 2016 up to 25 April 2017)	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.



#### **PROFILE OF BOARD MEMBERS**

#### CHAIRPERSON



#### Mr. Gaston François Desmarais

Mr. 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. 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. 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

(up to 13 September 2016)

Mr. 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 of experience in the Utilities Sector.



#### Mrs. Devika Moosoohur

(as from 14 September 2016)

Mrs. Moosoohur holds a BSc (Hons) Degree in Business Administration. She is currently the Assistant Permanent Secretary at the Ministry of Energy & Public Utilities.

She is also a Board Member of the Board of Irrigation Authority.



#### REPRESENTATIVE OF THE MINISTRY RESPONSIBLE FOR THE SUBJECT OF FINANCE



#### Mr. Visvanaden Soondram

(up to 17 February 2016)

Fellow of the Association of Chartered Certified Accountants (UK) and holder of an MSc in Finance. Mr. 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).



#### Mrs. Sadhna Appanah

(as from 18 February 2016)

Mrs. Appanah holds a Master in Business Administration (MBA) Finance with Distinction from the University of Leicester, UK and a BA Hons in Economics and Management Studies from the Napier University, Edinburgh.

She is presently Lead Analyst and as Sector Ministry Support Team in the public infrastructure directorate, she is responsible for key sectors like public utilities, energy including renewable energy, public procurement and public private partnership. She works closely with the Ministry of Energy and Public Utilities for policy analysis, preparation, implementation and monitoring of the performance based budget. She is also a Board Member of the Central Electricity Board.

#### REPRESENTATIVE OF THE MINISTRY RESPONSIBLE FOR THE SUBJECT OF LABOUR AND INDUSTRIAL RELATIONS



#### Mr. Satiawan Nundoo

(as from 14 November 2016)

Mr. Nundoo has been assigned duties as Director at the Ministry of Labour & Industrial Relations & Employment with effect from 01 November 2016.

**Mr. Edley Armoogum** (up to 25 July 2016)

Mr. Armoogum retired as Director from the Ministry of Labour & Industrial Relations & Employment in July 2016.

#### Mr. Jaynarain Mathoora

(from 27 July 2016 to 13 November 2016)

Mr. Mathoora retired as Acting Director from the Ministry of Labour & Industrial Relations & Employment in November 2016.





#### APPOINTED MEMBERS



#### Mr. Geean Mahadeea

(as from 05 February 2016)

Mr. Mahadeea has a wide teaching experience in the field of Design & Technology in Secondary Schools in Mauritius and Seychelles. He is also a Member of the Board of Mauritius Examination Syndicate (MES).



#### Mr. Jean Christophe Marylin

(from 31 May 2016 to 25 April 2017)

Holder of an MBA in Financial Risk Management and BSc (Hons) in Banking & International Finance from the University of Technology, Mauritius.

He also holds a Diploma in Retail Banking from the London Institute of Banking & Finance (UK).

Since 2012 Mr. Marylin has been the Asset Liability Management Analyst at AfrAsia Bank Limited.

#### Mr. Luc Mario Gilbert Bazerque

(up to April 2016)

Holder of a degree in Mechanical Engineering, Sales, Marketing and Business Administration, Mr. 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 period under review, the following Board Committees have been established by the CWB to examine in-depth specific matters:

- Finance Committee
- Staff Committee
- Audit, Risk Committee & Governance Committee
- Project Steering 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 respect of bids whose value exceeds Rs 10 million and make recommendation/s 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 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 period January 2016 to June 2017, the Finance Committee met on 20 occasions and was constituted as hereunder:

Chairperson	Mr. V. Soondram (up to February 2016)			
	Mr. R. Bikoo (as from March 2016 up to September 2016)			
	Mrs. D. Moosoohur (as from October 2016)			
	Mrs. S. Appanah (as from March 2016)			
Member	Mr. G. Bazerque (up to March 2016)			
	Mr. G. Mahadeea (as from March 2016)			
	Mr. J. C. Marylin (from July 2016 to April 2017)			

The General Manager, the Chief Operations Officer, the Chairpersons of the Procurement Committee and the Departmental Bid 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.

During the period under review, the Staff Committee met on 114 occasions (including 88 sittings for interview exercise for various posts). The Composition of the Staff Committee was as follows:

Chairperson	Mr. G. Bazerque (up to mid-March 2016)			
	Mr. G. Mahadeea (as from mid-March 2016)			
Member	Mr. R. Bikoo (up to September 2016)			
	Mrs. D. Moosoohur (as from October 2016)			
	Representative of the Ministry of Labour, Industrial Relations & Employment.			
	Dr Y. Ismaël – General Manager			

#### 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.

During the period under review, the Audit, Risk & Governance Committee was constituted as hereunder and met on 6 occasions.

Chairperson	Mrs. S. Appanah
	Mr. G. Bazerque (up to April 2016)
Member	Mr. G. Mahadeea (as from February 2016)
	Mr. J.C. Marylin (from July 2016 to April 2017)



#### PROJECT STEERING COMMITTEE

The Project Steering Committee was established as a sub-Committee of the Central Water Board in August 2016 to, inter alia:

- consider and approve the Project Milestone Schedule for Capital Projects at the level of the Authority.
- monitor the progress of capital projects with a view to ensuring that same are on schedule.
- consider, discuss and propose solutions to critical / blocking issues that hinder the smooth implementation / progress of projects.
- monitor the performance of Contractors and to make appropriate recommendations to the Board.
- ensure that funds and other resources are available for the implementation of projects.
- ensure as far as possible that projects are implemented and completed within the approved budget.
- ascertain that appropriate recommendation/s are made to the Board for timely approval.

The Project Steering Committee met on 10 occasions from August 2016 to June 2017 and was constituted as follows:

Chairperson	Mr. G. F. Desmarais
Member	Mr. G. Mahadeea
	Dr. Y. Ismaël

#### 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 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 are entitled to an additional fee of Rs 2,000 for each meeting they are called upon to chair.

As regards interview exercise, the Chairperson was paid a fee of Rs 1,200 per sitting while Members are 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 3,283,837/-.** 

#### Attendance of Board Members during the period January 2016 to June 2017 as follows:

No. of Meetings	Board Meetings	Board Committees					Remuneration (Net of PAYE) (Rs)
		FC	SC	Interview	ARGC	PSC	
Board Members	21	20	26	88	6	10	
Mr. G. F. Desmarais (Chairperson)	21	-	-	-	-	10	1,657,362
Representative of Ministry of Ene	rgy & Public	Utilities					
Mr. R. Bikoo	9	9	7	19			168,980
Mrs. D. Moosoohur	12	11	10	37			185,980
Representative of Ministry of Fine	ance & Econ	omic Dev	elopmen	it			
Mr. V. Soondram	4	-	_			_	46,66
Mrs. S. Appanah	16	15			6		
Representative of Ministry of Lab	our, Industri	ial Relati	ons & En	nployment			
Mr. E. Armoogum	3	-					27,28
Mr. J. Mathoora	5						45,47
Mr. S. Nundoo	11						82,193
Mrs. A. Imrith	1	-	22	70			142,203
Mr. S. Teeluck	1		2	17			22,695
Appointed Members							
Mr. G. Bazerque	1	-	3	6			30,600
Mr. G. Mahadeea	18	17	23	82	6	10	476,935
Mr. J.C. Marylin	12	10	-	-	4		158,015

FC : Finance Committee

SC : Staff Committee

ARGC : Audit, Risk & Governance Committee

PSC : Project Steering 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 were held under the chairmanship of the General Manager to ensure a proper follow-up on project implementation division-wise.

During the period 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.

#### SENIOR MANAGEMENT TEAM



#### Dr. Yousouf Ismaël General Manager (as from 12 February 2016)

Dr. Ismaël was appointed as General Manager of the Authority by the Honourable Deputy Prime Minister, Minister of Energy and Public Utilities in accordance with Section 14 of the Central Water Authority Act on 26

January 2016. He assumed duty as General Manager of the Authority with effect from 12 February 2016.

He is holder of a BSc. (Hons) 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, he was appointed Chief Executive Officer of Global Finance Mauritius. He was a member of the Central Water Board from November 2012 to December 2015.



#### Dev Anand Aukle General Manager

(up to 01 February 2016) He retired from the services of the Authority with effect from 02 February 2016.



#### Jeetsing Munbauhal Acting Deputy General Manager (Technical)(Since January 2012 up to 04 June 2016)

He retired from the Services of the Authority in June 2016.

- Bachelor of Civil Engineering (Australia)
- Certificate in Computer Science Engineering (UOM).
- Member of Institute of Engineers (Australia).



#### Hermann Joseph Deputy General (Adm) (Since 2004)

Manager

Mr. 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.





- MSc in Engineering, Kiev State Technical University of Construction & Architecture.
- MSc in Water Resources Technology and Management, University of Birmingham - UK.

#### Dineshwar Lutchmun Acting Deputy General Manager (Technical) (Since January 2017)

- BSc Civil Engineering, Plymouth Polytechnic, UK.
- MSc Project Management University of Mauritius.





#### Saytookumar Gungah

Chief Engineer (Planning & Development) (Since September 2012 up to 07 August 2016)

Chief Engineer (Water Resources / Operation & Support Services) (as from 08 August 2016)

- 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).





#### Krishnacoomar Bisnatsingh Acting Chief Engineer (Operations) (From July 2012 to July 2016) Retired from the Services of the Authority in July 2016.

- Pre-Engineering Div.I.
- BSc Civil Engineering.



#### Outtum Issur Chief Financial Officer (Since 2005)

- 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).



#### Pravin Ballyraz HR Director

(as from 12 September 2016)

- BSc (Hons) Management University of Mauritius.
- MSc Human Resource Studies University of Mauritius.

#### Dhanveersingh Juddoo IT Director

(as from 22 July 2016)

- BSc (Hons) Information Science & Technology – University of North London.
- MSc E-Business University of Mauritius.

#### Ramakrishna Neelayya Administrative Manager (Since January 2011)

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



#### Daniel Chan Moo Lun Chief Internal Auditor (up to March 2016)

Mr. Chan Moo Lun retired from the Services of the Authority in March 2016.

• Fellow of the Association of Chartered Certified Accountants (FCCA).





#### Ms. Mantasha Devi Ghurhoo Communication Director (as from 06 June 2016)

- BA (Communication Science) University of South-Africa.
- MA in Media and Communications Management Middlesex University, London.



#### Ms. Arpana Ramkissoon-Balnac Acting IT Manager

(up to 31 May 2016)

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



#### Ms. Nazima Bhaukaurally Manager Procurement & Supply

- CIPS Level 6 Graduate Diploma in Purchasing and Supply.
- Master of Business Administration -International Business.
- Member of the Chartered Institute of Purchasing & Supply (MCIPS).



#### Ms. Madina Bibi Surfraz Officer in Charge (HR Division) (up to 11 September 2016)

- BSc. in Communication Studies
   with specialization in Business
- Communication (University of Mauritius).
- MBA Specialisation in Human Resource Management.



#### Ms. Kalleeanee Heeramun Economist / Analyst (On Contract) (up to May 2016)

• BA (Hons) Economics University of Delhi.



#### Rohit Mungra Senior Advisor (up to February 2016)

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

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



#### Jayabarlen Seeneevassen Chief Operations Officer

(from 26 September 2016 to 09 June 2017).

Mr. Seeneevassen was appointed as Chief Operations Officer on contract basis with effect from 26 September 2016. He resigned from the Services of the Authority as from 10 June 2017.

- Bachelor of Engineering (1<sup>st</sup> Class) (Queen's University of Belfast, UK).
- Master in Business Administration with Merit (University of Surrey, UK 2007).
- Project Management (APMG UK 2011).

#### Ms. Sushma Nundloll Acting Manager Commercial Services

- BSc (Hons) in Accounting & Finance University of Mauritius.
- MBA (General).
- Fellow Member of ACCA.

#### Ms. Anju A. Dabee

Acting Chief Internal Auditor (as from January 2016)

• ACCA Level II.

#### Amarnath Jagannath

Chief Engineer (Operations)

(Retired in October 2017)

• Msc in Engineering specialisation in Civil and Industrial Engineering.

#### Dhanraj Gungadeen

Acting Chief Engineer (water resources / operation & support services) (Retired in September 2016)

• B. Eng. (Hons) Mechanical Engineering.

#### Chittaman Jugroo

Manager Commercial Services (up to January 2016)

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

#### Kooshallsing Cheekhooree Economist / Analyst

(as from 23 June 2016 up to 02 February 2017)

- Diplôme D'Etudes Universitaires Générales, Mention Economie et Gestion.
- Degree of Master of Science in Applied Economics with specialisation in Banking & Finance.



#### **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.





#### 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.

#### **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 period 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 of health and safety pertaining to the Authority.

#### POLITICAL & CHARITABLE DONATIONS

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

#### **RELATED PARTY TRANSACTIONS**

The particulars in respect of Related Party Transactions have been disclosed in Note 28 of the Notes to the Financial Statements.

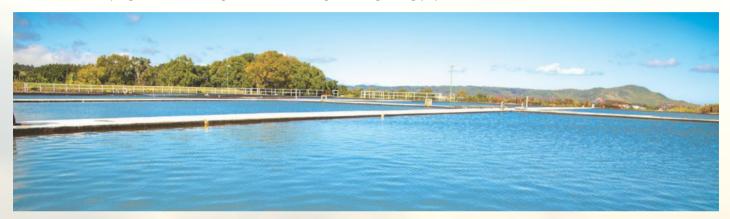


# **OPERATIONAL** REVIEW

# **OPERATIONAL REVIEW**

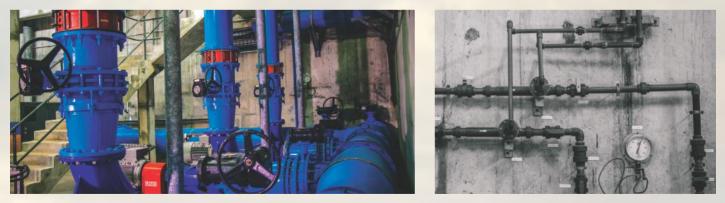
# WHAT WE DO...

Our Organisation is founded on water and water cycle of which our operation is part. In this way, starting with the most basic yet essential natural resources, our institution underpins the health and well-being of our citizens, supports growth and development throughout the island and stand up against the challenges of climate change and a growing population.



# OUR RAW MATERIAL IS THE WATER WE COLLECT FROM RIVERS AND UNDERGROUND AQUIFERS AND STORE IT IN OUR RESERVOIRS.

We invest in efficient, low carbon assets and processes – this reduces our carbon footprint and our costs.



### WE TREAT THAT WATER AND PUT IT INTO SUPPLY

We help and encourage our customers to use less water, which leaves more in the environment and delays the need to build costly new resources.



# ACHIEVEMENTS...



The Central Water Authority (CWA), a parastatal body in the service industry for the past 44 years, aims at providing a 24/7 water supply service to the general public on a fast track basis. Approximately 60% of inhabitants are currently having a 24/7 water supply and it is expected that by December 2018, 80% of inhabitants should benefit from this service as stated by the government of Mauritius.



Continuous improvements of customer care and ongoing communications with the public remains a priority 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 the shoulders of our key pillars; *Human Resource* and *Technological platform*. The period under review has seen major improvements through investment in both areas as part of our vision to make the organisation the best service provider.





The role of good governance, institutions and regulations and the need for innovative ways of communicating and engaging with stakeholders and the necessity to build sustainability in the sector based on efficient asset management, suitable financial mechanism and fair tariffs for all are indispensable.

Numerous milestones were attained during the Financial Year (FY) 2016/17, firstly with the introduction of 6 cubic meter policy exemption set up by the government in January 2016 - Some 61,000 inhabitants are being exempted from paying any water charges. It is laudable to see that we are moving on a positive trend and additional subscribers are benefitting from this policy.

Secondly, the organisation invested massively for the replacement of 80,000 old and defective meters which will impact on the level of Non-Revenue Water (NRW) as part of the Authority's strategy to reduce non-revenue water to an

internationally acceptable level of 25 %. Moreover, the implementation of Ground Water Penalty Bill ensured that license holders use water judiciously as per their entitlement. This has also put an end to the over exploitation of our aquifers. Around 40 holders have been charged penalty.

Additionally, around 70,700 meters have been replaced thereby, bringing an additional revenue of R 28 M to the Authority. It is worth to be noted that CWA has also acquired 15,000 Meter Chambers to ensure longer lifetime of water meters and accurate billing.

CWA continues to deliver ever-improving customer service against a backdrop of rising customer expectations. This year, improvements have included World Water Day, Award ceremony and launching of latest Customer Charter amongst others. Our Communication cell is determined to keep improving until we reach a 24/7 water supply service to the population.

In regard to investment, Rs 3,4 billion have been allocated by the government to the institution, out of which Rs 2,3 billion have been earmarked for the replacement of some 185 kilometres (Km) of pipeline dated some 40 – 50 years, whilst Rs 1,2 billion were projected for the funding of construction and upgrading of existing Treatment Plants and Service Reservoirs.

The CWA has put into operation duplicate boreholes and rivers are being commissioned in order to increase our daily production.

Among the major projects completed, the Pailles Water Treatment Plant is fully operational with a treatment capacity of 80,000 m<sup>3</sup> per day serving inhabitants of Port Louis and surrounding regions.

Secondly, the construction of Bagatelle Water Treatment Plant is now in full swing and is expected to be completed by December 2018. Once completed, this project will yield 60,000 m<sup>3</sup> of potable water per day that will be beneficial for inhabitants of the following regions: Rose-Hill, Beau-Bassin, Belle-Rose, Quatre-Bornes, Soreze and the surroundings.

It is commendable that at management level, the post of Directors has been created after 44 years of existence of the organisation; this has been done in view of reorganising the management team so as to be in a better position to meet our strategic objective (24/7 service) through their expertise and experience brought to the organisation. Along the same vein, the shift system was introduced for better efficiency at all levels.





# WHAT AFFECTS US?

### AFFORDABILITY AND CUSTOMER EXPECTATIONS

Customer expectations have been transformed in recent years, a change accelerated by social media. Customers compare our service with that of other service providers and they expect us to be as good, if not better.

They expect us to go with the challenges listed here, while ensuring that bills remain affordable and that the costs of increasing our resilience are shared fairly between current and future customers. We will need to invest in both new supplies and innovative approaches to demand management.

The nature of the water industry requires us to take the long view planning years, and even decades, ahead on issues including water resources, the maintenance of assets, advances in technology and closing of the skills gap.



We look to tackle these long term issues in collaboration with others. That includes delivering our capital programme through long term alliances with our contractors, suppliers and joint research and planning on issues like drought resilience. Where possible, we look to lead and shape the national conversation to secure the action and investment needed for sustainable future.





# MARKETS, STRUCTURE AND FINANCING OF THE INDUSTRY

Structural changes currently under way in the water industry will present new challenges and significant opportunities.



### ENVIRONMENTAL PROTECTION

Our institution depends on a healthy environment. The need to protect it is very important.



### POPULATION AND ECONOMIC GROWTH

Population growth, booming of the tourism industry, development of Smart cities, emerging water intensive sectors of growth (ocean economy amongst others) will put pressure on the demand of water. Therefore, **balancing** the supply and demand equation will be a big challenge for the institution.

40



# CLIMATE CHANGE

Climate change is one of the most crucial issues for our organisation. This is so because our institution is dependent on rainfall, however, too much of rain might cause flooding which will influence water supply.

# Water supply in Mauritius...

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 organised on a geographical basis as shown below:

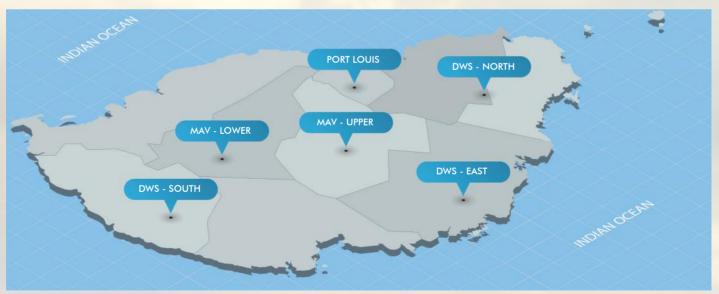


Figure 1: DWS : District Water Supply



Distribution System	Key Features
Port – Louis water supply system	Consists of some 444 Km of pipeline network which serves about 49,191 subscribers Comprises 13 service reservoirs
District water supply system (North)	Consists of some 930 Km of pipeline network which serves about 76,694 subscribers Comprises 16 service reservoirs
District water supply system (East)	Consists of some 576 Km pipeline network which serves about 43,780 subscribers Comprises 11 service reservoirs
District water supply system (South)	Consists of some 660 Km of pipeline network which serves about 52, 172 subscribers Comprises 16 service reservoirs
Mare Aux Vacoas (Upper) water supply system • Serves the central part of the island and 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
Mare Aux Vacoas (Lower) water supply system • Serves the central part of the island and mainly 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.

Service delivery over the island is done through a distribution network of some 4,276 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 m<sup>3</sup>/day for the treatment of surface water as here-under:

Treatment Plant	Treatment Capacity (m³/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

Table 1 : Treatment Plant Capacity

# 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 and stepping up of measures against illegal tapping. 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 and promotion of rainwater harvesting systems amongst others.



# 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 subsidised price, subject to established terms and conditions. Since the start of the scheme, the CWA has received some 44,708 applications, of which approximately 10,000 have been approved.

# HUMAN RESOURCES - CREATING AN AWESOME PLACE TO WORK

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 period under review, 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.

As at 30 June 2017, the CWA had a workforce of 992 employees (838 male and 154 female) on establishment, and 268 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	4
Professional	42
Administrative	175
Operational	342
Manual	429
Total	992

Table 2 : No. of Employees & Ratio of Employees to Subscribers



CENTRAL WATER AUTHORITY ANNUAL REPORT 2016-2017



Year	No. of Subscribers	No. of Employees	Ratio of Employees to Subscribers
2012	334,438	951	0.28
2013	341,620	985	0.28
2014	347,397	1,023	0.27
2015	352,934	1,008	0.28
2016/17	359,951	992	0.27

Table 3 : Ratio of Employees to Subscribers

# **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. The fields in which training was provided to staff are, namely induction courses, Pre-examination courses (SMR) Project Management, amongst others. Selected Officers also attended workshops on Quality Infrastructure investment promotion, High penetration renewable energy road map, with resource assessment and wave integrator micro Grid design in Mauritius. 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 1.3M was spent on capacity building in 2016/17.

### 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:

- Medical eyes check up free eye screening
- World Water Day Event





CENTRAL WATER AUTHORITY ANNUAL REPORT 2016-2017

# **COMMERCIAL SERVICES - TRANSFORMING CUSTOMER SERVICES**

The Commercial Division is determined in its efforts to gear CWA towards outstanding customer experience and to maximise revenue with the support of its various subdivisions.

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.

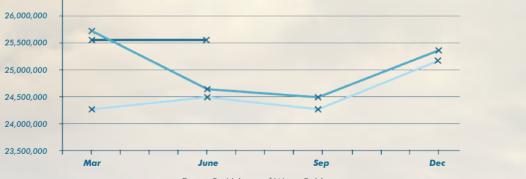
# Sales

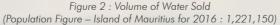
151.2M cubic metres of potable water were sold in 2016/17. The total volume of raw water sold stood at 23.8M cubic metres. The daily per capita water consumption for Mauritius was as follows:

	2016	2015
Household customers Its	171	168
Total (all sectors) Its	225	220

The average price paid by the consumer has remained at around Rs 13/- per metre cube in 2016 even though the cost of producing one cubic metre of water was slightly higher. It was clear that requests for tariff increase by CWA to improve its financial health would not be entertained by Government. Instead, the Government introduced the 6 cubic meter policy exemption and prevent families from paying any water charges.

It should be noted that during the period under review, 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 up to 10 m<sup>3</sup>/month.





2015

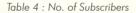
2016



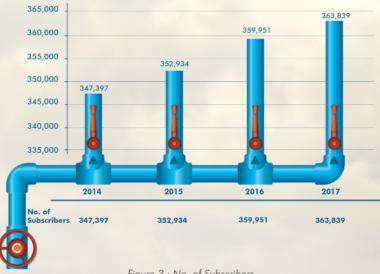
# **Our Customers**

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 2014 31 Dec 2015 31 Dec 2016 30 Jun 2					
Domestic	323,288	328,751	335,058	338,612		
Non-Domestic	21,570	21,650	22,345	22,657		
Government	2,539	2,533	2,548	2,570		
Total	347,397	352,934	359,951	363,839		



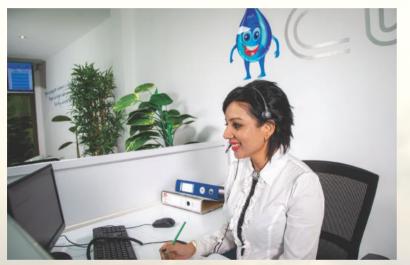
• The overall clientèle grew by 3.0% to 363,839 by 30 June 2017 compared to 352,934 for year 2015.



# Embed customers at the heart of all we do

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

Customer contacts are managed by the Customer Services Unit, which regroups 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.



# Hotline (170)

The CWA hotline provides a 24/7 service to customers. Important Key Performance Indicators (KPI) have been worked out to that effect. Some 442,699 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 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 2,600 big consumers are monitored on a fortnightly basis. 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.



# **Complaints on Billing**

The Commercial Services staff attended to some 20,333 complaints over the period of 12 months ended 31 December 2016 and 11,961 complaints during the six months ended 30 June 2017 in relation to meter reading and billing services. Approximately 99% of these complaints were attended within the response time set out in the Customer Charter.

Problem Description	Complaints Attended (No.)		
	2016	2017 (As at June)	
Excessive Bills	7,690	5,621	
Meter Not Working	2,816	1,173	
Others (incudes Meter Reading)	9,827	5,167	
Total	20,333	11,961	

Table 5 : Complaints Attended

# **Debtors Control Unit**

The Debtors Control Unit contributes highly to the debt collection efficiency of 99%. Where there is no response, a second and final reminder is delivered by the Senior Meter Reader 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. The number of disconnected supplies and the number of re-opened supplies for the period under review were 2,018 and 1,797, 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 up to a maximum of Rs 25,000 and not more than one year old. In 2016/17, some 2,528 notices of prosecution were issued to debtors, while some 650 cases were lodged in Small Claims Tribunal (SCT). Some 650 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.

# 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 is responsible for detecting and reporting on pilferage of water. During the period under review, around 912 cases of illegal tapping were unearthed, thus bringing additional revenue of the order of Rs 5.9 M to the Authority.



# **CORPORATE COMMUNICATION AND PUBLIC EVENTS**



The Financial Year 2016/17 under review is considered as a turning point for the Communication Cell. The latter has been entrusted with one of the most important tasks in the well-functioning of the Central Water Authority; establish an effective internal communication among staff of the CWA as well as external communication with the general public and other stakeholders.

As major projects amounting to Rs 3, 4 billion rupees have already been earmarked, the Management considers that it is of utmost importance to ventilate relative information so as to create awareness among the general public on the forthcoming projects whose objective is to improve water distribution across the Island to ultimately reach a 24/7 water supply service to the population.

The Communication Cell has been called upon to establish meaningful and effective communication to the consumers on the need for judicious use of water and sustainable water management but also to address other issues such as "excessive bills", Meter Replacement exercise, etc.

As such, communication campaigns were carried out in newspapers as well as on radios, television, billboards and via the production of flyers.

Furthermore, a Turnaround plan has been set up by the Management in November 2016 whereby the communication cell has been assigned specific tasks. The objective, among others, is to be more customer-oriented in order to achieve the pillar of "Customer Excellence". This includes:

- Enhancing customer experience with CWA;
- Devising innovative ways to interact with consumers and stakeholders by 2018;
- Bringing about change in mentality and behaviour of consumers with regard to wastage of water;
- Bringing down complaints by tackling water problems proactively by 2019.

# Several concrete measures have been taken in this respect:

- Recruitment of a Director of Communication ;
- Procurement of Consultancy services ;
- Creation of a Customer Charter ;
- Sensitisation campaigns in primary schools on the theme "save water" ;
- Sensitisation campaigns to "Force Vive" and other stakeholders on CWA projects, etc. ;
- Revamping of CWA Website ;
- Production of videos on "Pipe laying", CWA Projects and "save water";
- Production of internal newsletters on a quarterly basis.

Moreover, the Communication Cell organised various events namely World Water Day (WWD), World Environment Day and a Fresco competition (launched in the context of WWD 2016 by the Central Water Authority jointly with the Ministry of Energy and Public Utilities). The theme for the competition was "Water and Energy" and targeted secondary students.

# Forthcoming projects

In line with its aim to achieve Customer Excellence, CWA intends to:

- develop a new website which will be geared towards diffusing vital information with respect to different aspects/activities of the Authority and will be a user-friendly navigation platform.
- embark on the project pertaining to the creation of a mobile application which will allow its users to query consumer details, effect payment, send a complaint with pictures and GPS coordinates attached. It will also act as a medium for the CWA to deliver informative messages to the users.
- improve CWA Customer Service Centers and the existing queuing system.







# **OPERATIONS - DRIVE OPERATIONAL EXCELLENCE AND CONTINUOUS INNOVATION**

# PRODUCTION

A satisfactory water supply situation prevailed throughout 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. There is quite a large amount of precipitation received across the island ending June 2017. Throughout 2016/17, the MAV reservoir continued to be supplemented by an additional 20,000 m<sup>3</sup>/day of water resources from Mare Longue reservoir.

The average daily output in the distribution network was around 683,412.51 m<sup>3</sup>/day ending December 2016 and 462,369.85 m<sup>3</sup>/day ending June 2017 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 165 boreholes with a total yield of some 362,000 m<sup>3</sup>/day during normal season and some 262,500 m<sup>3</sup>/day during the dry season. The water supplied by CWA conforms to the WHO norms for safe drinking water as well as local standards. An analysis of 3 years reveals the improvement in the water supply situation islandwide as depicted below:

Hours Of Supply	2015 (%)	2016 (%)	2017 as at June(%)
16-24 hrs	65	58	58
12-15 hrs	14	15	15
8-12 hrs	19	23	26
< 8 hrs	2	4	1

Table 6 : Hours of Supply





The improvement in the hours of supply from year 2015 to 2017 may be attributed to the large amount of precipitation being received in the beginning of the quarter of 2017. Overall, there is an improvement in water supply distribution across the island thus, noting that there is a percentage increase of 71 %, 23 % and 32 % from 8-24 hour basis over the three years.

Section	Volur	Volume of Water Produced (Mm <sup>3</sup> )			
Section	2015	2016	2017(as at June)		
Port Louis	35.4	35.7	13.9		
North	50.9	51.2	23.2		
MAV Upper	51.7	52.9	30.1		
MAV Lower	33.3	34.0	8.4		
East	37.9	39.5	20.2		
South	36.2	35.7	5.3		
Total	245.4	249.0	97.8		

Table 7 : Volume of Water Produced

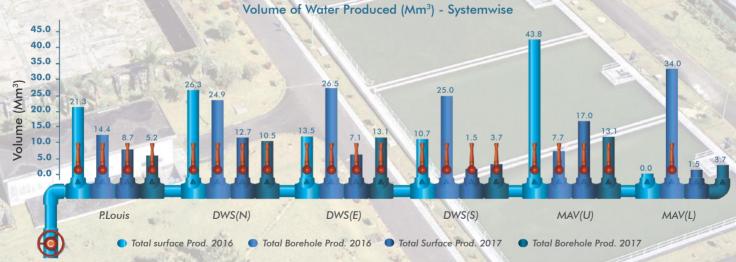


Figure 5 : Volume of Water Produced – 2016/17

52

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# **Reservoir Level**

Mean Reservoir Storage - 2016/17							
	MAV (Potable)	La Nicolière (Potable)	Piton du Milieu (Potable)	La Ferme Irrigation	Mare Longue Irrigation	Midlands ( Feeds La Nicolière)	
As at 31 March 2016	85.1	99.8	98.7	78.5	57.3	99.2	
As at 30 June 2016	99.0	100.0	99.3	82.7	99.7	98.6	
As at 30 September 2016	85.9	67.7	84.3	74.5	98.2	90.9	
As at 31 December 2016	57.1	62.4	49.8	37.3	65.4	50.2	
As at 31 March 2017	70.5	100.0	100.0	76.7	89.0	80.7	
As at 30 June 2017	95.4	90.3	97.7	81.1	93.8	99.4	

The reservoir levels, in terms of percentage, at the end of the 6 quarters are depicted hereunder:

Table 8 : Mean Reservoir Level



Figure 6 : Reservoir Level



# **New Supplies Connected**

NEW SUPPLY CONNECTION						
2015 2016 2017 (as at Jun						
P.Louis	906	1,012	520			
North	2,061	1,817	835			
MAV(U)	922	1,491	782			
MAV(L)	885	1,234	612			
East	1,246	1,124	522			
South	1,241	1,387	706			

A total of 12,042 new supplies were connected in 2016/17 as compared to 7,261 in 2015.

Table 9 : New Supplies Connected



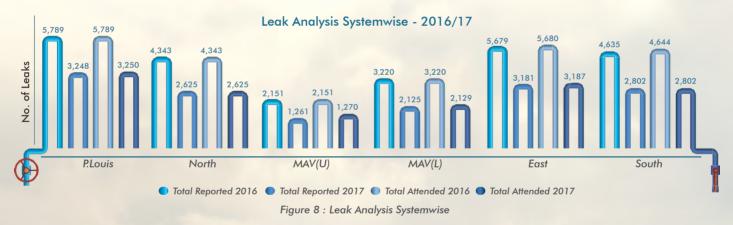
Figure 7 : New Supplies Connected

# Leaks and Complaints

LEAKS AND COMPLAINTS						
	Total Reported		Tot	al Attended		
	2016	2016 2017 (as at June)		2017 (as at June)		
P.Louis	5,789	3,248	5,789	3,250		
North	4,343	2,625	4,343	2,625		
MAV(U)	2,151	1,261	2,151	1,270		
MAV(L)	3,220	2,125	3,220	2,129		
East	5,679	3,181	5,680	3,187		
South	4,635	2,802	4,644	2,802		

The Operations Division attended to some 41,090 leaks, a systemwise breakdown depicted as follows:

Table 10 : Leak and complaints



The Division attended to some 69,534 complaints (other than leaks). Some 75,682 complaints were addressed the previous year.

# Reduction of Non-Revenue Water (NRW)

Works have been completed on the four pipe replacement contracts awarded around Dec 2014/Jan 2015 namely: Replacement of Mains in Solferino, Replacement of Mains in Henrietta and adjoining Lateral Roads, Replacement of Mains in John Kennedy Avenue, Vacoas and Laterals Roads, Replacement of Mains in Curepipe and Lislet Geoffroy and Laterals Roads. The NRW activities have been put on hold around March 2016. The then NRW team has been integrated in the Project Management Office for pipe replacement programme.



# ACTION PLANS FOR DRY SEASON

The CWA has worked on imperative measures to harness water supply in hotspot areas during dry season as tabulated hereunder:

Improvement works to harness water supply in hotspot areas during dry season.				
Zone	Problem areas	Current source of supply	Hours of supply	Short term Action
DWS - NORTH	Grand Baie, Pereybere (Morc Swan, Mont Oreb, Les Flamants, Beach Lane, etc.)	Mont Loisir Rouillard Reservoir	8 - 12 hrs	Installation of Pressure Filter of capacity 2 x 2,500m <sup>3</sup> /d at Mont Loisir Rouillard Reservoir (Ops). Duplicate BH at Forbach to be put in operation.
	Grand Gaube & Roche Terre	Old Goodlands Reservoir	12 - 16 hrs	Installation of Pressure Filter of capacity 2 x 2,500m <sup>3</sup> /d at New Goodlands Reservoir (Ops) new pipeline from MLR to new Goodlands (import from irrigation system).
DWS - EAST	Trou D'eau Douce (Montée Bastille)	Camp Ithier BH	6 hrs	Additional pipeline of approx. 2.5 km to be laid from Pont Lardier abstraction point to Velle Rose Clemencia Reservoir and upgrading of pumps.
dws - south	Rivière du Poste village, Mare Tabac, Rivière Dragon, Camp Diable, Britannia, Tyack, Rivière des Anguilles, Souillac, St. Aubin, Terraccine, Lady Barcly and part of Surinam.	Rivière du Poste TP	24 hrs during normal days and approx 10hrs due to low production at Rivère du Poste TP during rainy days / dry season.	Laying of approximately 1 km of pipeline from Beau Bois River (Rivère des Anguilles Dam sitting) to connect to existing 300 mm dia. DI Pipe and installation of pressure filter of capacity 2000.m <sup>3</sup> .
MAV - LOWER	Rose Hill region, Balfour, Belle Rose, Ebene etc.	Valentina P.S, Reservoir, Trianon P.S, Telfair P.S, Candos Reservoir	8 hrs	<ol> <li>Maintain use of Telfair BH.</li> <li>Installation of Pressure Filter at Rose Hill Reservoir.</li> <li>Installation of Pressure filter at Trianon.</li> </ol>

Note: Renewal and upgrading of old pipelines are being carried out under Minor Works Contract currently managed by Operations Division. A provision of Rs 30M has been budgeted per year per zone and about 50 Km of pipeline have been earmarked to be renewed under the Contract during this financial year.



# PROJECT MANAGEMENT OFFICE INVESTING RESPONSIBLY FOR SUSTAINABLE GROWTH

The Project Management Office 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 4,276 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 2016/17 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
2016/17	96	599.0

Table 11 : Pipelines constructed

### In 2016/17, the following major projects were completed to the tune of Rs 994.7 million as follows:

Project	Cost Rs M (Excl. VAT)	Main features of project	Outcome / desired outcome
Replacement of Mains in Solferino	157.0	Replacement of old and defective mains which were leaking profusely and were of insufficient capacity to supply consumers in the region. Regions concerned are from Diolle to Abbatoir and Moderne to Candos along La Caverne, Candos Road, Carreau Laliane and adjoining lateral roads.	Area of supply was increased and consumers are benefitting from increased hours of supply at a



Project	Cost Rs M (Excl. VAT)	Main features of project	Outcome / desired outcome
Replacement of Mains in Henrietta and adjoining Lateral Roads	34.4	Replacement of old and defective mains which were leaking profusely and were of insufficient capacity to supply consumers in the region. Regions concerned are along main Road Henrietta, School Road and adjoining lateral roads.	Project completed in Dec 2015. Area of supply was increased and consumers are benefitting from increased hours of supply at a satisfactory pressure.
Replacement of Mains in John Kennedy Avenue, Vacoas and Lateral Roads	187.0	Replacement of old and defective mains which were leaking profusely and were of insufficient capacity to supply consumers in the region. Regions concerned are along John Kennedy Avenue from Diolle to Vacoas, Avenue Indépendance, Palmerstone Road, Clairfonds and adjoining laterals roads.	Project completed in Nov 2016. Area of supply was increased and consumers are benefitting from increased hours of supply at a satisfactory pressure.
Replacement of Mains in Curepipe and Lislet Geoffroy and Lateral Roads	164.0	Replacement of old and defective mains which were leaking profusely and were of insufficient capacity to supply consumers in the region. Regions concerned are La Brasserie Road, Curepipe to Mesnil and lateral roads in Curepipe Town Centre.	Project completed in Nov 2016. Area of supply was increased and consumers are benefitting from increased hours of supply at a satisfactory pressure.
Renewal of Service Main at Ferney and Morcellement Ferney	35.3	<b>LOT A</b> : Supply and Lay about 2.5 km of 300 mm DI pipes (including accessories and fittings) as Service Main from Ferney Round about to Ferney ex booster pump; and associated works. <b>LOT B</b> : Supply and Lay about 525m of 150mm DI pipes, 2.3 km of 100mm DI and 450m of 63mm HDPE pipe (including accessories and fittings) as Service Main within Morcellement Ferney and associated works.	This pipe replacement project will eliminate the leaks, save costs on repairs and improve water supply as well as quality of water to the inhabitants. The objective of this project is to renew the existing old and leaking 200mm HDPE pipe (=2,500m) in the region of Ferney (=2,300) in order to improve the water supply in those regions.
Boundary Wall at La Nicolière	5.8	Construction of around 375 M boundary wall made of 200mm concrete block wall, 3.4m high above ground level.	To secure the site at La Nicolière for storage of the chlorine toners and cylinders.

Project	Cost Rs M (Excl. VAT)	Main features of project	Outcome / desired outcome
New Pipeline from Melrose Reservoir to Montagne Blanche (Le Challet)+ Rehabilliation of Reservoir	42.0	<ul> <li>Supply and lay about:</li> <li>1.6 km of 200mm DI along track road</li> <li>3.6 km of 150 mm DI in Boulanger Street, Laurate Road, Tancrel Road, Chaillet Street and Martin Road.</li> </ul>	To improve the water supply in the upper regions of Montagne Blanche.
Construction of 2000m <sup>3</sup> Service Reservoir at Mont Blanc WTP	23.0	Under the rehabilitation of the Mont Blanc Treatment Plant Project, there was a need to construct a 2000m <sup>3</sup> service reservoir to increase the storage capacity of the treatment plant.	To increase the storage capacity and improve water supply.
Water supply to SSRN hospital and associated works	31.8	<ul> <li>Supply and laying of about 2700 m distribution main of 200mm diameter DI pipe from Pamplemousses to SSRN Hospital</li> <li>Supply and laying of about 2600m of 80/100/150 mm diameter DI pipelines along laterals within.</li> </ul>	To provide a stand-by pipeline as an alternative source for the SSRN Hospital in case of emergency and renewal of old AC/ CI pipelines within Pamplemousses centre.
Renewal of Service Main & Laterals Tyack/Rivière des Anguilles	24.7	Renewing the existing 100mm AC pipe which is undersized and burst frequently.	To improve water supply in the region of Tyack.
Transfer of water from Midlands Dam to Piton du Milieu water Treatment Plant	62.5	Transfer of some 20,000 m <sup>3</sup> /day of raw water from Midlands Dam for treatment at Piton du Milieu and for distribution in the Camp- Fouquereaux pipeline.	To improve supply service in the Cote D'Or, Dagotière, Valetta and Alma regions, while at the same time reducing dependency on MAV reservoir.
Pipelaying Works Poste de Flacq to Poste Lafayette	28.1	<ul> <li>Supply and laying of about 2900 m of Trunk main of 150 mm diameter DI pipes.</li> </ul>	To transfer potable water from District Water supply North due to shortage of water supply in the Poste Lafayette region.

Project	Cost Rs M (Excl. VAT)	Main features of project	Outcome / desired outcome
Replacement of Pipeline from Cap Malheureux to St. François/Goodlands	45.2	Renewal of the existing 125 mm diameter AC pipeline which is prone to frequent bursts thus, adversely affecting the water supply .	Project completed. Area of supply increased and consumers are benefiting supply at a satisfactory pressure.
South Western Coast Project – Phase 1	66.0	The old and inefficient pipelines need to be replaced which cause water disruptions in the region.	To alleviate the hardship of the inhabitants and improve water supply service.
Permanent works for abstraction and treatment of pumped raw water from intake at Rempart river to Salazie Reservoir	50.5	The new project will allow the mobilization of about 5,000 m³/day of water to be channeled towards Congomah, Les Mariannes and Montagne Longue.	To improve water supply in the regions in terms of hours of supply and pressure.
Consultancy Services for Upgrading of Pailles WTP	37.4	Consisted of the construction of a new Rapid Gravity Filtration Plant.	The new rapid gravity treatment plant is meant to mobilise and treat some 80,000 m <sup>3</sup> /day of water.

# Contract CWA/C2012/13 - 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 up to year 2050, it was 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 yield some 25.30 Mm<sup>3</sup> of water, on a yearly basis and which was commissioned on end of June 2017.

The award of the contract was delayed on account of a challenge at IRP level which had led the matter to be referred to the Supreme Court of Mauritius.

Further to the application for an order of Mandamus in the Supreme Court of Mauritius, the above named Contract was awarded to the selected Bidder, JV HWPC/FIRST BUREAU/HUPD in the amount of Rs 890,603,858.26 (excl. VAT) on 10 November 2016. The duration of the Contract is 22 months and the scheduled completion date is 01 December 2018.

The Employer's Representative for the Supervision of the Construction of Bagatelle Water Treatment Plant is GIBB (Mauritius) Ltd in association with Artelia Ville & Transport SAS and the latter was awarded the Contract on 31 January 2017 in the amount of Rs 27,368,357.69 (excl.VAT). The works started on 02 February 2017.

The works were still ongoing as at 30 June 2017.



# Other Major Ongoing Projects as at June 2017

S/N	Project	Project Value Rs (M)
1	Consultancy Services for supervision of Bagatelle Project	27.3
2	Construction of Pipeline from Bagatelle WTP to Soreze	144.0
3	Construction of Pipeline from Bagatelle WTP to Belle Rose and Rose Hill	88.0
4	Morcellement Swan Phase I	77.0
5	Re-routing of Bridge Crossings in Port Louis-Phase II	28.9
6	Rehabilitation of Sedimentation Unit at La Marie Treatment Plant	42.5
7	Intake Works at Midlands Dam	59.5
8	Pipelaying works in Surinam	53.0
9	Replacement of pipeline in Moka regions	37.0
10	Consultancy Services for the feasibility Study, Design & Preparation of Bid document for the Upgrading of the intake structure& review of the treatment process at Rivière du Poste Treatment Plant	7.9
11	Renewal of pipeline along Marie Jeanne village	16.0
12	Construction of Bagatelle Water Treatment Plant (60,000 m³/day)	890.6
13	Replacement of Pipeline at Residence Kennedy, Candos	66.0
14	Leg 3 - Upgrading Works in the Pierrefonds System - Upgrading of Distribution mains in Coromandel, Gros Cailloux and Canot areas	69.0
15	Improvement of Rivière du Rempart Distribution Network	122.0
16	Improvement of Water Supply in Lallmatie, Bon Accueil and Pont Blanc areas	114.0
17	Rerouting of bridge across Rivulets St Louis	7.3
18	Renewal of Pumping main from Alma Reservoir to Alma Hill Reservoir	27.0
	Total	1,877.0

The CWA Drawing Office has ensured that the number of houses linked to GIS at the end of the period 2016/17 were 302,743 as against 350,784 in 2015.

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.

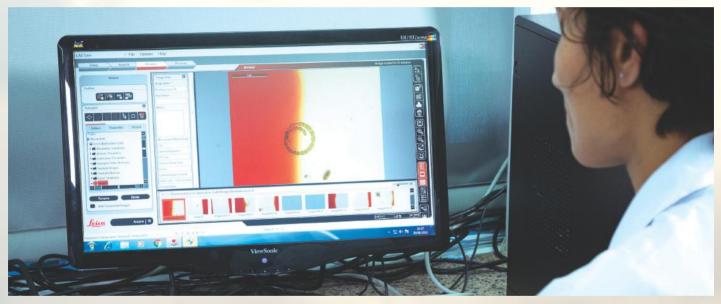


# **SCIENTIFIC SERVICES**

# Monitoring of Water Quality

The Water Quality Laboratory of the CWA has the mandate to monitor the quality of water supplied to consumers to ensure compliance with WHO guidelines for drinking water and the Mauritian Drinking Water Standards set by the Ministry of Environment.

The quality of the treated water is constantly monitored by the laboratory. On an average, some 500 water samples are tested for about 3000 physical, chemical and bacteriological parameters on a monthly basis from rivers, impounding reservoirs, springs, boreholes, treatment plants and from the water distribution system of the CWA. The laboratory also performs tests on samples of wastewater discharged by industries as listed in the EPA regulations in the context of Effluent Discharge Permits regulations.



# Laboratory Accreditation

The CWA laboratory is accredited to ISO/IEC 17025:2005 (General requirements for the competence of testing and calibration laboratories) for 21 parameters with a view to ensuring that its quality management system and the testing services provided are of international standard. It is envisaged that additional parameters be accredited in the near future.

# Effluent Discharge Permit (EDP)

A second Memorandum of Understanding (MoU) was signed in 2016 between the MEPU and the CWA for the purpose of Effluent Discharge Permit (EDP), Water Quality Surveillance and Water Pollution Control in relation to inland waters. MEPU is the enforcing agency for the EDP regulations and in this context, the effluent discharged by the polluting industries was monitored during the course of the year by the Scientific Services of the CWA. Based on the results of analyses of the wastewater discharged by these industries, the MEPU decides on whether to grant them the permit.





### Water Quality Surveillance Programme

The Water Quality Laboratory is playing a vital role in the monitoring of the proliferation of algae in our impounding reservoirs. A surveillance programme has been set up at national level in 2012, under the supervision of the Ministry of Energy and Public Utilities to study the level of algae, pesticides, heavy metals, physicochemical and bacteriological parameters. Phase I of the Water Quality Surveillance programme was initiated at Midlands Dam, La Nicolière Reservoir and the feeder canals connecting both reservoirs.

In August 2013 Phase II was extended to all reservoirs of Mauritius including Rivière des Anguilles, Rivière Terre Rouge and Rivière Cascade. The monitoring of the water quality of these rivers was done since same is envisaged to supply the Bagatelle Dam which was being constructed at that time. The Water Quality Surveillance programmes are still ongoing in all reservoirs of Mauritius including Bagatelle Dam.

During the period under review, the CWA laboratory acquired an Atomic Absorption Spectrophotometer for testing of heavy metals in all reservoirs of Mauritius. A Fluorometer is being purchased to carry out in-depth study on site at the reservoirs. Necessary arrangement is being made for availability of a boat for sampling.

An Ultra Performance Liquid Chromatography (UPLC) has been obtained from the UNOPS through the Ministry of Energy and Public Utilities under the project Integrated Water Resources Management for the Northern Aquifer. This equipment will be used by the CWA to perform test on water samples for pesticides and poly-aromatic hydrocarbons. An Ion Chromatograph is also envisaged to be purchased for testing of physico-chemical parameters.

A mass spectrometer is also scheduled to be purchased and same will be coupled with the UPLC for the testing of organic chemicals at lower level in the range of parts per billion (ppb) to parts per trillion (ppt).



# MECHANICAL AND ELECTRICAL (M & E) SUPPORT

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

Main 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).
- Some 10 trucks and one crane lorry fitted with GPS system have been procured.

# Activities carried out among others during the period under review

- Inspection and Condition Monitoring (ICM) exercise on all the electrical and electro-mechanical equipment found on the 152 pumping stations, 107 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.
- Follow-up on maintenance works for data loggers, photovoltaic lighting systems and containerised pressure filter at sites.
- Intervention by M&E Team 48 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 duplicate boreholes at Petite Julie, Petite Rivière and La Louise.

# **INFORMATION TECHNOLOGY - DRIVES INNOVATION**



Information technology forms an integral part of CWA's environment and is omnipresent in the organisation. To that effect, CWA aims to provide high quality service to the ever increasing needs of all customers. While the most obvious benefit of technology in the water industry is increased productivity which translates into a lower cost structure, there are some other benefits that can help the bottom line of the CWA.

Given concerns related to water scarcity, reliability and security, it's now imperative for CWA to implement digital solutions to improve operations and efficiency, along with the right structures to support it.

With the emergence of smart water tech and Internet of Things (IoT)-related devices, ample opportunities are discussed at the CWA to increase resilience and streamline operational performance.

According to latest research in the water sector, data-driven insights "have great potential to transform the way consumers, the government and utilities think about water as a resource and how the industry plans, invests and manages water infrastructure for the future."



The following projects have been undertaken by the IT division during Financial Year 2016/17:

- Implementation of on-line Ticketing and Task Management system in the IT Department. Impact : Paperless IT Dept.
  - All requests on-line for new IT requirement, Modification to existing software and Hardware issues.
  - Tracking and monitoring of all IT Tasks Online.
- Implementation of different modules –I-Procurement, inventory with Bar-coding system, HRMS upgrade of new Oracle application and data migration to Linux Server.

Impact : Approval on-line of all payments, inventory on-line and real-time data with bar coding system. Integration with HRMS and Cloud recruitment and on boarding solution.

- New Servers and Upgrade of existing server to accommodate for the new software to be installed. Impact : Higher availability and reliability.
- On-line repository of AS-IS and TO Be processes across depts. for an integrated business process. **Impact**: Further integration of all CWA business processes for real- time, better control and segregation of duties.
- Cloud e-mail system and Collaboration Suite across CWA. Impact : Access e-mail anywhere, enhanced collaboration through voice / video and sharing of data.
- Fleet management GPS tracking software. Impact : Vehicles. Fuel log entries, cost management of CWA company's vehicles.

# Other projects which are in the pipeline:

- Complaint Management System, CWA Billing System. Impact : On-line complaint and billing system.
  - Push information thru CWA Mobile Apps to reach customers.
  - On-Line Customer Billing and Payment.
- Document Management system. Impact : Management of digital documents used to track, manage and store documents and reduce paper.
- Project Management Software.
   Impact : On-line project management monitoring and tracking.

# STRATEGIC File DIAN 2017/18 - 2020/21

(THE PARANCE

10

# **OBJECTIVE**

The purpose of this Plan is to embody the overall business strategy of the CWA. It sets out objectives and priorities for period 2017/18 - 2020/21.

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:

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

# THE SERVICE WE PROVIDE

The CWA is the sole undertaker for the supply of water for domestic, commercial and industrial purposes throughout Mauritius.

In this endeavour, it has to manage some 4,276 km of pipe network (excluding house connections), seven (7) water treatment plants, around 165 boreholes and some 100 service reservoirs.

The CWA operates with a staff base of 992 employees (on establishment as at June 2017) and is operationally structured to deliver service in six water supply zones as follows:

- Port Louis Water Supply System
- District Water Supply System (North)
- District Water Supply System (East)
- District Water Supply System (South)
- Mare aux Vacoas (Upper) Water Supply System
- Mare aux Vacoas (Lower) Water Supply System

# **BUSINESS PERFORMANCE**

The total revenue of CWA was in the vicinity of Rs 2.1 billion and the Authority's assets were worth some Rs 10.1 billion as at June 2017. The total volume of potable water sold was 151.2 million cubic metres, while production was of the order of 347.5 million cubic metres, made up of 54 % groundwater and 46 % surface water resources. The network efficiency ranged between 45-50%.

Some 96 km of pipelines were laid in 2016/17, made possible by an investment of some Rs 599M, mostly coming from CWA own funds/GOM loan.

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

Year	Pipelines laid (km)	Expenditure (Rs. M)
2011	80	340
2012	65	325
2013	40	245
2014	51	306
2015	128*	508
2016/17	96	599

\*Includes NRW Pipelines Projects

Table 12 : Capital Expenditure on Pipeline

# MARKET INFORMATION

CWA has a registered customer base of some 363,839 subscribers, as detailed hereunder:

Category	End Dec 2016	June 2017
Domestic Consumers	335,058	338,612
Business Consumers	1,177	1,191
Public Sector Agency Consumers	2,548	2,570
Industrial Consumers	554	545
Agricultural Consumers	4,077	4,096
Commercial Consumers	14,382	14,645
Consumers under Concessionary / acquired Prise	30	30
Religious / Charitable Institutions	2,125	2,150
Total	359,951	363,839

Table 13 : Category of Consumers

Subscribers Evolution for period 2009 to June 2017		
No. of Subscribers		
2009	313,932	
2010	321,604	
2011	328,015	
2012	334,438	
2013	341,620	
2014	347,397	
2015	352,934	
2016	359,951	
2017(as at 30 June)	363,839	

Table 14 : Subscribers Evolution



Figure 9 : Evolution of Subscribers

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	<ul> <li>High collection, efficiency rate</li> <li>E-payment facilities</li> <li>Whistle-blowing policy</li> <li>Compliance with National Code of Corporate Governance</li> <li>Introduction of Performance Management System</li> </ul>	wide and intermittent water supply in some regions - Financial sustainability after reducing national		<ul> <li>Increased financial reporting and regulatory/statutory requirements</li> <li>Damaging organisational climate impacts on financial viability and sustainability in the foreseeable future.</li> </ul>
and Qualified Staff - Adequate Manpower - Low turnover - Adequate Training - Good Employment - Relations - I - I - I - I - I - I - I - I		<ul> <li>Lengthy Recruitment &amp; Selection Process</li> <li>No proper Performance Management system</li> <li>Ageing workforce</li> <li>No Succession Plan as such</li> <li>No clear Training and Development plan</li> <li>No Employee Handbook with Procedures and Policies</li> <li>PRB Constraints</li> <li>Posts on Contracts</li> </ul>	<ul> <li>Online Recruitment &amp; Selection Process</li> <li>Online Performance Management System</li> <li>Occupational Safety &amp; Health Management system(OSHMS)</li> <li>Succession Plan and Knowledge Management System (HCMS)</li> <li>Full-Fledged Training Academy</li> </ul>	- Resistance to change



Internal and External Factors	Strengths	Weaknesses	Opportunities	Threats
Operational Analysis	<ul> <li>Engineering Expertise</li> <li>State Support in Project Funding</li> <li>Lack of Master plan for water</li> <li>Planning and</li> <li>Alignment of Human Resources</li> <li>Ageing infrastructure</li> <li>Debt Servicing for new Projects</li> <li>Technological Advances are inadequate</li> </ul>		<ul> <li>Meeting Medium and long term Demand for water</li> <li>Delays in Project Development</li> </ul>	
Economic Analysis	- CWA is a public utility, virtually enjoying monopoly position	<ul> <li>Limited opportunities for growth</li> <li>Perception of Public takes water services for granted</li> </ul>	<ul> <li>Public/Private Partnership (BOT, BOO, etc)</li> <li>Scope for further increases in tariff as the relative weight of water bill is negligible in consumers basket of goods</li> </ul>	
Technological Analysis	<ul> <li>Applied Technology solutions to transform service operations.</li> <li>Electronic submission- e-procurement platform</li> <li>Fully integrated fleet management system</li> <li>ISO 17025 accredited laboratory</li> </ul>	<ul> <li>No state of the Art IT Poor integration of IT processes</li> <li>Inadequate training to uplift knowledge and skills set</li> <li>Lack of standard</li> <li>Operating</li> <li>Procedures and</li> <li>Technical manuals</li> <li>- Integrated ERP platform and other collaborative applications</li> <li>- On-line services and infrastructure as well as data-centre functionality</li> <li>- Upgrading of new Oracle application and data migration to Linux server</li> <li>- On-line e-ticketing and task management system</li> <li>- Integration of real time spatial technology to improve operations and customer service</li> <li>- On-line customer billing and payment</li> </ul>		<ul> <li>No disaster preparedness or documented procedures</li> <li>No CWA information Technology strategic plan</li> </ul>



Internal and External Factors	Strengths	Weaknesses	Opportunities	Threats
Customer Analysis	<ul> <li>Computerised on-line customer systems</li> <li>Multi channels of communication</li> <li>CWA Regulations</li> <li>Strategic customer</li> <li>Services centers</li> <li>Customer Charter</li> </ul>	<ul> <li>Legacy customer system / system deficiencies</li> <li>Operational, Commercial and staff inefficiencies / deficiencies</li> <li>Large number of complaints and back log in attending complaints</li> <li>Reactive customer services</li> <li>Lack of manuals</li> <li>Lack of customer centric/friendliness</li> </ul>	<ul> <li>Privatization</li> <li>Advanced technology</li> <li>E-Business / E-application/ E-services</li> <li>Self services</li> <li>Cloud Computing</li> <li>Telemetry</li> <li>Use of social media</li> <li>Revamping Customer service</li> </ul>	- Privatization

# **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 minimised 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.



#### 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 the period 2016/17. 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 the 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/Nicolière 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 organisation 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. A Communication Director has been recruited to manage the corporate image of the organisation. The CWA's website has also been revamped to make it more informative and user friendly. The Customer Charter has also been 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 ; and
- to consolidate financial viability and operate in a cost effective manner.

# STRATEGY AHEAD

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
	Raising Standards of Service
	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.
Action 1	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).

	Ensuring Regularity and Security of Supply						
	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 islandwide, 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.						
Action 2	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 Nicolière WTP will be rehabilitated and its treatment capacity extended to 100,000 m <sup>3</sup> /day. The Piton du Milieu, Mont Blanc and Riv du Poste WTPs will also be upgraded. Construction of a 15,000 m <sup>3</sup> /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 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/constructed.						
	Improving Water Quality						
	Improving Water Quality 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).						
	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						
Action 3	<ul> <li>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).</li> <li>3.2 Increase in capacity of CWA lab to test other parameters so as to meet international benchmarks for quality.</li> </ul>						



STRATEGY 2	A CWA COMMITTED TO CHANGE
	Enhancing Performance (Human Resource)
	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 organisation with higher value added.
	1.2 Succession Planning will become an integral part of Human Resource Planning at CWA.
	1.3 The CWA will work towards improved gender balance, to the extent possible.
Action 1	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.
	1.5 CWA will work towards an improvement in industrial relations through regular meetings and contacts with unions.
	1.6 CWA will proceed with a re-engineering of its Internal Audit function.
	1.7 Improving further security at CWA through Installation of CCTV cameras at strategic places.
	1.8 Health and Safety Audits will be conducted on a monthly basis and training on OSHA will be dispensed regularly.
	Drive for Financial Sustainability
	2.1 CWA will adopt an appropriate pricing policy that reflects the true cost of service.
	2.2 To extend the renewal of all non-working meters, as a matter of urgency.
	2.3 Tampering of meters will be discouraged (Anti-fraud measures will be reinforced).
	2.4 Monitoring of Big Consumers on a weekly basis to provide dedicated service to these customers.
	2.5 Review of meter rentals.
Action 2	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 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.

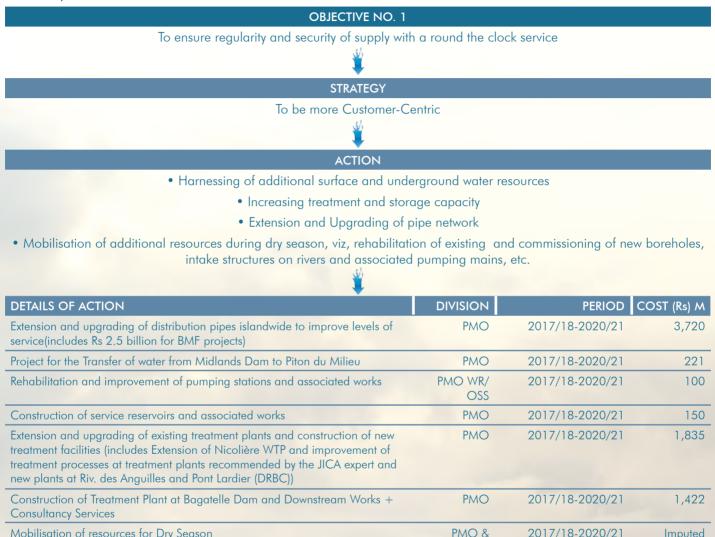


	Application of High Tech Gear/Smart Technology
	3.1 Implementation of a Telemetry and Telesurveillance project in the North District Water Supply System.
	3.2 Pilot project for Automated Remote and Mobile Meter Reading System.
	3.3 An online service for documents safekeeping and dispatching through the implementation of a Document Management System.
Action 3	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 Migration of Registry System to shift it from an obsolete hardware to a virtual platform.
	3.7 Upgrade of CWA oracle database and replacement of legacy oracle applications and forms.
	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.
Action 4	4.3 Recruitment of a Communication Consultant 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 campaigns at national level, save water campaigns in schools, distribution of brochures, water saving tips amongst others.
	4.5 Promotion of concept of rainwater harvesting, use of water tap aerators.
	4.6 Active participation in World Water Day and other fora to raise public awareness on importance of water.

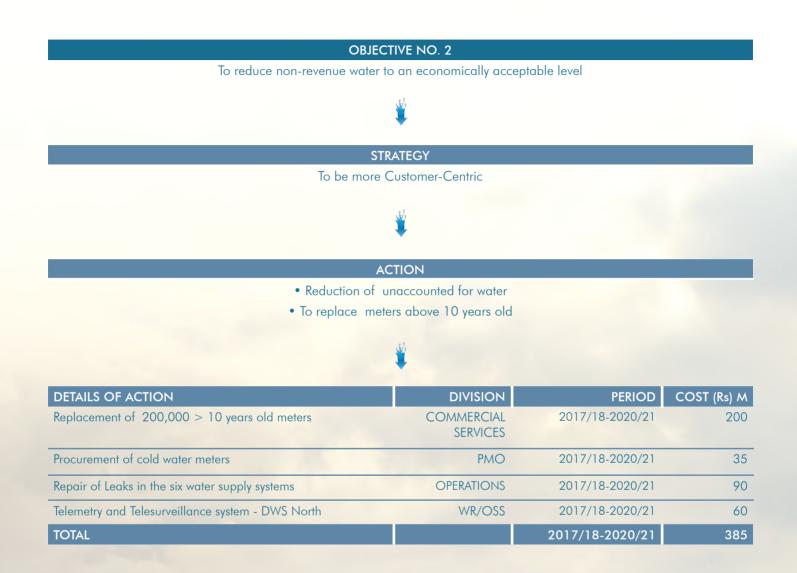


# **ACTION PLAN**

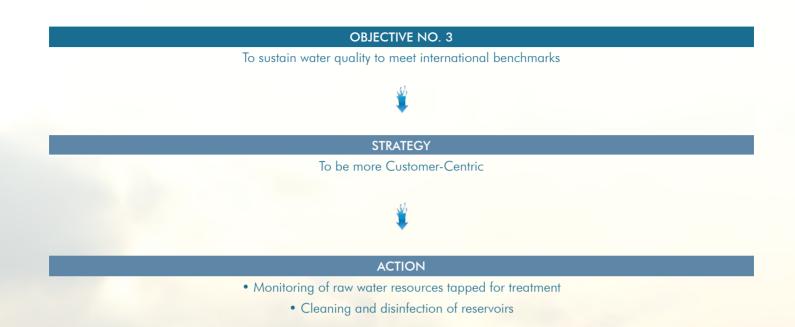
This section showcases the concrete actions under each strategy underpinning the various objectives spelt out in this document, which are in line with CWA's mission statement.



Mobilisation of resources for Dry Season	PMO & OPERATIONS	2017/18-2020/21	Imputed
Drilling of boreholes	M&E	2017/18-2020/21	27
Electro - Mechanical Equipment including pumps	WR/OSS	2017/18-2020/21	80
Connection of new supplies and road reinstatement	OPERATIONS	2017/18-2020/21	464
TOTAL		2017/18-2020/21	8,019







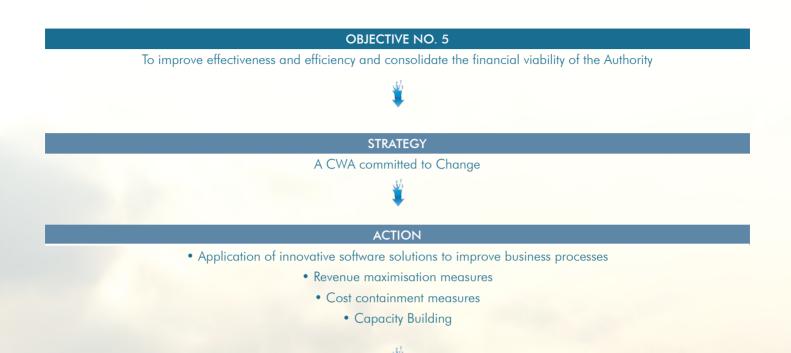
DETAILS OF ACTION	DIVISION	PERIOD	COST (Rs) M
Monitoring programme for quality of raw water resources tapped for treatment	WR/OSS	2017/18-2020/21	12
Purchase of Equipment for water quality monitoring including maintaining accreditation status	PMO	2017/18-2020/21	10.5
Construction of chlorine shed	OPERATIONS	2017/18-2020/21	80
Supply, Installation and Commissioning of Containerised Pressure Filtration Plant	WR/OSS	2017/18-2020/21	33
Chlorination Equipment	WR/OSS	2017/18-2020/21	76
Repair and maintenance of filters	OPERATIONS	2017/18-2020/21	55
Cleaning and disinfection of reservoirs	OPERATIONS	2017/18-2020/21	Imputed
TOTAL		2017/18-2020/21	266.5



- 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	РМО	2017/18-2020/21	50
Improving public relations and undertaking National Water Education Campaign (includes organisation of World Water Day, save water campaigns, etc.)	COMMUNICATION CELL	2017/18-2020/21	20
Integrating latest technology as communication channels (Mobile App, New website, Indoor signage, Queuing system, etc.)	COMMUNICATION CELL	2017/18-2020/21	5
Call Services outsourced	COMMERCIAL/ OPERATIONS	2017/18-2020/21	35
Purchase of meter chambers	COMMERCIAL	2017/18-2020/21	30
Disconnection/re-metering	OPERATIONS	2017/18-2020/21	62.5
TOTAL		2017/18-2020/21	202.5

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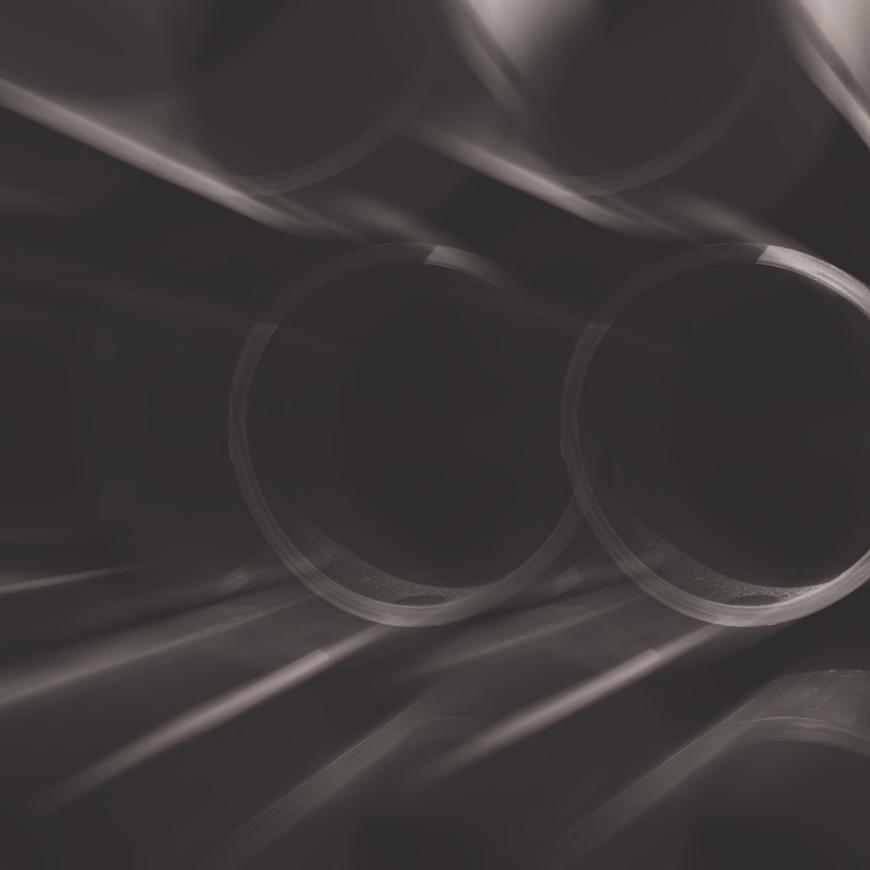


DETAILS OF ACTION	DIVISION	PERIOD	COST (Rs) M
Servers, computers and other IT equipment including network upgrade	IT	2017/18-2020/21	55
Software tools including software upgrade & applications, Oracle, Financial, Inventory & Purchasing	IT	2017/18-2020/21	110
Implementation of a Document Management System	ADM.	2017/18-2020/21	5
Implementation of a Performance Management System	HR	2017/18-2020/21	Imputed
Capacity Building	HR	2017/18-2020/21	5
Automated Remote Meter Reading and Automated Mobile Meter Reading Systems	COMMERCIAL	2017/18-2020/21	500
Metering of all production sources	OPERATIONS	2017/18-2020/21	6
Assets Management Consultancy Services	FINANCE	2017/18-2020/21	Imputed



DETAILS OF ACTION	DIVISION	PERIOD	COST (Rs) M
Upgrading/Construction of new office buildings & workshops	PMO/ADM	2017/18-2020/21	300
Installation of GPS and fuel sensors in CWA vehicles	TRANSPORT	2017/18-2020/21	15
Installation of CCTV camera for surveillance	ADM/WROSS	2017/18-2020/21	5
Purchase of Vehicles and other Machines	WR/OSS	2017/18-2020/21	120
Supply and Installation of Photovoltaic System	WR/OSS	2017/18-2020/21	14
Implementation of Recommendations of Consultant on Energy Efficiency and Energy Saving Initiatives	WR/OSS	2017/18-2020/21	13
Installation of Variable Speed Drives for control and operation of pumps at pumping stations	WR/OSS	2017/18-2020/21	6
TOTAL		2017/18-2020/21	1,154





# FINANCIAL REVIEW

# FINANCIAL REVIEW JANUARY 2016 TO JUNE 2017

The 18-month period 2016/17 ended with an operating surplus of Rs 259.1M before accounting for finance costs and exchange gains; thus realising a net surplus of Rs 110.5M when compared to a net surplus of Rs 151.7M in the financial year ended 31 December 2015. The net surplus generated in 2016/17 is mainly attributed to an increase in revenue from water sales with respect to Domestic, Non-Domestic and Government consumers, including Surface Water, decrease in administrative and other expenses.

The increase in Operating costs was due to increase in (i) salaries and other related costs, (ii) legal and professional costs, and (iii) depreciation of operating assets. A decrease has been noted in other expenses which was mainly attributed to a decrease in provision for impairment of receivables in period 2016/17.

The Authority experienced an increase in its total assets over the years, whereby a relative increase of 11.2% was noted in 2016/17 as compared to 2015.

The capital and reserves of the Authority increased by 0.33% which was attributed mainly to surplus for the year posted to revenue reserves.

The non-current liabilities increased by 18.7% due to an increase in long term borrowings (34.4%), consumer deposits (5%), employee benefits (5%) and retirement benefits obligation (12.9%).

The current liabilities increased by 25.9% due to an increase in trade and other payables (21.5%), short term borrowings (17.9%), consumer deposits (5%), employee benefits (41.7%) and the Authority having recourse to bank overdraft facility to the tune of Rs 66.5M.

Cash and cash equivalents stood at Rs 43.7M in 2016/17 compared to Rs 49.1M in 2015. 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** remained static at 2%, same as in year 2015 due to a decrease in surplus for the year and an increase in finance costs in 2016/17.

**Operating Ratio** increased from 0.86 in 2015 to 0.90 in 2016/17, 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 4.06 times the finance costs in 2016/17. In 2015, the ratio was 3.07 times.

The Finance Contract between European Investment Bank (EIB) and Central Water Authority provides that so long as the Ioan 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.

NB - Refer to Note to Accounts No 3.2 regarding Comparative Figures

# **1.0 REVENUE ACCOUNT**

# **1.1 Financial Results**

The financial results for the year were:

ITEM	2016/17	2015	2014	2013	2012	2011	2010	2009
				(Rs M	)			
Income	2,535.46	1,780.99	1,774.22	1,753.66	1,701.18	1,160.73	1,837.98	1,200.60
Expenditure	2,424.95	1,629.32	1,566.15	1,536.98	1,446.83	1,230.00	1,905.58	1,334.90
Surplus/(Deficit)	110.51	151.67	208.07	216.68	254.35	(69.27)	(67.60)	(134.30)

# **1.2 Provision for Depreciation**

Depreciation and amortization provisions made in the accounts amounts to Rs 453.7M (Year 2015 : Rs 266.9M).

# 1.3 Return on Net Operational Assets

The return on net operational assets is **1.03%**. The operating ratio is **0.90** 

# 1.4 Analysis of Income and Expenditure

# i. Potable and Irrigation Water Supply Services

Income

The total Income of the two services represents 85% (Year 2015 : 84%) of the total expenditure.

#### Finance Costs and Depreciation

The finance costs and depreciation represent 25% (Year 2015 : 23%) of the total expenditure of the two services.

Surplus for the Year The surplus for the year is Rs 110.5M representing 4.4% of total income (Year 2015 : Rs 151.7M – 8.5% of total income)

#### Cash Generated from Operating Activities

Cash generated from operating activities amounts to Rs 216.4M (Year 2015 : Rs 182.4M).



# ii. Potable Water Supply Service

#### Percentage Revenue Collectible

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

	2016/17 (18 months)	2015	2014	2013	2012	2011	2010 (18 months)	2009 (6 months)
Category of Consumers			Perce	ntage of total	revenue col	llectible		
Domestic	53	53	54	54	54	55	56	56
Non-Domestic	39	39	38	38	38	37	36	35
Government	8	8	8	8	8	8	8	9

#### Income

Water Sales have contributed a sum of **Rs 2.0 Billion** (Year 2015 : Rs 1.33 Billion) of the overall revenue which represented **79%** (Year 2015 : 74%) of total income.

#### iii. Irrigation Water Supply Service

Irrigation Water Sales have contributed a sum of **Rs 63.9M** (Year 2015 : Rs 41.9M) of the overall revenue which represented **2.5%** (Year 2015 : 2.4%) of total income.

# 2.0 CAPITAL ACCOUNT

# 2.1 Net Cash Outflow from Investing Activities

Net Cash Outflow from Investing Activities for the 18-month period ended 30 June 2017 amounted to **Rs 1.15 Billion** (Year 2015 : Rs 855.9M).

#### 2.2 Additions to Non-Current Assets

Assets capitalized during the period amounted to Rs 1.28 Billion (Year 2015 : Rs 900.0M).

# 2.3 Assets under Construction

Assets under Construction as at 30 June 2017 amounted to Rs 683.3M (Year 2015 : Rs 625.6M).



# **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.

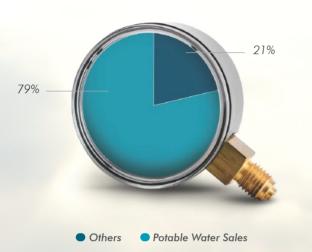
# 3.4 European Investment Bank's Requirements

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

18-MONTH PERIOD ENDED 30 JUNE 2017

#### THE WATER INCOME RUPEE



#### TOTAL INCOME JAN 2016 - JUN 2017

#### TOTAL INCOME JAN 2015 - DEC 2015



#### TOTAL EXPENDITURE JAN 2016 TO JUN 2017



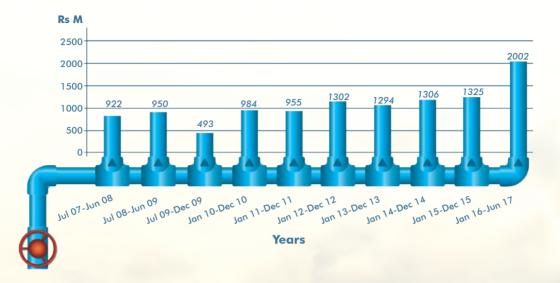
#### TOTAL EXPENDITURE JAN 2015 - DEC 2015



# SUMMARY OF FINANCIAL MATTERS FOR THE

18-MONTH PERIOD ENDED 30 JUNE 2017

# TEN-YEAR TREND ANALYSIS OF POTABLE WATER SALES





#### PERFORMANCE INDICATORS KEY RATIOS

### Statement of Comprehensive Income

YEAR	Jan 16- Jun 17	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
Rate of Return (%)	2.00	2.00	3.00	3.00	4.00	-0.12	0.92	-0.66	2.35	0.66
Operating Ratio	0.90	0.86	0.83	0.84	0.79	1.01	0.96	0.96	0.87	0.97
Debt Servicing Ratio	0.06	0.06	0.06	0.05	0.07	0.04	0.08	0.07	0.08	0.08
Financing Ratio	1.71	2.50	3.33	4.06	3.61	-0.17	0.52	-0.52	1.51	0.37

#### **Statement of Financial Position**

YEAR	Jan 16- Jun 17	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
Current Ratio	0.40	0.34	0.61	0.42	0.52	0.26	0.52	0.76	0.88	0.90
Liquidity Ratio	(0.01)	0.04	0.29	0.11	0.20	-0.07	0.15	0.35	0.47	0.48
Gearing ratio	0.22	0.18	0.18	0.15	0.17	0.18	0.21	0.23	0.25	0.29
Debt/Equity Ratio	6.17	5.13	4.80	4.37	4.03	3.94	3.72	4.28	4.27	4.33
Average Collection Period	1.50	2.08	2.03	2.00	1.93	2.05	1.48	1.92	1.87	2.02
Receivable Turnover	8.00	5.76	5.90	6.01	6.21	5.82	8.15	6.26	6.42	5.95

# **Statement of Cash Flows**

YEAR	Jan 16-	Jan 15-	Jan 14-	Jan 13-	Jan 12-	Jan 11-	Jul 09-	Jul 08-	Jul 07-	Jul 06-
	Jun 17	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Jun 09	Jun 08	Jun 07
Operating Cash Flow	4.06	3.07	5.64	5.71	3.54	1.71	1.85	0.55	0.99	0.77



#### **RATIO DEFINITIONS**

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

Rate of return :	Surplus/(Deficit) before interest Rate base
2. The <b>Operating ratio</b> gauges the ability of	of the Authority to finance its operating expenses from its operating revenue.
Operating ratio :	Total expenditure before interest

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

Total income

Debt servicing ratio :	Interest charged to operations Total expenditure including interest				
4. The Financing ratio gauges the ability of the	of the Authority to meet its total interest commitments.				
Financing ratio:	Surplus/(Deficit) before interest Total interest				
5. The Current ratio gauges the ability of the A	uthority to meet its short term financial obligations.				
Current ratio:	Current Assets Current Liabilities				

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

Bank deposits and Cash & Bank balances Current Liabilities

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

Gearing ratio: Long Term Loans Total Assets - Current Liabilities

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

Debt/Equity ratio:

Liquidity ratio:

Total Liabilities Equity

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

Average collection period:

Debtors x 12 months Water Sales

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

**Receivable Turnover:** 

Water sales 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.

Operating cash flow ratio: Surplus before depreciation and financial cost Debt repayment + interest

# REPORT OF THE DIRECTOR OF AUDIT

On the Financial Statements of the Central Water Authority for the 18-month period ended 30 June 2017



# NATIONAL AUDIT OFFICE

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

#### Report on the Audit of Financial Statements Qualified Opinion

I have audited the financial statements of the Central Water Authority (CWA), which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of cash flows, statement of changes in equity for the 18-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying financial statements give a true and fair view of the financial position of the Central Water Authority as at 30 June 2017, and of its financial performance and its cash flows for the 18-month period then ended in accordance with International Financial Reporting Standards.

# **Basis for Qualified Opinion**

#### Property, Plant and Equipment – Rs 9,367,973,562

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 did not reconcile with that shown in the Fixed Assets Register which amounted to Rs. 10,247,933,952.

The value of land owned by the Authority as per the individual Title Deeds totalled Rs 60,976,357. This figure did not reconcile with those in the Fixed Assets Register and the General Ledger which totalled Rs 32,028,521 and Rs 33,845,206 respectively.

#### Assets Under Construction – Rs 683,261,993

The above figure included negative balances totalling Rs 149,040,776 in respect of 12 Item Codes in the General Ledger. Hence, the completeness and accuracy of Assets Under Construction could not be ascertained.

14<sup>th</sup> Floor, Air Mauritius Centre, John Kennedy Street, Port Louis – Mauritius Tel: 212 2096-97 / 211 0836 Fax: (230) 211 0880



#### Inventories - Rs 63,422,768

This figure represented the value of spare parts and materials (Rs 88,683,120) after providing for slow-moving and dormant items of Rs 25,260,352. The figure of Rs 88,683,120 did not agree with the closing balance figure of Rs 119,840,367 as shown in the Stock Management System. The difference of Rs 31,157,247 could not be explained.

Physical stock-take was not fully carried out at the year end. Hence, the completeness, existence and valuation of inventories amounting to Rs 88,683,120 as of June 2017 could not be ascertained.

I conducted my audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Central Water Authority in accordance with INTOSAI Code of Ethics together with the ethical requirements that are relevant to my audit of the financial statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Emphasis of Matter**

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

#### Accumulated Fund

The Accumulated Fund showed a negative balance of Rs 509,708,455 as of 30 June 2017 compared to a negative balance of Rs 428,979,645 (net of prior year adjustment of Rs 6,540,824) as of 1 January 2016. The deficit of Rs 80,728,810 for the 18-month period ended 30 June 2017 was mainly attributed to increase in operating costs and re-measurement of Retirement Benefit Obligations.

#### **Contingent Liabilities**

No confirmation of any pending litigation, claim, judgments, settlements, or any transactions or charges that could affect the accounts as of 30 June 2017 has been obtained from the Legal Advisers of the Authority.

#### **Key Audit Matters**

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

In addition to the matters described in the Basis for Qualified Opinion section, I have determined the matters described below to be the Key Audit Matters to be communicated in my report.

Retirement Benefits Obligations – Rs 1,769,010,827

As disclosed at Note 17 to the financial statements, the CWA operates a Defined Benefit Pension Scheme managed by the State Insurance Company of Mauritius (SICOM) Ltd, and has recognised Retirement Benefit Obligations of Rs 1, 769,010,827 at 30 June 2017.



Retirement Benefit Obligations are considered a Key Audit Matter due to the significance of the balance in the financial statements and judgement associated with determining the amount of the provision.

How my audit addressed the Key Audit Matter

I performed various procedures including the following:

- The accuracy and completeness of the employees' and employer's contributions reported in the SICOM Valuation Report were verified.
- The assumptions used in the SICOM Valuation Report such as discount rate, inflation rate and annual salary increment were analysed and compared with the industry and historical data.
- The figures reported in the financial statements were verified from SICOM Valuation Report and were ensured to be in compliance with IAS 19.

The assumptions and disclosures of Retirement Benefit Obligations in the financial statements were found to be appropriate.

Revenue - Rs 2,066,339,613

The main revenue of the Authority is from sales of potable and irrigation water. The water tariffs are set by regulations.

Revenue recognised in the Statement of Financial Performance for the 18-month period ended 30 June 2017 amounted to Rs 2,066,339,613. Due to the computerised billing systems as well as the materiality of the amount and the risk that revenue has been wrongly stated, I considered this component as a Key Audit Matter.

How my audit addressed the Key Audit Matter

- Testing the effectiveness of internal control over the revenue cycle.
- Testing of revenue transactions in line with relevant regulations.
- Ascertaining accuracy and completeness of revenue through cut off test, analytical reviews and re-performance of computations.

The 'Revenue' figure as disclosed in Note 19 to the financial statements was found to be fair.

# Other information

Management is responsible for the other information. The other information comprises the information in the annual report of the Central Water Authority for the 18-month period ended 30 June 2017, but does not include the financial statements and my auditor's report thereon.

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

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



# Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Central Water Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Central Water Authority's financial reporting process.

# Auditor's Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Central Water Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Central Water Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Central Water Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# Report on Other Legal and Regulatory Requirements

#### Management's Responsibility for Compliance

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. This responsibility includes performing procedures to obtain audit evidence about whether the Central Water Authority's expenditure and income have been applied to the purposes intended by those charged with governance. Such procedures include the assessment of the risks of material non-compliance.

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

This issue of this report was delayed as the Annual Report for the 18-month period ended 30 June 2017 that was amended and submitted to the National Audit Office on 31 October 2018, was not complete. The chapter on "Financial Review" was submitted only on 16 January 2019.

I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose of my 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 on whether the disclosures are consistent with the requirements of the Code.

In my opinion, the disclosures in the Annual 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** 

8 February 2019





# FINANCIAL STATEMENTS

# STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

	Note	Jan 2016 - June 2017	Jan 2015 - Dec 2015
ASSETS			
Non-current assets			
Property, plant and equipment	4	9,367,973,562	8,549,044,549
Intangible assets	5	20,712,372	18,019,440
Assets under construction	6	683,261,993	625,633,459
Receivables	7	23,562,374	25,221,817
Current assets		10,095,510,302	9,217,919,265
Inventories	8	63,422,768	47,834,069
Trade and other receivables	9	503,877,524	315,758,243
Cash and cash equivalents	10	43,739,101	49,057,587
	10	611,039,394	412,649,899
		10,706,549,694	9,630,569,164
TOTAL ASSETS		10,706,549,694	9,030,509,104
EQUITY AND LIABILITIES			
Capital and Reserves			
Government equity	11	1,015,450,607	1,015,450,607
Capital grant	11	851,265,989	762,603,012
Reserves		2,573,172,952	2,647,360,938
		4,439,889,548	4,425,414,557
Non-current liabilities		0.0/0.00/ 500	1 500 7// 005
Borrowings	12	2,062,034,522	1,533,766,835
Contribution in kind	13	540,610,525	547,068,843
Consumer deposits	14	96,444,927 260,610,319	91,821,280 247,432,639
Employee benefits	15	5,580,135	247,432,039
Deferred Income - Grant	16	1,769,010,827	1,567,562,365
Retirement benefits obligations	17	1,709,010,827	1,307,302,303
Other payables: Ground Water	18	4,734,291,254	3,987,651,962
Current liabilities			
Bank Overdraft	10	66,471,497	-
Trade and other payables	18	799,426,451	657,853,526
Borrowings	12	625,932,801	531,025,185
Consumer deposits	14	96,541	91,913
Employee benefits	15	40,441,603	28,532,021
		1,532,368,892	1,217,502,645
TOTAL EQUITY AND LIABILITIES		10,706,549,694	9,630,569,164

Approved by Central Water Board on 30 October 2018

Sadhna Appanah Board Member

G.F. Desmarais

Chairman

The notes on pages 111 to 145 form an integral part of the Financial Statements



CENTRAL WATER AUTHORITY ANNUAL REPORT 2016-2017

## STATEMENT OF FINANCIAL PERFORMANCE

JUNE 30, 2017

	Note	Jan 2016 - June 2017	Jan 2015 - Dec 2015
Revenue	19	2,066,339,613	1,367,218,253
Operating costs	20	(1,819,996,155)	(1,172,362,773)
Gross operating surplus		246,343,458	194,855,480
Other operating income	21	469,124,146	413,767,919
Administrative expenses	22	(347,987,451)	(240,732,506)
Other expenses	23	(108,357,409)	(84,951,639)
Operating surplus		259,122,743	282,939,254
Exchange gain/(loss)	24	7,062,955	(29,884,263)
Finance costs	25	(155,672,569)	(101,391,551)
Surplus for the year		110,513,129	151,663,440
Other comprehensive income:			
Items that will not be reclassified subsequently to surplus or deficit			
Remeasurement: Retirement Benefit Obligation	17	(191,241,939)	(105,010,087)
Total comprehensive income for the year		(80,728,810)	46,653,353



## STATEMENT OF CHANGES IN EQUITY

JUNE 30, 2017

		Government Equity	Capital Grant	Accumulated Fund	Capital Investment Reserve	Revaluation Reserve	Total
١	Note	Rs	Rs	Rs	Rs	Rs	Rs
Balance as at 01 January 2015		1,015,450,607	795,114,599	(482,173,823)	49,900,917	3,032,980,490	4,411,272,790
Released to comprehensive income	21		(32,511,586)	-	-	-	(32,511,586)
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	762,603,013	(435,520,470)	49,900,917	3,032,980,490	4,425,414,557
Balance as at 01 January 2016		1,015,450,607	762,603,013	(435,520,470)	49,900,917	3,032,980,490	4,425,414,557
Prior Year Adjustment		-	-	6,540,824	-	-	6,540,824
Received during the period			137,430,357	-	-		137,430,357
Released to comprehensive income	21	-	(48,767,380)	-	-	-	(48,767,380)
Surplus for the year		-	_	110,513,129	_	-	110,513,129
Other comprehensive income		-	-	(191,241,939)	-	-	(191,241,939)
Total comprehensive income		-	-	(80,728,810)	-	-	(80,728,810)
Balance as at 30 June 2017		1,015,450,607	851,265,989	(509,708,455)	49,900,917	3,032,980,490	4,439,889,548

**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 ongoing exercise for the revaluation of assets of the CWA.



## STATEMENT OF CASH FLOWS

JUNE 30, 2017

	Note	Jan 2016 - June 2017	Jan 2015 - Dec 2015
OPERATING ACTIVITIES			
(Deficit)/Surplus for the year		(80,728,810)	46,653,353
Adjustments for:		452 (25 020	0// 07/ 505
Depreciation and amortisation Foreign exchange (gain)/loss		453,635,938 (7,062,955)	266,874,585 29,884,263
Subsidy		(100,000,000)	(200,000,000)
Capital grant and contribution in kind released		(144,433,312)	(94,025,559)
Retirement benefit obligations		201,448,462	118,248,956
Employee benefits		25,087,262	21,328,660
Interest income		(5,152,271)	(4,827,186)
Provision for bad debts		25,765,892	21,411,534
Provision for slow moving inventory Provision		22,016,561 500,000	-
Bad debts		300,000	26,150,416
Consultancy - SCE		9,287,954	20,100,110
Interest expense		137,102,227	101,391,551
Other income receivable		(7,598,524)	(4,566,919)
Adjustment - Inventory		(1,616)	(4,029,203)
Discount received/Invoice Price Variance		(10,855,314)	(3,889,395)
Loss on disposal of property, plant and equipment		2,338,683	-
OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES		521,350,178	320,605,056
Movement in working capital			
Increase in receivables		(209,484,854)	(16,233,512)
(Increase)/Decrease in inventories		(40,849,052)	20,394,382
(Decrease)/Increase in payables		(54,585,122)	(142,336,885)
NET CASH GENERATED FROM OPERATIONS		216,431,151	182,429,041
INVESTING ACTIVITIES			
Purchase of non-current assets		(1,069,600,264)	(794,659,319)
Proceeds from disposal of non-current assets		2,762,955 (12,890,323)	(11, 100, 025)
Loans granted to staff Loans refunded by staff		15,277,489	(11,199,935) 8,425,764
Deposits received		4,635,995	3,127,103
Refund of deposits		(7,520)	(8,150)
Interest paid (Loan and Bank Overdraft)		(98,760,516)	(66,340,937)
Interest received		5,244,830	4,741,209
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(1,153,337,353)	(855,914,265)
FINANCING ACTIVITIES			
Proceeds from interest bearing loans	30	717,140,333	310,719,008
Repayment of interest bearing loans		(78,662,084)	(102,999,762)
Government grant received		137,430,357	-
Contribution in kind received		89,207,614	168,730,612
NET CASH FLOWS FROM FINANCING ACTIVITIES		865,116,220	376,449,858
EQUIVALENTS		(71,789,983)	(297,035,366)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		49,057,587	346,092,953
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	(22,732,396)	49,057,587



# COMPARISON OF BUDGETED AND ACTUAL AMOUNTS

JUNE 30, 2017

Actual 2015		Note	Actual 2016/17	Original budget 2016/17	Revised budget 2016/17	Variance Revised Budget v/s Actual 2016/17
Rs			Rs	Rs	Rs	Rs
1,367,218,253	Revenue	19	2,066,339,613	2,105,000,000	2,057,000,000	9,339,613
(1,172,362,773)	Operating Costs	20	(1,819,996,155)	(1,706,000,000)	(1,417,000,000)	(402,996,155)
194,855,480	Gross Operating Surplus		246,343,458	399,000,000	640,000,000	(393,656,542)
413,767,919	Other operating Income	21	469,124,146	469,000,000	277,000,000	192,124,146
(240,732,506)	Administrative Expenses	22	(347,987,451)	(1,098,000,000)	(992,144,000)	644,156,549
(84,951,639)	Other Expenses	23	(108,357,409)	(63,000,000)	(34,749,000)	(73,608,409)
282,939,254	Operating Surplus		259,122,743	(293,000,000)	(109,893,000)	369,015,743
(29,884,263)	Exchange(loss)/gain	24	7,062,955	-	-	7,062,955
(101,391,551)	Finance costs	25	(155,672,569)	(456,000,000)	(198,109,000)	42,436,431
151,663,440	Surplus for the year		110,513,129	(749,000,000)	(308,002,000)	418,515,129
	Remeasurement-Retirement					
(105,010,087)	Benefit Obligation		(191,241,939)	-	-	(191,241,939)
	Total comprehensive					
46,653,353	income for the year		(80,728,810)	(749,000,000)	(308,002,000)	227,273,190
794,659,319	Capital Expenditure		1,052,903,485	7,114,246,000	2,589,254,000	1,536,350,515



January 2016 – June 2017

#### 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.

#### 1.1 Reporting Period

The Financial Statements have been prepared for the 18-month period January 2016 to June 2017 by virtue of amendments brought to the Finance and Audit Act in March 2015 with respect to change in Government financial year henceforth ending 30<sup>th</sup> of June instead of 31<sup>st</sup> of December. Consequential amendments were also brought to the Statutory Bodies (Accounts and Audit) Act with effect from 01 January 2016 requiring all Statutory Bodies specified in the First Schedule of the Act (CWA forming part thereof) to align their financial year with that of the Government.

The change in financial year was subject to a transitionary period, whereby CWA has to prepare its Annual Report for an 18-month period ended 30 June 2017.

#### 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 2016.

#### 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:

IAS 1 Presentation of Financial Statements: Amendments resulting from the disclosure initiative. The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, OCI of equity accounted investees and subtotals presented in the statement of profit or loss and other comprehensive income. There have been no impact following amendments on the financial statements as the notes and policies already included provide a good understanding and comparability to the users.

January 2016 – June 2017

IFRS 5 Non-Current Assets Held for Sale: Amendments resulting from September 2014 Annual Improvements to IFRSs. The amendment provides for specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice-versa and cases in which held-for-distribution accounting is discontinued. The amendment has no impact on the financial statements for the reporting period.

IFRS 7 Financial Instruments : Disclosures – Amendments resulting from September 2014 Annual Improvements to IFRSs which provide guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required.

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. The amendments have no impact on the financial statements.

IFRS 11 Joint Arrangements : Amendments regarding the accounting for acquisitions of an interest in a joint operation. The amendments have no impact on the financial statements.

IFRS 12 Disclosure of Interests in Other Entities : Amendments regarding the application of the consolidation exception. The amendments have no impact on the financial statements.

IFRS 14 Regulatory Deferral Accounts specifying the reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. The adoption of this standard has no impact on the financial statements.

IAS 7 Disclosure amendments which provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

IAS 12 Income Tax - Income Taxes : Recognition of Deferred Tax Assets for Unrealized Losses. The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. The amendments have no impact on the financial statements for the reporting period.

IAS 16 Property, plant and equipment : Amendments regarding the clarification of acceptable methods of depreciation which provide clarification that revenue reflects a pattern of economic benefits that are generated from operating a business (of which asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment. The amendments have no impact on the entity since it does not apply revenue-based depreciation.

IAS 19 Employee Benefits : Amendments resulting from September 2014 Annual Improvements to IFRSs which clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). The amendments have no impact on the financial statements.



January 2016 – June 2017

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. The amendments have no impact on the financial statements.

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. The amendments have no impact on the financial statements.

IAS 34 Interim Financial Reporting : Amendments resulting from September 2014 Annual Improvements to IFRSs which clarify the meaning of "elsewhere in the interim report" and requires a cross-reference. The amendments have no impact on the financial statements.

IAS 38 Intangible Assets : Amendments regarding the clarification of acceptable methods of amortization which provide clarification that revenue reflects a pattern of economic benefits that are generated from operating a business (of which asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method may only be used in very limited circumstances to amortize intangible assets. The amendments have no impact on the entity since it does not apply revenue-based amortization method.

IAS 41 Agriculture : Amendments bringing bearer plants into the scope of IAS 16 which have no implication on the financial statements.

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

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

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)

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after a date to be determined)



January 2016 – June 2017

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

IFRS 16 Leases (effective on 01 January 2019)

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 on 01 January 2018)

IAS 40 Investment Property : Clarifications regarding transfers of investment property (effective on 01 January 2018)

#### 2.4 Annual improvements to IFRSs 2014-2016 Cycle

IFRS 1 First Time Adoption of International Financial Reporting Standards : Deletion of short-term exemptions for first-time adopters (effective on 01 January 2018)

IAS 28 Investment in Associates and Joint Ventures : Measuring an associate or joint venture at fair value (effective on 01 January 2018)

IFRIC 22 Foreign Currency Transactions and Advance Consideration : Determination of "date of transaction" (effective on 01 January 2018)

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

In addition, for financial reporting purposes, fair value measurements are categorised 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;



January 2016 – June 2017

- 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. Same figures relate to the 12-month period ended 31 December 2015 and are not comparable with those of the current reporting period (18-month period January 2016 to June 2017).

#### 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 was not 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 noncurrent 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 recognised in the Statement of Financial Performance.

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-rate basis is charged up to the date of disposal in a particular financial year.

Repairs and maintenance costs are charged to the Statement of Financial Performance when the expenditure is incurred.



January 2016 – June 2017

#### 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. 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 (currently Ministry of Ago Industry and Food Security) 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 30 June 2017.

#### 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 26.

#### 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.

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 Financial Performance, unless the relevant asset is carried at a revalued 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 Financial Performance, 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.



CENTRAL WATER AUTHORITY ANNUAL REPORT 2016-2017

January 2016 – June 2017

#### 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 recognised 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 recognised 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, "loans and receivables" and financial assets "at fair value through profit or loss". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### 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 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 recognised in the Statement of Financial Performance. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.





January 2016 – June 2017

#### 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 recognised in the Statement of Financial Performance.

#### 3.8.1.4 Derecognition of financial assets

The CWA derecognises 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 recognises 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 recognise the financial asset and also recognises a collateral borrowing for the proceeds received.

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 recognised in other comprehensive income and accumulated in equity is recognised 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.



January 2016 – June 2017

#### (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 manages 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 recognised in profit or loss. The net gain or loss recognised 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 recognised on an effective yield basis.

#### (vi) Derecognition of financial liabilities

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

#### 3.9 Borrowing costs

Borrowing costs are recognised in the Statement of Financial Performance 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.



January 2016 – June 2017

#### 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 recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified in profit or loss. Past service cost is recognised 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 categorised 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 recognised 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 Financial Performance 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 recognised as liability in the Financial Statements.

#### 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 recognised as a liability.



January 2016 – June 2017

#### 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 2016.

#### 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 recognised 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 recognised in the Statement of Financial Performance in the same year. Interest Income is accrued in the Statement of Financial Performance.

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

#### 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 Financial Performance on a systematic and rational basis over the useful lives of the related assets.

#### 3.14 Financial Situation of the Central Water Authority

Since late 2016, the CWA had been experiencing a precarious cash-flow situation as the Authority's cash inflows were not sufficient to meet its working capital needs. In order to redress CWA's financial position, certain short-term measures have been taken by the Authority as follows:

- Recourse to Bank Overdraft facility in May 2017 up to a limit of Rs150 Million
- Deferment of loan repayment and interest payment to the Government of Mauritius, including interest and penalty
- Freezing of recruitment and appointment
- Deferral of Ground Water Remittance to the Government Consolidated Fund
- Deferment of non-critical CWA-funded projects
- Re-prioritization of other in-house projects
- Implementation of cost-reduction plans on major expenditure items



January 2016 – June 2017

#### 3.14.1 Equity Participation from Government

An official letter dated 29 June 2018 was received from our parent Ministry regarding the injection of Rs 900M whereby same will enable this Authority to finance its capital projects including the replacement of its equipment and maintenance of other assets.

#### 3.15 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 Financial Performance on a systematic and rational basis over a period of 15 years.

#### 3.16 Expenses

Expenses are charged to the Statement of Financial Performance on an accrual basis.

#### 3.17 Research and Development

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

#### 3.18 Provisions

Provisions are recognised 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.

#### 3.19 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 Financial Performance.

#### 3.20 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.



January 2016 – June 2017

	WATER SUPPLY FACILITIES	IRRIGATION FACILITIES	CARS & MOBILE SERVICE EQUIPMENT	OFFICE, WORKSHOP & LABORATORY EQUIPMENT	LAND AND BUILDINGS	TOTAL
COST						
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
01 January 2016	16,521,168,521	875,627,241	433,923,699	149,182,219	378,872,475	18,358,774,155
Additions	1,147,418,561	-	92,101,750	27,132,211	6,773,211	1,273,425,733
Disposal	-		(19,245,929)	-	-	(19,245,929)
30 June 2017	17,668,587,082	875,627,241	506,779,519	176, 314,430	385,645,686	<mark>19,612</mark> ,953,956
	-	-	-		-	-
DEPRECIATION						
01 January 2015	8,417,293,100	759,008,346	211,803,947	81,064,742	74,768,743	9,543,938,878
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
01 January 2016	8,639,482,566	765,531,004	234,736,595	88,339,518	81,639,923	9,809,729,606
Charge for the period	374,370,692	9,757, 181	41,161,231	14,895,211	10,569,661	450,753,976
Disposal	-	-	(15,503,186)	-	-	(15,503,186)
30 June 2017	9,013,853,258	775,288,185	260,394,641	103,234,729	92,209,585	10,244,980,394
CARRYING AMOUNT						
30 June 2017	8,654,733,823	100,339,056	246,384,879	73,079,701	293,436,101	9,367,973,562
31 December 2015	7,881,685,955	110,096,237	199,187,104	60,842,701	297,232,552	8,549,044,549

An amount of Rs 150M has been pledged as security based on floating charge basis on CWA's assets for securing of bank overdraft facility.



January 2016 – June 2017

#### 4.1 State Lands

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

SN	Category	No. of Sites
1	Leasehold State Land	21
2	State Land vested in Ministry of Energy and Public Utilities/CWA	55
3	State Land to be vested in CWA	90

#### **5. INTANGIBLE ASSETS**

Item	Computer Software
Cost 01 January 2016 Addition 30 June 2017	<b>Rs</b> 35,337,587 5,574,894 <b>40,912,481</b>
Amortisation 01 January 2016 Charge for the year 30 June 2017	17,318,147 2,881,962 <b>20,200,109</b>
Carrying amount 30 June 2017	20,712,372
31 December 2015	18,019,440

#### 6. ASSETS UNDERCONSTRUCTION

	Assets under Construction	Materials Awaiting Installation	Total
		Rs	
<b>1 January 2016</b> Additions Transfers <b>30 June 2017</b>	613,551,539 1,124,046,310 (1,054,335,855) 683,261,993	<b>12,081,920</b> - (12,081,920) -	625,633,459 1,124,046,310 (1,066,417,776) 683,261,993
Carrying Amount 31 December 2015	613,551,539	12,081,920	625,633,459



January 2016 – June 2017

#### 7. LONG TERM RECEIVABLES - CAR LOAN

Movements in car loan are as follows:

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Opening balance	33,921,294	31,147,123
New loans granted	12,890,323	11,199,935
Refund during the year	(15,277,489)	(8,425,764)
Closing balance	31,534,128	33,921,294
Amount falling due within one year	(7,971,754)	(8,699,477)
Amount falling due after more than one year	23,562,374	25,221,817

#### 8. INVENTORIES

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Spare parts and materials	88,683,120	51,077,860
Provision for slow-moving and dormant items	(25,260,352)	(3,243,791)
Carrying amount	63,422,768	47,834,069

All the major Pipes and Fittings held in Store as at 30 June 2017 were "unallocated items" and have been treated under Inventories. No inventory items have been charged to the Statement of Financial Performance in the 18-month period ended 30 June 2017.



January 2016 – June 2017

#### 9. TRADE AND OTHER RECEIVABLES

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

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Car loans (Note 7)	7,971,754	8,699,477
Potable water sales	250,652,302	230,052,554
Meter rentals	7,620,467	7,115,027
Provision for impairment – Potable water sales	(14,471,436)	(6,490,276)
Irrigation water sales	106,328,184	46,403,159
Provision for impairment – Irrigation water sales	(64,187,895)	(46,403,159)
Surcharge - Potable water sales	11,578,266	10,203,091
Surcharge - Irrigation water sales	10,632,818	4,640,316
MOW & others	5,048,881	4,967,191
Post Office & others	9,310,768	14,816,679
Bank interest	9,423	101,982
Value Added Tax	44,395,049	19,580,414
Advance payment	128,718,597	20,476,829
Claim for damages	3,017,346	5,758,223
Provision for claims for damages	(3,017,346)	(5,758,223)
Sundry receivables	270,346	1,594,959
Total	503,877,524	315,758,243
Bills rendered to consumers	364,600,953	283,570,740
Provision for impairment – Water Sales	(120,799,620)	(52,893,435)
Net bills rendered	243,801,333	230,677,305
Trade receivables	243,801,333	230,677,305
Other receivables	260,076,191	85,080,938
Receivables	503,877,524	315,758,243

An amount of Rs 150M has been pledged as security based on floating charge basis on CWA's assets for securing of bank overdraft facility.



January 2016 – June 2017

#### 9.1 Reconciliation of changes in Provision for Impairment of Receivables

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Opening Balance	58,651,660	37,240,127
Impairment recognised on receivables	81,676,677	58,651,660
Amount utilised during the year	-	(26,150,416)
Amounts reversed during the year	(58,651,660)	(11,089,711)
Closing Balance	81,676,677	58,651,660

#### **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	30-Jun-17	31-Dec-15
	Rs	Rs
Petty Cash	107,254	99,664
Cash at Bank	43,631,847	48,957,923
Subtotal	43,739,101	49,057,587
Bank Overdraft	(66,471,497)	-
Total Cash and Cash Equivalents	(22,732,396)	49,057,587

Approval was obtained on 17 May 2017 for the CWA to contract a bank overdraft of Rs 150M with a banking institution up to the expiry date of 17 May 2018.

#### (b) Property, Plant and Equipment

During the period, the Authority acquired/constructed property, plant, and equipment with an aggregate cost of Rs 1.3 Billion.

#### **11. CONTRIBUTED CAPITAL**

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Government Equity	1,015,450,607	1,015,450,607
Capital Grant	851,265,989	762,603,012
Total	1,866,716,596	1,778,053,619



January 2016 – June 2017

#### 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	30-Jun-17	31-Dec-15
	Rs	Rs
Local Loans	2,434,556,392	1,755,744,612
Foreign Loans denominated in:		
USD	85,578,149	103,185,707
Euro	119,318,042	147,667,077
Kuwait Dinars	48,514,739	58,194,624
Total Loans	2,687,967,322	2,064,792,020
Less amount repayable within one year	(625,932,801)	(531,025,185)
Amount repayable after one year	2,062,034,521	1,533,766,835

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

Following the signing of a loan agreement between the CWA and the Government of Mauritius in December 2017, an amount of Rs 34.7M (Rs 43M inclusive of VAT and Tax Deduction at Source components), 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 been accounted in the financial statements.

An amount of Rs 9.6M (inclusive of VAT and Tax Deduction at Source) has been accounted by the Government of Mauritius as loan to CWA without a duly signed loan agreement between the two parties.

The amount of Rs 9.6M has not been accounted as borrowings in CWA's financial statements in the absence of a signed loan agreement.

An analysis of non-current borrowings is as follows:

Item	30-Jun-17	31-Dec-15
	Rs	Rs
After one year and before two years	123,384,210	127,288,328
After two years and before three years	171,178,586	163,918,709
After three years and before five years	362,810,057	357,977,069
Later than five years	1,404,661,668	884,582,729
	2,062,034,521	1,533,766,835



January 2016 – June 2017

An amount of Rs 100M representing subsidy for the period January 2016 to June 2016 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 21.

#### 12.1 Unserviced Loans/Defaults

Details of defaults in the period 2016/17 with respect to loans contracted by the Authority are given hereunder:

Item	Principal	Interest
	Rs	Rs
Loans contracted by the GoM on-lent to CWA	-	6,274,571
Local loans contracted directly from GoM	109,337,443	65,451,057
Total	109,337,443	71,725,628

#### 12.2 Carrying Amount of Loans Payable in Defaults

Item	Principal	Interest
	Rs	Rs
Loans contracted by the GoM on-lent to CWA	134,092,888	49,219,351
Local loans contracted directly from GoM	1,276,980,125	201,074,422
Total	1,411,073,013	250,293,773

An agreement was reached in 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.

The Government of Mauritius has ceased to provide the subsidy as from July 2016 onward.

An amount of Rs 100M representing subsidy for the period January 2016 to June 2016 has been set off against the loans in defaults.

#### **13. CONTRIBUTION IN KIND**

ltem	30-Jun-17	31-Dec-15
	Rs	Rs
Opening balance	547,068,843	439,852,205
Received during the period	89,669,596	168,910,017
Refund during the period	(461,982)	(179,406)
Release to Statement of Financial Performance	(95,665,932)	(61,513,973)
Closing balance	540,610,525	547,068,843



January 2016 – June 2017

#### 14. CONSUMER DEPOSITS

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Opening Balance	91,913,193	88,794,240
Receipts during the period	4,635,995	3,127,103
Refund during the period	(7,720)	(8,150)
Total	96,541,468	91,913,193
Less amount shown as short term deposits (see note 14.1)	(96,541)	(91,913)
Amount shown as non-current liabilities	96,444,927	91,821,280

#### 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	30-Jun-17	31-Dec-15
	Rs	Rs
Consumer deposits (see note 14)	96,541	91,913

#### **15. EMPLOYEE BENEFITS**

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

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Sick Leave	121,507,968	111,153,546
Passage Benefit	45,461,278	52,242,689
Vacation Leave	126,335,308	109,405,631
Annual Leave/Gratuity	7,747,369	3,162,794
Total benefits	301,051,923	275,964,660
Less amount payable within one year	(40,441,603)	(28,532,021)
Amount payable after one year	260,610,319	247,432,639



January 2016 – June 2017

Item	01-Jan-16	Entitlement for the period	Amount utilised for the period	30-Jun-17
	Rs	Rs	Rs	Rs
Sick Leave	111,153,546	29,772,945	(19,418,523)	121,507,968
Passage Benefit	52,242,689	12,971,818	(19,753,229)	45,461,278
Vacation Leave	109,405,631	35,917,880	(18,988,203)	126,335,308
Annual Leave/Gratuity	3,162,794	4,584,575	-	7,747,369
Total	275,964,660	83,247,218	(58,159,955)	301,051,923

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

#### 16. DEFERRED INCOME - GRANT

The CWA received a grant from the Government of Mauritius in the form of transfer of a non-monetary asset for the purpose of water and wastewater quality monitoring. The grant was deferred based on a lifetime period of ten (10) years.

#### **17. RETIREMENT BENEFIT PLAN**

#### **Defined Benefit Plan**

The CWA contributes to defined benefit plan for its employees and has recognised a net defined benefit liability of Rs 1.77 Billion in respect of pension benefits under the Central Water Authority Pension Fund in the Statement of Financial Position as at 30 June 2017. The amount included in the Statement of Financial Position arising from CWA's obligations in respect of the defined benefit plan is as follows:

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Present value of funded obligations	1,856,816,829	1,643,197,616
Fair value of plan assets	(87,806,002)	(75,635,251)
Net defined benefit liability	1,769,010,827	1,567,562,365

January 2016 – June 2017

#### 17.1 Reconciliation of Net Defined Benefit Liability/ (Asset)

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Opening Balance	1,567,562,365	1,449,313,409
Amount recognised in Statement of Financial Performance	191,688,680	127,856,180
Amount recognised in other comprehensive income	191,241,939	105,010,087
Less:		
Employer contribution	(181,314,934)	(114,608,176)
Actuarial reserves transferred	(167,223)	(9,135)
Closing Balance	1,769,010,827	1,567,562,365

## 17.2 Reconciliation of Fair Value of Plan Assets

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Opening Balance	75,635,251	37,926,087
Interest income	7,744,321	4,076,635
Employer contribution	181,314,934	114,608,176
Actuarial reserves transferred	167,223	9,135
Employee contribution	23,792,571	15,170,594
Benefits paid	(190,881,688)	(96,929,811)
Gain/(loss) on asset	(9,966,610)	774,435
Closing Balance	87,806,002	75,635,251

#### 17.3 Reconciliation of Present Value of Defined Benefit Obligation

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Opening Balance	1,643,197,616	1,487,239,496
Current service cost	50,491,414	33,543,248
nterest cost	169,788,051	111,542,962
Benefits paid	(187,935,581)	(94,912,612)
Loss on liability	181,275,329	105,784,522
Closing Balance	1,856,816,829	1,643,197,616



January 2016 – June 2017

17.4 Amounts recognised in Statement of Financial Performance in respect of the defined benefit plan are as follows:

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Current service cost	50,491,414	33,543,248
Employee contribution	(23,792,571)	(15,170,594)
Fund expense	2,946,107	2,017,199
Net interest on net defined benefit liability/(asset)	162,043,730	107,466,327
Components of defined benefit costs recognised in Statement of Financial Performance	191,688,680	127,856,180

#### 17.5 Remeasurement of the net defined benefit liability:

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Return on plan assets (above)/below interest income	9,966,610	(774,435)
Liability experience loss	181,275,329	105,784,522
Components of defined benefit costs recognised in other comprehensive income	191,241,939	105,010,087

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.

#### 17.6 Allocation of Plan Asset at End of Period

Item	30-Jun-17	31-Dec-15
	%	%
Fixed Interest Securities and Cash	56.6	58.1
Loans	4.4	4.3
Local Equities	15.8	15.9
Overseas Bonds and Equities	22.6	21.0
Property	0.6	0.7
Total	100	100



January 2016 – June 2017

#### 17.7 Assets issued or used by the CWA

Percentage of assets at end of year	30-Jun-17	31-Dec-15
	%	%
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

#### 17.8 Components of the amount recognised in Other Comprehensive Income

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Assets experience gain/(loss) during the period	(9,966,610)	774,435
Liability experience gain/(loss) during the period	(181,275,329)	(105,784,522)
Components of defined benefit costs recognised in other comprehensive income	(191,241,939)	(105,010,087)

#### 17.9 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:

ltem	30-Jun-17	31-Dec-15
	Rs	Rs
Discount rate	6.50%	7.5%
Future salary increases	4.00%	5.0%
Future pension increases	3.00%	3.0%
Mortality before retirement	A6770 Ultimate Tables	
Mortality in retirement	PA (90) Tables rated down by 2 years	
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.



January 2016 – June 2017

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 as increase in taxation, government fees and minimum benefits may adversely affect the fund.

#### 17.10 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 analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period.

Description	30-Jun-17
	Rs
Increase due to 1% decrease in discount rate	225,500,000
Decrease due to 1% increase in discount rate	186,000,000
Description	30-Jun-17
	Rs
Increase due to 1% increase in salary growth	72,300,000
Decrease due to 1% decrease in salary growth	63,000,000



January 2016 – June 2017

Description	30-Jun-17
	Rs
Increase due to increase by one (1) year in life expectancy	54,900,000
Decrease due to decrease by one (1) year in life expectancy	54,600,000

The sensitivity analysis has been carried out by re-calculating 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 depend to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

#### 17.11 Future Cash Flows

The CWA expects to contribute Rs 129,390,718 to its pension plan in 2017/18 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.

Retirement benefit obligations have been based on the report submitted by SICOM Ltd dated 13 October 2017.

#### 17.12 Defined Contribution Scheme

The amount recognised as expense in the financial statements for the accounting period 2016/17 with respect to Defined Contribution Plan under the Public Sector Defined Contribution Scheme amounted to Rs 5.8M (2015: Rs 3.2M).

#### **18. TRADE AND OTHER PAYABLES**

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Accrued Expenditure	419,657,064	353,405,967
Interest on Borrowings	260,574,873	220,221,123
Wastewater	63,968,021	27,706,196
Ground Water	48,148,616	51,922,567
Advance/Double Payments	5,455,957	4,597,673
Sundry Payables	1,621,920	-
Total	799,426,451	657,853,526



January 2016 – June 2017

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

An amount of Rs 7.5M which was included as provision in the above figure for 2015 to cater for probable payment to Enterprise Feljas & Masson, a contractor of the CWA who was 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 has been reversed by virtue of a Judgment delivered against the CWA on 27 July 2016.

A provision of Rs 500,000 has been recognised in the financial statements to cater for payment to be made to a Municipal Council who has exercised its right to claim payment out of bank guarantee provided to the said Council.

#### 19. REVENUE

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Potable:		
Domestic	1,036,826,614	704,874,215
Non-Domestic	799,382,109	510,072,687
Government	163,712,672	107,887,958
Surface Water	2,465,667	2,452,705
Sub-total	2,002,387,062	1,325,287,565
Irrigation	63,952,551	41,930,688
Total	2,066,339,613	1,367,218,253

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

With effect from 01 January 2016, eligible household is 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 domestic water sales for the 18-month period ended 30 June 2017 stood at Rs 49.5M out of which an amount of Rs 26.1M has been compensated by the Government of Mauritius by way of subsidy. Refer to Note 21.

The Government of Mauritius has ceased to compensate CWA for the shortfall in revenue attributed to the above decision as from October 2016.

January 2016 – June 2017

#### 20. OPERATING COSTS

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Salaries & related costs	705,899,399	400,245,725
Operating expenses	635,170,776	487,793,587
Transport costs	43,182,735	33,347,517
Legal & professional fees	10,470,156	1,119,090
Depreciation of operating assets	425,273,089	249,856,854
Total	1,819,996,155	1,172,362,773

#### 21. OTHER OPERATING INCOME

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Government grants released	48,767,380	32,511,587
Contribution in kind released	95,665,932	61,513,973
Subsidy – Set-off against arrears of loans*	100,000,000	200,000,000
Subsidy – 6 <sup>m3</sup> water free of charge**	26,123,599	-
Meter rentals	55,872,385	42,636,601
Interest received	5,152,271	4,827,187
Surcharge - Potable water sales	39,152,173	27,811,975
Surcharge - Irrigation water sales	6,004,938	1,320,610
Re-opening fees	5,247,725	4,270,699
Morcellement/Non-refundable processing fees	8,299,387	4,975,100
Commission	20,296,005	15,130,787
Sundry income	58,542,353	18,769,400
Total	469,124,146	413,767,919

January 2016 – June 2017

\* This item pertains to set-off of Government borrowings against subsidy of Rs 100M for the period January 2016 to June 2016 following the revocation of the Central Water Authority (Production of Drinks) (Fees and Other Charges) Regulations 2011. Refer to Note 12.

The Government of Mauritius has ceased to provide the subsidy as from July 2016 onward.

\*\* This item relates to subsidy from the Government of Mauritius to compensate for shortfall in revenue by virtue of the decision of the Government to provide eligible household at least 6 cubic metre of water free of charge to domestic customers whose monthly consumption does not exceed that threshold. Refer to Note 19.

#### 22. ADMINISTRATIVE EXPENSES

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Salaries & related Costs	223,317,191	173,172,219
Operating expenses	73,222,320	38,332,390
Transport costs	15,654,585	7,192,501
Legal & professional fees	7,202,173	3,526,968
Bank charges	228,333	1,490,694
Depreciation : Buildings & other assets	28,362,849	17,017,734
Total	347,987,451	240,732,506

#### 23. OTHER EXPENSES

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Employee benefits	36,833,848	23,631,003
Commission paid	21,402,424	13,758,686
Bad debts written off	-	26,150,416
Gain on disposal of non-current assets	2,338,683	-
Provision for impairment of receivables	25,765,892	21,411,534
Provision for slow moving items	22,016,561	-
Total	108,357,409	84,951,639



January 2016 – June 2017

#### 24. GAIN ON EXCHANGE

The Authority experienced a gain of Rs 21M 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 13.9M arising out of same translation difference. The net gain recognised in the Statement of Financial Performance amounted to Rs 7.1M.

#### 25. FINANCE COSTS

Item	30-Jun-17	31-Dec-15
	Rs	Rs
Interest on Foreign loans	13,579,605	11,698,556
Interest on Local loans	162,825,475	97,560,049
Interest on Bank Overdraft	167,660	-
Total interest	176,572,740	109,258,605
Interest Capitalised	(20,900,171)	(7,867,054)
Charged to Statement of Financial Performance	155,672,569	101,391,551

#### 25.1 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets have been capitalised as part of the cost of that asset. The amount of borrowing costs capitalised during the period 2016/17 amounted to Rs 20.9M. The capitalization rate applied to borrowing costs ranged between 3% and 4.65%.

#### 26. OPERATING LEASE

The CWA has lease agreements for the lease of buildings, land and parking slots to conduct its operations. The leases are classified as operating leases and are recognised as expense in the item operating expenses under Notes 20 and 22 above in the Statement of Financial Performance. An amount of Rs 4.9M has been recognised as expense in the period January 2016 to June 2017.

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

Period	30-Jun-17	31-Dec-15
and the second secon	Rs	Rs
Not later than one year	3,173,108	3,196,813
Later than one year and not later than five years	2,988,393	5,134,125

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.



January 2016 – June 2017

#### 27. CONTINGENT LIABILITIES

At 30 June 2017, 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 59.1M (31 December 2015 : Rs 73.6M) in favour of District & Municipal Councils, Road Development Authority and Mauritius Revenue Authority for obtaining wayleaves and operation of water stills.

Description	30-Jun-17	31-Dec-15
	Rs	Rs
District Council	34,978,300	47,923,763
Municipal Council	13,107,500	24,664,500
Road Development Authority	10,271,000	1,000,000
Mauritius Revenue Authority	30,000	30,000
ENL Land Limited	750,000	-
Sub-total	59,136,800	73,618,263
Less: Provision for contingent liability (Refer to Note 31.3)	(500,000)	-
Total	58,636,800	73,618,263

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.

#### 28. 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 decisions.

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 reporting period was as follows:

Remuneration	30-Jun-17	31-Dec-15
	Rs	Rs
Key Personnel Management (excluding Directors)	28,372,805	16,932,043

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



January 2016 – June 2017

#### **29. 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 instruments are disclosed in Note 3 to the Financial Statements.

#### 29.1 Categories of Financial Instruments

	30-Jun-17	31-Dec-15
Financial assets	Rs	Rs
Loans and receivables (including cash and cash equivalents)	351,118,997	387,406,970
At Fair Value through Profit and Loss	548,849	2,630,677
	351,667,846	390,037,647
Financial Liabilities		
Amortised cost	2,450,916,100	1,703,848,281
At Fair Value through Profit and Loss	1,493,877,276	1,386,675,118
	3,944,793,376	3,090,523,399

#### 29.1.1 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.

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.

#### 29.1.2 Fair Value Estimation

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



January 2016 – June 2017

#### 29.1.3 Currency Profile

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

	30-Ju	in-17	31-De	ec-15
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
	Rs			
Currency				
Mauritian Rupees	351,118,997	3,641,330,172	387,406,970	2,729,579,659
United States Dollars	-	106,154,910	-	122,748,842
Euro	548,849	135,129,290	2,630,677	166,793,215
Kuwait Dinars	-	62,179,004	-	71,401,683
Total	351,667,846	3,944,793,376	390,037,647	3,090,523,399

#### 29.2 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.

#### 29.2.1 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.

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

	Impact on Equity	
Foreign Currency Impact	2016/17	
	Rs	
United States dollars	10,615,491	
Euro	13,512,929	
Kuwait Dinars	6,217,900	
Total	30,346,320	



January 2016 – June 2017

#### 29.3 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:

	2016/17	
	% per annum	
Financial Assets		
Cash at Bank	0.25 – 2.75	
Financial Liabilities		
Borrowings	3 – 10	
Bank Overdraft	5.25	

#### 29.4 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.

#### 29.5 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.

As at 30 June 2017, the maximum credit exposure was Rs 258M (31 December 2015 : Rs 237M) as analysed below.

Receivables	30-Jun-17	31-Dec-15
	Rs	Rs
Invoices issued in July/January	114,939,667	115,257,871
Within 30 days	68,586,435	63,704,362
31- 60 days	27,566,084	21,296,023
61- 90 days	12,538,564	9,659,624
More than 90 days	34,642,019	27,249,701
Total	258,272,769	237,167,581



January 2016 – June 2017

#### 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Description	01 January 2016	Financing cash flows	Non-cash changes	30 June 2017
	Rs	Rs	Rs	Rs
Local loans	1,755,744,612	701,667,781	(22,856,007)	2,434,556,386
Foreign loans	309,047,408	(28,525,816)	(27,110,656)	253,410,936
Total	2,064,792,020	673,141,965	(49,966,663)	2,687,967,322

#### **31. EVENTS AFTER REPORTING DATE**

#### 31.1 Restructuring

The Government of Mauritius announced a major restructuring of the CWA with the introduction of a strategic partner through a Public Private Partnership. A due diligence exercise has been undertaken by the World Bank Group. The implementation of the restructuring plan is expected during the next reporting period.

#### **31.2 Loan Commitments**

The CWA signed a loan agreement with the Government of Mauritius on 11 July 2017 for an amount of Rs 950M to be disbursed over the periods July 2017 to June 2018 for the undertaking of major capital projects.

#### 31.3 Bank Guarantee

On 06 October 2017, one Municipal Council exercised its right to demand payment for an amount of Rs 500,000 out of a bank guarantee of Rs 2,000,000 provided to the said Council by the CWA. A provision of Rs 500,000 has been recognised in the financial statements for the period ended 30 June 2017. Refer to Note 27.

#### 32. 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:

#### 32.1 Cash and Cash Equivalents

The cash and cash equivalents figure for the previous years was understated by an amount of Rs 1,865,566 as compared to the Statement of Account from the bank. The cash and cash equivalents figure has been adjusted and corresponding amount accounted as an increase in reserves.

#### 32.2 Employee Benefits

The employee benefits figure for the year 2015 was overstated by an amount of Rs 6,004,292 and same has been adjusted through an increase in reserves.

#### 32.3 Other Operating Income

Other operating income in the year 2015 was overstated by Rs 1,329,035 due to double accounting of receipts from sale of stores. The equivalent amount has been adjusted by a decrease in reserves accordingly.

#### 33. TAX

The Authority is not liable to Corporate Tax.



## NOTES











**CENTRAL WATER AUTHORITY** 

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