

STEERING TOWARDS PROGRESS

ANNUAL
REPORT
2017/2018



MISSION



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

VISION



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

VALUES



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





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BOARD'S RESPONSIBILITY STATEMENT

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

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

FINANCIAL STATEMENTS

The Board is responsible for the preparation of financial statements in accordance with Accrual- Basis IPSAS, that is, IPSAS 33 – First – Time Adoption of Accrual Basis IPSAS.

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.
- ensured compliance with the Code of Corporate Governance and provide reasons in case of non-compliance with any requirement of the Code.

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 department which assists management in effectively discharging its responsibilities. The Internal Audit is an independent function that reports functionally to the Audit & Risk Committee and administratively to the General Manager.

Approved by the Central Water Board on 20 December 2019 and signed on its behalf by:



G.F. Desmarais
Chairperson, CWB



J.R Vydelingum
Member, CWB



*Steering towards
progress*

CHAIRPERSON'S STATEMENT

I'm delighted to share the 2018 Annual Report with our stakeholders on the Authority's performance for the period June 2017 to July 2018.

I am honoured to be associated with the water sector which plays a primordial role in the development of our country and in the well-being of one and all. Indeed, water is of paramount importance to ensure a healthy and decent standard of living besides acting as a catalyst for economic growth and development. Working towards a more water secure future for Mauritius has therefore been the Authority's top priority.

Under my tenure in the last four years and of course with the unflinching support of the board members and the staff, the Central Water Authority has sought to re-invent itself and to better respond to the needs, hopes and aspirations of its stakeholders. Various changes have taken place at the CWA to make it more effective in the delivery of services in line with the Ministries Vision & Mission statement. My key focus for 2017/2018 was to ensure that we continue holding customers at the heart of all that we do and that we also work in line with the vision of the Government to provide water 24/7 to all of our customers.

We have continuously made efforts to review our working methods and improve our distribution network in order to enhance the hours of water supply, provide water in areas which are under stress and enrich our customer service throughout the island.

Moreover, when I joined the CWA as Chairperson in the beginning of 2015, public confidence in our services was at its lowest. My main focus, at that time, was to transform our culture, drive operational excellence and be more customer-oriented.

During the year under review, a lot has already been achieved. Firstly, the free 6 cubic meters 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.

GOOD GOVERNANCE

The Central Water Authority (CWA), is a Public Interest Entity as defined

WE ARE EXPECTING THAT BY MID-2019, AROUND
80% OF THE POPULATION WILL
HAVE RUNNING WATER ...

under the Financial Reporting Act 2004. As such, we are bound to apply the eight governance principles contained in the Code and must explain how these principles have been applied as from the reporting year ending 30 June 2018.

In this respect, the Parent Ministry has taken the lead to organize a full day workshop on the New Code of Corporate Governance in collaboration with the MloD in February 2018 whereby all the SOEs under the aegis of the Ministry of Energy & Public Utilities participated.

Following this workshop during which the 8 principles of the new code were canvassed extensively, the Board dedicated three special meetings to discuss, propose and agree the most appropriate action plan and concrete measures to ensure conformity and pledged adherence to the New Code. This important innovation is covered in the corporate governance section of this annual report.

FINANCIAL YEAR 2017/2018 UNDER REVIEW

Already, 10 major projects have been completed while 13 more have been awarded. 30 projects are ongoing. 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. 60% of the Mauritian household benefits from potable water between 16 to 24 hours. We are expecting that by Mid-2019, around 80 % of the population will have running water from the tap on a 24-hour basis, once the Bagatelle Water Treatment plant is in operation.

CWA has an ambitious investment plan that includes increase in treatment capacity, renewal of defective pipes in critical locations, increase in storage capacity (service reservoirs), upgrading of pumping stations, amongst others. The Authority's quest for continuous improvement in water quality cannot be undermined. Several water treatment plants are being upgraded to tackle the problem of pollution of our watercourses. CWA's laboratory is also being constantly upgraded with state of the art equipment, capable of testing new parameters.

The theme retained by the UN this year for World Water Day is "NATURE FOR WATER". The theme explores Nature-Based Solutions (NBS) to the water challenges we face in the 21st century. 'The answer is in nature' campaign raises awareness of Nature-Based Solutions. The central message is that NBS, such as planting trees to replenish forests, reconnecting

LET'S GO ALL THE
WAY TOWARDS
IMPROVING THE
STANDARD OF
LIVING OF THE
1,266,190
INHABITANTS OF
MAURITIUS

rivers to floodplains, and restoring wetlands, is a sustainable and cost-effective way to help rebalance the water cycle, mitigate the effects of climate change and improve human health and livelihoods. At CWA, we must ensure that whilst meeting the increasing demand for potable water, we do not disrupt the water cycle, tarnish our environment, or destroy our natural habitat.

ACHIEVEMENTS

Our main milestone stays unchanged: the construction of Bagatelle Water Treatment Plant is now in full swing and is expected to be completed by Mid-2019. Once in operation, this will put at our disposal an additional

yield of 60 000 m³ 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, Sorèze and the surrounding areas.

My message to all stakeholders is not to resist change which obviously will be for the better.

Remarkable progress has already been achieved. Let's go all the way towards improving the standard of living of the 1,266,190 inhabitants of Mauritius.

I would like to express my appreciation for the good work done by our employees at all levels, without their dedication and professionalism our mission cannot be accomplished. They are at the forefront of service improvement. Our top management team will have to show even more commitment and dedication for the successful completion of all projects

undertaken by the Central Water Authority including pipe replacement, service reservoir, mobile treatment plants, duplicate boreholes, energy saving measures etc.

Finally, we are pleased to witness a more customer centric attitude at the CWA. In fact, management at the Central Water Authority is leaving no stone unturned to ensure maximum satisfaction to our 365 839 valuable customers.



Gaston François Desmarais
Chairperson, CWB



*Making
the difference*

GENERAL MANAGER'S STATEMENT

Mauritius is experiencing an expanding water shortage. At present, Mauritius is becoming a water stressed island since the rainfall is underneath 1,700 m³ for each capita per year and is relied upon to fall under the water-scarce classification by 2020 (anticipated 974 m³ per year, beneath the 1000 m³ limit). The aquifers are over utilized and there is substantial reliance on volatile rainfall, making Mauritius vulnerable against environmental change.

The Central Water Authority (CWA) gives adequate water accessibility to the inhabitants (aggregate of 351,000 consumers), with over 20% of the residents getting erratic water supply under typical conditions (notwithstanding amid the wet season), with this figure ascending to 75% all through the dry season. CWA incomes bear the cost of minimal operations and upkeep (with basic reintegration and substitution included within maintenance). Capital speculation should be financed from different sources. There is a lack of attention on long haul monetary supportability of the sector. On a financial position, CWA is presently unable to raise business on its own due to an absence of funding.

MAKING THE DIFFERENCE

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

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

Existing structures have been reviewed at all levels, after identifying their strengths and weaknesses, and the workable scenarios in a volatile water sector. It is proven that optimizing the given resources with the existing personnel was not an easy task. The challenge was with the exercise and I was determined to create a difference and a breakthrough between where stand the CWA and the call for new

expertise. The difference lies in how best to adapt new solutions and evolve beyond the system already in place.

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.

VALUING OUR CUSTOMERS

Customers have been complaining about intermittent supply, poor customer satisfaction 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 and timely to their needs.

In order to adopt a more customer centric attitude, the CWA is actively involved in answering to queries and complaints through the Citizen Support Unit which has been set up by the Prime Minister's Office.

This new approach connects the CWA to the population and helps to improve the expectations, disseminations and

A TOTAL OF
10,862
 NEW SUPPLIES
 WERE CONNECTED
 IN FINANCIAL
 YEAR 2017/18

better understanding in what context CWA entire a drive change.

We are committed to increasing transparency in water infrastructure and charges that consumers pay. That's why the CWA has come up with a modernised, updated and user-friendly Customer Charter since March 2016 where customers are informed, amongst others, of their rights and responsibilities towards water usage.

We maintain our involvement towards the population by prioritizing our key targets. The cooperation of our 365 839 consumers were enlisted for, to cater for deficient 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 towards an integrated aspect of overall business strategy and operations.

Materialization of the E-procurement and I-procurement systems.

E-procurement (electronic procurement, sometimes also known as supplier exchange) is the business-to-business (B2B) or business-to-consumer (B2C) or business-to-government (B2G) purchase and sale of supplies, work, and services through the internet as well as other information and networking systems, such as electronic data interchange and enterprise resource planning. On the other hand, The I-Procurement system will be used for Internal Stock Request & Stock Management Application. It aims at helping the CWA in terms of reduction in transaction costs and procurement cycle time, improving contract management and easy to use application system for end-users.

INVESTMENTS WORTH Rs 3,03 BILLION

I fully recognise that running a water company entails important responsibilities; the table is much bigger than previously recognized. 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 3,03 billion received from the government in the 2017/2018 Budget.

These investments have been made to replace some 21 kilometres of old

and defective pipes across the island, namely in Residence Kennedy, Alma, Rivière du Rempart, Surinam and Plaine Verte, amongst others. 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 2017/2018, island wide, was 21 kilometres amounting to Rs 301 million. 9 projects have been successfully completed during that same period to the tune of Rs 369 million namely in Residence Kennedy, Rivière du Rempart, Alma, amongst others. Meanwhile 30 projects, for a total sum of Rs 3,2 billion are ongoing.

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. We are 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 customers, defective meters and poor monitoring. Our aim is to reduce the leakage to a respectful 25% which is of international norm.

A total of 10,862 new supplies were connected in financial year 2017/18 as compared to 10,396 in fiscal years 2016/2017. Some 80,000 old and defective meters have already been replaced which is above expected

[60,000]. The Operations Division attended to some 211,133 complaints, while some 213,067 complaints were addressed the previous year.

But most importantly, the number of household benefitting from a 24-hour water supply has increased from 58% to 60% from 2016 to 2018. Those who are supplied water on a 12-15-hour basis increased from 15% to 23%. However, number of household receiving water from 8 - 12 hours has decreased from 23% to 17% and those who used to have access to water for less than 8 hours per day has decreased from 4% to 0.4%.

ACHIEVEMENTS

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.

News boreholes in the regions of Trianon, Plaine Magnien, Beau Songes and Coromandel have been put into operation. In 2017, the Central Water Authority has introduced the use of 10 Mobile Pressure Filters across the island. The aim of which is to capture raw water from rivers, have it treated and injected in our distribution system. As at now, 10 of these Mobile Pressure Filters are already in use at Bagatelle Dam - pending the completion of the Bagatelle Water Treatment Plant, Poudre D'Or, Bramsthan, Mon Loisir Rouillard, Beau Bois River, Rouge Terre, New Goodlands Reservoir, amongst others. The CWA has reached a new climax in water production of 800,000 m³ in July.

By the beginning of 2019, the CWA will be acquiring 8 more Mobile Pressure

AN ADDITIONAL VOLUME OF

60 000 M³

WILL BE PRODUCED ON A DAILY BASIS AND WILL SUPPLY REGIONS OF LOWER PLAINES WILHEMS AS WELL AS PORT LOUIS

Filters and one of them will be used at Bagatelle Dam. The Central Water Authority has 21 water tankers and in addition 7 Private Water Tankers have been hired 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 Mid-2019, an additional volume of 60 000 m³ will be produced on a daily basis and will supply regions of lower Plaines Wilhems as well as Port Louis. In the meantime, rehabilitation works at La Nicolière Water Treatment Plant is already ongoing.

I dare say that this is the first time that the Water sector has been given such so much 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 be Avant-Garde - 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



INTRODUCTION

Corporate Governance is the cornerstone of any good business. It encompasses the processes, practices and policies that an organisation relies on to make formal decisions and to manage the organisation. Good corporate governance creates a transparent set of rules and controls in which stakeholders, directors and officers have aligned incentives. Effective corporate governance practices are essential to achieving and maintaining high level of public trust, corporate success and sustainable economic growth.

In a bid to further enhance the country's corporate governance standards and bring them at par with international best practices, the National Code of Corporate Governance 2016 (the "Code") was launched on **13 February 2017**. The Code is a departure from the '*comply-or-explain*' approach as it now employs an '*apply-and-explain*' methodology. Henceforth, all Public Interest Entities ("PIE") as defined by the Financial Reporting Act 2004, Public sector organisations and other entities required to report on corporate governance have to apply all the principles contained in the Code and to explain in their annual reports how these principles have been applied.

The Central Water Authority (CWA), qualified as a Public Interest Entity as defined under the Financial Reporting Act 2004, is bound to apply the eight governance principles contained in the Code and to explain how these principles have been applied as

from the reporting year ending 30 June 2018 (i.e., companies should apply the principles of this Code as from July 2017 onward). Moreover, as a guardian of the country's most precious natural resource, the CWA is required to operate within a strong governance framework that rests on a value system of fairness, transparency, accountability, integrity and trust.

In this respect, the Central Water Board 'the Board' has assessed the implications of the Code. Further to a full day workshop organized by the Parent Ministry in collaboration with the Mauritius Institute of Directors (MlOD) in February 2018, the Board had several working sessions to examine / discuss the eight principles and the implementation guidance for statutory bodies with a view to gauging their applicability and ensuring as far as possible adherence thereto.

GOVERNANCE STRUCTURE

By virtue of the Central Water Authority Act (Act 20 of 1971), the Central Water Authority (CWA) was established as a body corporate, responsible for the control, development and conservation of water resources. In relation to the exercise of the powers of the Authority under the aforesaid Act, the Minister may give such directions to the Authority as he considers necessary in the public interest and the Authority shall comply with such directions. The CWA is administered and controlled by a committed and effective Board, which is accountable and responsible for the performance and affairs of the Authority and in meeting all legal and regulatory requirements.

Board Charter

The Board Charter which has been discussed and approved by the Board on **26 April 2018**, defines, inter alia, the role, function and objectives of the Board, Board Committees and Chairperson. It also describes the duties and powers of the Board, the supervision of financial reporting, the decision making process and other general provisions in connection with conflict of interest, remuneration, induction of board members and confidentiality of information.

The Charter may be amended by the Board at its sole discretion without prior notification.

The Board Charter can be consulted on the CWA's Website (<http://cwa.govmu.org>).

Code of Ethics

A Code of Ethics for Directors has been adopted by the Board on 05 April 2018. The purpose of the Code is to:

- ✓ provide guidance to Directors and help them recognising and dealing with ethical issues; and
- ✓ help to foster a culture of honesty and accountability and mechanisms to report unethical conduct.

The Code of Ethics clearly describes the responsibilities of Directors on issues pertaining to their duties as Directors, conflict of interest, corporate opportunities and fair dealings.

Corporate Objective Statement

With a view to enhancing the efficiency of operations at CWA and meeting the challenges ahead, a full-fledged Turnaround Plan through an integration of five pillars, namely Financial Excellence, People Excellence, Operational Excellence, IT and Innovation Excellence, and Customer Excellence, has been developed for the CWA and approved by the Board in October 2016. The Turnaround Plan had been submitted to the Parent Ministry and the Ministry of Finance and Economic Development. The progress on the Action Plan for the implementation of the proposed measures has been continuously monitored / updated.

During the FY 2017/18, the CWA embarked on a 3-Year Re-structuring Plan (2018/19 to 2020/21) based on an integration of the aforesaid five strategic pillars with a view to improving efficiency and effectiveness of the Authority and to transform it into a more economically improved and healthier organization with the ultimate objective of value creation vis-à-vis its stakeholders.

The Corporate Objectives Statement including, inter alia, the purpose of the CWA, its value drivers, 3-Year Corporate Vision, its objectives forms part of this report.

Position Statements

The key roles and responsibilities of the Chairperson of the Board and the Board Committees have been clearly defined in the Board and the Board Committee Charters. The role of the Chairperson of the Board is distinct and separate from that of the General Manager and there is clear division of responsibilities with the Chairperson leading the Board and the General Manager managing the day-to-day business of the organization.

The key roles and responsibilities

CHAIRPERSON	GENERAL MANAGER
<ul style="list-style-type: none">✓ Acts as the spokesperson for the Board;✓ Provides overall leadership to the Board;✓ Ensures that the Board is effective in its duties of setting out strategies and implementing Government policies;✓ Ensures that Board meetings are chaired in an effective manner;✓ Ensures that committees are properly structured with appropriate terms of reference;✓ Ensures that Board Members receive accurate, timely and clear information;✓ Ensures that development needs of Board Members are identified and appropriate training is provided to continuously update the skills and knowledge of the latter;✓ Maintains sound relations with stakeholders	<ul style="list-style-type: none">✓ Manages the day-to-day affairs of the Authority;✓ Executes plans and strategies in line with the policies set by the Board;✓ Provides leadership and direction to senior management;✓ Ensures that the decisions of the Board are executed;✓ Acts as a liaison between Management and the Board;✓ Ascertains a proper working environment for the Staff of the organization;
SECRETARY	
<ul style="list-style-type: none">✓ Ensures compliance with relevant statutory and regulatory requirements;✓ Develops and circulates the agenda and relevant documents for Board and Board Committee meetings in a timely manner;✓ Facilitates induction of Board Members and provides guidance to them in terms of their roles and responsibilities;✓ Assists the Chairperson in governance processes.	

Organisational Chart

The Organisational Chart of the Authority is published on the website. In line with the restructuring plan currently being developed, a new Organisational Chart has been worked out and will be approved by the Board. The organization chart of CWA setting out the key senior positions as well as the reporting lines form part of this report.

THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

THE CENTRAL WATER BOARD (“The Board”)

The Central Water Authority (CWA) is administered and controlled by a Central Water Board (the “Board”).

Mandate

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.

Responsibilities

The methods through which the Board exercises its powers and discharges its responsibilities are set out in the Board Charter of the Central Water Board, which provides, inter alia, for the following:

- the composition of the Board;
- The establishment of Committees;
- Supervision of Management pertaining to:
 - ✓ the achievement of the organisation’s objectives;
 - ✓ the strategy and risks in the organisation’s activities;
 - ✓ the structure and the operation of the internal risk management, audit and control systems;
 - ✓ final reporting process;
 - ✓ compliance with law and regulations.
- Supervision of Financial Reporting;
- Board meetings and decision-making process

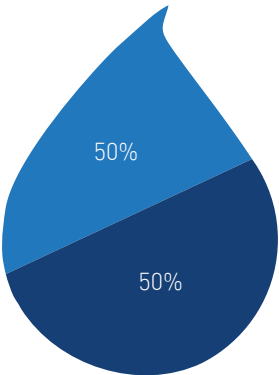
Approval of the Board is required for, amongst other important matters, procurements exceeding **Rs 10M** (*above the General Manager's financial authority*), amendments to CWA Regulations, appointments of Staff, Manpower and Budget Estimates, Annual Report.

Composition and Meetings

In accordance with Section 7 (2) of the Central Water Authority Act 1971 and the Board Charter as approved by the Central Water Board, the Board comprises a Chairperson (appointed by the Minister), three (3) ex-officio members (*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*) and two (2) members with experience in agricultural, industrial, commercial, financial, scientific or administrative matters, appointed by the Minister.

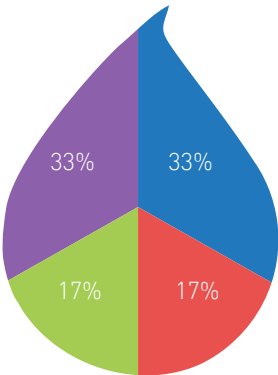
The gender and age distribution of Board Members as at 30 June 2018 as hereunder:

GENDER



MALE FEMALE

AGE DISTRIBUTION



50-55 YRS 60-65 YRS 65-70 YRS ABOVE 70 YRS

PROFILE OF BOARD MEMBERS



Chairperson
Mr. Gaston François Desmarais

Date of first appointment: April 2015
Appointment renewed for a further period of 2 years with effect from October 2017.

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.

He 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, he 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.



Board Member responsible for the subject of Energy
Mrs. Devika Moosoochur

Date of Appointment:
14 September 2016.

She 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.



Board Member responsible for the subject of labour and industrial relations
Mr. Satiawan Nundoo

Date of Appointment:
14 November 2016 to 13 June 2018

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



Board Member responsible for the subject of Finance
Mrs. Sadhna Appanah

Date of Appointment:
18 February 2016.

She holds a Master Degree 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 works closely with the Ministry of Energy and Public Utilities for policy analysis, preparation, implementation and monitoring of the performance based budget.

- She is a Board Member of the Central Electricity Board and CEB Facilities Co. Ltd

Alternate

Mr. Visvanaden Soondram
(Director) from 18 May 2016 to 14 May 2018

Mr. Hemnish Urdhin
(Analyst / Senior Analyst) as from 15 May 2018

PROFILE OF BOARD MEMBERS



Mr. Mariahven Caremben

Date of Appointment:
14 June 2018

Deputy Director, Labour and Industrial Relations

Alternate

Mrs. Amrita Imrith
Acting Assistant Director

Mr. Shyam Teeluck
Principal Labour & Industrial Officer



Appointed Members
Mr. Geean Mahadeea

First Appointment: 05 February 2016 for a period of 2 years.

Appointment renewed for another period of 2 years with effect from February 2018.

He has a wide teaching experience in the field of Design & Technology in Secondary Schools in Mauritius and Seychelles.

He is also a Member on the Board of Mauritius Examination Syndicate (MES).



Mrs. Jagadhambal Ratna Vydelingum

Date of Appointment: 03 October 2017

Mrs. Vydelingum has a long career in the Civil Service. She joined the Civil Service as Clerical Officer in 1965.

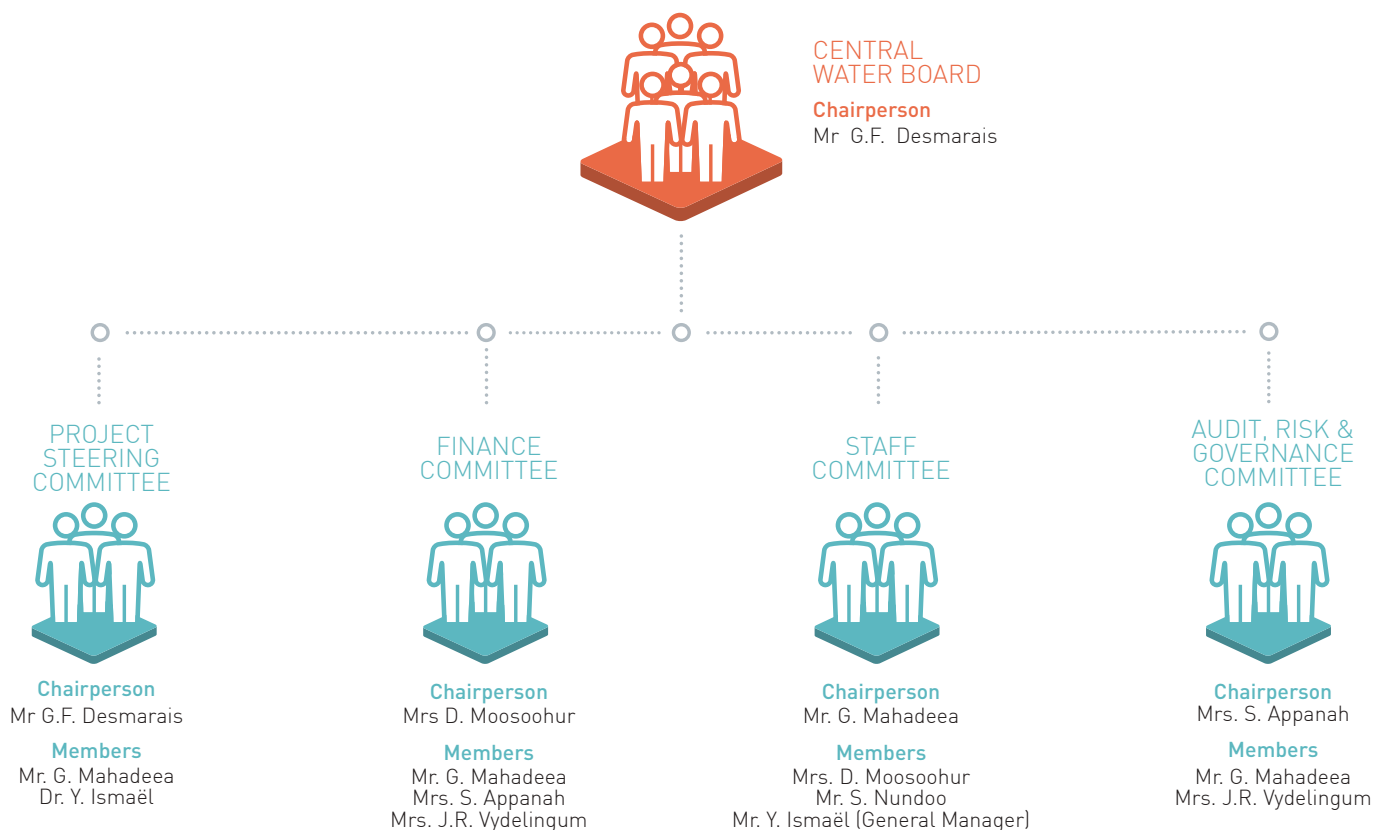
She moved to the Income Tax Department in 1972 as Junior Assessor and was appointed Assistant Commissioner of the Income Tax Department in 1994 till 2003.

From 2003 to 2016, she was a Member of the Assessment Review Committee.

BOARD COMMITTEES

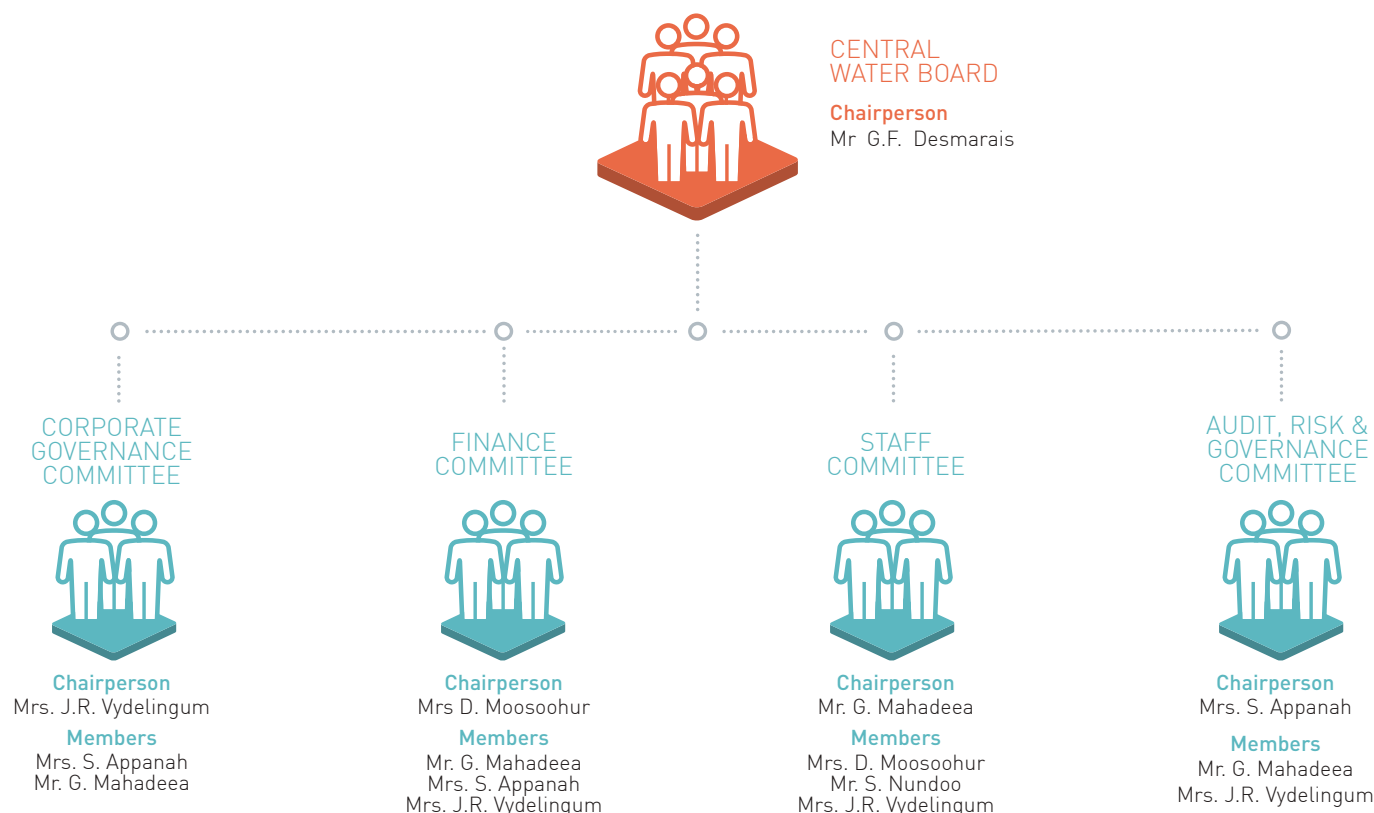
As a focal point of the corporate governance system, the Board is aware that it is ultimately responsible and accountable for the performance and affairs of the organization. However, with a view to enabling the directors in discharging their duties through a more comprehensive evaluation of specific issues, the Board has set up a structure of Board Committees. Each Board Committee operates under defined Terms of Reference whereby attention is given to specific issues pertaining to finance and procurement, human resources, project management and monitoring, audit and risk management and corporate governance. The Board Committees are advisory in nature and recommendations are submitted to the Board for approval.

The structure of Board & Board Committees prior to application of the new Code was as follows



In June 2018 after having finalized the action plan for the implementation of the New Code of Corporate Governance and considering the challenges ahead, the Board recognises that governance must be dynamic to meet the current and future business requirements. In this respect, the Project Steering Committee which was under the Chairpersonship of the Chairperson of the Board was dissolved and the Audit, Risk Governance Committee was split into two distinct committees, namely (i) Audit & Risk Committee and (ii) Corporate Governance Committee.

The new structure of the Board and Board Committees as approved in June 2018 is as follows:



FINANCE COMMITTEE

The Finance Committee assists the Board with respect to all financial aspects, procurements and expenditures above the General Manager's financial authority and since June 2018 monitoring of progress of capital projects of the Project Management Office.

Role and responsibilities

The main responsibilities of the Finance Committee include:

- ✓ Reviewing the Authority's financial policies, strategies and make recommendations to the Board on issues discussed at level of the committee;
- ✓ Considering and assessing the recommendation(s) of the Procurement Committee (PRC) and the Departmental Bid Committee (DBC) in respect of procurements / expenditures exceeding the financial authority of the General Manager and make recommendation(s) to the Board for approval / award;
- ✓ Examining the Authority's annual Budget, Cash Flow Statements and other related issues and to make recommendation/s to the Board;
- ✓ Monitoring the progress of capital projects of the Project Monitoring Office with a view to ensuring that same are on schedule;
- ✓ Discussing and recommending remedial actions as proposed by Management to major issues and bottlenecks affecting the smooth implementation / progress of projects.

As per the Committee Charter:

- *The Finance Committee shall comprise a minimum of three (3) members, all of whom shall be non-executive directors. The Chairperson and members of the Committee shall be appointed by the Board.*
- *The General Manager, The Chairperson of the Procurement Committee (PRC) and the Chairperson of the Departmental Bid Committee (DBC) shall be in attendance.*
- *The Secretary to the Board (or any other officer as may be delegated by the General Manager in the absence of the Secretary) shall act as Secretary to the Committee.*
- *The Committee shall meet at least once a month.*

More information on the Finance Committee can be obtained on the Finance Committee Charter on the CWA's Website.

STAFF COMMITTEE

The **Staff Committee** assists the Board on matters relating to, inter alia:

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

Role and responsibilities

The main responsibilities of the Staff Committee include:

- ✓ Reviewing the Authority's HR policies, strategies and make recommendations to the Board on issues discussed at the level of the committee;
- ✓ Conducting interviews and making recommendations for recruitment to the Board;
- ✓ Reviewing the recruitment and selection procedures and making recommendation for approval by the Board;
- ✓ Examining the Authority's Training Plan and HR budgetary requirement and other related issues and to make recommendation/s to the Board;
- ✓ Considering and recommending the participation of CWA officers in overseas trainings / seminars / workshops;
- ✓ Examining and making recommendations on policies relating to retention of employees within the Authority.

As per the Staff Committee Charter:

- *The Committee shall comprise a minimum of four (4) members, all of whom shall be non-executive directors. The Chairperson and members of the Committee shall be appointed by the Board.*
- *The General Manager, The Deputy General Manager (Administration) and the HR Director shall be in attendance.*
- *Any Officer as may be delegated by the HR Director shall act as Secretary to the Committee.*
- *The Committee shall meet at least once a month.*

More information on the Staff Committee can be obtained on the Staff Committee Charter on the CWA's Website.

AUDIT & RISK COMMITTEE

The Audit, Risk Committee assists 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.

Role and responsibilities

The main responsibilities of the Audit & Committee include:

- ✓ Examining and reviewing the quality and integrity of the annual financial statements focussing on the under mentioned points, prior to submission and approval by the Board;
- ✓ Keeping under review the adequacy and effectiveness of the organisation's systems of internal control;
- ✓ Reviewing and approve the charter of the internal audit division and ensure the said division has the necessary resources and access to information to enable it to fulfil its mandate;
- ✓ Meeting regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit.
- ✓ Overseeing the development of an effective risk management framework for the organization by implementing rigorous internal processes and controls which identify, monitor, measure and report different types of risk.
- ✓ Review the principal risks, including strategic, financial, operational, compliance, reputational risks and actions taken to mitigate them.

As per the Audit & Risk Committee Charter:

- *The Committee shall comprise a minimum of three (3) members, all of whom shall be non-executive directors. The Chairperson and members of the Committee shall be appointed by the Board.*
- The General Manager, The Head of Internal Audit and other Head of Divisions / Officers (as and when required) shall be in attendance.
- The Secretary to the Board (or any other officer as may be delegated by the General Manager in the absence of the Secretary) shall act as Secretary to the Committee.
- Meetings shall be held at least quarterly, or more frequently as circumstances require.

More information on the Audit & Risk Committee can be obtained on the Audit & Risk Committee Charter on the CWA's Website.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee assists the Board with respect to Corporate Governance matters and Ethics.

Role and responsibilities

The main responsibilities of the Audit & Committee include:

- ✓ Developing and recommending to the Board a corporate governance framework and a set of corporate governance guidelines.
- ✓ Reviewing and evaluating the implementation of the corporate guidelines within the organization.
- ✓ Periodically reviewing and evaluating the effectiveness of the organisation's Code of Conduct and Ethics.
- ✓ Ensuring that an adequate process is in place for the board and senior management to be in compliance with the organisation's Code of Conduct and Ethics.
- ✓ Reviewing the position descriptions of the chairperson, board committee chairs and recommend any amendments to the board.
- ✓ Reviewing and recommending the implementation of structures and procedures to facilitate the board's independence from management.
- ✓ Monitoring and evaluating the functioning of committees and make any recommendations for any changes including the creation and elimination of committees.
- ✓ Developing charters for any new committees established by the board and review the charters of each existing committee and recommend any amendments to the charters.
- ✓ Overseeing the evaluation of the board as a whole, its committees and individual directors. If the evaluation is being conducted internally, oversee board performance and report annually to the board with an assessment of the board's performance.
- ✓ Ensuring that an adequate process is in place for the board and senior management to comply with the Mauritian Code of Corporate Governance.

As per the Corporate Governance Committee Charter:

- *The Committee shall comprise a minimum of three (3) members, all of whom shall be non-executive directors. The Chairperson and members of the Committee shall be appointed by the Board.*
- *The General Manager shall be in attendance.*
- *The Secretary to the Board (or any other officer as may be delegated by the General Manager in the absence of the Secretary) shall act as Secretary to the Committee.*
- *The Committee shall meet at least quarterly.*

More information on the Audit & Risk Committee can be obtained on the Audit & Risk Committee Charter on the CWA's Website.

DIRECTOR APPOINTMENT PROCEDURES

In accordance with Section 7 (2) of the Central Water Authority Act 1971, the Board shall consist of:

- 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.

As per Section 17 of the CWA Act:

- the Board may, subject to such conditions as it thinks fit, delegate to the Chairperson all or any of its powers, functions and duties, except the power to invest and borrow money;
- the Chairperson, may with the approval of the Board, delegate in writing to the General Manager or to any other officer any power delegated to him.

In line with Section 12 of the CWA Act, the General Manager shall attend every meeting of the Board and may take part in its deliberations but he shall not be entitled to vote on any question before the Board.

As per Section 14 of the CWA Act, the General Manager shall be appointed by the Minister on such terms and conditions as he thinks fit.

The General Manager shall act in accordance with such directions as he may receive from the Board or any delegate appointed by the Board.

Director Duties, Remuneration and Performance

Director Duties

To ensure that the Board Directors are fully aware of their duties and responsibilities a Training Plan for Board Members is being devised by the Chairperson in collaboration with the Board Secretary. Same will be a continuous process and will be reviewed periodically by the Chairperson.

Conflict of Interest

The Chairperson ensures that Board Members disclose any conflict of interest issue that the latter may have pertaining to any specific matter. Disclosure made by any Member is properly recorded in the Minutes of Proceedings. In instances of an actual or potential conflict, the Director concerned is requested by the Chairperson to withdraw himself during the meeting for that specific matter and the aforesaid Director does not participate in the debate / deliberation of the Board.

Declaration of Conflict of Interest issues by Board Members are duly recorded in the Minutes of Proceedings of the Board / Board Committee meetings.

During the year under review, Mrs. S. Appanah, Board Member (*representative of the Ministry of Finance and Economic Development*), has declared her interest when the issue of Provision of Call Services was taken by the Board in March and April 2018 as she is also a Member of the Board of CEB Facilities. She withdrew herself during the meeting and did not participate in the discussion / deliberation of the subject matter.

The Board has already adopted a Conflict of Interest Declaration Form (based on ICAC model) for implementation. However, we are considering of organizing a working session on, inter alia, issues of conflict of interest, ethics and other related matter with ICAC, prior to proceed with the implementation of the Conflict of Interest Declaration Form / Register.

Information, Information Technology and Information Security Governance

The Board is fully aware of its responsibility to oversee information governance within the Authority. The Board has given its full support to the IT Business Model Strategic Direction as IT forms an integral part of CWA's environment. The need for a clear strategic direction in Information Technology is imperative for CWA to meet the expectation of its stakeholders in general. Our technological drive is geared towards the improvement of service delivery to maximize customer and employee satisfaction. A quarterly status report on the key actions and status of projects is submitted for consideration at the level of the Board to apprise members on the progress of the various projects implemented.

To ensure a stable and secure network system, all CWA Staff are required to abide to the established rules and regulations. The usage of the Internet and E-mail is subject to some terms and conditions - any new employee of the CWA is required to sign the Internet/Email Usage Agreement which enlists all the policies governing Internet and Email Usage. Likewise, new employees are also made to sign the Information Technology Resources Usage Agreement for rules pertaining to usage of IT Resources at the CWA. A Steering group comprising the Chairperson, the General Manager, the Deputy General Manager (Adm) and the IT Director has been proposed by the Board to discuss, inter alia, the investment in IT, the Information Security aspect in place and the IT Security Policy of the Authority.

More details on the IT Projects are available in the Operation Overview under the Information Technology Section.

Board Information

We endeavour to ensure that the Board Directors / Directors of Board Committees be supplied with information in a timely manner to ensure that the latter have sufficient time to take cognizance of the contents to facilitate discussion / decision taking at the level of the Board / Board Committees. As far as possible, the agenda and relevant documents are made available to Board Directors at least 3 days prior to the schedule date of the meeting.

The agenda and Board Papers are forwarded to Board Members through the online BoardPad System. All documents are uploaded in the system and published by the Secretary. Board Members can access these documents on the system by a click of a button on their iPad (each Board Member has been allocated an iPad for that purpose). In rare cases, hard copies are dispatched to Board Members.

The Board has ensured also that Board Members have access to independent professional advice at the organisation's expense in cases where the latter deems it necessary for discharging their responsibilities as directors. Board Members can contact CWA's legal adviser/s directly or through Management (after consultation with the Chairperson).

As regards appropriate Insurance Coverage against the possibility of legal action against Directors, the Board has already agreed that a Director's Liability Cover be taken for Board Members to the extent it indemnifies them, for civil or criminal defence costs, legal representation expenses, damages, judgments and settlements on account of claims in connection to their duties and responsibilities during their tenure of office as Board Members.

- The Director's Liability Cover will be included in the bid for Insurance that will be launched shortly for Motors and Non-Motors Insurance which will be effective as from **01 January 2019**.

Board Evaluation & Development

Board evaluation has not been a common practice at the CWA. Board evaluation has not been undertaken for FY 2017/18. However, the Board recognizes the importance of such exercise in determining the strengths and addressing the weaknesses of the Board pertaining to specific areas and to address the gap identified. The Board Evaluation exercise to be undertaken by an external and independent facilitator will be given due consideration in the next Financial Year.

Remuneration of Directors

In line with the CWA Act, Board members are remunerated in the General Fund as the Minister may determine. The amount paid to each Board Member (including the Chairperson) is duly disclosed in our Annual Report.

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 were paid a fee of Rs 700 per sitting.

During the period under review, the fees paid to the Chairperson and Board Members for attendance at Board and Board Committee meetings amounted to **Rs 2, 161,956/-**.

Attendance of Board Members during the period July 2017 to June 2018 as follows:

Board Members	No. of Meetings	Board Committees					Remuneration (Net of PAYE) (Rs)
	Board Meetings	FC	SC	Interview	ARGC	PSC	
	17	16	14	30	3	2	
Mr. G. F. Desmarais (Chairperson)	16	-	-	-	-	2	1,130,736
Dr P.M.K. Soonarane*	1						
Representative of Ministry of Energy & Public Utilities							
Mrs. D. Moosoohur	17	16	13	4			250,835
Representative of Ministry of Finance & Economic Development							
Mrs. S. Appanah	16	15			3		180,540
Mr. H. Urdhin (alternate)	1						9,095
Representative of Ministry of Labour, Industrial Relations & Employment							
Mr. S. Nundoo	14			3			109,820
Mr. M. Caremben	1		1				14,365
Mrs. A. Imrith (alternate)		-	12	22			69,190
Mr. S. Teeluck (alternate)			1	4			8,775
Appointed Members							
Mr. G. Mahadeea	13	13	11	30	2	2	241,825
Mrs. J.R. Vydelingum	12	9	3		2		146,795
							2, 161,976

FC : Finance Committee

SC : Staff Committee

ARGC : Audit, Risk & Governance Committee

PSC : Project Steering Committee

*Dr P.M.K. Soonarane – Director Technical Services at MEPU acted as Chairperson in replacement of Mr. G.F. Desmarais (on overseas leave from 17 May 2018 to 08 June 2018). One Board of Appeal was chaired by Dr. P.M.K. Soonarane.

RISK GOVERNANCE & INTERNAL CONTROL

Risk Governance

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 acknowledges its responsibility for maintaining a robust risk management and internal control system and for reviewing its effectiveness on a regular basis.

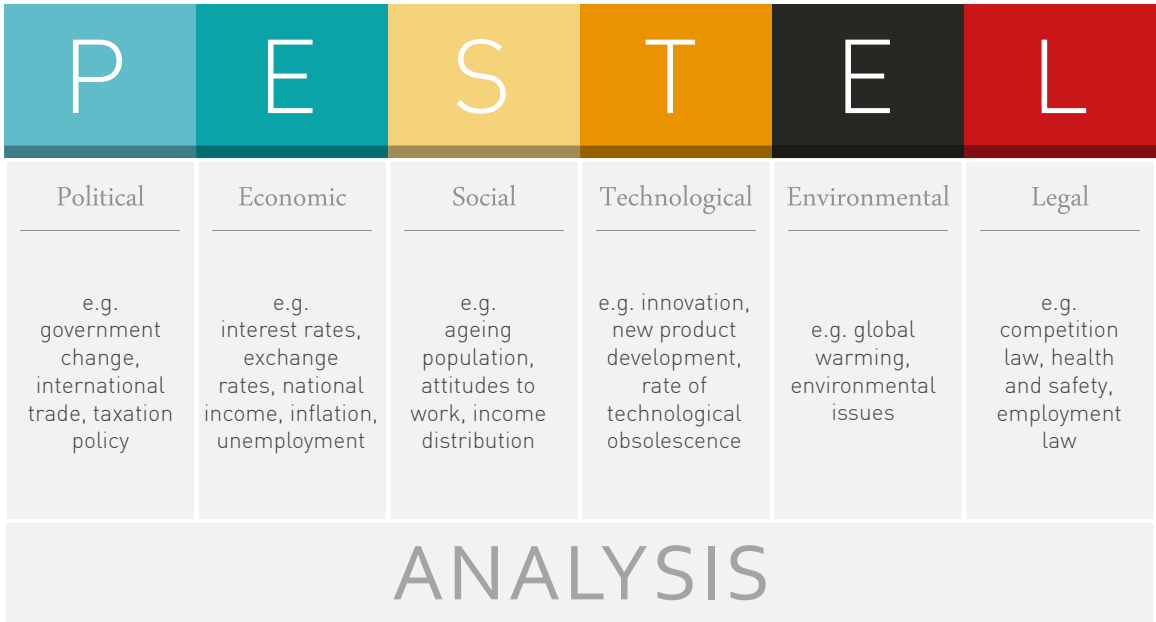
The Authority is aware that the element of risk is omnipresent in the organisation and without solid risks mitigation plans in place, it would be difficult to cope with the set of operational, environmental, social, economic, political and other categories of risks that hamper the smooth operation of the organisation. A sound risk management system ensures business continuity in a highly volatile environment.

Further to a workshop on Crisis Prevention and Recovery Management which was conducted for the benefit of all Head of Divisions of the Authority, each division is called upon to prepare a Risk Mitigation Plan, to update same on a regular basis and to take appropriate corrective measures within a defined timeline with a view to mitigating the risk(s) identified.

The process for the preparation of the Risk Mitigation Plan is as follows:



The risks are categorised using the PESTEL Factor Analysis:



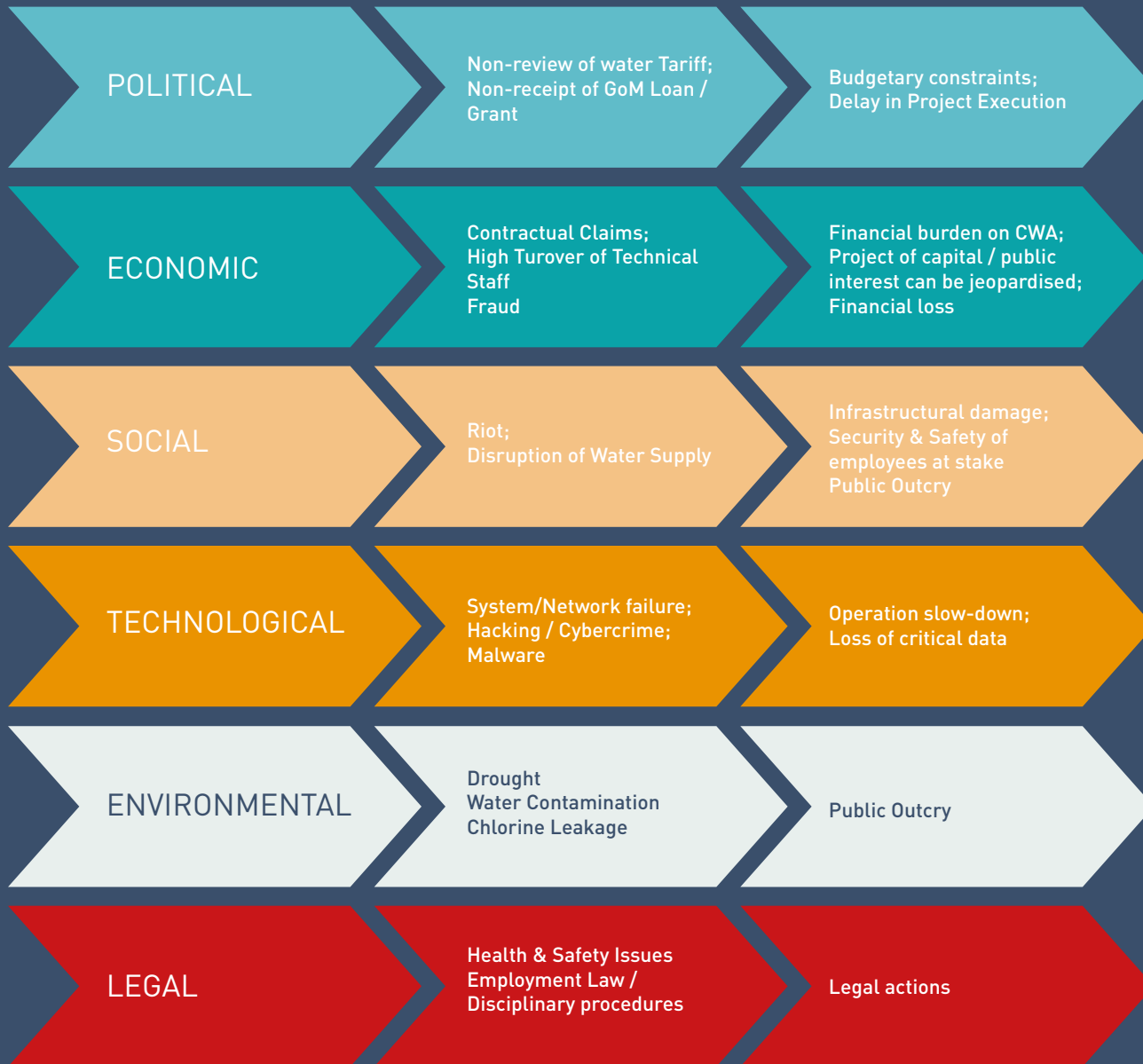
The risks’ significance , severity and likelihood are categorised as hereunder:

COLOUR CODE	SIGNIFICANCE
	Extreme
	High
	Moderate
	Low

CODE	SEVERITY
1	Catastrophic
2	Major
3	Moderate
4	Minor
5	Insignificant

CODE	SEVERITY
A	Almost Certain
B	Likely
C	Possible
D	Unlikely
E	Rare

The major risks identified by the different divisions have been categorised as follows:



It is worth noting also that to ensure that the Internal Activities are effectively managed and add value to the organization, the internal audit plan is developed based on prioritization of areas (financial audit, technical audit and compliance audit) using a **risk-based approach**.

An Audit & Risk Committee has been set up to assist the Board in discharging its responsibilities pertaining to, inter alia, Risk Management and Internal Control. Matters pertaining to Risk Governance and Risk mitigation and Internal Control system are discussed thoroughly at the level of the Audit & Risk Committee and recommendations made to the Board for approval.

Internal Control

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 is assisted in its responsibilities by the Audit & Risk Committee which oversees the effectiveness of the Authority's internal control systems. In carrying out its duties, the Audit & Risk Committee receives regular reports from the Internal Audit Division.

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 measures on regular basis the effectiveness of the internal control in place and makes appropriate recommendations to the Audit & Risk Committee on a quarterly basis through audit reports.

- ✓ A General Disbursement Procedures (GDP) Manual, as approved by the Board, serves as a reference guide for the benefit of all Budget Holders. The GDP assists Users / Budget Holders to follow financial controls which ascertain the accuracy and integrity of disbursements. Much of these general procedures relate to ensuring the genuineness and reasonableness of payment transactions and building reliance by all stakeholders in the internal control system. All Officers are required to ensure strict compliance with the GDP.
- ✓ With a view to further strengthening the internal control system in the Authority, the Board has requested Head of Divisions to prepare a Procedure Manual relevant to their respective division. The exercise is being followed-up by the Internal Audit Division.
- ✓ Moreover, on the recommendation of the Internal Audit, instruction notice on specific matters pertaining to internal control system are issued / updated accordingly at regular intervals.

Reporting with Integrity

The Board is responsible for the preparation of accounts that fairly present the state of affairs of the organisation.

For financial year 2017/18, the Financial Statements have been prepared under accrual IPSAS, in line with the Financial Reporting Act, as amended, with a view to ensuring consistency in the application of accounting standard in the Public Sector and in line with Government reform to develop a modern accounting and reporting framework.

Moreover, in line with the Statutory Bodies (Accounts & Audit) Act, as amended, a Performance Agreement, incorporating its key performance indicators on its targeted output in respect of the next financial year has been prepared and agreed with the Parent Ministry in April 2018.

The Board ensures that in the preparation of the Financial Statements, the Authority 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

The Board ensures that there is strict compliance as regards the statutory deadline for submission of Annual Report to the National Audit Office and the audited annual report shall be published on the Authority's website.

Health & Safety

The Authority firmly believes that the security and health of its employees are sine qua non obligation. As a caring employer, CWA is committed to providing and maintaining a healthy, safe and secured working environment for its employees as well as for its stakeholders in general. During the year under review, the Authority has continued its effort to create an ideal environment for health, safety and welfare of its employees.

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 on regular basis.

Moreover, in line with the requirements of the Occupational Safety & Health Act 2005, the following activities are undertaken:

- Safety & Health Committees are conducted every two months to look into all aspects of health and safety pertaining to the Authority;
- A monthly safety and health audit undertaken on all CWA sites;
- Machinery inspection;
- Training of Safety & Health aspects;
- Yearly fire drill exercise on all major sites.

As per OSHA 2005, the following are undertaken by the Safety & Health Department of the CWA:

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.

Two full time Safety & Health Officers are in post at the CWA in line with the requirements of OSHA 2005.

Environmental Issues

In its quest to save energy and to protect our environment the CWA has initiated measures for improving energy efficiency and implementing energy saving measures across its organization.

- ✓ Some 15% of the total energy requirement at La Marie Water treatment Plant is produced from hydro generator;
- ✓ Some 10 kw of electricity is produced from Grid tie photovoltaic system installed at CWA Head-Office, St Paul;
- ✓ PV lighting system has also been installed at Head-Office and several reservoir sites;
- ✓ A contract for supply, installation and commissioning of Grid-Tie Solar Photovoltaic system at 12 CWA sites will be awarded in August / September 2018.

Social Issues

In accordance with Schedule 13 Part 1 of the Training and Employment of Disabled Persons Board Act, an employer having a workforce of 35 or more workers should employ disabled persons representing 3% of the total labour force.

In the fulfilment of its responsibility to assist persons with disabilities to completely integrate the mainstream of society, CWA endeavours to ensure compliance with the aforesaid Act.

As at **30 June 2018**, the CWA had five (5) disabled employees on its establishment. The CWA intends to recruit six additional disabled employees in the grade of Clerical Officers.

Political & Charitable Donations

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

Internal Audit

The Authority has an independent Internal Audit Division which reports functionally to the Audit and Risk Committee and administratively to the General Manager.

- ✓ A proper communication line has been established between the Chairperson of the Audit & Risk Committee and the Head of the Internal Audit Division of the Authority.

The responsibility of the Internal Audit Division is to evaluate and provide reasonable assurance that the risk management, internal process & control and governance systems are functioning as intended to achieve the Authority's goals and objectives.

With a view to ensuring that the Internal Activities are effectively managed and add value to the organization, the internal audit plan is developed based on prioritization of areas using a risk-based approach. The level of risk is assessed based on the operational activities carried out by the Authority, its funding requirements and the weaknesses identified during audit tests carried out in the past by Internal or External Auditors. Moreover, particular attention is also paid to those risks which are inherent by nature and an attitude of professional scepticism and judgmental approach is also adopted when different areas are selected to include in the Audit Plan so that appropriate recommendations can be made.

The Internal Audit Plan is discussed and approved by the Audit & Risk Committee on a yearly basis and is ratified by the Board. In the light of the challenges ahead, the Board acknowledges that there is an urgent need to re-engineer the Internal Audit Division of the Authority to enable the latter to effectively discharge its responsibilities. A new organizational chart for the Internal Audit Division has already been approved by the Board whereby four (4) major units have been proposed – Financial, Operational, Systems and Technical.

Audit Committee & Auditors

The Board has established a formal arrangement through the Audit & Risk Committee to maintain an appropriate relationship with both the internal and external auditors.

A first meeting between Members of the Audit & Risk Committee and the External Auditors has been held this year to discuss, inter alia, the various issues raised in the Management letter.

Relations with key stakeholders

With a view to ensuring a proper communication with the key Stakeholders, the Board has decided to hold a meeting on an annual basis with Members of the Water Advisory Council – Committee which regroup all stakeholders in the water sector (representatives of local authorities – district councils and municipal councils – representative of Mauritius Chamber of Agriculture, representatives of CWA employees, other members appointed by the Minister)

- ✓ Moreover, all major works that are being undertaken at the level of CWA with a view to improving the water supply situation in Mauritius are communicated to the major stakeholders (consumers) by way of media broadcasts, communiqués.
- ✓ For transparency purpose, all major board decisions that are taken by the Board are uploaded on the CWA Intranet to apprise the employees.

STATEMENT OF COMPLIANCE

Name of PIE: Central Water Authority
Reporting Period: 30 June 2018

We, the Directors of Central Water Board, confirm that to the best of our knowledge, the Authority has not fully complied with the principles of the Code of Corporate Governance, for the reasons stated below:

AREAS OF NON-COMPLIANCE OF THE CODE		EXPLANATION FOR NON-COMPLIANCE
PRINCIPLE 2	Statutory Corporations and parastatal bodies should have a qualified Company Secretary or arrange to have one as soon as possible.	CWA has already initiated procedures for the recruitment of a Legal Officer who, upon appointment, will act as Company Secretary.
PRINCIPLE 4	Training of Directors on their role and responsibilities.	Training of Directors will be undertaken in the next financial year – 2018/19.
	SBs should evaluate their Board, committees and directors on a regular basis.	Board and Board Committees' evaluation will be undertaken during FY 2018/19 as already agreed by the Board.
	SBs should arrange appropriate insurance coverage against the possibility of legal action against its directors.	The Board has already agreed to take an Insurance Cover for Directors and Officers Liability. Same will be included in the next bid exercise of Insurance which will be launched in November 2018 – to be effective as from 01.01.19.
WEBSITE	The CWA's website does not contain all the required disclosures.	The website will be redesigned during FY 2018/19 and all disclosures will be made accordingly in line with the Code.



G.F. Desmarais
Chairperson



J.R. Vydelingum
Member, CWB

SENIOR MANAGEMENT TEAM

July 2017 to June 2018



GENERAL MANAGER
Dr Yousouf Ismaël



**DEPUTY GENERAL MANAGER
(ADMINISTRATION)**
Mr. Hermann Joseph



CHIEF OPERATIONS OFFICER
Mr. Chandrassen Matadeen
*(assigned duties as Chief Operations
Officer wef June 2017)*



**CHIEF ENGINEER
(PROJECT MANAGEMENT OFFICE)**
Mr. Dineshwar Lutchmun



CHIEF ENGINEER (OPERATIONS)
Mr. Madhoochandra Lobind
*(assigned duties as Chief Engineer –
Operations – wef August 2017)*



CHIEF ENGINEER (WR/OSS)
Mr. Sewkumarsing Dinassing
*(assigned duties as Chief Engineer (WR/
OSS) wef December 2017)*



CHIEF FINANCIAL OFFICER
Mr. Outtum Issur



IT DIRECTOR
Mr. Dhanveersingh Juddoo



HR DIRECTOR
Mr. Pravin Ballyraz



MANAGER PROCUREMENT & SUPPLY
Mrs. Nazima Beebee Bhaukaurally



ADMINISTRATIVE MANAGER
Mr. Ramakrishna Neelayya



ECONOMIST / ANALYST
Mr. Atish Soobroydoo



TRANSPORT SUPERINTENDENT
Mr. Irfan Khodadeen
(assigned duties as Transport Superintendent wef November 2014)

**CHIEF ENGINEER
(PROJECT MANAGEMENT OFFICE)**
Mr. Rishideo Gobin

CHIEF ENGINEER (WR/OSS)
Mr. Saytookumar Gungah
(Retired in December 2017)

CHIEF ENGINEER (OPERATIONS)
Mr. Amarnath Jagannath
(Retired in October 2017)

MANAGER COMMERCIAL SERVICES
Mrs. Sushma Nundloll
(assigned duties as Manager Commercial Services from February 2016 to June 2018)

**COMMUNICATION OFFICER/
PUBLIC RELATION OFFICER**
Mr. M. Ali Soliman

CORPORATE OBJECTIVE STATEMENT

3-YEAR CORPORATE VISION
(2018/19 TO 2020/21)

Establishment of CWA

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

Objects of CWA

The Authority shall be responsible for the control, development and conservation of water resources.

Duties of CWA

The Authority shall be the sole undertaker for the supply of water for domestic, commercial and industrial purposes throughout Mauritius.

Where we have been

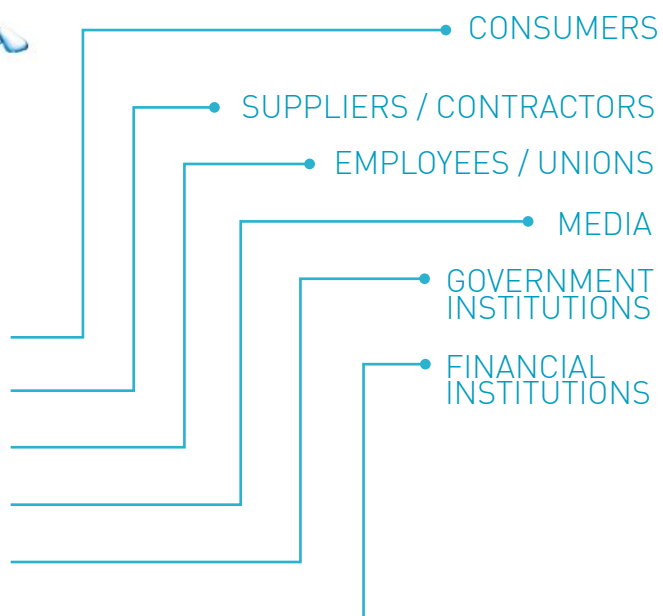
During the last 45 years of its existence, the CWA has strived to make piped potable water universally accessible in Mauritius. Despite countless challenges faced by Government and the CWA over the years, we can boast to be the only country in the region which has achieved nearly 100% water supply coverage.

Where we are now

In 2018, during a normal/wet season, 86% of the population received potable water on a 16-24 hours' 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.



OUR STAKEHOLDERS



OUR 5 PILLARS OF EXCELLENCE



01

OPERATIONAL EXCELLENCE

Achieve production efficiency and set innovative ideas to improve effectiveness in Project Management

02

PEOPLE EXCELLENCE

Develop a motivated, efficient and effective workforce with high productivity

03

IT & INNOVATION EXCELLENCE

Innovate in terms of technology, embracing change, creativity and inventions

04

CUSTOMER EXCELLENCE

Be agile and proactive in the provision of customer service generating customer satisfaction

05

FINANCIAL EXCELLENCE

Overall cost efficiency and value for money

OPERATIONAL EXCELLENCE

SITUATIONAL ANALYSIS	ACTION PLAN	PROPOSED IMPROVEMENT
Ageing pipe network contributing to leakage in distribution system (Non-Revenue Water)	Replacement of old undersized, inefficient and defective pipelines and water infrastructural works	30 projects are Ongoing for the upgrading/replacement of pipe/distribution mains for a total project value of Rs 3.3 Billion. 26 water infrastructural works are under preparation
Lengthy repairs of leaks resulting in a considerable number of complaints	Implementation of Roster system	Repairs of leaks will be done 'In-House' thus reducing time taken for repairs, and diminish number of complaints
No Master Plan for water sector for more than a decade	Prepared a Master Plan for water sector	To address issues of smart cities and economic & social development at large

The word improvement in an 'Operation' means different things to different people. Some define it as 'lower operating cost' or 'reduced inventory' while others describe it in terms of 'increased efficiency' or 'better quality'. The process of improvement in an organisation often involves management setting one of these goals, i.e., lower operating cost, Just-In-Time Inventory, increased efficiency and better quality. Consequently, employees make changes in their daily tasks to achieve it, then management setting a new goal

If everything goes right, the best this cycle will yield is a climb up the staircase of continuous improvement year after year. Rather than a never-ending journey with no destination, a more recent approach is to design the performance of the operation, and then ensure that it performs in accordance with the design specifications.

The first step in CWA's design is setting a destination so that we will know exactly where we are going. Our destination is to create Operational Excellence, where "Each and every employee can see the flow of value to the customer, and fix that flow before it breaks down."

Achieving the destination, meaning how the company will

actually get there, must be based on a process so that each employee knows the steps along the way, they can see the signposts that tell them they are heading in the right direction, and they know when they have arrived.

Just like an engineer uses the laws of physics to design an aircraft, a bridge, or a reservoir, we will follow some principles to reach our destination of Operational Excellence.

The Operations Division, being the core function of the organisation in terms of production and distribution of water, would require the support of all other divisions to achieve its objectives.

The global utility business is moving away from conventional organisational structures, which focus on operations and maintenance, to ones that focus on optimizing assets. The emphasis requires a deeper understanding of the assets; their criticality, individual maintenance requirements and the ability to optimally balance risk, performance and costs.

The development of water infrastructure, which feasibility rely on clear goals setting and effective planning, has always been the primary objective of the Project Management Office (PMO) of the CWA. The section should cater for future investment and economic development which will be effective with the support of a [Master Plan](#).

The below issues are the ones that the Operations Division must address:

- Better coordination/team work with other Divisions
- Additional resources for the efficient running of the Division
- Enhance the public perception on the work performed by the Authority
- Repair of leaks contracted out with an efficient and effective workforce
- Attend complaints on time to prevent backlogs
- To reduce the Non-Revenue Water (leakage in distribution)
- Provide a comprehensive summary of the content of a contract to inspectors for them to have a better understanding of the KPIs to be attained in a project
- Improve the engagement of operational workforce with the organization
- Ensure a timely process for the floating of Bid Document

Furthermore, the effects of global warming have, among others, been translated into uneven rainfall patterns affecting water resource availability in Mauritius. The Authority was still reeling from the unprecedented drought experience of 2010/2011 when it had to face similar weather conditions during Oct-Dec 2014, leading to acute deficiency in water supply. This put a lot of strain on its existing manpower and other resources. The drought experience highlighted the unpreparedness of the Mauritian Water Sector and forced Government to review its economic agenda and give precedence to water related investments in year 2015. The Authority should get well prepared for similar scenarios in the near future, whereby satisfying the water needs of a growing population, while at the same time, sustaining the level of economic activity will become a challenge for the Authority. It is imperative that it starts, as from now, adopting a series of mitigation measures to counter the adverse effects of future droughts. Demand management measures also form part of this climate change adaptation strategy.

[Refer to Action Plan \(Pg 57-59\)](#)



PEOPLE EXCELLENCE

SITUATIONAL ANALYSIS	ACTION PLAN	PROPOSED IMPROVEMENT
HR Processes are old and not adjusted to modern working practices	Implementation of Human Resources Management Information Sytem (HRMIS) and Performance Management System (PMS)	<ul style="list-style-type: none">• HRMIS will reduce manual paper transactions, errors and increase compliance among employees• PMS will ensure that all employees have clear, aligned and attainable objectives. It will identify performance gaps through KPIs
Ageing workforce, high rate of turnover of staff and several key posts are on contract	Setting up of Career Development for employees	Expanding the career development opportunities for certain grades early in their careers. Identification of talented staff for suitable posts to increase their exposure to different roles
No succession planning, short of experienced staff and lack of ad-hoc training	Implement Succession Planning and Human Resources Development	Development of successors through extensive and appropriate training and development

PEOPLE EXCELLENCE

Striving for excellence is an important part of professionalism in any job. It involves trying to put quality into everything you do, and this attitude tends to separate the achievers, who make rapid strides in their career from others. The most important asset of CWA is its workforce. People Excellence embodies the willingness to use human resources at CWA as efficiently as possible to meet the objectives of the organisation.

Diagnostic of the Human Resource Division at CWA

At CWA, many processes are already in place and have been existent for several years, and need to be adjusted to modern working practices. The Human Resources Management Information System is outdated. Besides an ageing workforce, the rate of turnover among engineers is also high, as remunerations are governed by PRB laws, and several key posts are on contract. Moreover, there is an urgent need for succession planning, in order to ensure CWA is not short of staff following the current departure of some experienced staff. CWA also lacks ad-hoc training plans, employee handbooks, and efficient e-recruiting platforms. Several Action Plans have been defined at CWA in this Restructuring Plan to address the above issues.

Strategic Human Resource Planning at CWA

Strategic Human Resources Planning (SHRP) is a systematic approach to managing people in a way that would maximize their motivation and contribution towards meeting an organization's objectives. The aim of a SHRP at CWA is to help all its department to achieve its vision, mission and objectives through a systematic design and implementation of HRM programmes.

The strategic goals and objectives set by the parent Ministry and the CWA have been translated into the strategic plans, which are ambitious and far reaching. Hence, much emphasis is being laid on improving the effectiveness and efficiency at CWA by support of a motivated and healthy workforce and through greater accountability and performance measurement and more focus on customer service.

In this context, CWA is being required to transform itself, both technologically and culturally where HRD will help lead this paradigm change over the next three years in connection with all HR related matters. The legacy system through the antiquated Human Resources Management Information System (HRMIS) is being envisaged to be replaced with a more updated version of Human Capital Management System (HCMS) from Oracle. This new system will surely provide the departments at CWA to capture and retrieve the real-time information and tools they need to perform at the highest caliber. More importantly, HRD, in a pivotal role, will lead the paradigm shift so as to create an environment that will empower employees to be their best, encourage Heads of Divisions to expect excellence, and create a customer centric focus to meet the needs of the public in general.

However, the SHRP can only achieve its desired purpose depending on (1) Top management commitment to the philosophy that people are the key to the success in achieving the objectives of the organization (2) Strategic linkage of the HRD programmes to its mission and objectives (3) Line management's ownership of the SHRP.

Refer to Action Plan [Pg 60]



IT & INNOVATION EXCELLENCE

SITUATIONAL ANALYSIS	ACTION PLAN	PROPOSED IMPROVEMENT
Lack of telemetry data and real-time information on output flows in water production	Use of Cognitive Computing to monitor water production	Cognitive computing in water production planning uses real-time data and analytics to gather, sort, and analyse data in a comprehensive and holistic way
Poor monitoring of pump performance	Use of Internet of Things (IoT). IOT is the network of physical devices embedded with electronics, sensors which enable exchange of data for more direct integration of the physical world into computer-based systems.	IoT can help by tracking the performance of pumps and their operational characteristics more efficiently - leading to more accurate failure predictions and proactive live maintenance to assure asset longevity
Insufficient data on consumption from Big Consumers (Big Consumer Unit)	To install Smart Meters for BCU to monitor water consumption on real-time	Real-time IoT platforms with predictive analytics, data variables (water consumption on real time, can be monitored, tracked, and analysed easily to make informed decisions on data consumption by BCU

IT Division continues to navigate the unsteady path to digital Transformation within CWA starting from the Finance, Commercial, Human Resource to Procurement & Supply divisions. Change management has become a daily task rather than a one-time activity, compelling CWA to respond and adapt quickly to new business processes and technology advancements.

Yet along with these challenges come opportunities. Globally, with advances in digital technology and analytics namely; predictive analytics; unstructured data analytics, the Internet of Things (IoT) can resolve many of the problems facing CWA in the Operations Division; ageing infrastructure, demand growth, non-revenue water and conserving treated water in whatever form while providing 24/7 water supply across the island.

Segment issues and develop scenarios to overcome them....

The Internet of Things (IoT) is the network of physical devices, vehicles, home appliances, and other items embedded with electronics, software, sensors, actuators, and connectivity which enables these things to connect and exchange data, creating

opportunities for more direct integration of the physical world into computer-based systems, resulting in efficiency improvements, economic benefits, and reduced human exertions. IoT opens huge opportunities for CWA in the form of connected devices, human resources, and networks. The granular data collected from **Intelligent District Meters** can be of even greater value

if the right sensors are installed on the network. By combining data from real-time IoT platforms with predictive analytics, data variables can be monitored, tracked, and analysed easily to take informed decisions.

Monitoring pump performance is another area where the IoT can help by tracking the performance of pumps and their operational characteristics more efficiently – leading to more accurate failure predictions and proactive maintenance to assure asset longevity. Today's IoT devices are also used to help **monitor water quality** at various consumer end points in the network.

Another important factor is surge from internal water pressure variations, usually due to pump operations and valves in the transmission and distribution network. Given that pressure surge is the main cause of water leaks in water pipelines, using models to accurately predict surges will go a long way in reducing water leaks.

Among the key challenges in water production planning is the **lack of telemetry data and real-time information on output flows**, variations in storage capacity, unit cost metrics, chemical consumptions and operational timing of pumps. Efficient production systems depend heavily on data collection, modelling, visualization, and situational intelligence from cognitive computing to overcome these issues. Cognitive computing in water production planning uses real-time data and analytics to gather, sort, and analyse data in a comprehensive and holistic way.

Health and Safety of remote sites in pumping stations, chlorine room, generator room [via wireless IoT Fire detection & alarming solution](#).

DIGITAL VISION, STRATEGY & ROADMAP

Digital transformation obliges CWA to engage all stakeholders and project implementation teams. While prioritizing digital projects, CWA should consider the business value and long term-benefits of digitization.

Some of the projects already underway:

- All CWA – New Cloud Based e-mail and Collaboration Suite **went live in July 2017**.
- Online Ticketing System with SLA implementation running successfully **since 2016**.
- Project Management Office – Online monitoring of all CWA pipeline projects **went live in March 2018**.
- Human Resource – Online recruitment & On boarding **went live in March 2018**.
- Finance – Online Payment Approval, Loan Applications, Contract Management, On-line Purchase order approval and stock management enhancement **Go-Live August 2018**.
- Commercial – Oracle Legacy Upgrade on web-based platform with new Customer Experience (Self-service Portal) **Go-Live August 2018**.

Refer to Action Plan (Pg 61)



CUSTOMER EXCELLENCE

SITUATIONAL ANALYSIS	ACTION PLAN	PROPOSED IMPROVEMENT
Lack of training in customer care to officers dealing with the public and customers	Training provided on instruction notices, change in procedures, regulations. Training provided to Hotline agents on CWA operation processes	Empowerment of staff through continuous training on CWA operations and how to communicate with consumers and deal with difficult consumers
Manual reading of meters and delivery of bills	Proposal made for Automated Meter Reading and delivery bills	<ul style="list-style-type: none"> • Automated mobile reading mechanisms • Telemetry system for quick and efficient reading
High level of illegal tapping	Carry out continuous investigations to detect illegal tapping	Increase collection efficiency and the revenue of the organisation
Outdated Communication Channels	Opening Channels of communication through digital & social media, new website and online application for new supply	<ul style="list-style-type: none"> • More avenues for customers to view and request information about the services offered by the organisation • New ways for the CWA to communicate with the public

Customer excellence is at the heart of any successful business model. For CWA, customer service excellence is equivalent to achieving its vision, that is, providing uninterrupted round the clock service of world-class standard throughout the year to the entire population of Mauritius.

An important aspect of ensuring we are providing quality and consistency in all our dealings with customers is to measure the service being offered. Excellent customer service brings about efficiency in day-to-day operations, uplifts worker productivity and unleashes new dynamism in the organisation. Although it can take extra resources, time and money, excellent customer service can generate positive word-of-mouth for CWA, keeping our image strong, and delivering to its best to exceed customer expectations.

“ AT CWA,
EVERYTHING
WE DO IS IN
LINE WITH
PROVIDING
EXCELLENT
CUSTOMER
SERVICE. ”

Diagnosing chronic issues with respect to customer excellence at CWA

Several pressing issues have been raised while diagnosing Customer Service at CWA. Meeting the KPIs (service indicators) as per CWA Customer Charter appeared challenging. There was a lack of training in customer care to officers dealing with the public and customers. A high volume of customer complaints (around 30,000 monthly) was recorded. The service response time was slow and tardy. Communication channels with customers were missing.

The **root causes of failure** that were identified were mainly: inadequate storage and water treatment, absence of procedure manual, old pipe networks causing frequent disruption of water supply due to broken pipes and faulty pumps, and a lack of training in Customer Care.

Refer to Action Plan (Pg 62-65)

Developing a Customer Excellence Strategy in the organisation

The Customer Service Excellence strategy of CWA lays high emphasis on the role of employees to fulfil customer expectations. It consists of equipping employees with the fundamental skills in delivering exceptional customer service, such as a smile, empathy and patience. Adequate training on how to handle complaints and solve them, how to speak and interact with customers, also forms part of the Customer Excellence vision. An organisational culture shift that values employee effort to satisfy customer needs is vital for the organisation. Feedbacks and customer surveys should be used to enhance customer excellence at CWA.

CUSTOMER EXCELLENCE STRATEGY



CUSTOMER CHARTER

W



WISDOM

Water, A Way Of Life

A



ACCOUNTABILITY

We account for activities of the Authority and take full responsibility

T



TRANSPARENCY

We fulfill our mandate in an ethical and open manner

E



EXCELLENCE

We are leaders and innovators in our sector who get it right on time everytime

R



RESPECT

We respect each other as well as our customers and the needs of the public

STRATEGIC COMMUNICATION PLAN

The Strategic Communication Plan is intended to be a critical component of the Central Water Authority's larger Strategic Plan, i.e., in its "Customer Excellence" visioning process. It is meant to serve as a guide for establishing effective, multidirectional communication channels to solicit and convey information to and from all district stakeholders including employees, the Board Members, customers and the larger community.

The Strategic Communication Plan employs strategies and tactics that will lay a foundation to communicate the CWA's mission and vision to all stakeholders effectively and efficiently, ensuring that CWA's commitment to outreach and community involvement is consistent with its enhanced level of service, production efficiency, distribution effectiveness.



Primary Goals of the Strategic Communication Plan

- To improve and coordinate all 6 sections' communications, both internal and external
- To align Communication Cell's method to disseminate efforts with the CWA's mission
- To increase public awareness of CWA's services, quality, and value.
- To develop a brand that clearly distinguishes the CWA's identity in the minds of the Public
- To increase overall communications effectiveness
- To support the CWA's communications platform and grant strategy through integrated communications efforts

Key Messages

Before CWA determines how they will communicate with their customers, the 6 sections must first determine what they will communicate. Development of key messages is a critical, foundational step that must be conducted before communications strategies and objectives can be set.

Evaluation of input from its management, and staff, as well as customers and other stakeholders, was critical in determining the key messages that best reflect the CWA's vision. These messages include:

Value and service

CWA's commitment to its customers goes beyond providing its services as affordably as possible. The Authority strives to elevate the level of service and value it provides to each and every customer.

Reliability and dependability

CWA's customers entrust the organisation, that they can depend on for a reliable supply of healthy water now and in the future, regardless of emergency, drought, or other challenges.

Conservation and stewardship

CWA is dedicated to ensuring that the community's precious water resources are available for future generations. A critical part of this effort is educating its customers about how to use water as efficiently as possible.

Fiscal responsibility

CWA's desire to use financial resources as efficiently as possible influences all aspects of decisions.

Efficient and effective governance

CWA works consistently to set a new standard for public agency effectiveness by creating a culture that embraces hard work, innovation, new technology, efficiency, and accountability.

Community Partnership

CWA is a community-centered organization that is devoted to building a close relationship with its community by communicating frequently and providing a partnership that helps local businesses and residents succeed and thrive.

ACTION PLAN FOR OPERATIONAL EXCELLENCE

Objective: To ensure a round the clock supply of water across the country

SN	PROJECT NAME	DELIVERABLES	CURRENT STATUS	PROPOSED IMPROVEMENT STATUS	START DATE	COMPLETION DATE
1	Replacement of Old undersized, inefficient and defective pipelines and water Infrastructural works	24/7 Water Supply Service	<ul style="list-style-type: none"> • 21 km of pipe has been replaced for a total project value of Rs 264 M for FY 2017/18. • 30 projects are ongoing for the upgrading/ replacement of pipe for a total project value of 3.3 Billion. • 26 projects are under preparation 	Upgrading and replacement of service/Distribution mains	Jan-15	Ongoing
2	Upgrading of existing water treatment plant and replacing of pipes in areas of increased demand and water loss	Piton du Milieu Rivière Du Poste Mont Blanc and La Nicolière	<p>Refurbishment / improvement contracts assigned to Consultants for design prior to start of works and major pipe replacement works are stated under grant scheme.</p> <p>Future projects such as Upgrading of Riviere du Poste WTP and upgrading of La Nicoliere WTP capital projects have been earmarked in the forthcoming budget.</p>	Improvement in the treatment capacity and supply of water	Apr-16	Jan-21
3	Reduction in Non-Revenue water	Replacement of non-performing pipelines	Ongoing	<ul style="list-style-type: none"> • Increase efficiency • Reduction in water disruption • Better service 	Jan-15	Ongoing
4	Replacement of Domestic Water Meter	Replacement of 75,000 Domestic Water Meter	Evaluation Stage	Increase in revenue	Sep-16	Ongoing
5	Construction of New Water Treatment Plant	Bagatelle, Pont Lardier	<p>Bagatelle - Ongoing</p> <p>Pont Lardier - Selection of Consultant</p>	Improvement in the treatment capacity and supply of water	Feb-17	Apr-21

SN	PROJECT NAME	DELIVERABLES	CURRENT STATUS	PROPOSED IMPROVEMENT STATUS	START DATE	COMPLETION DATE
6	DMA's rationalization of pressure.	To ensure that there is no interruption in water supply	Leak detection exercise to be carried out and replicated to the remaining water supply zones	Pipeline replacement to prevent frequent burst due to unsustainable pressure	Jan-15	Ongoing
7	Construction of new Service Reservoirs	Service Reservoirs in Lower Cluny, Alma, Balisson and Rivière du Rempart	Lower Cluny and Alma are under process of evaluation. Balisson and Rivière du Rempart are under Construction	To improve water storage capacity in the adjoining areas of Lower Cluny, Alma, Balisson and Rivière du Rempart	Sep-18	19-Sep
8	Increase water storage capacity	Construction of 21 Steel service reservoirs	Geotechnical investigation for 12 Steel service reservoirs implemented.	Improve the hours of water supply with additional water storage capacity of Steel service reservoirs	Jan-19	Dec-19
9	Underground water production	Increase the number of boreholes	Drilling of duplicate boreholes are ongoing. Drilling of around 13 duplicate boreholes shall be effected during the Financial Year 2018-19.	A cost-effective measure that will provide an adequate water supply to domestic users.	Jan-19	Jun-19
10	Energy-saving measures	Implement 'Green Energy' concept for electrification of buildings, treatment plants and pumping stations	The equipment has been procured and installation of VSD/ Power factor connectors are in progress. Photovoltaic system will be awarded by end Sept 2018. Installation & commissioning to follow.	Variable Speed Drives (VSDs) are being installed at various pumping stations where water is pumped directly in the network. Ultimately this will bring a reduction in the cost of electricity and use "green energy"	Jan-17	Jan-20
11	Optimisation of water resources	Upgrading of pumping station at Poudre d'Or Balancing Tank and Inlet of Boreholes (Poudre d'Or Basalt BH, Piton Espoir BH, L'Espérance Trébuchet BH, Poudre d'Or BH No. 1,3,4 & Schoenfeld BH)	Feasibility Study	Specifications of surface pumps to include energy efficiency rating. Increase in underground water production	Feb-19	Jan-20
12	Improve water quality	<ul style="list-style-type: none"> Upgrading laboratory facilities and method development, Capacity building and testing. 	<ul style="list-style-type: none"> Atomic Absorption Spectrophotometer purchased for testing traces of metals. UPLC for testing of pesticides, Microcystine and PAHs. Submersible Fluorometer for monitoring 	Improvement in monitoring water quality supplied throughout the island	Jan-18	Jan-20

SN	PROJECT NAME	DELIVERABLES	CURRENT STATUS	PROPOSED IMPROVEMENT STATUS	START DATE	COMPLETION DATE
13	Implementation of Roster System	Repairs of leaks will be done In-house (representing a saving of around Rs 30 M yearly).	Pre-Implementation Stage	With the introduction and implementation of the Roster system (day & night), additional posts of Operatives (Roster-Day&Night) and General Workers (Roster-Day&Night) will be created	Feb-19	Jun-19
14	Renewal of old and inefficient vehicles and procurement of additional vehicles	Efficiency in the fleet of vehicles and proactiveness in the logistics	Awaiting Approval for Award of Contract	Replacement of fleet to be an Ongoing process so as to maintain economical fleet of vehicles	Jan-17	Dec-20
15	Master Plan to be prepared by external consultant	Master Plan for Water sector in Mauritius	Pre-Preparation of Bid Document	To address issues of smart cities and economic & social development	Jun-19	Jun-20

ACTION PLAN FOR PEOPLE EXCELLENCE

Objective: To support the CWA in appraising, training, motivating and planning its workforce to achieve efficiency, effectiveness and economy in its Operations

SN	PROJECT NAME	DELIVERABLES	CURRENT STATUS	PROPOSED IMPROVEMENT STATUS	START DATE	COMPLETION DATE
1	Performance Management System (PMS)	3-Approach PMS	PMS already devised for categories of employees with KPIs in Excel Format at 100%	PMS to be transposed in a Writable Format in July 18/ Training to be done in Oct 18/ Pilot run in Nov 18/ Live Dec 18	Oct-17	Dec-18
2	Human Resources Management Information System (HRMIS)	Core HRMIS/ I-Recruitment Taleo/ Time & Attendance System	Meeting held with Oracle/ I-Recruitment completed at 100%/ TAS launched on pilot basis at ex-DWC/ Core HRMS Phase 1 started	I-Recruitment completed and live at 100% in June 18. Time & Attendance System and Core HRMS Phase 1 Started	Oct-17	Dec-18
3	Human Resources Development	CWA Training Academy (CWATA)/ Innovation Centre (IC)/ TNA/ Training Processes/ MOUs	CWATA and IC at initial stage for setting up	CWATA and IC to be set up at full swing Awaiting signature of MOU	Dec-17	Feb-19
4	Change Management	Customer Welcome Notepad (CWN) / Roster System / Branding – ID Badges/ Uniforms/ Overtime Cost Control	CWN completed/ Roster System implemented on pilot basis in East as from Jul 17/ ID Badges, lanyard, card holders already purchased/ Uniforms already discussed with SNC/ Overtime control	CWN to be displayed in all CSCs/ Roster to be implemented as from Jan 18	Nov-16	Dec-18
5	CWA Employee Handbook	PMS Policy/ Disciplinary Procedures/ T&D Policy/ Attendance & Punctuality Policy/ Exit Interview Policy/ Induction Policy	Completed: Disciplinary, Attendance & Punctuality, Exit interview, Induction	CWA Employee Handbook to be completed after finalization of HR Policies & Procedures	Mar-17	Dec-18
6	Human Capital Planning	Manpower Estimates/ Job Profiling	Job Profiling done for HVD Roster, GW Roster, Operative Roster, HRO, OMA, MSO	Job Profiling to be completed for other grades – Ongoing 35%	Jan-17	Dec-18
7	CWA Occupational Health & Safety Handbook	OSH Policy manual	Completed at 80%	OSH Policy Manual completed 80%	May-17	May-19

ACTION PLAN FOR INFORMATION & TECHNOLOGY EXCELLENCE

Objective: To support CWA in its mission, vision and strategic goals while building Information Technology as a strategic asset through collaboration and communication with all functions of the organisation

SN	PROJECT NAME	DELIVERABLES	CURRENT STATUS	PROPOSED IMPROVEMENT STATUS	START DATE	COMPLETION DATE
1	Upgrading of Oracle Legacy application and data migration to Linux Server for a better performance of the system and enhancement to the Customer Complaints System and mobile Meter Reading system	<ul style="list-style-type: none"> • (Hardware Virtualizations & database) • Infrastructure & Upgrade Application Modernization of Meter Reading application • Management of Complaints through digital transformation processes. 	Ongoing	<ul style="list-style-type: none"> • Better follow up of complaints through new features like chat, SMS, notifications, 360° customer view, web service, center, analytics knowledge management. • Enhancement to Customer Complaints and Mobile Meter Reading Systems. • Integration with ArcGIS system for better tracking of site locations 	Dec-17	Nov-18
2	Implementation of Procurement and Stock Management Application & ERP Enhancement	<ul style="list-style-type: none"> • Upgrade of OS, Application and database • New application for payment certificate, contract ledger, loan, stock Management. • Set up of I Procurement and Payment Manager Modules 	Completed	On-line Payment and enhancement to ERP	Sep-17	Aug-18
3	Extended Use of GIS Ability for CWA PR / hotline users to graphically view location of CWA Customers, based on their meter/account numbers along with a view of hot spots (on going repairs in CWA network)	CWA PR/hotline users will be able to graphically view location of CWA Customers	Ongoing	View location of customers via ARCGIS, Drawing Department to complete for all sections.	Oct-17	Mar-19
4	New website of CWA (cwa.mu) will allow on-line customer billing and payment	New website on cwa.mu – new domain name purchased by CWA	Ongoing	New website to cater for self-service customer, viewing water-bills and make provision for on-line payment to be linked with CWA Customer CSS portal	Dec-18	May-19
5	Acquisition of Tablets for Inspectors/A. Inspectors/M. Readers	Meter Readers MRS/SMR & Inspectors to be provided with Tablet to access the New Mobile Meter Reader Module and Oracle Field Service Platform for Schedule On-Line Jobs.	Ongoing	Long-term Impact:	Dec-17	Dec-18
6	Document Management system	Tracking of digital documents, managing and storing documents and reduction in paper	Ongoing	Reduce in paper, improve productivity and accelerate business processes. (On hold)	Jan-19	Jul-19
7	Cloud Based LIMS	Easy data accessibility for treatment plant located across multiple sites.	Ongoing	Single platform for managing all laboratory activities through a suite of integrated modules.	Jan-19	Aug-19
8	Enterprise Planning and Budgeting Cloud	New Cloud based Platform to streamline the Planning & Budgeting process at CWA	Ongoing	To manage CWA planning and budgeting processes by reducing budgeting and planning cycles and improve forecast accuracy while reducing the time spent on creating reports and annual budget.	Jan-19	Aug-19

ACTION PLAN FOR CUSTOMER EXCELLENCE

Objective: To support the CWA in offering an excellent Quality and Standard of Service to the public

SN	PROJECT NAME	DELIVERABLES	CURRENT STATUS	PROPOSED IMPROVEMENT STATUS	START DATE	COMPLETION DATE
(A) ENHANCE CUSTOMER EXPERIENCE WITH CWA						
1	Inadequate training to PR Staff and other staffs dealing with consumers such as meter reading staff, inspectorate staff, cashiers, operators/receptionists, technical staff, engineering staff, managers, hotline/call-centre officers	Deal with customers with courtesy and politeness. Priority given to consumers	Training provided on instruction notices, change in procedures, regulations. Training provided to Hotline agents on CWA Business. Further training and refresher course scheduled in May 2018. Training on Customer Service Excellence organized to PR officers in May/June 2018. Training provided on Public Procurement Act and Regulations, evaluation of bids, amended circulars from PPO, preparation of bid document on line and on line evaluation of bids	Empowerment of Staff through continuous training on CWA Business and how to communicate with consumers and deal with difficult consumers	Jan-18	Jun-20
2	PR Officers and Officers dealing with consumers not entitled to Name Badge	Enhance customer experience with CWA, Deal with customers with courtesy and politeness	Issue of Badge ongoing	Badge to all PR Officers and staff dealing with consumers	Oct-18	Feb-19
3	Not all PR Staff are customer oriented officers	Enhance customer experience with CWA, Deal with customers with courtesy and politeness	First phase of reshufflement of PR officers carried out	Re-shufflement of PR Officers with right skills and experience to deal with consumers	Oct-18	Completed
4	Continuous upgrading / relooking of CWA Customer Service Centres with a view to enhancing the image of the Authority to reflect customer value	Enhanced Corporate Image of CWA Sub-Offices	Upgrading / Relooking of CWA Customer Service Centres is an ongoing process. Reception Area, PR and Waiting area completely renovated at Head-Office; 70% of work completed at Pamplemousses Office (Waterproofing & Painting work of building in progress at Pamplemousses Office); Major upgrading works completed at Rose-Hill Office - minor upgrading in progress. Upgrading works in other Customer Service Centres in progress. All CSCs are equipped with Water Dispensers. Ticketing system for PR completed at Head-Office	Ticketing System for PR and Display Screen (similar to that at Head-Office) will be implemented in the major CSCs - Pamplemousses, Rose-Hill, Rose-Belle, Port-Louis) in the coming months. Other upgrading works (painting of buildings and offices) in progress	Upgrading work process started since 2016. Ongoing	Jun-19
5	Instruction Notices, Regulations, Information Notices issued to PR Offices and Hotline for Procedures and processes. Consolidated Manual for Hotline	Deal with customers with confidence and empowerment of PR Officers	Customer Charter, Instruction Notices, Information Notices issued to all PR Officers. Consolidated Information Pack to Hotline. Complaint Handling Procedure and Protocol issued in June 2018	Consolidated Instruction Manual to all PR Officers	Oct-18	Mar-19

SN	PROJECT NAME	DELIVERABLES	CURRENT STATUS	PROPOSED IMPROVEMENT STATUS	START DATE	COMPLETION DATE
6	Training of engineers in the preparation of bid document, contract Management to mitigate the risk of variation		Training to be attributed by the FIDIC Accredited trainer	Training to be attributed by consultant	Dec-18	Oct-18
7	Easy access to the ERP system	Enhance customer experience with CWA	Training of HOD to ERP system through i-procurement module and viewing of stock		Aug-18	Oct-18
(B) IMPROVE COMMUNICATION CHANNELS						
1	Some digital communication channels not yet explored by the CWA, although several channels of communications do exist	More avenues for customer to make complaint and request for information	<p>Communication channels available at the CWA include: Customer Service Centres, Phone, E-mail, Letters, Direct Contact to CWA Site Officers, Meeting with CWA Officers, CSU Portal, CWA Website.</p> <ul style="list-style-type: none"> Digital Billboard yet to be implemented at all CWA Offices Customer Charter available in English only. The French and Creole versions of the Customer Charter to be implemented Digital screens to be implemented Kiosk at St Paul, to be implemented in other Customer Service Centres Online view of debtors can be implemented upon upgrade of the Legacy Oracle System Legacy Oracle upgrade ongoing – Project oracle CX (Self-service customer portal) in parallel which will cater for online view of Debtors Online application of new supply already exists and enhancement to be brought such that automatically request registered under Customer Service - To be implemented upon Upgrade of Oracle Legacy System Website being updated with news at certain intervals 	<p>Opening Channels of Communication, through:</p> <ul style="list-style-type: none"> Customer Charter in English, French and Creole Use of digital screens in shopping malls to convey CWA messages; Online View of debtors; Online Application for new Supply; Website to be Updated with Latest news 	Jan-19	Jul-19
2	Inadequate communication of on-site information, prevailing information in respect of water cuts, hours of supply, schedule works, broken mains, other important information, etc to consumers	Deal with Consumers with confidence	Hours of supply, water cuts, schedule works being communicated to Hotline. List of Weekend Roster & on call officers being submitted to Hotline	Communication of all major on-site information such as water cuts, hours of supply, scheduled works, broken mains, other important information to consumers	Recurrent Task	Recurrent Task
3	Infrequent save water campaigns, sensitisation campaigns, video production, visuals, intervention at public places such as community centres, schools, door to door visits	More informed and responsible consumers	Sensitization campaigns in some areas regions works scheduled to start. Visits being carried out to Force Vives and authorities by CWA Hotline Coordinator	Communication of all major on-site information such as water cuts, hours of supply, scheduled works, broken mains, other important information to consumers. Regular visits to Force Vives and Authorities	Recurrent Task	Recurrent Task

SN	PROJECT NAME	DELIVERABLES	CURRENT STATUS	PROPOSED IMPROVEMENT STATUS	START DATE	COMPLETION DATE
(C) SERVICE TO CUSTOMERS						
1	Complaints not being attended as per Response Time set in Customer Charter. Repeated complaints. Large Number of complaints and Backlog in attending complaints. Reactive rather than proactive. 90% of complaints relate to water supply (operational) issues	24/7 Water Supply Service	Necessary amendments for excessive bills further to meter change carried out prior to issue of bills. Emergency Response Team set up to catch on complaints. Roster Teams introduced to catch up on back logs in respect of complaints. Outsourcing of repairs of leaks. Escalation of critical complaints at higher levels until attended. Works for the repairs of leaks in the 6 zones are being outsourced in order to reduce response time. Minister's approval awaited to award the contracts scheduled start date: End of June 2018	Devise SMART measures to eliminate backlog in attending complaints. Devise Emergency Response Plan. Devise Regional Plan. Escalation of complaints to higher levels under not attended. Analysis of Complaints	Oct-18	Jul-19
2	Poor workmanship on Site - Lack of Supervision	Customer Satisfaction and Quality of works	Performance of Contractors being monitored and supervised	Works performed as per required workmanship	Recurrent Task	Recurrent Task
3	Nursing Calls to customers for complaints	Improved Service to Customers	Nursing Calls carried out at the level of Call Centre/CWA in respect of critical complaints and other complaints	Nursing Calls for critical and other complaints to obtain feedback from customers	Recurrent Task	Recurrent Task
(D) ELECTRONIC BILLING						
1	Manual Reading of Meters and Delivery of Bills	Billing Accuracy	Proposal made for Automated Meter Reading and Delivery Bills – POC being carried out for Automated Meter Reading. Delivery of bills through electronic channels to be implemented upon upgrade of the Legacy Oracle System – Upgrade of Legacy Oracle System Online. Meter Reader Application for provision to tablets to Meter Readers for reading of meters – implementation ongoing	1. Automated mobile reading mechanisms 2. Telemetry System for quick and efficient reading	Dec-18	Dec-19
(E) REDUCTION OF UNACCOUNTED FOR WATER (RUFW)						
1	High level of illegal tapping have been identified. Some 570 cases have been reported during 2017 and Rs 2.6 M recovered	Increase the revenue	Project to detect illegal tapping - Rs 2.6 M collected as illegal use of water for 570 illegal cases. 2,670 investigations carried out.	Enforcement of the legislation and regulations of the law and policies in line with CWA Act and CWA Regulations	Oct-18	Jun-19
2	Replacement of Defective consumer meters	Increase in revenue	Around 80,000 consumers meters have already been replaced, with increase in revenue of around Rs 66M up to December 2017. Bid document in respect of procurement of 50000 meters in process. Same expected to be replaced as from Jan 2019	Replacement exercise is scheduled to be completed by December 2017	Jan-18	Jun-19

SN	PROJECT NAME	DELIVERABLES	CURRENT STATUS	PROPOSED IMPROVEMENT STATUS	START DATE	COMPLETION DATE
(F) HOUSEHOLD STORAGE						
1	Insufficient household Storage Capacity	24/7 Water Supply service	Around 56,000 families are benefiting from the scheme.	1. Water Tank Grant Scheme to be maintained for another year to households earning Rs 30000 2. Scheme be extended to all schools (approximately 300 schools) in the country to ensure regular water supply	Jul-18	Ongoing
2	Inadequate water storage capacity	24/7 Water Supply service	Project earmarked in the Budget measure	Private developers of Smart Cities and Hotels be allowed to install desalination plants to supply potable water to their clients/tenants	Jul-18	Jun-20
3	Inadequate water storage capacity	24/7 Water Supply service	Some domestic users implemented the scheme	Rainwater Harvesting Scheme for Government Agencies (Government buildings), schools, local authorities and Non-Governmental Organizations be implemented island-wide	Jul-18	Jun-21



The image is a full-page background photograph of a construction worker operating a large hydraulic excavator. The worker is wearing a white hard hat, a high-visibility safety vest, and blue jeans. The excavator's arm and bucket are visible, positioned over a pile of dirt. A large, stylized, teal-colored wavy graphic is overlaid on the left side of the image, partially obscuring the excavator and the worker. The text "OPERATIONAL REVIEW" is centered in the middle of the image in a white, sans-serif font.

OPERATIONAL REVIEW

AT A GLANCE....

The CWA, which exists since 1973, has been guaranteeing that the water supplied by the authority is treated to meet norms recommended by the World Health Organisation (WHO) for drinkable water. Independent tests are conducted regularly to ensure compliance with the standards of the WHO and the Ministry of Health and Quality of Life in Mauritius. One of the commitment of the CWA is to provide a 24-hour water supply service to the population and to reduce the Non-Revenue Water to an acceptable level. Today, 99.7% of the population has access to piped potable water within their premises.

The CWA ensures service delivery through some 5,200 Km of distribution pipelines drawing from some 94 service reservoirs to sustain and ensure security of supply. Another function of the service reservoir is to act as a buffer during peak demand.

Daily output in the distribution network has increased from an average of 769,879 m³/day in 2017 to 786,340 m³/day as at end June 2018. On the other hand, demand has also been sustainably increasing by an average of 2.3% per annum over the past 10 years. This trend is forecast to continue up to year 2020.

As regards raw water resources, 50% is derived from ground water abstracted through 144 pumping stations. It is to be mentioned that ground water is injected directly into the distribution network or service reservoirs following chlorination because it is already of good quality. The rest is obtained from surface sources and is treated at the CWA treatment plants having a total installed capacity of 379,400 m³.



JULY 2017 TO JUNE 2018 HIGHLIGHTS....

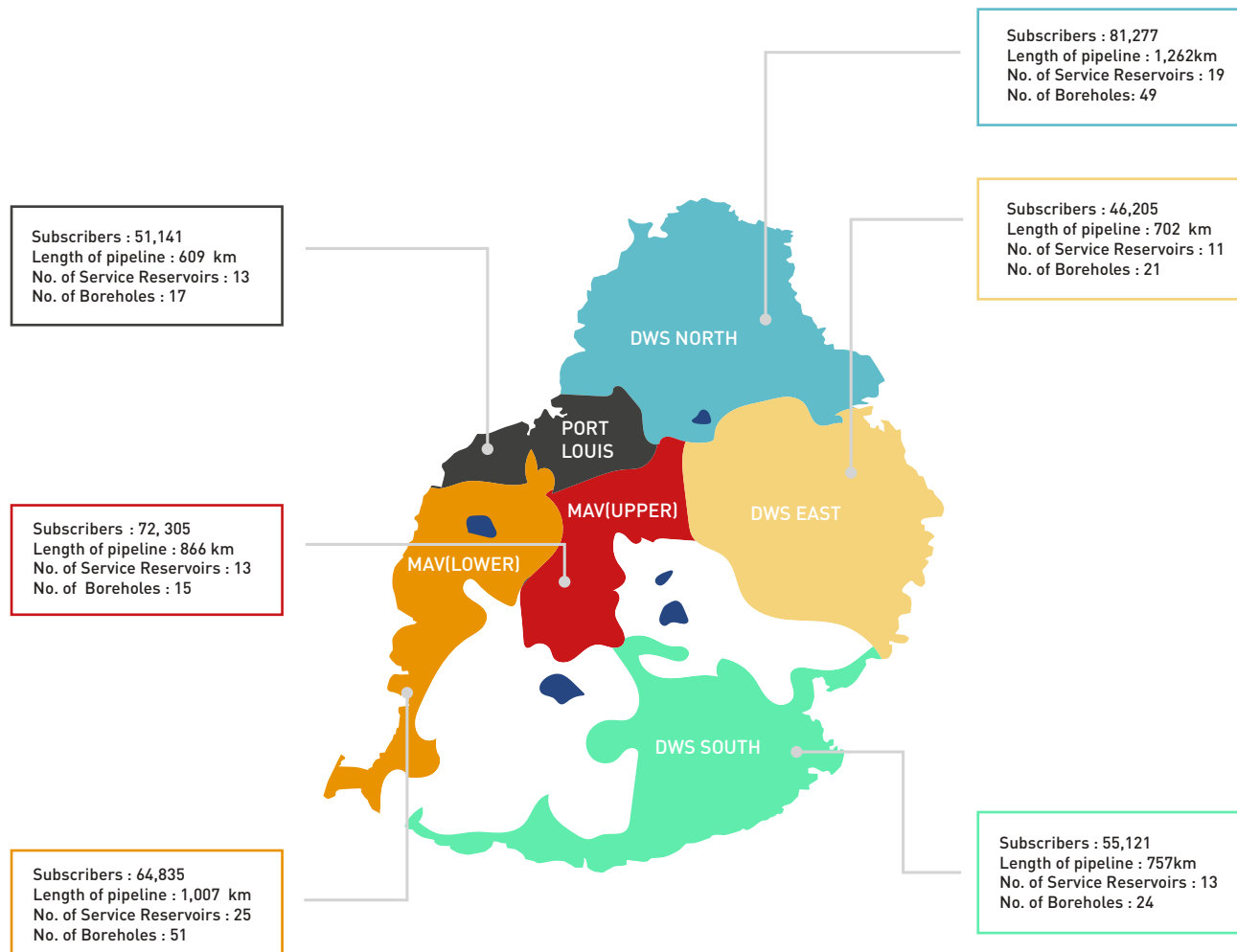
Our main event remains the construction of Bagatelle Water Treatment Plant (WTP) which aims at relieving consumers from few hours of water supply when the Bagatelle WTP will be operational. With a treatment capacity of 60,000 m³ per day, consumers in the regions of Q.Bornes, Beau Bassin - Rose Hill and adjoining areas will have a significant increase in the hours of water supply.

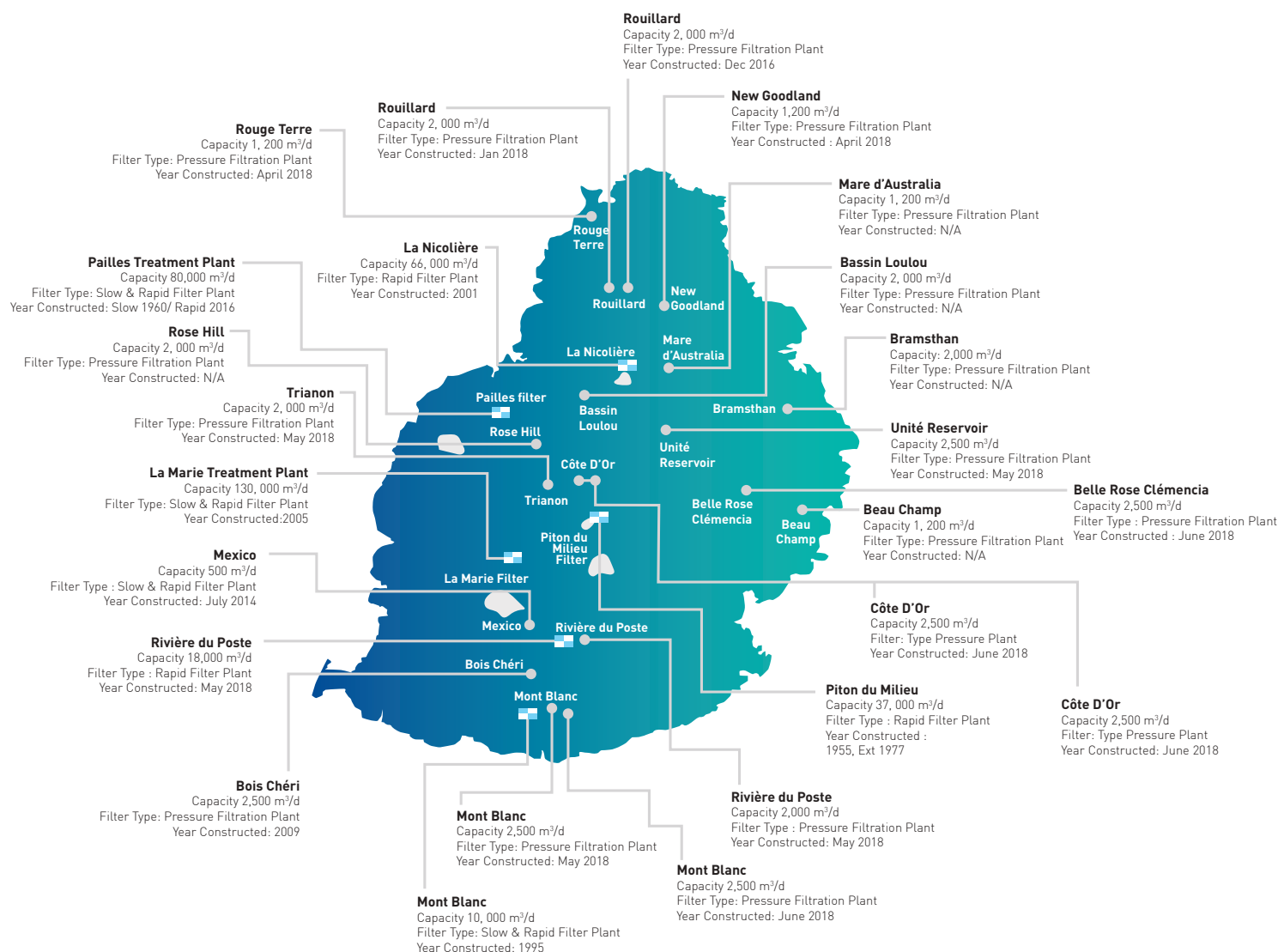
Another notable highlight was the advent of the E-procurement and I-procurement systems. E-procurement (electronic procurement, sometimes also known as supplier exchange) is the business-to-business or business-to-consumer or business-to-government purchase and sale of supplies, work, and services through the internet as well as other information and networking systems, such as electronic data interchange and enterprise resource planning. Hence, now and onwards suppliers, contractors and consultants would be able to view on the procurement portal features such as current and future bidding opportunities and even download bidding documents where permitted, and also view evaluation reports and awards made by the CWA.

On the other hand, The I-Procurement system will be used for Internal Stock Request & Stock Management Application. It aims at helping the CWA in terms of reduction in transaction costs and procurement cycle time, enhance decision making process, better contract management and easy to use application system for end-users.

WATER SUPPLY SYSTEM IN MAURITIUS....

Distribution Water Supply Zones





OPERATIONS DIVISION

The Operations Division is responsible for the treatment and distribution of potable water islandwide. The island is categorised into six (6) main water supply system and the daily average water production in each system for the calendar year 2017 is shown hereunder:

Average Daily Production for Year 2017

SECTION	SURFACE (M³)	SURFACE (%)	UNDERGROUND (M³)	UNDERGROUND (%)	TOTAL
Port-Louis	87,316	71%	36,262	29%	123,578
DWS - North	85,120	54%	73,436	46%	158,556
DWS - East	41,209	36%	73,485	64%	114,694
DWS - South	30,270	29%	72,570	71%	102,840
MAV - Upper	122,115	86%	20,647	14%	142,762
MAV - Lower	31,831	25%	95,618	75%	127,449
Total	397,861	52%	372,018	48%	769,879



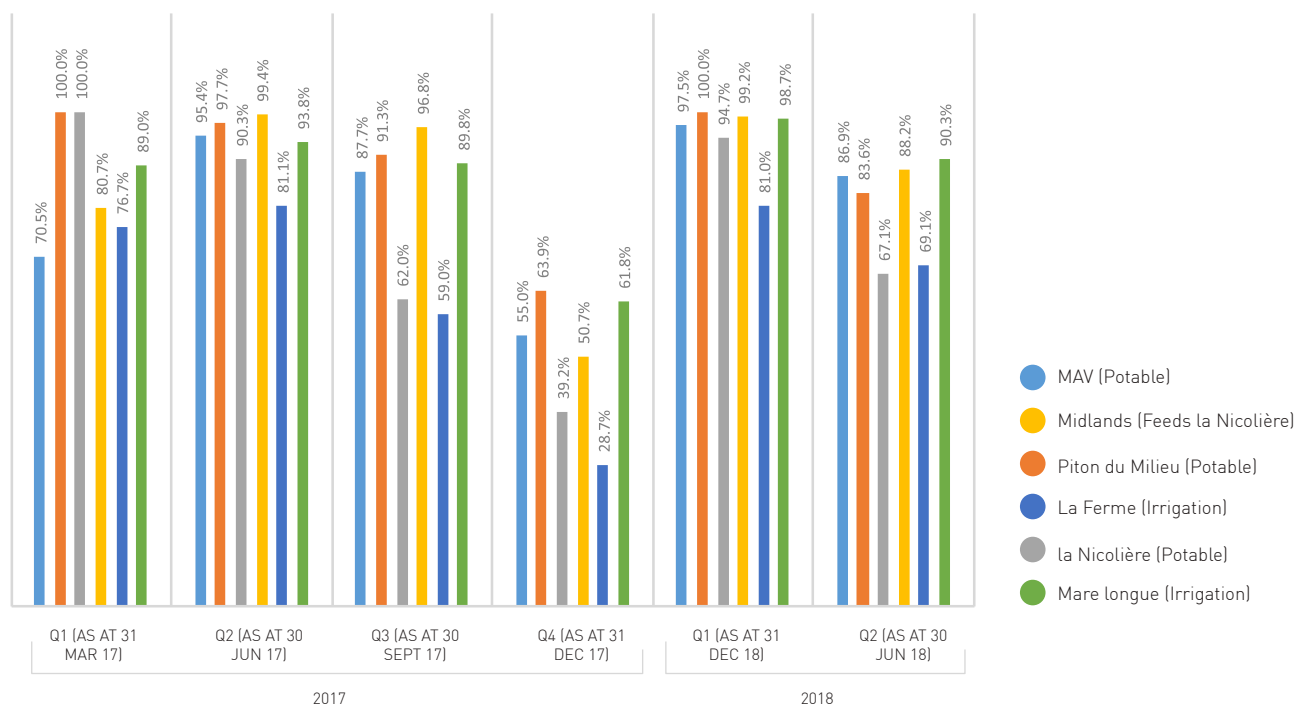
(La Marie Water Treatment Plant)

Volume of Water Produced (Million meter cube) for Calendar Year 2017-2018 (as at June 18)

CALENDAR YEAR	2017			2018 (AS AT JUNE)		
Section	Surface (Mm³)	Borehole (Mm³)	Total (Mm³)	Surface (Mm³)	Borehole (Mm³)	Total (Mm³)
Port-Louis	31,141,502	11,172,519	42,314,021	15,123,375	8,276,511	23,399,886
DWS - North	51,625,696	24,789,549	76,415,245	14,833,194	13,595,816	28,429,010
DWS - East	12,695,239	14,610,722	27,305,961	7,488,510	13,716,745	21,205,255
DWS - South	10,725,568	24,896,056	35,621,624	5,744,502	14,386,335	20,130,837
MAV - Upper	37,836,690	9,590,265	47,426,955	22,053,312	3,967,339	26,020,651
MAV - Lower	-	28,943,301	28,943,301	6,404,760	17,523,423	23,928,183
Islandwide	144,024,695	114,002,412	258,027,107	71,647,653	71,466,169	143,113,822

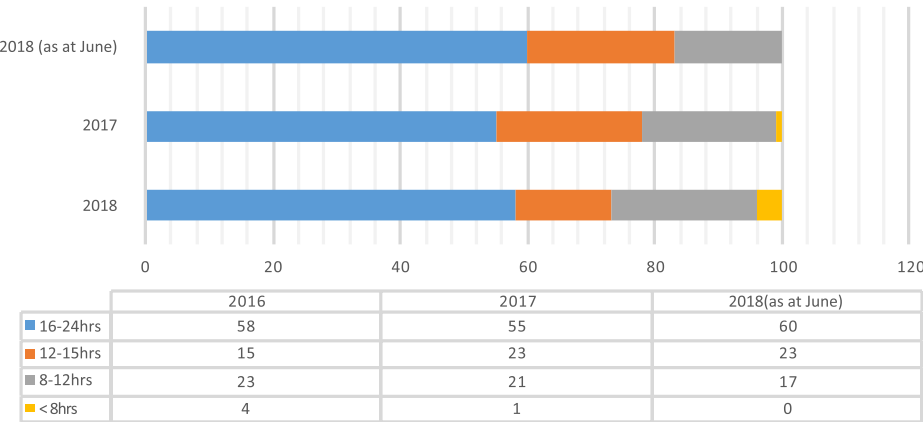
The water supply situation in general was good and was mainly attributable to the generous summer rainfall. The water storage in the reservoirs and dams was above 50% most of the time during the year as shown below:

RESERVOIR LEVEL (%): CALENDAR YEAR 2017 & 2018 (AS AT JUNE 18)



An analysis over the last two and a half years reveals a satisfactory hours of water supply throughout Mauritius as portrayed in the graph below:

% HOURS OF SUPPLY ISLANDWIDE: CALENDAR YEAR 2016-2018 (AS AT JUNE 18)

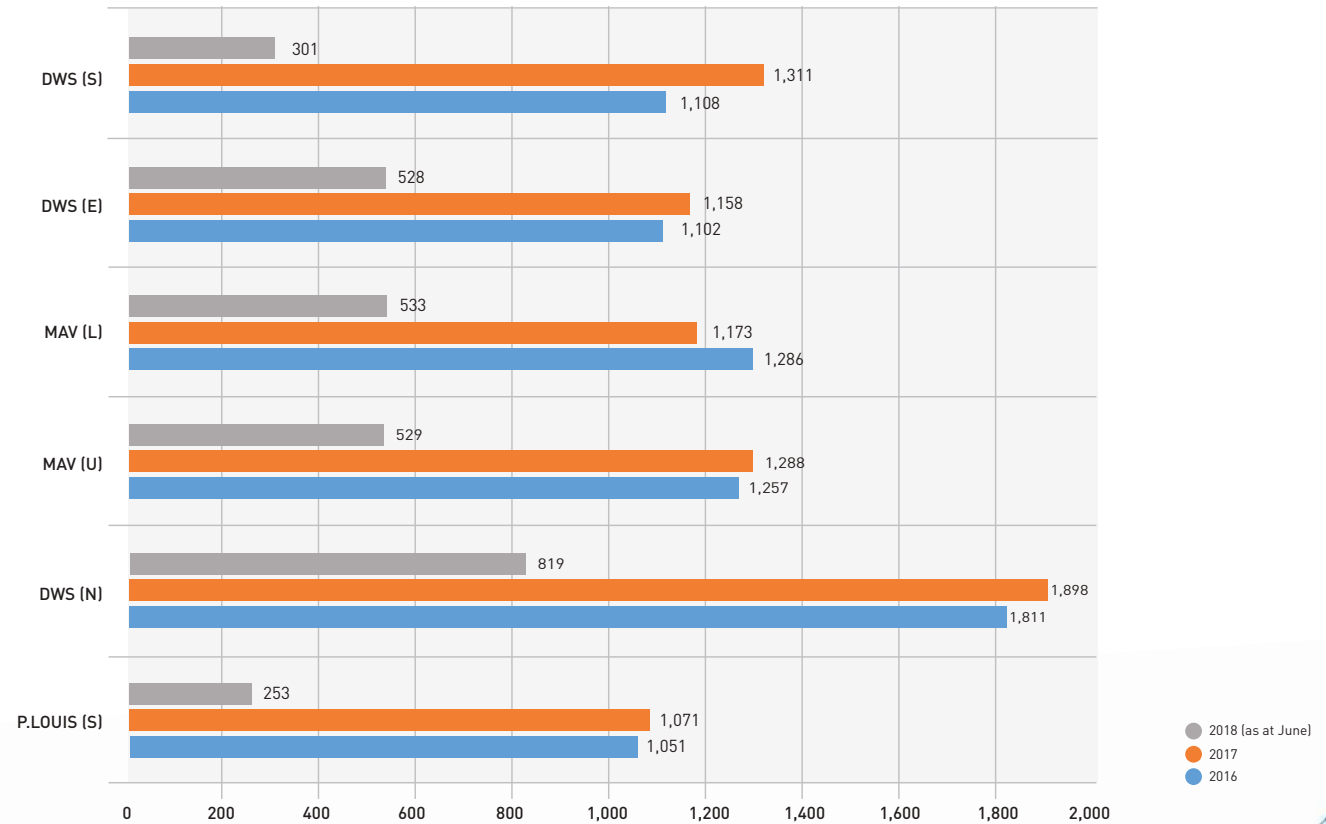


NEW SUPPLIES CONNECTED

The water supply situation in general was good and was mainly attributable to the generous summer rainfall. The water storage in the reservoirs and dams was above 50% most of the time during the year as shown below:

SECTION	2016	2017	2018 (AS AT JUNE)
Port-Louis	1,051	1,071	253
DWS - North	1,811	1,898	819
MAV Upper	1,257	1,288	529
MAV Lower	1,286	1,173	533
DWS - East	1,102	1,158	528
DWS - South	1,108	1,311	301
Islandwide	7,615	7,899	2,963

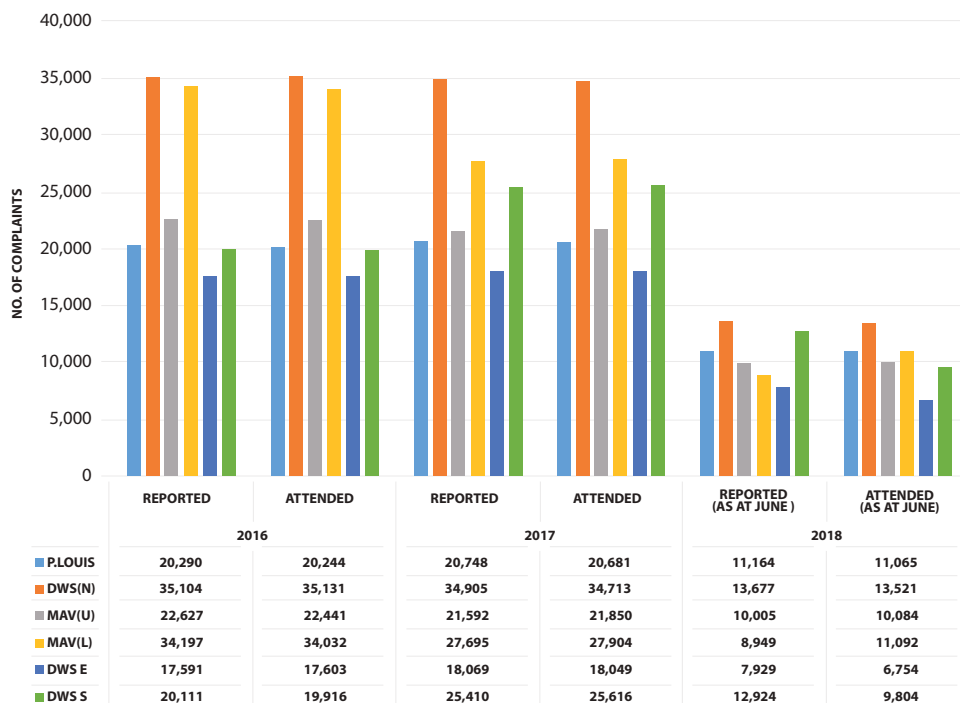
NEW SUPPLY CONNECTION: CALENDAR YEAR 2016-2018 (AS AT JUNE 18)



LEAKS AND COMPLAINTS

The Operations team attended to complaints islandwide whereby a system-wise breakdown is illustrated below:

LEAKS AND COMPLAINTS FOR CALENDAR YEAR 2016-2018 (AS AT JUNE 18)



ACTION PLAN FOR DRY SEASON

During the dry season, the authority has recourse to river water to supplement the inadequate potable water required. In order to treat the raw water from reservoirs and rivers, ten (10) additional containerized filtration plants will be procured with maximum turbidity of either 300 NTU or 50 NTU. They will be installed at the following sites:

- | | |
|------------------------|------------------------|
| ✓ Chamarel | ✓ Plaines des Papayes |
| ✓ La Marie | ✓ Alma reservoir |
| ✓ Morcellement Pousson | ✓ Mon Loisir Rouillard |
| ✓ Mare d'Australie | ✓ Surinam |
| ✓ Beau Champs | ✓ La Flora |

Below are the other actions planned to be taken to mitigate any adverse effect of dry season on the water supply throughout Mauritius.

- Renewal of pipe of diameter ranging from 50mm to 300mm under the Minor Work contract (Framework Agreement)
- Abstraction of water from Irrigation Authority network
- Abstraction of water from river sources
- Installation of Pressure Filter for treating additional water abstracted from Irrigation Authority pipeline and rivers
- Commissioning of standby/additional boreholes
- Monitoring of summer rainfall

MAJOR ACHIEVEMENTS DURING THE FINANCIAL YEAR 2017-18

The CWA undertook the renewal of pipeline in Rose-Hill in line with the Metro Express Project. The pipe laying works comprise supply and laying about 400 m of 400 mm DI pipe to replace the existing AC 375 mm diameter from Atrium, Rose-Hill to junction Reverand Lebrun street/ Vandermesh street. Additionally, 2.5 km of 300 mm DI pipe was used to replace the existing CI 300 mm diameter from Duncan Taylor Street (near Rose Hill stadium) to Beau Bassin Roundabout and about 800 m of 200 mm DI pipe was necessary to replace the existing CI 200 mm diameter from Duncan Taylor street (near Rose-Hill stadium) to Ex Arab Town at Rose Hill. Likewise, about 2 km of 110 mm HDPE pipe was utilised for household connections along Vandermesh.

One of the major achievements was the renewal of 30kms of pipeline under framework agreement (Minor Works Contract) which was subject to frequent bursts thereby improving supply and customer satisfaction.





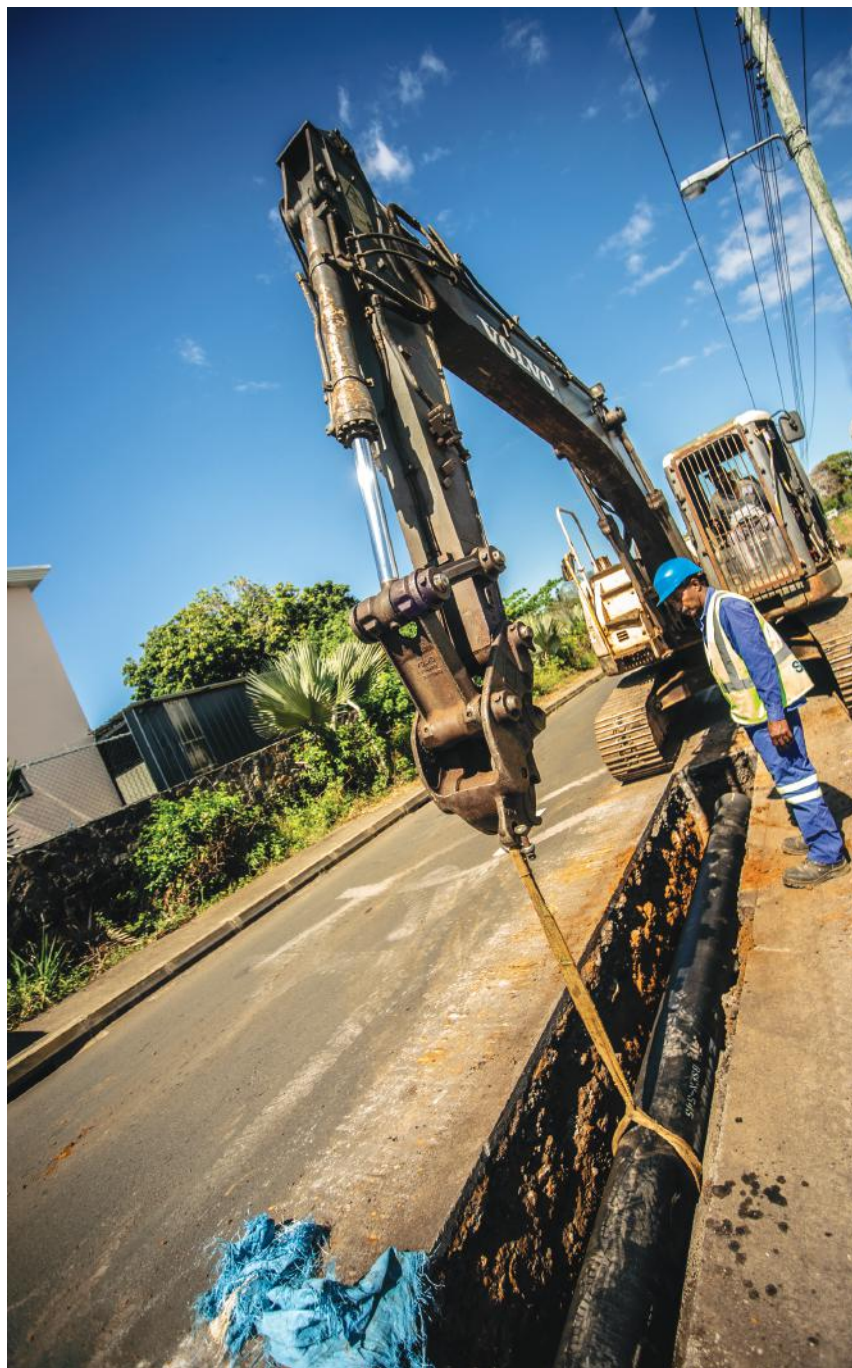
Another important accomplishment was the installation of 11 Mobile Pressure Filters to harness additional water resources about 25,500 m³ per day. The different sites are exemplified below:

Installation of 11 Mobile Pressure Filters

SECTION	SITES	CAPACITY (METER CUBE PER DAY)
DWS - North	Rouge Terre	2,000 m³/d
DWS - North	New Goodlands	2,000 m³/d
DWS - North	Rouillard	2,000 m³/d
DWS - East	L'Unité	2,500 m³/d
DWS - East	Clémencia	2,500 m³/d
MAV Lower	Trianon	2,000 m³/d
MAV Upper	Côte D'Or (2)	2,500 m³/d (each)
DWS - South	Rivière du Poste	2,500 m³/d
DWS - South	Mont Blanc (2)	2,500 m³/d (each)



The Operations Division also supervised and took over 50 km of pipes under Morcellement Projects.



SCIENTIFIC SERVICES SECTION

The Scientific services section is managed by the Senior Scientific Officer. The section comprises the following:

- The Chemistry Laboratory
- The Microbiology Laboratory:
 - 1) Bacteriology unit
 - 2) Micro-Algae unit

Over and above of water and waste water testing, the Scientific Services Section is involved in the following activities:

- Water Quality Monitoring
- Water Quality Surveillance of Reservoirs
- Water Treatment Processes at the water treatment plants
- Ground Water Licence
- Water Pollution Control
- Effluent Discharge Permit(EDP)
- Environment Impact Assessment(EIA)
- Independent Environment Audit (IEA)

MONITORING OF WATER QUALITY

The Water Quality Laboratory of the CWA is responsible for the regular monitoring of the quality of water supplied to consumers to ensure compliance with WHO guidelines for drinking water and the National Drinking water standards (EPA 2002) set by the Ministry of Environment. Water quality is constantly monitored by the laboratory personnel. An average of 500 water samples is tested, approximating to 3,500 physico- chemical and biological parameters on a monthly basis. Water samples are collected from rivers, impounding reservoirs, springs, boreholes, treatment plants and from the water distribution system of the CWA. In addition, tests are performed on samples of wastewater discharged by industries as listed in the EPA regulations in connection with Effluent Discharge Permit regulations(EDP).





The Chemistry and Microbiology laboratories of the Scientific Services have been accredited to the ISO:IEC 17025 standards by the Mauritius Accreditation Service (Mauritas) in May 2012. Accreditation of the laboratory is an international recognition with regards to the competency of its personnel and the procedures adopted for its testing activities. Testing of potable water is done at the Water Quality Laboratory to ensure compliance to the required standards with a view to ensure that water supplied by CWA is of good and reliable quality.

The CWA signed a second Memorandum of Understanding (MoU) in 2016 with the MEPU for the purpose of Effluent Discharge Permit (EDP), Water Quality Surveillance and Water Pollution Control in relation to inland water. MEPU being the enforcing agency for EDP regulations, effluent discharged by the pollution industries was monitored during the course of the year by the scientific services of the CWA. The MEPU decides to grant them permits based on results of analysis of wastewater discharged by these industries.



WATER QUALITY

The Water Quality Laboratory plays a vital role in the monitoring of the proliferation of algae in our impounding reservoirs. A surveillance programme was set up in 2012 under the supervision of the Ministry of Energy and Public Utilities (MEPU) to study the level of algae, pesticides, heavy metals, physicochemical and bacteriological parameters. The Water Quality Surveillance program started in 2012 and involved the monitoring of water quality in rivers which are feeders to the reservoirs. The Surveillance program is still ongoing in all reservoirs of Mauritius with a view to monitor algal proliferation and its impact on water quality.



During the period under review, the CWA laboratory acquired an Atomic Absorption Spectrophotometer for the testing of heavy metals in all reservoirs of Mauritius. The laboratory was further equipped with a fluorometer to carry out 'In situ' testing and in-depth study at selected reservoirs. Necessary arrangements were made for a boat to carry out sampling exercise at La Nicolière reservoir.

An Ultra Performance Liquid Chromatography (UPLC) was donated by UNOPS in 2017 through the MEPU under the Integrated Water Resources Management (IWRM) project for the Northern Aquifer. The equipment is operated to perform tests for pesticides and poly – aromatic hydrocarbons in water. In addition, an ION Chromatograph has been bought for further testing of physico – chemical parameters.

MECHANICAL & ELECTRICAL (M&E) SECTION

A Principal Engineer (M&E) who is assisted by one Executive Engineer (Mechanical) and one Executive Engineer (Electrical) governs the Mechanical & Electrical (M&E) section. The main objective of the M&E section is to provide support services to the Operations Division and the Project Management Office. The M&E section ensures that all operational pumping stations (boreholes/surface pumps) are properly maintained in order to provide water supply on a 24/7 basis.



OUR ACTIVITIES



Performing inspection and condition monitoring on electrical panels, pumps, generators (pumping stations).



Perform inspection and condition monitoring on chlorination equipment such as ejectors, change over modules, booster pumps, etc.



Perform maintenance on electrical and electro mechanical equipment including static and mobile generator.



Attending breakdown of pumps during office and after office hours, weekends/public holidays, 400 volts rated electrical switchgears and chlorination equipment.



Manufacturing of fittings such as viz saddles bends, valves, bearing, reducers, enlargers and wellheads required by M&E section and other sections.



Removal and Installation of surface pumps and submersible pumps in rivers and boreholes.



Distribution of full chlorine tonners and cylinders on sites and collection of empty ones from sites (pumping stations and treatment plants).



Preparation of bid documents including technical specifications in line with the requirement of Public Procurement Act 2006 for procurement of electrical, mechanical and control equipment e.g. pumps, autotransformer panels, variable speed drives, power cables, drilling of boreholes, supply of liquid chlorine and chlorination equipment, rewinding of electrical equipment, chlorine change over modules and gas leak detectors, standby generators, stainless steel risers, photovoltaic system and pressure filters.



Design and prepare technical specifications of electrical, mechanical and control systems and equipment for Planning & Development (P&D) division for major contracts for the construction of new pumping stations and buildings.



Implementation of energy saving initiatives and green energy projects such as PV lighting system. Photovoltaic Systems and installation of Variable Speed Drives (VSDs) and procurement of power factor correctors on all pumping stations and administration offices.



Application of electrical supply on new stations and upgrading of electrical supply on existing stations.



Procurement of pumps, power cables for submersible and surface pumps, stainless steel risers, starter panels, chlorination equipment, variable speed drives, power factor correctors and solar power pumps. Follow up of contracts such as drilling of duplicate boreholes, supply of liquid chlorine in cylinders and tonners, supply, installation and commissioning of changeover modules and gas leak detectors and supply, installation and commission of standby and mobile generators and refurbishment of existing sites.

ACTIVITIES CARRIED OUT THROUGHOUT THE YEAR

- Inspection and Condition Monitoring (ICM) exercise on all electrical and electro – mechanical equipment found on the 144 Nos pumping stations, 99 chlorination sites and 8 office building on a monthly basis. The equipment includes submersible, surface pumps, starter panels, VSD's, chlorination equipment and standby generators.
- Attending to breakdowns on pumping stations and on chlorination sites during and beyond normal working hours, week-ends and public holidays.
- Follow-up of the maintenance works for data loggers, standby and mobile generators, photovoltaic lighting system, solar photovoltaic system, chlorination equipment and containerized pressure filter at sites.
- Intervention by M&E team for the removal and installation of submersible pumps in boreholes and surface pumps at pumping stations.
- Standby & mobile generators were serviced, tested on load and maintained in good running condition in order to ensure backup power supply in case of CEB power failure or interruptions at pumping.
- Manufacture of fittings by Metal Workshop for Operations and Project Management Office for pumping main, viz saddles bends, reducers, enlargers and wellheads for new boreholes and metal frames supports for pumps installed in rivers.
- Design and prepare technical specifications if electrical, mechanical and control system and equipment for Project Management Office (PMO) division for major contracts for the construction of new pumping stations, reservoirs and dams.
- Provision of mobile generator set on lease according to established CWA rates to ministries, government departments and parastatal bodies for official ceremonies and functions.

PROJECT MANAGEMENT OFFICE

Project Management Offices have been around since the 1800s, though their function has evolved over time. They commenced as a type of national governance of the agricultural industry, but by 1939 they began to be referred as 'Project Management Offices'. What we know today wasn't in existence until the 1950s, and today they are a dynamic entity used to solve specific issues.

The Project Management Office in collaboration with the Drawing and Survey Office, through planning, survey, design, implementation and supervision of works, ensures that wide range of projects in the construction/replacement of pipeline are realised. The above mentioned services are occasionally outsourced, especially if capacity in-house is overstretched.

PIPELINE RENEWED AND LAID



YEAR	PIPELINE (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
2017/18	105.5	510.5

ACHIEVEMENT

CONTRACT NO. (IF APPLICABLE)	PROJECT DESCRIPTION	COST (RS.M)	PIPELINE (KM)	START DATE	END DATE	TARGETED REGIONS	ACHIEVED BENEFIT/ RESULT/ OUTCOME
C2014/46	Leg 2 - Construction of Distribution Main Downstream of Bosquet Reservoir up to Coromandel	86.5	6	Apr-16	Jul-17	Petite Rivière, Richelieu, Pointe Aux Sables, GRNW, La Tour Koenig	Reduction in unaccounted for water. Optimisation of hours of supply. Increase in pressure and availability of water in water networks.
C2013/11	Pipelaying Works From Poste De Flacq To Poste La Fayette	27.6	3	Mar-16	Jul-17	Poste La Fayette	Reduction in unaccounted for water. Optimisation of hours of supply. Increase in pressure and availability of water in water networks.
C2013/104	Replacement of Pipeline from Cap Malheureux to St. François/Goodlands	45.2	3.5	Nov-16	Nov-17	Cap Malheureux, St François and Goodlands	Reduction in unaccounted for water. Optimisation of hours of supply. Increase in pressure and availability of water in water networks.
C2013/101	Rehabilitation of sedimentation unit at La Marie Treatment Plant	42.4	N/A	Mar-15	Nov-17	MAV Upper and MAV Lower	Improved water quality from Treatment Plant to region of supply.
C2015/127	Renewal of pipeline along Marie Jeanne Village	15.9	2	Jan-17	Dec-17	Marie Jeanne Village	Improved and sustained water supply in the regions.
C2016/147	Replacement of La Brasserie Botanical Garden Pipeline(NRW)	53	6	Jan-17	Jun-18	Berthaud and Robinson Botanical Gardens	Improved and sustained water supply in the regions.
C2017/126	Geotechnical Investigation for the Construction of Service Reservoirs at Cluny and Alma	1.7	N/A	Sept-17	Apr-18	N/A	N/A
C2015/107	Bridge Crossings in Port Louis	29	0.3	Jan-17	Jan-18	P.Louis	Removal of Obstruction that may cause secondary floodings
C2016/25	Rerouting of bridge across Rivelets St Louis, Pailles	7	0.06	May - 17	Mar - 18	P.Louis	N/A
C2013/56	Intake Structure Downstream Of Midlands Dam	60.9	N/A	Sep - 16	May - 18	N/A	Additional water mobilization during dry seasons

COMING SOON!



CONTRACT NO.	CONTRACT DESCRIPTION	PROJECT VALUE (RS M)	FORECAST PIPELINE (KM)	EXPECTED COMPLETION
C2012/44	Permanent works for abstraction and treatment of pumped raw water from intake at Rempart river to Salazie Reservoir	50	0.3	Aug-18
C2015/78	Leg 3 - Upgrading Works in the Pierrefonds System - Upgrading of Distribution Mains in Coromandel, Gros Cailloux and Canot Areas	69.1	7.2	Nov-18
C2015/128	Replacement of Pipeline in Roches Noires and Plaine des Roches region	116	15	Aug-18
C2016/02	Renewal And Improvement Works At Morcellement Swan Pereybere	76.9	16	Oct-18
C2016/132	Construction of a 3,000 m³ Service Reservoir at Rivière du Rempart and pipeline from reservoir to network (Concrete)	40	N/A	Sep-18
C2015/111	Improvement of Rivière du Rempart Distribution Network	121.9	16	Dec-18
C2016/136	Upgrading of Distribution Mains in the regions of Laventure.	81	9.3	Dec-18
C2016/32	Improvement of Water Supply in Lallmatie, Bon Accueil & Pont Blanc Areas	114	18	Dec-18
C2015/09	Consultancy Services for the Survey, Design, Preparation of Bid Document, Bid Evaluation & Supervision at Construction Stage for Pipelaying Works in Rose Hill Centre & Adjoining Areas	8.3	N/A	Jun-19
C2016/211	Replacement of CWA Pipelines in Rose Hill and adjoining areas - Zone 1	151	12.2	Jun-19
C2016/212	Replacement of CWA Pipelines in Rose-Hill and adjoining areas - Zone 2	153	15	Jul-19
C2015/82	Replacement of Pipelines in Moka Regions	37.02	6	Aug-18
C2014/10	Renewal of Pipeline from Alma Reservoir to Malinga	101.28	8.1	Apr-19
C2016/03	Renewal of pipeline at Residence Kennedy - Candos	65.99	5	Jul-18
C2013/88	Pumping Main From Alma Reservoir to Alma Hill Reservoir	26.95	1.8	Jul-18
C2016/34	Renewal of Pipeline in Plaine Magnien	88.05	5.7	Mar-19
C2015/66	Pipelaying Works in Surinam	52	6	Sep-18
C2016/145	Renewal of Service Main from Rose-Belle to Mont Fertile	87.51	7.2	Apr-19

CONTRACT NO.	CONTRACT DESCRIPTION	PROJECT VALUE (RS M)	FORECAST PIPELINE (KM)	EXPECTED COMPLETION
C2015/80	Pipeline from Riche en Eau to Grand Bel Air and Ville Noire	119.84	12	Jun-19
C2017/37	Design, Build & Turnkey Project for the construction of a 2000 m ³ Service Reservoir at Ballisson	26.8	N/A	Aug-18
C2017/128	Construction of 12 Steel Service Reservoirs (Geotechnical)	4.5	N/A	Sep-18
C2016/124	Upgrading of Pumping Station and Construction of Pumping Mains at Rivière du Rempart	129	17	Dec-19
C2016/200	Plaine Verte- Cité Martial Pipeline- Phase 1	133.3	10	Nov-19
C2016/201	Roche Bois- Abercrombie Pipeline- Phase 1	135.9	9	Nov-19
C2012/16	Construction of Pipeline from Bagatelle WTP to Belle-Rose and Rose-Hill	141.03 (interim)	14	Nov-18
C2012/13	Construction of Bagatelle WTP (60,000 m ³ /day)	890.6	N/A	Jun-19
C2016/69	Consultancy Services for supervision of Bagatelle Project	27.37	N/A	Jun-19
C2012/15	Construction of Pipeline from Bagatelle WTP to Soreze	144.33	9	Jul-18
C2015/13	Consultancy Services For The Feasibility Study, Design & Preparation Of Bid Doc For The Upgrading Of The Intake Structure & Review Of The Treatment Process At Rivière du Poste Treatment Plant	8.69	N/A	Sep-18
C2017/194	Construction of a new Pumping Station at Plaine Lauzun	80	0.25+ Buildings+ M&E Works	Nov-18



DRAWING OFFICE

The CWA Drawing is capable of generating drawings of high quality within the required time frame in accordance with International Standards.

Our in-house drawing office comprising experienced Technical Design Officers are qualified across the following disciplines:

- Structural Steel
- Structural Concrete
- Above ground Storage Tanks
- Electrical
- GIS
- Pipelines
- Drains



Our experienced drawing office can offer the following services:

- Conceptual designs
- Animations
- Detailed fabrication and construction drawings
- As-Built drawings
- Process flow diagrams
- Process and instrumentation diagrams
- Electrical diagrams

Our comprehensive range of services enables us to provide good quality drawings by utilizing the following softwares:

- AutoCAD
- ArcGis

Our passion for draughting inspires us to regularly upgrade to the latest software, resulting in cost effective designs in accordance with International standards.



COMMERCIAL DIVISION

The Commercial Division is one of the keystones of the Central Water Authority in terms of revenue maximisation through the support of its various sub divisions and endeavours to provide high quality customer service to its customers.



The **mission statement** of the Commercial Division is achieving the four 'E' in respect of: Efficiency, Effectiveness, Economy and Excellence in Customer Service Delivery pertaining to the Commercial activities of CWA.

GOALS AND OBJECTIVES	
1	Constantly improving service by bringing innovation and excellence to enhance facilities provided to customers to meet customers' expectations in line with business trends and technology development (e.g. promoting e-services, on-line real time system, smart metering) and by facilitating business procedure and processes (e.g. re-engineering of the business process).
2	Attending complaints promptly to meet the KPI prescribed in the CWA Customer Charter for each type of complaint falling under the responsibility of the Commercial Division.
3	Maintaining debt collection efficiency over 99% by pursuing its effort to minimise the level of bad/ irrecoverable debts.
4	Maximising revenue by increasing the billing efficiency over 90% through (i) the replacement of all defective slow moving/ageing meters (ii) reading all meters accurately (iii) billing the customers on the correct category (iv) reducing the Commercial losses/illegal tappings.
5	Reducing meter reading and billing costs by the introduction of staggered billing in respect of Domestic Consumers.
6	Ensuring an affordable water tariff structure by producing a water tariff policy aiming to reduce wastage of water while protecting the lower income group of customers through the introduction of a social tariff (e.g water free of charge up to 6 m³).

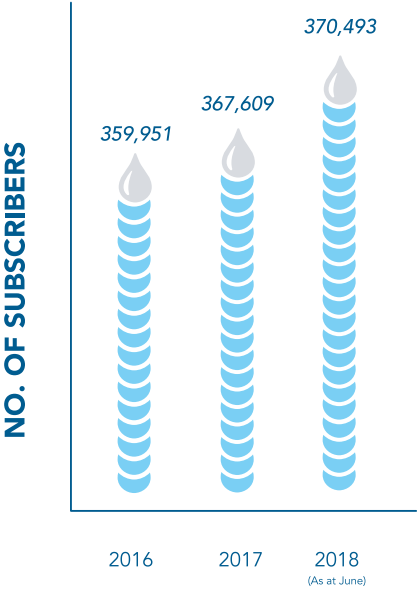
CUSTOMERS

We continue to deliver improving customer service against a backdrop of rising customer expectations. During the year 2017/18, improvements have included the following:

- The CWA has revamped it's 9 Customer Service Centres (including hotline);
- A multidirectional approach has been set up to approach its customers on different levels in order to reduce the waiting period, thus, improving customer satisfaction.

The registered consumers of the CWA are classified into Domestic, Non-Domestic and Public Sector Agencies with different tariffs applicable for each category. The evolution of our consumers is shown in the table as hereunder:

CATEGORY OF CONSUMERS	SUBSCRIBERS		
	2016	2017	2018 (as at June)
DOMESTIC	335 ,088	341,969	344,705
NON-DOMESTIC	22,315	23,065	23,216
PUBLIC SECTOR AGENCY	2,548	2,575	2,572
TOTAL	359,951	367,609	370,493

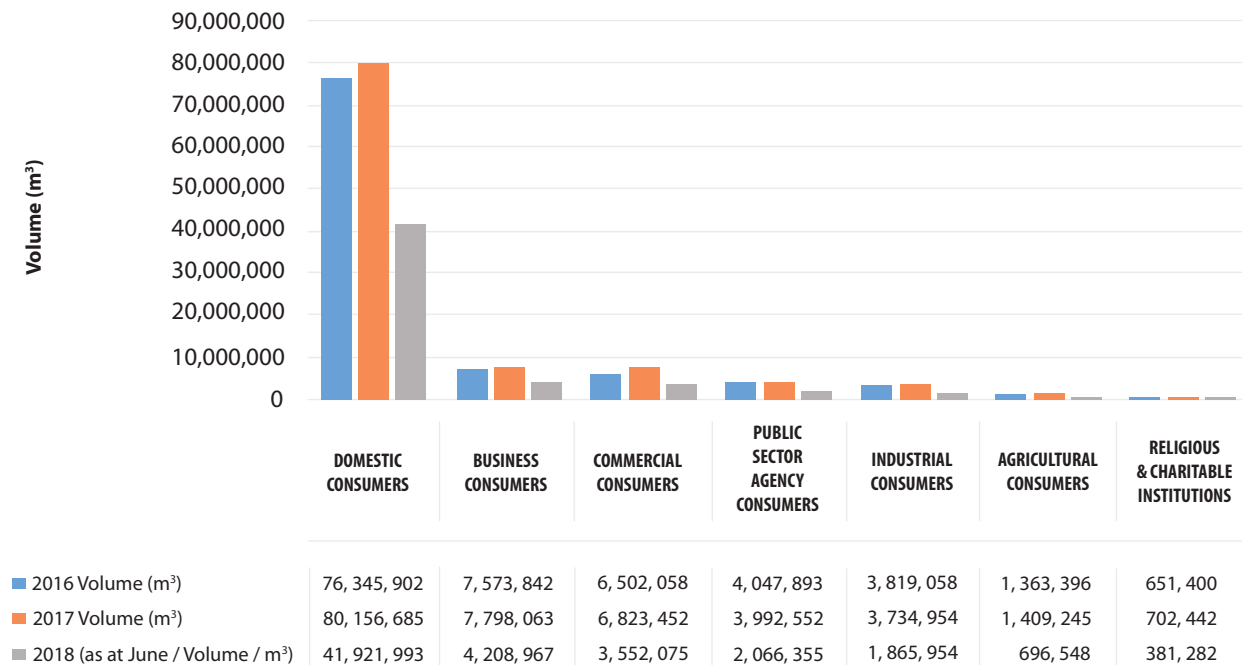


TRENDS IN WATER CONSUMPTION

100.3 million cubic metres of drinking water were consumed during the Calendar Year 2016, 104.6 million cubic metres in 2017 and 54.6 million cubic metres in 2018 (as at June). The water consumption evolution by main categories for the Calendar Year 2016-2018 (as at June) is depicted below:



Water consumption (m³) by main categories for Calendar Year 2016-2018 (as at June 18)



KEY ACHIEVEMENTS

YEAR IN REVIEW: OUR KEY ACHIEVEMENTS IN 2017/18

• **Sustain debt collection efficiency of more than 99%**

The collection efficiency refers to the collection ratio which reflects the level of efficiency of the service provider’s staff in performing their duties and the level of consumers’ willingness to pay. The Commercial Division has been able to maintain the debt collection efficiency of 99% which is viewed as a reference by many African countries.

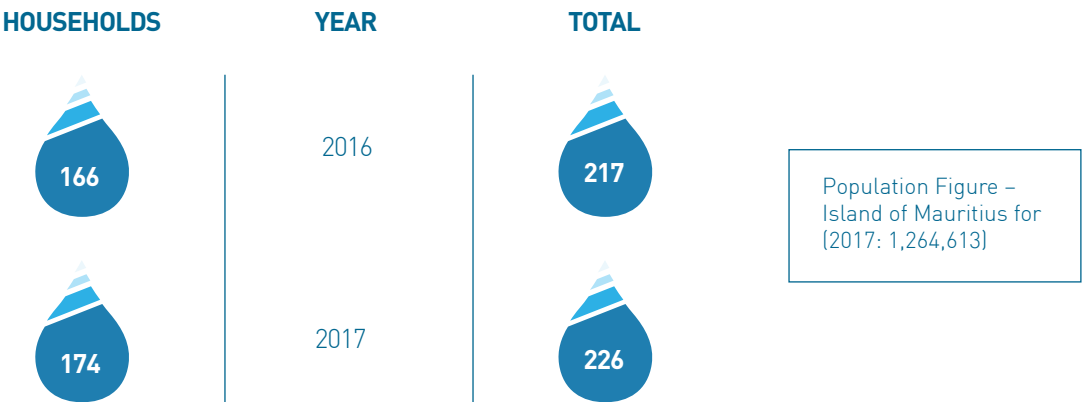
• **Water Meter Replacement**

A comprehensive water meter replacement project benefits the water distribution system by creating a more efficient operation. Debris, age, and deterioration can reduce the accuracy of analog meters over time, leading to lower measurements and the possibility of unbilled water use.

The Authority was able to conclude the procurement exercise under contract C2015/87 in 2017. A massive meter replacement exercise was undertaken by the Authority as from September 2016 to October 2017. Some 33,521 meters have been changed during the financial year 2017/18, thus bringing an additional revenue of approximately Rs 36 M.

PER CAPITA WATER CONSUMPTION

Per capita water consumption means the average amount of **water** each **person** uses on a daily basis, expressed as litres per capita per day. Per capita consumption for Mauritius was as below:

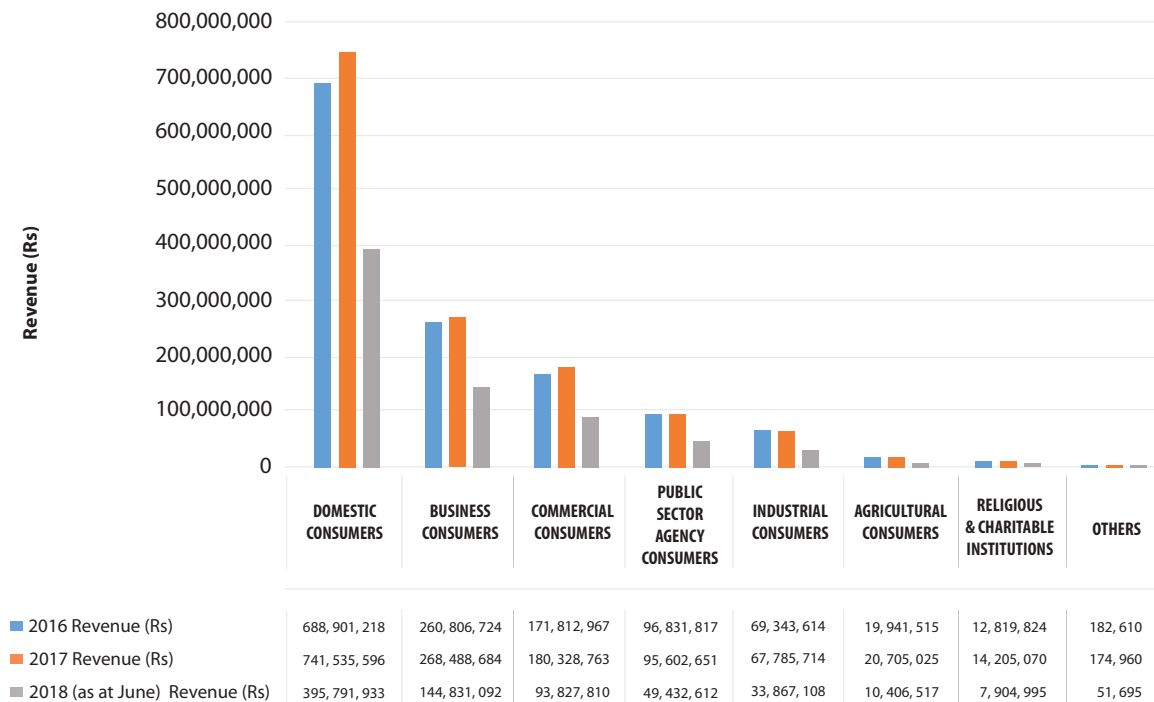


REVENUE GENERATION

The revenue generated through the sales/ consumption of drinking water during the Calendar Year 2016 amounted to Rs 1.3 Billion. For the Calendar Year 2017, CWA engendered a total revenue of Rs 1.4 billion and for 2018 it recorded a total revenue of Rs 736 M as at June. The column chart below shows a breakdown of the main categories of customers.



Water Revenue for Calendar Year 2016 - 2018 (as at June 2018)



COMPLAINTS

Complaints are registered through the Consumer Service System(CSS) which allows the organisation to obtain feedback on how to improve their services and to decrease the likelihood of problems with the customers. With a view to ensure customer excellence, all types of complaints falling under the Commercial Division are attended as per lead time specified in the Customer Charter. The critical complaints which are attended are reflected below:

PROBLEM DESCRIPTION	COMPLAINTS ATTENDED(NOS.)
	Financial Year 2017-18 (as at June 2018)
Excessive Bills	13,886
Meters not working	934
Total	14,820

HOTLINE

Our telephone hotline operates on a 24/7 basis on telephone number 170 for any complaint and enquiry. There are various types of problems in respect of Water Supply, Water Quality, Billing and metering, payment of bills and unresolved cases which are normally addressed. Some 355,035 hotline calls were handled by the operators during the year under review which represents 96% in terms of Service Level (Key Performance Indicator for Call Center) and is shown as per table hereunder:

SERVICE LEVEL [%], PERIOD JULY 2017 – JUNE 2018														
CWA	2017						2018						TOTAL	
	CALL	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
	CALL ENTERED	19,085	27,163	26,256	36,027	31,159	53,228	36,244	24,811	29,880	32,975	29,772	26,684	373,284
	CALL ANSWERED	18,784	26,609	25,853	35,379	30,353	47,559	31,909	23,723	28,626	31,477	28,798	25,965	355,035
	SERVICE LEVEL	98%	98%	98%	98%	97%	89%	88%	96%	96%	95%	97%	97%	96%

BIG CONSUMER



The *Big Consumer Unit* was set up in 2007 and is one of the most important sub units of the Commercial Division. It caters for some 2,500 consumers and contributes towards 40 % revenue of the Authority. It targets some big consumers whose meters are of 25mm and above such as industrial entities and hotels.

WATER TANK GRANT SCHEME

The Water Tank Grant Scheme aims at providing grants to low income families for the purchase of water tank of capacity 400 to 1000 Litres. In order to facilitate households to have access to potable water, this government has come up with the Water Tank Grant Scheme. The CWA received 11,834 applications for financial year 2017/18 and 11,642 applications have been approved.



CREDITORS/DEBTORS



Through a close monitoring of readings, action is taken to recover debts and through tracking down of illegal connections, the revenue of the organisation has boosted up. Different methods of payment of water bills have enhanced the collection efficiency which has been maintained at 99% over the years. Updating of debts in the Debtors Management System zone wise is closely monitored by the Debtor Control Unit. The number of disconnected supplies for non-payment of water charges and the number of re-opened supplies for the year were 3,737 and 4,507 (include supplies disconnected in 2016 and re-opened in 2017) respectively.

BILLING



All categories of our customers are billed as per CWA regulations. Through our customer service system and multi-channel communications, all issues in respect of bills are sorted out to the satisfaction of both parties. Over and above, we have a customer charter which is also available on our website.

PROSECUTION

The Commercial Division, after using all means and methods for its debts collection exercise, as a last resort, initiates legal actions against defaulting customers through the Supreme Court of Mauritius and its subordinate courts.

Minor claims/debts not exceeding Rs 25,000 are less than one year are lodged by our offices in the Small Claims Tribunal of the 10 District Courts. For this exercise, the services of Attorneys/Barristers are not required. Both parties, Defendants and Respondents, are convened before the Magistrate in Chambers in view of settling the issue of debts owed to the satisfaction of both parties.



FRAUDWATCHERS



Illegal connection

The **Anti-Fraud Unit** was set up in September 2004. It acts as a deterrent in relation to pilferage of water and as such ensures that revenue loss to the Authority is minimised. During the Financial Year 2017-18, around 570 cases of illegal tapping were unearthed, thus bringing additional revenue to the tune of Rs 2.6M to the Authority. The diagram below shows a case of illegal connection where the meter has been removed and the communication pipe has been connected directly to the supply pipe.

COMMUNICATION UNIT

The Communication Unit plays a key role in how the government, employees, media and the general public perceive the CWA. The Communication Unit reports directly to the General Manager of the organization and serves as adviser in managing the CWA's reputation. It helps to provide quality information and customer service through different communication tools, organize and coordinate all PR activities, press conferences, press releases and make use of social media including website, Facebook, digital media to share information and maintain a good customer relationship.

MEDIA RELATIONS

This may be the function for which a Communication Unit is best known. Media relations work includes writing and distributing news releases and responding to media inquiries. The Communication Unit monitor newspapers, television news broadcasts and other outlets to see what the media is saying about the authority and to devise strategies to address misinformation. Through the Financial Year 2017-18, several articles were published to inform the population about the CWA projects currently being carried out to improve the distribution of potable water throughout the island.

PUBLIC RELATIONS

Building relationships with customers and responding to inquiries from the public fall under the public relations function of the Communication Unit. Duties in this area include producing newsletters, brochures and other printed materials designed for the general public. During the Financial Year 2017-18, a total of 28 PR exercises have been conducted throughout the island.

SOCIAL MEDIA

The Communication Unit also manages a company's website and social media presence, which includes monitoring what customers and clients are saying about the company on social networking websites and responding to inaccurate posts or requests for information.



CRISIS COMMUNICATION

When an event occurs that threatens public safety or a company's reputation, the Communication Unit functions as advisers to the General Manager and the senior management in managing the crisis. Special training in the issues unique to crisis communication may help the Communication Unit to prepare for events such as drought period, sudden interruption of supply of potable water and so on. The resource persons in the Corporate Communication Unit often work with staff throughout the organization to develop crisis communication plans before disasters strike.



COMMUNICATION STAFF

Communication staff may respond directly to call and emails from citizens and customers with questions about the authority's plans or activities. For the Financial Year 2017-18, a total of 17 "Save Water Campaign" have been carried out in schools to sensitize youngsters about the importance of saving/using water conveniently.



EMPLOYEE COMMUNICATIONS

In addition to conveying the authority's messages to external audiences, the Communication Unit may also be called on to function as employee communications officers, which includes designing printed publications and writing emails to announce company news, benefits information and so on. The Communication Unit may facilitate focus groups to learn what issues matter most to front-line employees (mostly employees from the Operations Division). It is also supposed to advise senior leaders on how to improve relationships with their staff and gain support for their initiatives.





HUMAN RESOURCES

The Human Resources Division (HRD) is concerned with the issues of managing people in the organization. The HRD is responsible for many people related issues in the CWA. Under the HR Division's remit are the following roles:

- The process of recruiting suitable candidates for the Authority
- Identifying and meeting the training needs of existing staff
- Ensuring employee welfare and employee relations are positive
- Ensure the working environment is safe for employees
- Raising awareness of current workplace legislation

As at 30 June 2018, the CWA had a workforce of 987 employees (828 males and 159 females) on establishment, and 280 officers were employed on a contract basis. Additionally, 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.

OBJECTIVES OF THE HR DIVISION OF THE CWA

APPRAISAL OF PERFORMANCE OF EMPLOYEES

Employees need to know how they are performing in their position and they should have an opportunity for improvement through a proper Performance Management System (PMS). The objective is to increase the performance of employees by a minimum of 20%.

TRAINING AND DEVELOPMENT OF EMPLOYEES

Training and development helps the Authority and its employees to be well-equipped and continuous learning will enhance the level of productivity and boost morale. The objective is to allocate at least 40 hours of training per employee per year.



HUMAN RESOURCES OR MANPOWER PLANNING

The effective planning of manpower helps to keep resources and overhead costs to a minimum, while eliminating wastage at the same time. Making sure you have the right person for the job the first time reduce costs by avoiding new expenses incurred through the recruitment, rehiring and retraining process. The objective is to reduce recruitment costs by 50% through Online Application I-Recruitment Taleo.



SETTING GENERAL AND SPECIFIC HR POLICIES AND PROCEDURES FOR THE AUTHORITY

Specific HR policies and procedures are being developed in line with the relevant legislations for employees. It is very important that all employees know and understand these policies. The objective is to enhance employees' capabilities to perform their present job by a minimum of 20%.



DEVELOPING AND MAINTAINING WORKERS MOTIVATED

The Authority is encouraging work and home life balances. The HR Team is making a concerted effort in creating a motivated work environment that will assist employees at work, but also help them to replicate the feel good factor at home which would benefit their families as well



ACHIEVEMENTS OF THE HR DIVISION

One of the major achievements of the HR Division was in terms of Capacity Building, Training and Development to the employees. A total of 177 training sessions (In-House, Local and Overseas) were delivered for an estimated 1,505 hours of training to different categories of employees. The CWA also signed a Memorandum of Understanding (MoU) with the MITD for Training purposes and upgrading of skills.

Another important project of the HR Division was the implementation of the I-Recruitment and Onboarding TALEO, Pilot time and Attendance Biometric. TALEO is an Oracle Cloud Based Solution which has been tailored and implemented at the CWA in 2017 to help its Human Resource Department effectively manage its recruitment and on-boarding exercise. Oracle TBE Recruitment & Onboarding consist of 2 main components namely:

Recruitment Cloud Service: Being a platform which is also integrated with social media sourcing tools, it proves to be highly beneficial to the CWA as it helps gain track of applicants electronically and also ensures compliance in fair hiring practices. Additionally, it also reduces the paperwork and recruitment costs involved.

Onboarding Cloud Service: The On-boarding process remains a valuable process for the CWA. This component provides important features like custom new hire portal for storage of new employee information, recruiter/hiring manager dashboards and the e-signature functionality which helps keep track of statuses relating to new hires which eventually helps save time and cost.

Through provision of strong analytic capabilities, the ORACLE TBE Recruitment & Onboarding solution marks an important milestone at the CWA as it has largely eliminated paperwork pertaining to the recruitment exercise and has also helped streamline the recruitment and screening processes till the on-boarding process to allow HR in strategic decision planning mainly regarding the retention of its best talent.



In addition, the HR Division gave training on overtime management so as to reduce overtime costs and proceeded to the rebranding of CWA ID Badges for employees. Besides, the development of HR Policies and procedures continues to be an ongoing and dynamic purpose of the HR Division so as to enable the CWA to achieve its main objectives towards the population.

EVENTS AND BENEFITS TO THE EMPLOYEES

The CWA celebrated its 45th Anniversary in April 2018. All CWA employees and their families were invited to the event, whereby, various sports activities were organized and rewards were also given. The Authority also organised a free medical screening to its employees in collaboration with the Ministry of Health and a Fire Drill session at the Head Office in St Paul. Furthermore, since 2002, the CWA has 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.





MOVING TOWARDS IT EXCELLENCE AND INNOVATION

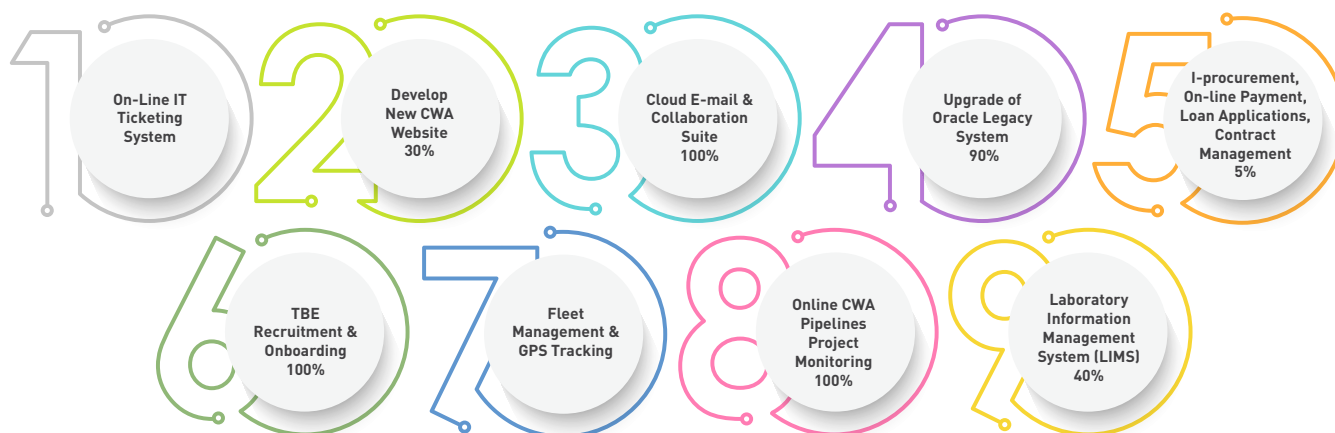
CWA is at the forefront of a shift – away from traditional system architectures to more integrated and responsive systems backed by real-time and spatial technology.

The IT Division, headed by the IT Director has embarked on various IT projects which have evolved the CWA to a shift in technologies which now integrate social and mobile technologies.

Our technological drive is geared towards the improvement of service delivery to maximize customer and employee satisfaction.

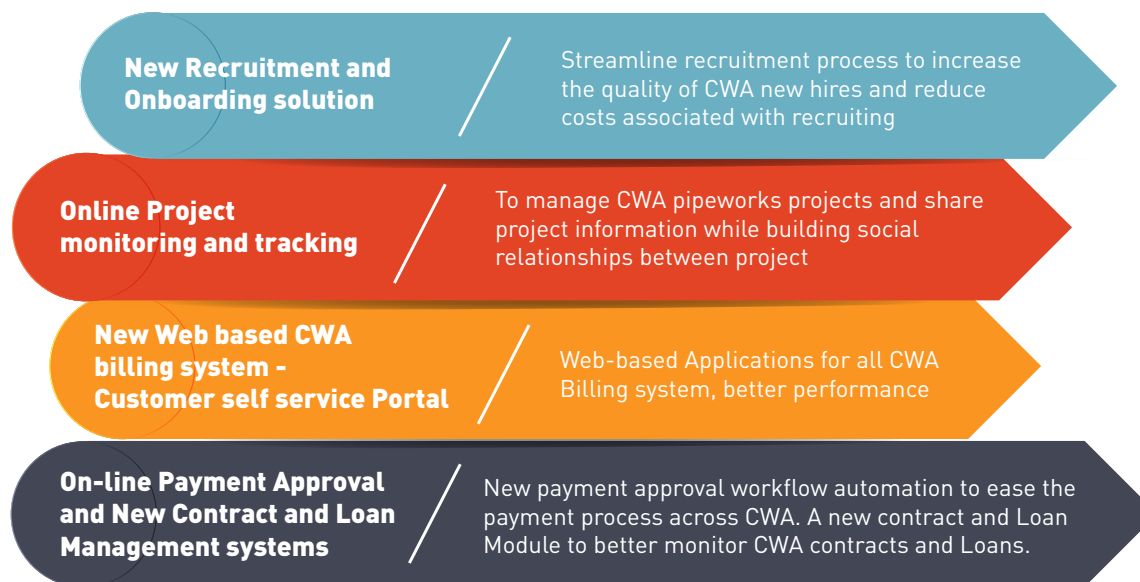
The need for a clear strategic direction in Information Technology is imperative for CWA to meet the expectations from staff, citizens and the government service community who highly depend on the services provided by CWA.

IT PROJECTS



EXECUTION

The following projects have been undertaken by the IT division during Financial Year 2017/18:



Recruitment and Onboarding solution

CWA On-Line career centre can accept on-line applications, eliminate paperwork, streamline all recruitment and screening processes till onboarding. Whilst providing dashboards and reports to management with detailed analytics for strategic decisions, the recruitment and onboarding solution allows the CWA Human Resource Division to engage in their most important asset - people.

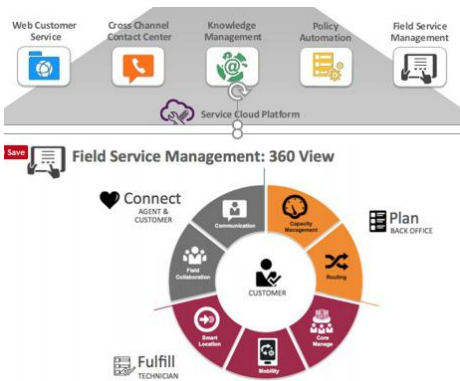
Online Monitoring of all CWA pipeworks projects across Mauritius. Engineers can collaborate, organize and share projects information. Project Managers can track team activities related to each task, issues or work item.



FORTHCOMING PROJECTS

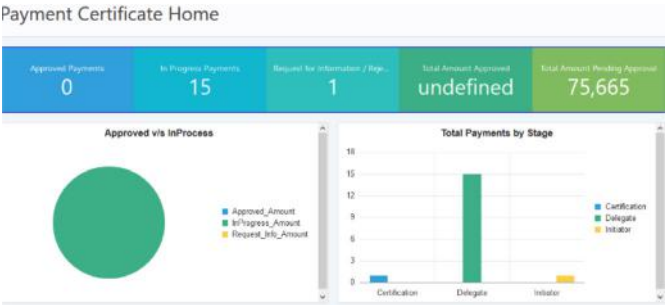
New Web-based CWA Billing System with On-Line Customer Portal

The new upgraded system will integrate with a new Cloud Based Customer Experience (CX) portal and Mobile Meter Reading. Consumers will have access to their previous CWA Bills and log complaints On-Line, follow-up on their new supply application. CWA Meter Readers shall be updating Meter Readings on real-time. The self service portal shall ease the number of complaints currently been handled by CWA Call Centre.



I-Procurement, On-Line Payment Approval, Loan and Contract Management Modules

This new upgraded system will help to streamline the procurement, supply and the payment processes at CWA. Payment will be based on Budget-Holder's approval hierarchy defined by the authority. The new Loan and Contract modules will help to better monitor the CWA Loans and on-going contracts.



PROCUREMENT

In every organisation, having “value for money spent” cannot be an option but a reasonable suggestion of gaining the greatest possible return from resources deployed. This can be achieved by a conscious effort of minimising cost and maximising profit (return) especially, in monetary engagements.

A **Procurement department** therefore should be seen as a strategic division. The objectives of a world-class procurement unit move far beyond the traditional belief that procurement’s primary role is to obtain goods and services in response to internal needs. To understand how this role is changing, we must first understand what procurement is all about.

Procurement today is a complex management service, intended to support the strategic aims of an organisation. Defining it broadly, procurement is the overarching function that describes the activities and processes to acquire goods and services. Many people use “purchasing” and “procurement” interchangeably but despite their similarities they do have different meanings. Therefore, procurement plays a role of heart in any organisation. The same function is being done by Procurement by procuring goods and services to keep the different unit of organisation functioning.

OBJECTIVE



ACHIEVEMENTS UNLOCKED

e-Procurement

The Central Water Authority (CWA) is the pioneer among parastatal bodies to embark on e – procurement system (e-PS). It has committed itself in optimising the innovation brought in public procurement by the system so as to capture the transformation effects of ICT. In line with the vision of having a paperless procurement system, the CWA has embarked on encouraging and empowering its staff and stakeholders to move in line with e – platform.



OBJECTIVES

The objective behind was to reform the way public bodies and suppliers would carry out procurement, moving from traditional form to electronic platform. It was also in line with government policy to improve on the ease of doing business under the G2B framework with gains due to private sector as well as in terms of efficiency, speed, cost savings, transparency and accountability

in public procurement. It aims at bringing business to the desk of suppliers.

The CWA worked in collaboration with the PPO and the Central Procurement Board (CPB) that is responsible for the implementation of major contracts in Mauritius.

Traditional Paper Based Procurement



Preparation of bidding document
– Huge amount of files and paper works



Review of bidding document in hard copies



Launching and selling of bidding document



Submission of bids by suppliers

e-Procurement System



Initiation on e-PS – Log In on ePS portal and upload soft copy of bidding document



e-Bidding document reviewed online on e-PS



Approval and Publishing on e-PS – all suppliers receive notification online



Submission of bids online by suppliers

COSTS / BENEFITS

The procurement process has changed through this initiative at the Central Water Authority. The automated processes and work flows have improved internal efficiency within departments, shortened tender cycle times and have reduced corruption.

• TANGIBLE BENEFITS

Supplier's Responded online,
Closing/Opening of Bids online,
Reduce Wastage,
Automatic Generation of Comparative Statement Report,
All bids/catalogues in soft,
Turnaround Time decreased – Lead Time reduced ½.

• WAY FORWARD

Implementation of Online Evaluation and Award,
Implementation of Online Reverse Auction(ORA),
Implementation of eSourcing/eCatalogue,
Continuous Training of Staff,
Electronic Data Interchange(EDI),
ePS integrated in I Procurement.

• INTANGIBLE BENEFITS

Ease of doing evaluation,
All Transactions carried out Online and Instantaneous,
High Responsive Bids,
Enhanced Procurement Process,
All transactions on Record - Audit Trail,
Environment Impact – Less Paper, Printing, Photocopy, Human interaction reduced,
IT Culture/Skilled Labour,
Nationally and Regionally recognized.

• ACHIEVEMENTS

Participation of the CWA at the Commonwealth Association for Public Administration and Management (CAPAM) International Innovations Award 2018 – Finalist.

Silver Award in the category of "Public Sector organisations i.e. Government and Parastatal Bodies" at the National Productivity and Quality Convention (NPQC) 2018.

ORACLE i-PROCUREMENT

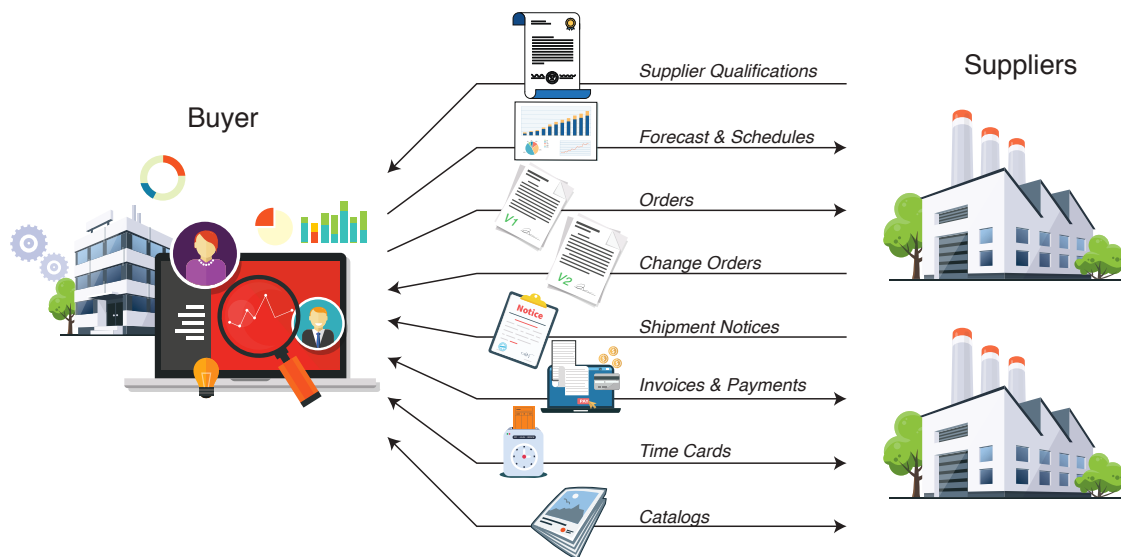
Oracle i-Procurement is the self-service requisitioning application that controls employee spending. It provides a Web-based shopping system that allows employees to create, manage, and track their own orders while the Purchasing department retains central control. This helps to ensure that policies and preferred pricing agreements are reflected in every transaction. Easy ordering and seamless workflow provide better service, while non-sourced or off-catalog spending gets the attention it needs from buying professionals.

INTEGRATE AND STREAMLINE YOUR PROCUREMENT PROCESSES

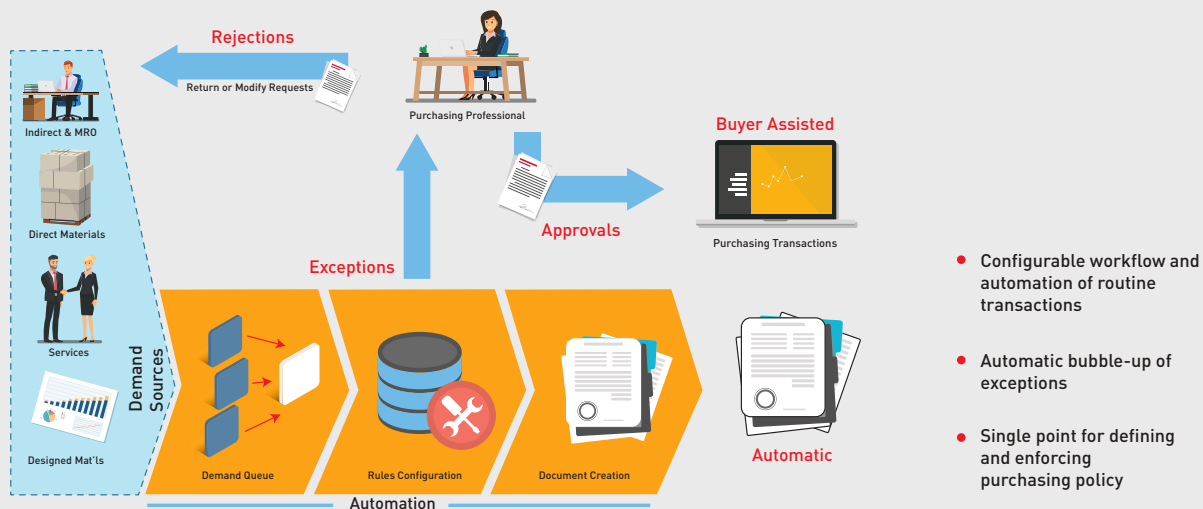
Oracle i-Procurement is part of the Oracle Advanced Procurement suite, integrates seamlessly with other Oracle applications, including Purchasing and Services Procurement.

- **Streamline employee ordering** — eliminate error-prone paper processes with self-service ordering, while improving productivity and control,
- **Enforce purchasing policy** — enforce policies with unprecedented control and governance support,
- **Slash procurement costs** — lower your procurement costs by cutting transaction overhead, controlling maverick spending, and realizing the full value of your preferred supplier agreements

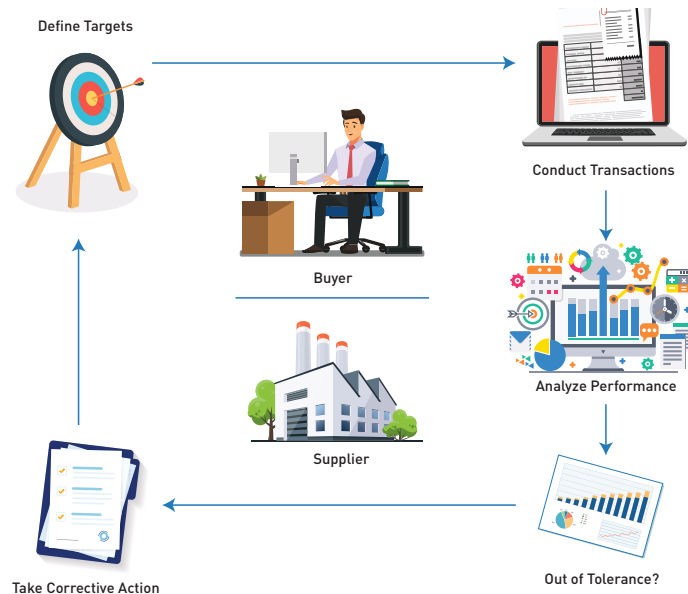
REDUCE PROCESS ERRORS, MANUAL EFFORT, AND LAG TIME



IDENTIFY AND RECTIFY POLICY VIOLATIONS



MANAGE SUPPLIER PERFORMANCE



- Management by Objective

- Define key performance indicators
- Set up business performance targets

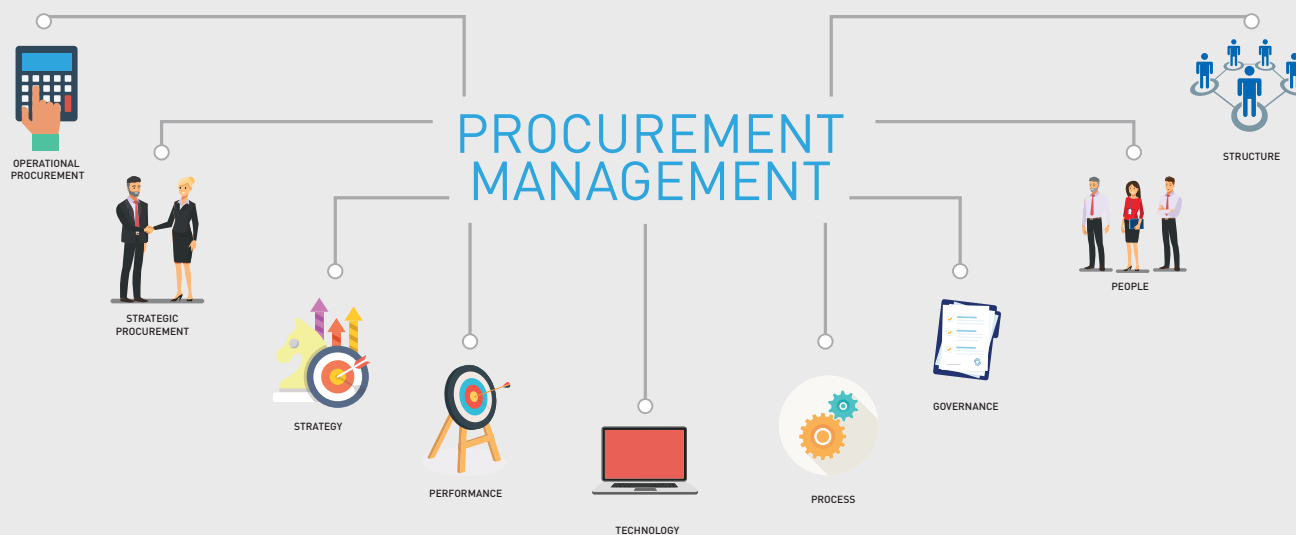
- Management by Exception

- Calculate KPIs and compare to plan
- Notify decision-makers of exceptions

- Management by Fact

- Analyze exceptions based on facts
- Take immediate corrective action

Drive Improvements with Mutual Understanding of Performance





The background is a vibrant teal color with large, dark, wavy, organic shapes that create a sense of movement and depth. In the bottom left corner, a portion of a human hand is visible, with fingers slightly curled. The overall aesthetic is modern and artistic.

FINANCIAL REVIEW

FINANCIAL REVIEW & HIGHLIGHTS

JULY 2017 TO JUNE 2018

The financial year 2017/18 ended with a deficit of Rs 458.8 Million after accounting for Finance Costs (Rs 124.8M) and Loss on Foreign Currency Transactions (Rs 3.1M), compared to a net deficit of Rs 80.7 Million in the 18-month period ended 30 June 2017.

The net deficit generated in 2017/18 is mainly attributed to:

- (i) the Authority shifting from International Financial Reporting Standards (IFRSs) to International Public Sector Accounting Standards (IPSASs), whereby an increase in revenue from exchange and non-exchange transactions is observed due to the treatment pertaining to revenue from government grants and financial contribution;
- (ii) the revaluation of CWA's assets as at 30 June 2017 impacting hugely on the depreciation for the year 2017/18.

The Authority experienced an increase in its total assets over the years, whereby a relative increase of 9% was noted in 2017/18 as compared to the re-stated value at transition date of 01 July 2017. The assets of the CWA were revalued upward at 30 June 2017 resulting in a revaluation gain of Rs 5.3 Billion.

The capital and reserves of the Authority increased by 136% which was attributed mainly to (a) transition from IFRSs to IPSAS, whereby a big portion of grants and financial contribution received were released to reserves as at 01 July 2017 and (ii) some Rs 5.3 Billion was accounted as revaluation surplus.

The non-current liabilities increased by 11% due to an increase in consumer deposits (3%), long-term borrowings (18%) and employee benefits (4%), compared to transitional figures at 01 July 2017.

The current liabilities increased by 37% as a result of an increase in trade and other payables (53%), short-term borrowings (2%), consumer deposits (3%), employee benefits (3%) and Other current liabilities (103%).

Cash and cash equivalents stood at Rs 1.04 Billion in 2017/18, compared to Rs 43.7 Million in 2016/17. The substantial increase in the cash and cash equivalents was mainly attributed to Equity Fund received in July 2017 and non-reimbursement of Government and interest.

Rate of Return decreased considerably to negative 3% as compared to positive 2% in period 2016/17 which is mainly attributed to the high deficit reported for year 2017/18.

Operating Ratio increased from 0.90 in 2016/17 to 1.18 in 2017/18, 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 20.63 times the finance costs in 2017/18 as compared to 4.06 times in 2016/17. This increase is mainly attributed to non-payment of Government Loan (principal & interest) in the year under review.

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

30- Related-party transactions

SUMMARY OF FINANCIAL MATTERS

THE 12-MONTH PERIOD ENDED 30 JUNE 2018

1.0 REVENUE ACCOUNT

1.1 Financial Results

The financial results for the year were:

ITEM	2017/18	2016/17 (18 MTHS)	2015	2014	2013	2012	2011	2010
	(RS M)							
INCOME	1,846.80	2,535.46	1,780.99	1,774.22	1,753.66	1,701.18	1,160.73	1,846.80
EXPENDITURE	2,305.66	2,424.95	1,629.32	1,566.15	1,536.98	1,446.83	1,230.00	2,305.20
SURPLUS/ (DEFICIT)	(458.86)	110.51	151.67	208.07	216.68	254.35	(69.27)	(458.40)

1.2 Provision for Depreciation

Depreciation and amortization provisions made in the accounts amount to **Rs 866.9M** (2016/17: Rs 453.7M).

1.3 Return on Net Operational Assets

The return on net operational assets is **(3%)**.

The operating ratio is **1.2**

1.4 Analysis of Income and Expenditure

i. Potable and Irrigation Water Supply Services

Income

The total Income of the two services represents **70%** (2016/17: 85%) of the total expenditure.

Finance Costs and Depreciation

The finance costs and depreciation represent **43%** (2016/17: 25%) of the total expenditure of the two services.

Surplus/Deficit for the Year

The deficit for the year is **Rs 458.8M** representing **25%** of total income (2016/17: Rs 80.7M 3% of total income)

Cash Generated from Operating Activities

Cash generated from operating activities amounts to **Rs 878.3M** (2016/17: Rs 216.4M).

ii. Potable Water Supply Service

Percentage Revenue Collectible

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

Category of Consumers	2017/18	2016/17 (18 MTHS)	2015	2014	2013	2012	2011	2010 (18 MONTHS)
	Percentage of total revenue collectible							
DOMESTIC	53	53	53	54	54	54	55	56
NON-DOMESTIC	39	39	39	38	38	38	37	36
GOVERNMENT	8	8	8	8	8	8	8	8

Income

Water Sales have contributed a sum of **Rs 1.5Bn** (2016/17: Rs 2.0Bn) of the overall revenue which represented **79%** (2016/17: 79%) of total income.

iii. Irrigation Water Supply Service

Irrigation Water Sales have contributed a sum of **Rs 35.8M** (2016/17: Rs 63.9M) of the overall revenue which represented **2%** (Year 2015: 2.5%) of total income.

2.0 CAPITAL ACCOUNT

2.1 Net Cash Outflow from Investing Activities

Net Cash Outflow from Investing Activities for the 12-month period ended 30 June 2018 amounted to **Rs 1.1 Bn** (2016/17: Rs 1.2Bn).

2.2 Additions to Non-Current Assets

Assets capitalized during the period amounted to **Rs 545M** (2016/17: Rs 1.3Bn).

2.3 Assets under Construction

Assets under Construction as at 30 June 2018 amounted to **Rs 1.5Bn** (2016/17: Rs 683.3M).

3.0 FINANCIAL TARGETS

3.1 General

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

- operating expenses;
- depreciation;
- interests on borrowings and repayment of long-term indebtedness to the extent that it does not exceed the depreciation provisions; and
- 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 former 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 1.0;
- iv. an annual debt service coverage of 1.5 - 2.0;
- v. a debt/net assets ratio of less than 0.5 and a debt/equity ratio below 1.0;
- vi. an average collection period of 2 months and a receivable turnover of 6.0.

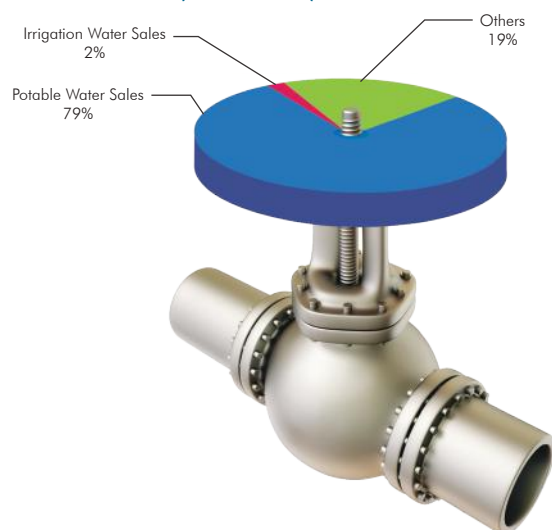
3.4 European Investment Bank's Requirements

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*.

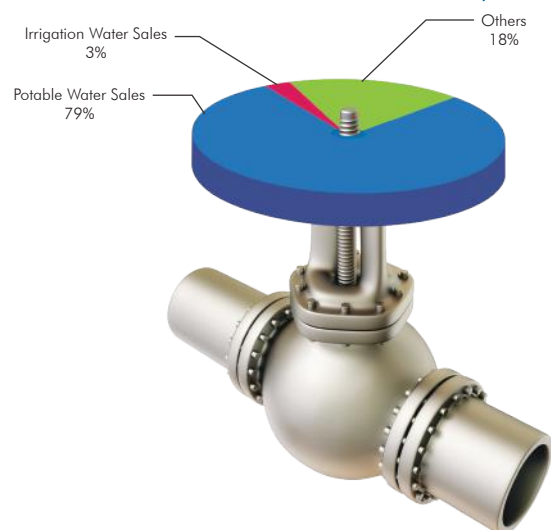
THE WATER INCOME RUPEE

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

**TOTAL INCOME
JUL 17 - JUN 18 (12 MONTHS)**



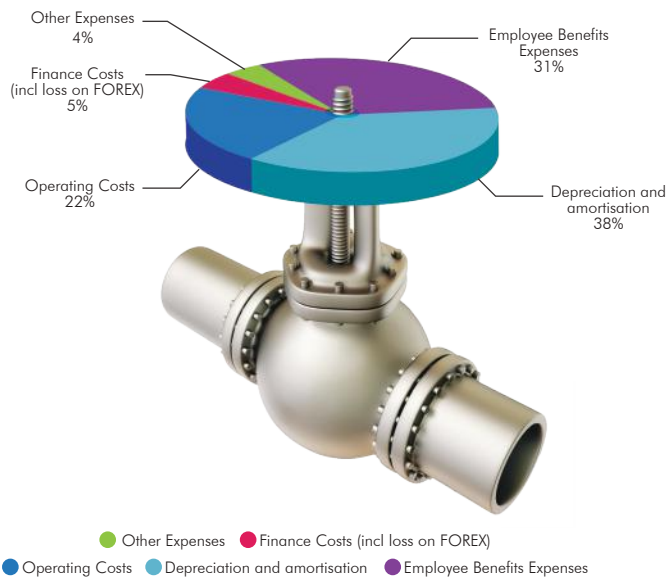
**TOTAL INCOME
JAN 16 - JUN 17 (18 MONTHS)**



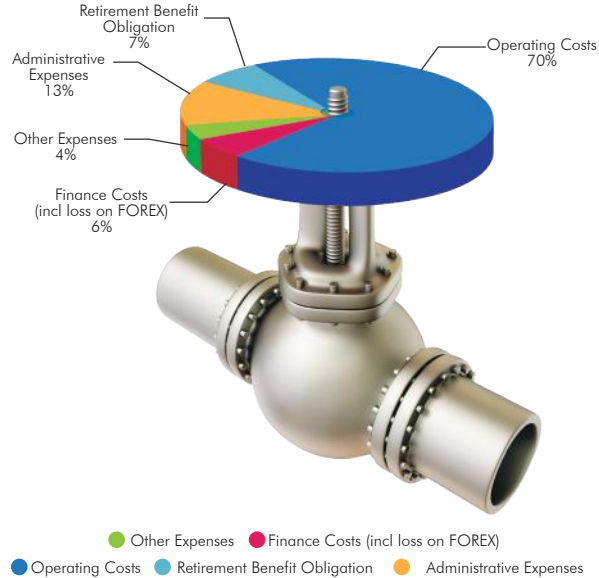
● Potable Water Sales ● Irrigation Water Sales ● Others

The water income rupee was spent as shown below:

**TOTAL EXPENDITURE
JUL 17 - JUN 18 (12 MONTHS)**

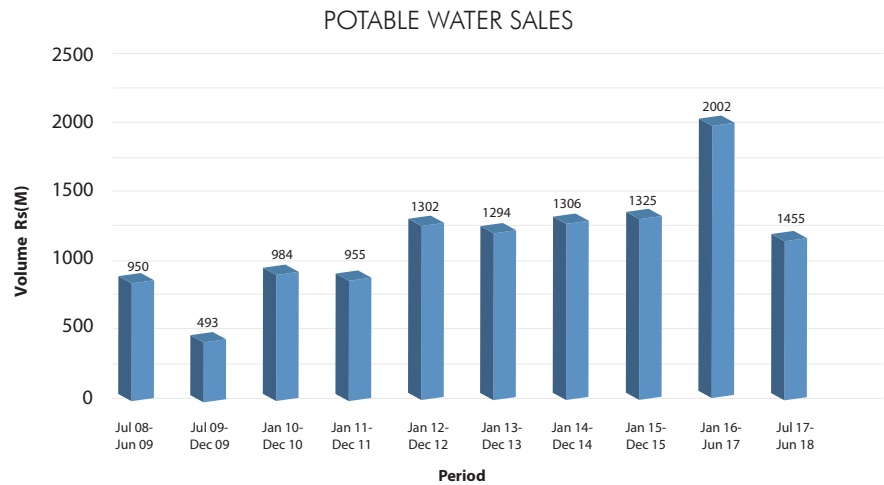


**TOTAL EXPENDITURE
JAN 16 - JUN 17 (18 MONTHS)**



Note: Some categories of expenditures differ due to change from IFRSs (2016/17) to IPSASs (2017/18)

TEN-YEAR TREND ANALYSIS OF POTABLE WATER SALES



PERFORMANCE INDICATORS

KEY RATIOS

Statement of Financial Performance

YEAR	Jul 17- Jun 18	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
Rate of Return (%)	(3.00)	2.00	2.00	3.00	3.00	4.00	-0.12	0.92	-0.66	2.35
Operating Ratio	1.18	0.90	0.86	0.83	0.84	0.79	1.01	0.96	0.96	0.87
Debt Servicing Ratio	0.05	0.06	0.06	0.06	0.05	0.07	0.04	0.08	0.07	0.08
Financing Ratio	(2.68)	1.71	2.50	3.33	4.06	3.61	-0.17	0.52	-0.52	1.51

Statement of Financial Position

YEAR	Jul 17- Jun 18	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
Current Ratio	0.65	0.40	0.34	0.61	0.42	0.52	0.26	0.52	0.76	0.88
Liquidity Ratio	0.44	(0.02)	0.04	0.29	0.11	0.20	-0.07	0.15	0.35	0.47
Gearing ratio	0.16	0.22	0.18	0.18	0.15	0.17	0.18	0.21	0.23	0.25
Debt/Equity Ratio	3.66	6.17	5.13	4.80	4.37	4.03	3.94	3.72	4.28	4.27
Average Collection Period	2.19	1.50	2.08	2.03	2.00	1.93	2.05	1.48	1.92	1.87
Receivable Turnover	5.48	8.00	5.76	5.90	6.01	6.21	5.82	8.15	6.26	6.42

Statement of Cash Flows

YEAR	Jul 17- Jun 18	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
Operating Cash Flow	20.63	4.06	3.07	5.64	5.71	3.54	1.71	1.85	0.55	0.99

RATIO DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



**CERTIFICATE OF THE
DIRECTOR OF AUDIT**

**On the Financial Statements
of the Central Water Authority
for the year ended 30 June 2018**

NATIONAL AUDIT OFFICE



NATIONAL AUDIT OFFICE

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

Report on the Audit of the Financial Statements Qualified Opinion

I have audited the financial statements of the Central Water Authority, which comprise the statement of financial position as at 30 June 2018 and the statement of financial performance, cash flow statement, statement of changes in equity for the year 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 section of my report, the accompanying financial statements give a true and fair view of the financial position of the Central Water Authority as at 30 June 2018, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Basis for Qualified Opinion

Inventories – Rs 51,240,689

The above figure represents the value of spare parts and materials amounting to Rs 72,902,810 after providing for obsolescence of Rs 21,662,121. The figure of Rs 72,902,810 did not agree with the closing balance figure of Rs 105,825,392 as shown in the Stock Management System. The difference of Rs 32,922,582 could not be explained.

Physical stock-take was not fully carried out at the year end. Hence, the completeness, existence and valuation of inventories of Rs 72,902,810 as of 30 June 2018 could not be verified.

Property, Plant and Equipment – Rs 14, 385, 561, 514

No Fixed Assets Register was kept. Thus, no survey could be carried out. The existence and valuation of assets could not therefore be verified.

On 5 June 2018, the Ministry of Housing and Lands had approved that all State Lands vested in the Ministry of Energy and Public Utilities which were being occupied by CWA would be retrieved and new 20-year leases over the respective sites would be drawn in favour of the Authority. However, no lease agreement has been drawn and the lands for a total value of Rs 556,575, 000 occupied by the CWA, were included in Property, Plant and Equipment.

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Tel: 212 2096-97 / 211 0836 Fax: (230) 211 0880

Assets Under Construction – Rs 1,548, 568, 214

The above figure included negative balances totaling Rs 210,232,720 with respect to 15 Item Codes in the General Ledger. Hence, the completeness, valuation and accuracy of Assets Under Construction could not be verified.

Contingent Liabilities – Rs 51,079,290

Only six confirmations out of 15 known cases of pending litigations, claims, judgments, settlements, or any transactions or charges that might affect the accounts as of 30 June 2018 were obtained from the Legal Advisers of the Authority.

I conducted my audit in accordance with International Standards of 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 the 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.

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 of my report, I have determined the matters described below to be key audit matters to be communicated in my report.

Retirement Benefits Obligations – Rs 1,849,670,081

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 Ltd (SICOM), and has recognized Retirement Benefit Obligations of Rs 1,849,670,081 at 30 June 2018.

Retirement Benefit Obligations are considered a Key Audit Matter due to the significance of the balance in the financial statements and judgment 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 of 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 IPSAS 39 *Employee Benefits*.

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

Revenue – Rs 1,846, 804,479

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 year ended 30 June 2018 amounted to Rs 1,846, 804,479. Due to the materiality of this figure coupled with the computerised billing systems 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.
- Detailed 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 Notes 20 and 21 to the financial statements was found to be fair.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Central Water Authority, 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.

Corporate Governance Report

My responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From my assessment of the disclosures made on corporate governance in the annual report, the Central Water Authority has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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 Public Sector Accounting Standards (IPSAS), 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 Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment 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 Responsibilities for Compliance

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible to ensure that the Central Water Authority's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.

Auditor's Responsibilities

In addition to the responsibility to express an opinion on the financial statements described above, I am also responsible to report to the Board whether:

- (a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit;
- (b) the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;
- (c) in my opinion, and, as far as could be ascertained from my examination of the financial statements submitted to me, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence;
- (d) in my opinion, the Central Water Authority has been applying its resources and carrying out its operations fairly and economically; and
- (e) the provisions of Part V of the Public Procurement Act regarding the bidding process have been complied with.

I performed procedures, including the assessment of the risks of material non-compliance, to obtain audit evidence to discharge the above responsibilities.

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

Statutory Bodies (Accounts and Audit) Act

I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

Based on my examination of the accounts of the Central Water Authority, nothing has come to my attention that indicates that:

- (a) any expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (b) The Central Water Authority has not applied its resources and carried out its operations fairly and economically.

The Central Water Authority has complied with the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister in so far as they relate to the accounts.

Other Matter

Submission of Annual Report

The issue of this report was delayed as the Annual Report, including the financial statements of the Central Water Authority for the year ended 30 June 2018 were amended and re-submitted to the National Audit Office on 3 January 2020. The amended "Statement of comparison of budget and actual amounts" was submitted on 25 May 2020.

Public Procurement Act

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.



C. ROMOAH

Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

12 June 2020





FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

All amounts are in Mauritian Rupee ("Rs") unless otherwise stated

Particulars	Notes	As at 30.06.2018	As at 01.07.2017
Assets			
Current assets			
Cash and bank balances	6	1,072,455,198	43,739,101
Trade receivables	7	288,025,446	300,532,240
Other receivables	8	22,496,509	30,198,171
Inventories	9	51,240,689	63,422,769
Other current assets	10	111,441,761	173,147,972
Total current assets		1,545,659,603	611,040,253
Non-current assets			
Other receivables	8	16,312,928	23,562,374
Other non-current assets	10	82,424	83,283
Property, plant and equipment	11	14,385,561,514	14,704,219,624
Assets under construction	12	1,548,568,214	683,261,993
Intangible assets	13	18,445,237	12,817,210
Total non-current assets		15,968,970,317	15,423,944,484
Total assets		17,514,629,920	16,034,984,737
Liabilities			
Current liabilities			
Trade and other payables	14	1,212,099,532	793,970,494
Consumer deposits	15	99,723	96,541
Borrowings	16	706,376,815	692,404,298
Employee benefits	17	41,761,457	40,441,603
Other current liabilities	18	415,875,871	204,947,140
Total current liabilities		2,376,213,398	1,731,860,076
Non-current liabilities			
Consumer deposits	15	99,622,919	96,444,927
Borrowings	16	2,438,849,220	2,062,034,522
Employee benefits	17	2,103,064,275	2,016,562,675
Total non-current liabilities		4,641,536,414	4,175,042,124
Total liabilities		7,017,749,812	5,906,902,200
Net assets/equity			
Contributed capital	19	1,915,450,607	1,015,450,607
Accumulated surplus/(deficit)	19	8,581,429,501	9,112,631,930
Total net assets/equity		10,496,880,108	10,128,082,537
Total Liabilities/Equity		17,514,629,920	16,034,984,737

See accompanying notes forming an integral part of the Financial Statements

Approved by Central Water Board on December 20, 2019

J.R. Vydelingum (Mrs)
Board Member

G.F. Desmarais
Chairman

STATEMENT OF FINANCIAL PERFORMANCE

JUNE 30, 2018

All amounts are in Mauritian Rupee ("Rs") unless otherwise stated

Particulars	Notes	Year ended 30.06.2018
Revenue from non-exchange transactions	20	83,684,462
Revenue from exchange transactions	20	1,616,759,476
Other revenue	21	146,360,541
Total revenue		1,846,804,479
Expenses		
Operating costs	22	500,918,892
Employee benefits expenses	23	711,792,252
Depreciation and amortization expenses	24	866,888,456
Finance costs	25	124,840,067
Other expenses	26	98,148,673
Loss on foreign currency transactions	27	3,075,822
Total expenses		2,305,664,162
Deficit for the year		[458,859,683]

See accompanying notes forming an integral part of the financial statements

Approved by Central Water Board on December 20, 2019



J.R. Vydelingum (Mrs)
Board Member



G.F. Desmarais
Chairman

CASH FLOW STATEMENT

JUNE 30, 2018

All amounts are in Mauritian Rupee ("Rs") unless otherwise stated

Particulars	Year ended 30.06.2018
Cash flow from operating activities:	
Deficit for the year	(458,859,683)
Adjustment for:	
Depreciation and amortization expense of property, plant and equipment and intangible assets	866,888,456
Loss on foreign exchange transactions	3,075,822
Interest revenue	(1,550,191)
Deferred revenue recognized towards government grants	(83,684,462)
Financial contribution from consumers	(125,677,671)
Allowance for provision for impairment towards receivables	23,196,958
Finance costs	124,840,067
	348,229,296
Movements in working capital	
(Increase)/decrease in trade and other receivables	4,260,944
(Increase)/decrease in inventories	12,182,080
(Increase)/decrease in other assets	61,707,070
Increase/(decrease) in trade and other payables	12,941,168
Increase/(decrease) in other current liabilities	420,290,864
Increase/(decrease) in consumer deposits	3,181,174
Increase/(decrease) in provisions for employee benefits	15,478,708
Net cash flows from operating activities	878,271,304
Cash flow from investing activities:	
Payments for property, plant and equipment, assets under construction and intangible assets	(779,033,669)
Payments for property, plant and equipment and assets under construction out of capital Capital grants	(354,267,191)
Interest revenue	1,550,191
Net cash flows from investing activities	(1,131,750,669)
Cash flow from financing activities:	
Proceeds from borrowings	446,917,239
Repayment of Interest-bearing loan	(20,318,657)
Government equity received	900,000,000
Finance costs paid	(5,515,931)
Net cash flows from financing activities	1,321,082,651
Net increase in cash and bank balances	1,067,603,286
Cash and bank balances as at July 01, 2017	(22,732,396)
Cash and bank balances as at June 30, 2018	1,044,870,890

See accompanying notes forming an integral part of the financial statements

Notes:

1. Figures in brackets represent outflows.

Approved by Central Water Board on December 20, 2019



J.R. Vydelingum (Mrs)
Board Member



G.F. Desmarais
Chairman

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

JUNE 30, 2018

All amounts are in Mauritian Rupee ("Rs") unless otherwise stated

Particulars	Contributed capital	Accumulated surplus/ (deficit)	Total
Balance as at 01.07.2017	1,015,450,607	9,112,631,930	10,128,082,537
Deficit for the year	-	(458,859,683)	(458,859,683)
Remeasurement gain/(loss) on defined benefit obligations	-	(72,342,746)	(72,342,746)
Capital contribution received	900,000,000	-	900,000,000
Balance as at 30.06.2018	1,915,450,607	8,581,429,501	10,496,880,108

See accompanying notes forming an integral part of the financial statements.

Approved by Central Water Board on December 20, 2019



J.R Vydelingum (Mrs)
Board Member



G.F. Desmarais
Chairman

COMPARISON OF BUDGET AND ACTUAL AMOUNTS

JUNE 30, 2018

All amounts are in Mauritian Rupee ("Rs") unless otherwise stated

Particulars	Original budget 2017-18	Revised budget 2017-18	Actual amounts on comparable basis	Variance for actual vs revised budget
Receipts				
Recurrent revenue	1,496,000,000	1,528,000,000	1,561,366,422	33,366,422
Other revenue	106,000,000	105,000,000	142,762,309	37,762,309
Payments				
Staff and related costs	(843,932,000)	(824,378,000)	(696,313,545)	128,064,455
Financial services and debt services	(285,655,000)	(253,330,000)	(30,220,444)	223,109,556
Other recurrent expenses	(819,413,000)	(795,292,000)	(555,565,676)	239,726,324
Surplus/(deficit)	(374,000,000)	(240,000,000)	422,029,066	662,029,066
Capital revenue	2,341,000,000	1,686,000,000	1,704,365,604	18,365,604
Capital expenditure	(2,873,000,000)	(2,357,000,000)	(1,123,124,098)	1,233,875,902
Net capital payments	(532,000,000)	(671,000,000)	581,241,506	1,252,241,506
Net receipts	(906,000,000)	(911,000,000)	1,003,270,572	1,914,270,572

Notes:

i. Budget variance of major items has been explained below:

Particulars	Variance
a) Recurrent revenue	33,366,422
Actual receipts were higher than budget due to an increase in potable water sales during the year and receipt of long-outstanding arrears in respect of irrigation water sales.	
b) Other revenue	37,762,309
Other revenue was higher than budget mainly because penalty revenue is a non-budgeted item and also because of increases in actual receipts from surcharges, laboratory services and morcellement fees.	
c) Staff and related costs	128,064,455
The underspent amount in employee benefits expenses is explained by 19% fall in basic salary and related staff expenses due to deferral of the manpower plan in respect of filling of certain vacant posts. These reductions were partly offset by around 16% increase in some expense items such in staff benefits following an increase in early retirement applications.	
d) Finance services and debt services	223,109,556
The underspent amount in finance costs is due to defaults in payment of government loans during the year and also due to a fall in interest on overdraft resulting from close cash flow monitoring/management and deferral of expenses/remittance.	

e) Other recurrent expenses**239,726,324**

The underspent amount in operating costs is explained by 50% fall in budgeted expenses, particularly in major items such as repairs and maintenance, leakage control, stock replenishments, chemicals due to deferral of procurement, in call services cost due to non-receipt of invoices from new service provider and in hiring of labour expenses following phasing out of contracts. These reductions were partly offset by some 5% increase in expenses such as electricity, tools and equipment, hardware and software upgrades.

It is to be also noted that operating costs also comprise non-budgeted items such as penalty on loan repayment and water consumption but exclude stock replenishment of meters as same is capitalized in the financial statements. A reduction of 23% in other expenses carried forward budget was mainly due to a fall in professional, legal and consultancy services. The fall in expenses related to consultancy services is explained by delays from the part of the service provider for finalisation of the asset revaluation/impairment report.

f) Capital revenue**18,365,604**

Actual receipts were lower than expected due to delays in project implementation, leading to a fall in Government of Mauritius (GoM) funding in terms of loan and grant as compared to Budget. At end of the financial year, this fall was to a great extent offset by Equity receipts from the GoM, which was an un-budgeted item.

g) Capital expenditure**1,233,875,902**

Variances between additions to property, plant and equipment as per the financial statements and capital expenditure estimates arise principally because of delays in actual implementation of projects.

ii. The budget amounts and the financial statement amounts are prepared on a different basis. The comparison of budget and actual amounts above is prepared on the same basis as the budget. The financial statements and budget documents are prepared for the same period.

A reconciliation of amounts as per the above statement and the actual amounts in the statement of cash flows for the year ended June 30, 2018 is presented below:

Net receipts	Operating activities	Investing activities	Financing activities	Total
Actual amount on comparable basis as presented in the Budget and actual comparative statement	805,312,019	(1,123,124,098)	1,321,082,651	1,003,270,572
Basis differences	13,542,138	[8,626,571]		4,915,567
Entity differences	59,417,147	-	-	59,417,147
Actual amounts in the cash flow statement	878,271,304	(1,131,750,669)	1,321,082,651	1,067,603,286

iii. The differences in the reconciliation above can be categorised into:

a) Basis difference which can be explained as follows:

- for operating activities: the budget does not take into account VAT elements in transactions while appropriate VAT element is considered in the financial statements and
- for investing activities: the movement of other current assets (excluding VAT elements), sundry payables and a portion of accrued expenditure which are considered as a part of capital expenditure in the budget but shown under operating activities in the cashflow statement. Also interest revenue which is considered in the cash flow statement as a part of investing activities is not considered as a part of capital expenditure under budget.

b) Entity difference which can be explained as follows:

The budget is prepared solely for the Authority's operations, whilst the financial statements consolidate all receivables and payables including waste-water and ground water collections made on behalf of other entities and their subsequent remittance.

NOTES TO THE FINANCIAL STATEMENTS

1 - General information on reporting entity

The Central Water Authority (CWA or the Authority) 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. The Authority's principal place of business is Royal Road, St. Paul, Mauritius.

The Authority is administered by the Central Water Board and is engaged in the supply of potable water after the treatment for domestic, irrigation, commercial and industrial usage throughout Mauritius.

The financial statements of the Authority are for the year ended June 30, 2018 and accounting policies have been applied consistently throughout the year.

2 - Statement of compliance and basis of preparation of financial statements

(i) Statement of compliance

These transitional financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). Where IPSAS does not provide any guidance for any specific transaction(s), the appropriate International Financial Reporting Standards (IFRS) are applied.

The Authority had previously prepared its financial statements as per IPSAS up till and for the year ended December 31, 2013 and subsequently followed International Financial Reporting Standards (IFRS) framework up to June 30, 2017.

Pursuant to the amendments to Statutory Bodies (Accounts & Audit) Act and Financial Reporting Act made in Finance (Miscellaneous Provisions) Act 2017, the Authority is mandated to prepare its financial statements from 2017-18 under "Accrual basis IPSAS". Further,

based on a clarification from Financial Reporting Council (FRC) of Mauritius, the Authority has applied IPSAS 33 First Time Adoption of Accrual Basis IPSASs in preparation of financial statements for the year ended June 30, 2018. The date of transition to accrual basis IPSAS is July 01, 2017. The Authority has opted not to provide and disclose comparative financial information for the year ended 2016-17 based on the guidance provided in IPSAS 33.

(ii) Basis of preparation of financial statements

The financial statements have been prepared on historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below and where the Authority has availed certain exemptions available under IPSAS 33, First Time Adoption of Accrual Basis IPSAS (Refer note no. 5). Historical cost is generally based on the fair value of the consideration given in the exchange of goods and services. The statement of cash flow is prepared using the indirect method. The financial statements are prepared on accrual basis using going-concern principle.

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 Authority can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or

liability, either directly or indirectly and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires the Authority's management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 - Significant judgments and sources of estimation uncertainty.

The financial statements have been prepared and presented in Mauritian Rupee (Rs), which is the functional and reporting currency of the Authority.

The Authority's transitional IPSAS financial statements adopting the accrual-basis IPSASs as per the exemption of first time adoption include:

- a) One statement of financial position as at June 30, 2018, and an opening statement of financial position at the date of adoption of accrual basis IPSAS as at July 01, 2017;
- b) One statement of financial performance for the year ended June 30, 2018;
- c) One statement of changes in net assets/equity for the year ended June 30, 2018;
- d) One cash flow statement for the year ended June 30, 2018;
- e) A comparison of budget and actual amounts for the current year as a separate additional financial statement or as a budget column in the financial statements; and
- f) Related notes and the disclosure of narrative information about material adjustments.

Relevant new standards and amendments to published standards not effective for the year ended June 30, 2018

(i) IPSAS 41: Financial Instruments (Effective for annual periods beginning on or after January 01, 2022):

On August 14, 2018, the IPSASB published IPSAS 41, Financial Instruments. IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement.

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;
- Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The Authority has planned to assess the impact of the IPSAS 41 during the year 2018-19.

(ii) Amendments to existing IPSAS

International Public Sector Accounting Standards Board (IPASB) has notified

the amendments to existing IPSAS which the Authority has not applied as they are effective for annual periods beginning on or after January 1, 2019.

Part - I Amendments to standards applicable on CWA

IPSAS 1	Presentation of Financial Statements
IPSAS 2	Cash Flow Statements
IPSAS 4	The Effect of Changes in Foreign Rates
IPSAS 5	Borrowing Costs
IPSAS 14	Events After the Reporting
IPSAS 17	Property, Plant and Equipment
IPSAS 18	Segment Reporting
IPSAS 19	Provisions, Contingent Liabilities and Contingent Assets
IPSAS 21	Impairment of Non-Cash-Generating Assets
IPSAS 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
IPSAS 24	Presentation of Budget Information in Financial Statements
IPSAS 26	Impairment of Cash-Generating Assets
IPSAS 31	Intangible Assets
IPSAS 39	Employee Benefits

Part - II Amendments to standards not applicable on CWA

IPSAS 10	Financial Reporting in Hyperinflationary Economies
IPSAS 16	Investment Property
IPSAS 27	Agriculture
IPSAS 34	Separate Financial Statements
IPSAS 35	Consolidated Financial Statements
IPSAS 36	Investments in Associates and Joint Ventures

IPSAS 37 | Joint Arrangements

IPSAS 40 | Public Sector Combinations

The management of the Authority is in process of evaluating the requirements of the amendments to existing standards and its impact on its financial statements. The amendments to existing standards shall be applied by the Authority as per the effective date as notified by IPASB.

(iii) Early adoption of standards

The Authority has early adopted IPSAS 39, Employee Benefits, accordingly with effect from July 01, 2017, while preparation of IPSAS financial statements as at June 30, 2018. There is no material impact on the financial statements and disclosures due to the early adoption of IPSAS 39.

The accounting policies set out below have been applied consistently in the preparation and presentation of these financial statements. The information relating to adoption of new and revised standards are given below.

3 - Summary of significant accounting policies

a) Revenue recognition

(i) Revenue from non-exchange transactions

Non-exchange transactions are those where the Authority receives an inflow of resources (e.g. cash and tangible or intangible items) but provides no (or nominal) direct consideration in return.

Revenue from non-exchange transactions include capital grants, financial contributions from customers and assets received from government.

The Authority recognizes revenues from capital grants when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred revenue is

recognized instead of revenue.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

(ii) Revenue from exchange transactions

Revenue from exchange transactions is recognized when the outcome of the transactions can be estimated reliably.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of water

Revenue comprises revenue from sale of potable water. The sale is recognized when:

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

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Rendering of services

The Authority recognizes revenue from rendering of services (i.e., irrigation, water treatment and distribution services) when:

- a contract exists,
- 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 by reference to the measurement based on cyclical meter readings.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest revenue

Interest revenue is accrued in the statement of financial performance using the effective yield method unless their collectability is not reasonably certain. The effective yield method discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest revenue each period.

Other revenue

Other revenue is recognized in the statement of financial performance as they accrue unless their collectability is not reasonably certain.

b) Budget information

The original budget for FY 2017-2018 was approved by concerned Hon'ble Minister under Ministry of Energy and Public Utilities on March 21, 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of March 15, 2018 on the 2017-2018 budget following the governing body's approval.

The entity's budget is prepared on a different basis from the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial

performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on the above basis to the approved budget, is then presented in the comparison of budget and actual amounts.

c) Property, plant and equipment

(i) Recognition and measurement

On the transition date i.e., July 01, 2017, the Authority has opted to use the fair value of property, plant and equipment as its deemed cost.

All property, plant and equipment are initially measured at cost less accumulated depreciation and impairment losses. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Cost includes expenditure that is directly attributable to the acquisition of the asset which includes the following:

- The cost of materials and direct labours
- Costs directly attributable to bringing the assets to a working condition for their intended use
- When the Authority has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- Capitalized borrowing costs.

Any gain or loss arising on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the statement of financial performance.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Authority and the amounts can be measured reliably. All other repairs and maintenance costs are recognized in the statement of financial performance as incurred.

(iii) Depreciation

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:-

Particulars	No. of years
Water supply facilities	10 – 60
Irrigation facilities	50
Cars and mobile service equipment	5 – 10
Other equipment	5 – 20
Buildings	50

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

Depreciation is charged on additions in the year of acquisition on pro-rated basis as from the date when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases when the asset is derecognized. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Intangible assets

(i) Recognition and Measurement

On the transition date i.e., July 01, 2017, the Authority has opted to use the fair value of intangible assets as its deemed cost.

Intangible assets are initially measured at cost, except for intangible assets acquired through non-exchange transactions (measured at fair value at the date of acquisition) less accumulated amortization and impairment losses. Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The Authority has no intangible assets with indefinite useful lives.

(ii) Amortization

Amortization of computer software is recognized in the statement of financial performance on a straight-line basis over the estimated useful lives of 5-10 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e) Impairment of non-financial assets

At the end of each reporting period, the Authority reviews the carrying amounts of its property, plant and equipment 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 not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of a cash generating asset or cash generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. Recoverable service amount of a non-cash generating asset is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows (for cash-generating

assets) or future remaining service potential (for non-cash-generating assets) are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or cash generating units (CGU) for which the estimates of future cash flows have not been adjusted.

An impairment loss is immediately recognized in the statement of financial performance.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount or recoverable service amount so that the increased carrying amount does not exceed the carrying amount that would have been recognized had no impairment loss have been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the statement of financial performance.

f) Research and Development costs

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Authority can demonstrate that the criteria specified in IPSAS 38 are met.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in the statement of financial performance.

Expenses are charged to the statement of financial performance.

g) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in the statement of financial performance on a straight-line basis over the lease term. There are operating lease agreements and payments for the occupation of land and buildings are entered into by the Authority.

The Authority does not have any lease that qualifies as finance lease.

h) Financial instruments

I. Financial Assets

(i) Initial Recognition and Measurement

Financial assets within the scope of IPSAS 29, Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition. All financial assets of the Authority are classified as loans receivables.

(ii) Subsequent measurement

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

(iii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest revenue 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.

(iv) Loans and receivables

The financial assets of the Authority are classified as loans and receivables. Trade receivables, loans and other receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. After initial recognition at fair value, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all or part of the amounts due according to the terms of receivables. Losses arising from impairment are recognized in the loans and receivables and statement of financial performance.

(v) 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 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 Authority's past experience of collecting payment, an increase in the number of

delayed payments in the portfolio past 36 months, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at cost, the amount of the impairment because of financial difficulties, the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

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

(vi) Derecognition of financial assets

The Authority derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of that asset to another entity. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognizes 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 Authority continues to recognize the financial asset and also recognizes 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 is recognized in the statement of financial performance.

II. Financial liabilities

(i) Initial Recognition and Measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs. The Authority's financial liabilities include trade and other payables, loans and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification.

(iii) Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of financial performance when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

(iv) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability

are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of financial performance.

i) Inventories

Inventory is initially measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

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. Inventories are subsequently measured at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

The Authority recognizes the expenses for obsolescence in statement of financial performance for the inventories which are slow moving and lying for a period more than 36 months.

j) Provisions

Provisions are recognized when the Authority has a present obligation as a result of past event, and it is probable that the Authority will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or

all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

k) Contingent liabilities

The Authority does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

l) Contingent assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements.

m) Employee benefits

(i) Defined benefit pension plans

Provision for retirement pension benefits is made under the Statutory Bodies Pension Funds Act of 1978, as amended. The schemes are Defined Contribution Plan scheme 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. Past service cost is recognized in the statement of financial

performance in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

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

The retirement benefit obligations recognized in the statement of financial position represent the actual surplus or deficit in the Authority'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.

(ii) Defined contribution plan

The contributions to the National Pension Scheme, Family Protection Scheme and National Savings Fund are charged to the statement of financial performance for the period in which they fall due. The Defined Contribution Plan schemes and its assets are managed by the State Insurance Company of Mauritius (SICOM) Ltd.

(iii) Employee entitlements

• Sick leave

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

• 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.

• Annual leave for officers on contract

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

• Vacation leave

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

• Car loan:

Car loans are disbursed to staff by the Authority on applications made by eligible employees as part of their conditions of service. The loans are executed by way of a registered agreement between the Authority 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 July 01, 2013 is based on the prevailing Repo Rate. The balances of principal amounts are shown under receivables and considered as financial assets and accordingly recognized.

n) Foreign currency transactions

Transactions in foreign currencies are recorded in Mauritian Rupees (MUR) 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 (MUR) 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.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Other borrowing costs are charged to the statement of financial performance.

p) Cash and cash equivalents

Cash and cash equivalents comprise petty cash and cash at bank.

For the purposes of the cash flow statement, cash and cash equivalents are as defined above, net of bank overdraft. In the statement of financial position, bank overdrafts are shown under current liabilities.

4 - Significant judgments and sources of estimation uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of

contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(i) Assumptions and estimation uncertainties

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Examples of estimates include: loss contingencies; useful lives of tangible and intangible assets; inventory valuation; collectability of receivables; and contingencies. Examples of assumptions include: discount and inflation rates applied to employee benefits liabilities, provisions for litigation, financial risk on accounts receivable, accrued charges and the degree of impairment of property, plant and equipment.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending June 30, 2018 include the following:

• Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Authority
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

• Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(ii) Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements and which could have a significant risk of resulting in a material adjustment is included in the following notes:

• Employee benefits liabilities:

The Authority participates in a defined-benefit pension plan and other benefit plans. IPSAS requires that management measure the defined-benefit obligations and annual costs under such plans, using assumptions that are long-term in nature and reflect the fund's best judgment and estimates. The Authority reviews key assumptions on an annual basis with its independent actuaries using relevant experience, in conjunction with market-related data. The key assumptions include the rate of salary increase, the rate of pension increase, the discount rate and the longevity of plan members. The management assumption with the greatest potential impact on the organization's defined-benefit obligation is the discount rate.

• Contingencies:

Legal proceedings covering a wide range of matters are or may be pending or threatened in various jurisdictions against the Authority. Provisions are recorded for pending matters when it is determined that an unfavourable outcome is probable and the amount of

loss can be reasonably estimated. Owing to the inherently uncertain nature of the matters, the ultimate outcome or actual cost of settlement may materially vary from estimates.

5 - First-time adoption - exemptions

Overall principle

The Authority has prepared the opening statement of financial position as per IPSAS as at July 01, 2017 ("the transition date") by adopting accrual-basis IPSAS and adopting certain exemptions as per IPSAS 33 First Time Adoption of Accrual Basis IPSAS, that do not affect the fair presentation and compliance with accrual basis IPSAS.

Preparation of the opening statement of financial position as per IPSAS as at July 01, 2017 is done by recognizing all assets and liabilities whose recognition is required by IPSAS, not recognizing items of assets or liabilities which are not permitted by IPSAS, by reclassifying items from previous GAAP to IPSAS as required under IPSAS, and applying IPSAS in measurement of recognized assets and liabilities.

The Authority has not elected to claim a three year transitional relief period for the recognition and/or measurement of assets and liabilities and adopting the exemption that affect the fair presentation and compliance with accrual basis IPSAS. However, the following are the optional exemptions that do not affect the fair presentation and compliance which are availed by the Authority:

(i) Presentation of comparative information

The Authority has elected to avail the exemption from the requirement of IPSAS 1 Presentation of Financial Statements to present without comparative information,

in its transitional IPSAS financial statements following the adoption of accrual basis IPSASs. The Authority has presented the accrual basis IPSAS financial statements for the reporting period June 30, 2018 along with the opening statement of financial position as at the transition date i.e., July 01, 2017 without any comparative information for the year 2016-17.

(ii) Classification and measurement of financial assets

The Authority has followed classification and measurement of financial assets in accordance with IPSAS 29 Financial Instruments:

Recognition and Measurement on the basis of facts and circumstances that existed at the date of transition to IPSAS.

(iii) Deemed cost for property, plant and equipment

The Authority has elected to fair value all its property, plant and equipment recognized as of July 01, 2017 ("transition date") and used that fair value as its deemed cost as at the transition date.

(iv) Deemed cost for intangible assets

The Authority has elected to fair value all its intangible assets recognized as of July 01, 2017 ("transition date") and used that carrying value as its deemed cost as of the transition date.

(v) Borrowing costs

The Authority has elected not to apply the requirements of IPSAS 5 Borrowing Costs retrospectively where it adopts or changes its accounting policy to the benchmark treatment at the time of preparation of its transitional financial statement as at July 01, 2017.

6 - Cash and Bank Balances

All amounts are in Mauritian Rupee ("Rs") unless otherwise stated

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Petty cash	247,616	107,254
(b) Cash at bank	1,072,207,582	43,631,847
Total Cash and Bank Balances (as per statement of financial position)	1,072,455,198	43,739,101
Bank overdraft	(27,584,308)	(66,471,497)
Total Cash and Cash Equivalents (as per cash flow statement)	1,044,870,890	(22,732,396)

Notes:

i. Cash comprises cash at bank, cash in hand and bank overdrafts.

ii. Annual interest rate ranges applicable to cash and cash-equivalents are as follows:

Cash at bank 0.25%-1.25%

iii. Approval was obtained on May 17, 2017 for the Authority to contract for a bank overdraft of Rs 150M with a banking institution up to the expiry date of May 17, 2018 which was extended to June 30, 2018 by the approval of Ministry of Energy and Public Utilities. In June 2018, the Authority has obtained approval for Rs 150M from another banking institution for extension of overdraft facilities.

iv. Cash at bank has been pledged as collateral for a sanction of bank overdraft facility amounting to Rs 150M out of which Rs 138M remains undrawn as at June 30, 2018 (As at July 01, 2017 undrawn facility Rs 88M).

v. There is no restriction over cash in hand held by the Authority.

7 - Trade receivables

Particulars	As at 30.06.2018	As at 01.07.2017
Receivables towards exchange transactions		
(a) Potable water sales	286,249,770	250,652,303
(b) Irrigation water sales	75,798,981	106,328,184
(c) Surcharge on Potable water sales	13,953,086	11,578,266
(d) Surcharge on Irrigation water sales	13,879,898	10,632,818
Gross trade receivables	389,881,735	379,191,571
Provision for impairment loss		
(a) Provision for impairment on Irrigation water sales (IWS)	(79,134,410)	(64,187,895)
(b) Provision for impairment on Potable water sales (PWS)	(22,721,879)	(14,471,436)
Total provision for impairment on trade receivables (Note i)	(101,856,289)	(78,659,331)
Total trade receivables (Net of provision)	288,025,446	300,532,240

Notes:

i. Movement in provisions are as follows:

Particulars	Provision for impairment - IWS	Provision for impairment - PWS	Total provision for impairment
Balance as at 01.07.2017	(64,187,895)	(14,471,436)	(78,659,331)
Provisions recognized during the year	(79,134,410)	(22,721,879)	(101,856,289)
Reversal during the year	64,187,895	14,471,436	78,659,331
Balance as at 30.06.2018	(79,134,410)	(22,721,879)	(101,856,289)

ii. The credit risk and credit risk management policy relating to trade receivables has been explained in the note 28.2.5.

8 - Other receivables

All amounts are in Mauritian Rupee ("Rs") unless otherwise stated

Current

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Other receivables - Car loan (Note i)	6,823,774	7,971,754
(b) Deposit from Ministry of Public Infrastructure	5,420,681	5,048,881
(c) Post offices and other balances	-	9,310,768
(d) Meter rentals	8,824,837	7,620,467
(e) Bank interest	1,469	9,423
(f) Claim for damages	3,017,346	3,017,346
(g) Other miscellaneous receivables	1,425,748	236,878
Gross trade receivables	25,513,855	33,215,517
Provision for impairment loss		
Provision for impairment on claim for damages	(3,017,346)	(3,017,346)
Total provision for impairment on other receivables	(3,017,346)	(3,017,346)
Total other current receivables	22,496,509	30,198,171

Non-current

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Other receivables - Car loan (Note i)	16,312,928	23,562,374
Total other non current receivables	16,312,928	23,562,374

Notes:

i. Movement in car loans are as follows:

Particulars		Car loan
Balance as at 01.07.2017		31,534,128
New loans granted		1,450,000
Refund during the year		(9,847,426)
Balance as at 30.06.2018		23,136,702
Amount shown as current		6,823,774
Amount shown as non-current		16,312,928

9 - Inventories

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Spare parts and materials	72,902,810	88,683,121
(b) Provision for obsolescence	(21,662,121)	(25,260,352)
Total inventories	51,240,689	63,422,769

Notes:

i. All the major pipes and fittings held in store as at June 30, 2018 were “unallocated items” and have been treated under Inventories.

10 - Other assets

Current

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Value added tax	39,479,482	44,395,049
(b) Advances to vendors	69,539,656	127,051,902
(c) Other prepayments	2,422,623	1,701,021
Total other current assets	111,441,761	173,147,972

Non-current

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Prepayments towards land lease premium	82,424	83,283
Total other non-current assets	82,424	83,283

11 - Property, plant and equipment

Carrying amount of:	As at 30.06.2018	As at 01.07.2017
(a) Water supplies and facilities	13,059,707,781	13,452,440,396
(b) Irrigation facilities	118,620,909	119,571,447
(c) Cars and mobile service equipment	204,680,741	126,000,123
(d) Office workshops and laboratory equipment	38,039,653	44,926,691
(e) Lands and buildings	964,512,430	961,280,967
Total property, plant and equipment	14,385,561,514	14,704,219,624

Particulars	Water supplies and facilities	Irrigation facilities	Cars and mobile service equipment	Office workshops and laboratory equipment	Lands and buildings	Total property, plant and equipment
Cost or deemed cost						
Balance as at 01.07.2017	13,452,440,396	119,571,447	126,000,123	44,926,691	961,280,967	14,704,219,624
Additions	425,123,038	-	98,557,435	11,474,534	9,837,456	544,992,464
Balance as at 30.06.2018	13,877,563,434	119,571,447	224,557,559	56,401,225	971,118,423	15,249,212,088
Accumulated depreciation and impairment						
Balance as at 01.07.2017	-	-	-	-	-	-
Depreciation expense	(817,855,653)	(950,538)	(19,876,818)	(18,361,572)	(6,605,993)	(863,650,574)
Balance as at 30.06.2018	(817,855,653)	(950,538)	(19,876,818)	(18,361,572)	(6,605,993)	(863,650,574)
Carrying amount						
Balance as at 01.07.2017	13,452,440,396	119,571,447	126,000,123	44,926,691	961,280,967	14,704,219,625
Additions	425,123,038	-	98,557,435	11,474,534	9,837,456	544,992,464
Depreciation expense	(817,855,653)	(950,538)	(19,876,818)	(18,361,572)	(6,605,993)	(863,650,574)
Balance as at 30.06.2018	13,059,707,781	118,620,909	204,680,741	38,039,653	964,512,430	14,385,561,514

Notes:

i. The Authority has engaged M/s. Mega Design ("the Consultant"), to carry out asset revaluation exercise in order to assess the fair value of the property, plant and equipment as at July 01, 2017. The Consultant has independently carried on an exercise for revaluation of assets and assessment for impairment of assets in relation to the assets existing as at June 30, 2017. The Authority has opted to use this fair value of property, plant and equipment as its deemed cost on the transition date i.e., July 01, 2017.

a. Reconciliation for fair value of property, plant and equipment as deemed cost as per IPSAS 33:

Particulars	Water supplies and facilities	Irrigation facilities	Cars and mobile service equipment	Office workshops and laboratory equipment	Lands and buildings	Total property, plant and equipment
Balance as at 01.07.2017						
Gross block	17,668,587,082	875,627,241	506,779,518	176,314,429	385,560,686	19,612,868,956
Accumulated depreciation	(9,013,853,256)	(775,288,184)	(260,394,639)	(103,234,730)	(92,209,584)	(10,244,980,393)
Carrying amount as at 01.07.2017	8,654,733,826	100,339,057	246,384,879	73,079,699	293,351,102	9,367,888,563
Fair value surplus/(loss)	4,797,706,570	19,232,390	(120,384,756)	(28,153,008)	667,929,865	5,336,331,061
Deemed cost as at 01.07.2017	13,452,440,396	119,571,447	126,000,123	44,926,691	961,280,967	14,704,219,626

b. Significant assumptions regarding revaluations have been disclosed below:

Assumptions for revaluation for water facilities and supplies and irrigation facilities are as follows:

- (a) The fair values of Authority's water facilities and supplies, irrigation facilities, car and mobile service equipment have been assessed using the Depreciated Replacement Cost (DRC) approach. However, in case of motor vehicles along with DRC approach, the consultant has also considered the market prices of similar new vehicles and their resale value in computation of fair value of motor cars.
- (b) For computation of the replacement cost of the asset, the physical condition of the assets is assessed and rated, the overall useful economic life is reviewed and their written down value (depreciated value) is calculated which is further adjusted based on its demand and functional condition to determine the fair value of the asset.
- (c) The assumptions taken in case of office, workshops and laboratory equipment are given below:
 - (i) The fair values of laboratory equipment of Authority's laboratory have been assessed using the Depreciated Replacement Cost (DRC) approach.
 - (ii) Office Workshops which includes office equipment, computer hardware and furniture and fittings have been kept at their carrying value as at July 01, 2017 after consultation with the Authority's administrative department.
- (d) The assumptions taken for revaluation of lands and buildings are as follows:
 - (i) Land properties have been assessed using a market based approach. The estimated land value has been based on a combination of its location, the neighbourhood, project development and its potential use if its present use is rescinded by the Authority. Specialized properties which have been valued using the Depreciated Replacement Cost (DRC) approach are based on Level 2 inputs (other than quoted prices in active market, that are observable inputs for the asset, either directly or indirectly). Valuations pertaining to non-specialized properties are primarily based on Level 1 inputs (quoted prices in active markets for identical assets).
 - (ii) Land properties values have been given on the assumption that the properties are freehold and vacant (i.e., free from human activities) and free of encumbrances (e.g., no lien) and charges.

c. State lands

The Authority occupies certain State lands for the conduct of its operating activities which are categorized hereunder

Particulars	No of states
1. Leasehold state lands	15
2. State land vested in Ministry of Energy and public utilities / Authority	28
3. State land to be vested in Authority	49

12 - Assets under construction

Particulars	Total
Balance as at 01.07.2017	683,261,993
Additions	1,201,743,717
Capitalized during the year	(336,437,496)
Balance as at 30.06.2018	1,548,568,214

13 - Intangible assets

Particulars	As at 30.06.2018	As at 01.07.2017
Carrying amount of:		
Computer software	18,445,237	12,817,210
Total intangible assets	18,445,237	12,817,210

Cost or deemed cost	Computer software
Balance as at 01.07.2017	12,817,210
Additions	8,865,910
Balance as at 30.06.2018	21,683,120

Accumulated amortization and impairment	Computer software
Balance as at 01.07.2017	-
Amortization expense	(3,237,883)
Balance as at 30.06.2018	(3,237,883)

Carrying amount	Computer software
Balance as at 01.07.2017	12,817,210
Additions	8,865,910
Amortization expense	(3,237,883)
Balance as at 30.06.2018	18,445,237

Notes:

i. The Authority has engaged M/s. Mega Design ("the Consultant"), to carry out asset revaluation exercise in order to assess the fair value of the intangible assets as at July 01, 2017. The Consultant has independently carried on an exercise for revaluation of assets and assessment for impairment of assets in relation to the assets existing as at June 30, 2017. The Authority has opted to use this fair value of intangible assets as its deemed cost on the transition date i.e., July 01, 2017.

a. Reconciliation for fair value of intangible assets as deemed cost as per IPSAS 33:

Particulars	Computer software
Balance as at 01.07.2017	
Gross block	40,912,481
Accumulated amortization	(20,200,109)
Carrying amount as at 01.07.2017	20,712,372
Fair value loss	(7,895,162)
Deemed cost as at 01.07.2017	12,817,210

b. Significant assumptions regarding revaluations have been disclosed below:

The existing software licenses have been reviewed with the Authority's IT personnel and the software licenses which have expired are considered for impairment. Other computer software are carried on the carrying value and are not subject to revaluation.

14 - Trade and other payables

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Accrued expenditures	653,664,015	419,657,065
(b) Interest on borrowings	380,755,195	260,574,872
(c) Payable to Wastewater Authority	60,096,155	63,968,021
(d) Payable to Government Consolidated Fund (Ground Water)	111,437,629	48,148,616
(e) Sundry payables	6,146,538	1,621,920
Total trade and other payables	1,212,099,532	793,970,494

Notes:

i. The average credit period on trade payable is 30-52 days. No interest is charged on the trade payables and accordingly does not involve any significant financing component.

15 - Consumer deposits

Current

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Consumer deposits	99,723	96,541

Non-current

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Consumer deposits	99,622,919	96,444,927

Notes:

i. Movement in consumer deposits are as follows:

Particulars	Consumer deposits
Balance as at 01.07.2017	96,541,468
Receipts during the year	3,184,374
Refund during the year	[3,200]
Balance as at 30.06.2018	99,722,642
Less: Amount shown as current	[99,723]
Amount shown as non-current	99,622,919

ii. As from financial year 1999-2000, 0.1% of total amount received as deposits is treated as current consumer deposits.

16 - Borrowings

Current

Particulars	As at 30.06.2018	As at 01.07.2017
Unsecured		
(a) Domestic loans	522,968,402	471,576,136
(b) Foreign loans denominated in:		
(i) USD	85,823,065	85,578,149
(ii) Euro	21,250,983	20,263,777
(iii) Kuwait Dinars	48,750,057	48,514,739
(c) Bank overdraft	27,584,308	66,471,497
Total current borrowings	706,376,815	692,404,298

Non-current

Particulars	As at 30.06.2018	As at 01.07.2017
Unsecured		
(a) Domestic loans	2,359,284,925	1,962,980,257
(b) Foreign loans denominated in:		
(i) USD	-	-
(ii) Euro	79,564,295	99,054,265
(iii) Kuwait Dinars	-	-
Total non-current borrowings	2,438,849,220	2,062,034,522

Notes:**i. Maturity analysis of total borrowings**

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Payable within one year	706,376,815	692,404,298
(b) Payable between one to two years	172,931,779	123,384,211
(c) Payable between two to three years	185,748,920	171,178,586
(d) Payable between three to five years	491,175,578	362,810,057
(e) Payable after five years	1,588,992,943	1,404,661,668
Total borrowings	3,145,226,035	2,754,438,820

ii. Unserved loans/defaults

Details of defaults in the period 2017-18 with respect to loans contracted by the Authority are given hereunder:

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Domestic loans contracted directly from GoM	101,709,841	109,337,443
Total	101,709,841	109,337,443

iii. Carrying amount of loan payables in default

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Loan contracted by GoM on lent to the Authority	134,573,125	134,092,888
(b) Domestic loans contracted directly from GoM	2,882,253,327	1,276,980,125
Total	3,016,826,452	1,411,073,013

iv. Terms of repayments and effective interest rate of the borrowings is stated hereunder:

Particulars	Terms of repayment	Effective interest rate
(a) Domestic loans (Note a)		3%-10%
(b) Foreign loans denominated in:		
(i) USD	SEMI-ANNUAL INSTALLMENTS	3%
(ii) Euro		3%-5%
(iii) Kuwait Dinars		3%

(a) 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.

(b) The assets of the Authority were pledged as security in favour of Barclays Mauritius Ltd under a "floating charge" basis for securing a bank overdraft facility of Rs 150M.

- (c) 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 the Authority without a duly signed loan agreement between the two parties. The amount of Rs 9.6M has not been accounted as borrowings in the Authority's financial statements in the absence of a signed loan agreement.
- (d) An agreement was reached in the year 2013 between the Government of Mauritius and the Authority 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.
- (e) There is no processing fees or initial processing fees for the borrowings as the borrowings are funded or guaranteed by the Government of Mauritius (GoM).

17 - Provision for employee benefits

Defined benefit plans

The Authority sponsors defined benefit plans for qualifying employees in Mauritius. The defined benefit plans are administered by a separate fund i.e. State Insurance Company of Mauritius (SICOM) Ltd. which is legally separated from the authority. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plan. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

Under the plans, the employees are entitled to post-retirement monthly instalments on attainment of a retirement age of 65 years.

The defined benefit plans require contributions from employees at the rate of 6% of their pensionable emoluments. Contributions are in the following two forms; one is based on the number of years of service and the other one is based on a fixed percentage of salary of the employees. Employees can also make discretionary contributions to the plans.

The plans in Mauritius typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk, pension, legislation and regulation risk.

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. 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
- f. Legislation and regulation:** Changes in legislation and regulation governing pension funds such increase in taxation, government fees and minimum benefits may adversely affect the fund.

Current

Particulars	As at 30.06.2018	As at 01.07.2017
I. Provision for employee benefits		
(a) Sick leave	18,093,768	17,932,639
(b) Passage benefit	9,004,689	8,639,948
(c) Vacation leave	6,289,922	6,121,647
(d) Annual leave/gratuity	8,373,078	7,747,369
II. Other provisions		
Provision towards legal claims		
Total current provision for employee benefits	41,761,457	40,441,603

Non-current

Particulars	As at 30.06.2018	As at 01.07.2017
I. Provision for employee benefits		
(a) Sick leave	97,049,446	103,575,329
(b) Passage benefit	38,950,712	29,354,249
(c) Vacation leave	117,394,036	114,622,270
II. Retirement benefit obligation		
Pension fund	1,849,670,081	1,769,010,827
Total current provision for employee benefits	2,103,064,275	2,016,562,675

Notes:

i. The Authority contributes to defined benefit plan for its employees and has recognized a net defined benefit liability of Rs 1,849.67M in respect of pension benefits under the Central Water Authority Pension Fund in the statement of financial position as at June 30, 2018. New entrants as from January 2013 are under the Defined Contribution Scheme.

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

ii. Amount recognized in statement of financial position at the end of the year

Particulars	As at 30.06.2018	As at 01.07.2017
Defined benefit obligation	1,952,284,386	1,856,816,829
Fair value of plan assets	(102,614,305)	(87,806,002)
Net defined benefit liability recognized in Statement of financial position at end of year	1,849,670,081	1,769,010,827

iii. Amount recognized in statement of financial performance

Particulars	Year ended 30.06.2018
Current service cost	33,804,554
Employee contribution	(15,381,784)
Fund expense	2,085,239
Net interest expense/(revenue)	111,265,397
Components of defined benefit costs recognized in statement of financial performance	131,773,406

iv. Remeasurement of the net defined benefit liability

Particulars	Year ended 30.06.2018
Liability (surplus)/deficit	75,650,176
Assets (surplus)/deficit	(3,307,430)
Remeasurement of the net defined benefit liability	72,342,746
Total	204,116,152

v. Movement in liability recognized in the statement of financial position

Particulars	Year ended 30.06.2018
Opening balance as at 01.07.2017	1,769,010,827
Amount recognized in surplus/(deficit)	131,773,406
Contribution paid by the employer	(123,456,898)
Remeasurement of the net defined benefit obligation	
Actuarial (gains)/losses arising from changes in assumptions	72,342,746
Closing balance as at 30.06.2018	1,849,670,081

The plan is a defined benefit arrangement for the employees and it is a funded plan. The assets of the funded plan are held independently and administered by the State Insurance Company of Mauritius Ltd (SICOM).

vi. Reconciliation of present value of defined benefit obligation

Particulars	As at 30.06.2018	As at 01.07.2017
Opening balance as at 01.07.2017	1,856,816,829	1,790,525,048
Current service cost	33,804,554	33,355,903
Interest expense	116,979,460	116,384,128
Benefits paid	(130,966,633)	(130,794,584)
Remeasurement of the net defined benefit obligation		
Actuarial (gains)/losses arising from changes in demographic assumptions	44,372,521	
Actuarial (gains)/losses arising from changes in financial assumptions	31,277,655	47,346,334
Closing balance as at 30.06.2018	1,952,284,386	1,856,816,829

vii. Reconciliation of fair value of plan assets

Particulars	As at 30.06.2018	As at 01.07.2017
Opening balance as at 01.07.2017	87,806,002	75,664,943
Interest Revenue	5,714,063	5,186,356
Employer contribution	123,456,898	125,295,231
Employee contribution	15,381,784	15,665,915
Actuarial surplus/deficit transferred	-	167,223
Benefits paid	(133,051,872)	(132,878,081)
Remeasurement of the plan assets		
Return on Plan Assets	3,307,430	(1,295,585)
Closing balance as at 30.06.2018	102,614,305	87,806,002

viii. Components of experience amount recognized in net assets/equity:

Particulars	Year ended 30.06.2018
Assets experience surplus/(deficit) during the year	3,307,430
Liability experience surplus/(deficit) during the year	(31,277,655)
Components of experience amount recognized	(27,970,225)

ix. Allocation of plan asset at end of year:

Particulars	As at 30.06.2018	As at 01.07.2017
Cash and equity instruments (Fixed interest securities)	59.50%	56.60%
Loan	3.70%	4.40%
Local equities	14.60%	15.80%
Overseas bonds and equities	21.60%	22.60%
Properties	0.60%	0.60%
Total	100%	100%

Weighted average duration of the defined benefit obligation is 11 years.

Based on the actuarial report the Authority does not have any plan assets invested in its assets held in its own financial instruments or property occupied by the authority or other assets used by the authority.

The Authority's investment policy is driven by considerations of maximising returns while ensuring credit quality of debt instruments. The asset allocation for plan assets is determined based on prescribed investment criteria and is also subject to other exposure limitations. The Authority evaluates the risks, transaction costs and liquidity for potential investments. To measure plan assets performance, the Authority compares actual returns for each asset category with published benchmarks.

x. Principal assumptions used at the end of the 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 purposes of the actuarial valuations were as follows:

Particulars	As at 30.06.2018	As at 01.07.2017
Discount rate(s)	6.30%	6.50%
Future salary increases	4.00%	4.00%
Future pension increases	3.00%	3.00%
Mortality before retirement	As per 6770 Ultimate tables	
Mortality in retirement	PA (90) Tables rated down by 2 years	
Retirement age	As per Second schedule in the statutory bodies pension fund Act	

xi. Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and mortality (life expectancy). The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

In reality one might expect interrelationships between the assumptions, especially between discount rate, expected salary increase and mortality (life expectancy), given that it depends to ascertain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

The discount rate is determined by reference to market yields on bonds. The rate reflects the time value of money.

Sensitivity analysis on defined benefit obligation at the end of the year:

	As at 30.06.2018	As at 01.07.2017
Increase due to 1% decrease in discount rate	236,100,000	225,500,000
Decrease due to 1% increase in discount rate	194,400,000	186,000,000

	As at 30.06.2018	As at 01.07.2017
Increase due to 1% increase in salary growth	73,100,000	72,300,000
Decrease due to 1% decrease in salary growth	63,400,000	63,000,000

	As at 30.06.2018	As at 01.07.2017
Increase due to increase by one (1) year in life expectancy	59,000,000	54,900,000
Decrease due to decrease by one (1) year in life expectancy	59,000,000	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 depends to a certain extent on expected inflation rates.

xii. Effect of the defined benefit plan on the authority's future cash flows

The Authority should fund the cost of the entitlements expected to be earned on a yearly basis. Employees pay a 6% per cent of pensionable salary. The residual contribution (including back service payments) is paid by the Authority. The funding requirements are based on a local actuarial measurement framework. In this framework the discount rate is determined by reference to market yields on bonds.

The average duration of the benefit obligation at the end of the reporting period is 11 years (2017: 12 years). The Authority expects to make a contribution of Rs. 123,681,691 (2017: Rs. 123,456,898) to the defined benefit plans during the next financial year. The Authority is statutorily committed to paying into the plan.

18 - Other current liabilities

Current

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Deferred revenue towards capital grants	408,013,086	137,430,357
(b) Advance/double payment received from customer	3,960,589	5,455,956
(c) Financial contribution received from consumers	3,902,196	62,060,827
Total other current liabilities	415,875,871	204,947,140

Notes:

i. Movement in capital grants are as follows:

Particulars	Capital grants
Balance as at 01.07.2017	137,430,357
Received during the year	354,267,191
Release to statement of financial performance	(83,684,462)
Balance as at 30.06.2018	408,013,086

ii. Movement in financial contribution received from consumers are as follows:

Particulars	Financial contribution received from consumers
Balance as at 01.07.2017	62,060,827
Received during the year	67,623,516
Refund during the year	(104,476)
Release to statement of financial performance	(125,677,671)
Balance as at 30.06.2018	3,902,196

19 - Net assets/equity

Particulars	As at 30.06.2018	As at 01.07.2017
(a) Contributed capital	1,915,450,607	1,015,450,607
(b) Accumulated surplus/(deficit)	8,581,429,501	9,112,631,930
Total net assets/equity	10,496,880,108	10,128,082,537

Notes

- During the year, the Authority has received an equity contribution amounting to Rs 900M from the Government of Mauritius (GoM).
- Accumulated surplus/(deficit) represents the surplus/(deficit) earned by the Authority.

20 - Revenue from non-exchange transactions and exchange transactions

20.1 - Revenue from non-exchange transactions

Particulars	Year ended 30.06.2018
(a) Deferred revenue recognized towards government grants	83,684,462
Total revenue from non-exchange transactions	83,684,462

20.2 - Revenue from exchange transactions

Particulars	Year ended 30.06.2018
(a) Potable	
- Domestic	769,993,221
- Non-domestic	570,928,760
- Government	112,449,137
- Surface water	1,877,287
(b) Irrigation water	35,833,400
(c) Financial contribution from consumers	125,677,671
Total revenue from exchange transactions	1,616,759,476

Notes:

Revenue from surface water relates to water consumption by consumers from streams, rivers, wet-land and lakes.

21 - Other revenue

Particulars	Year ended 30.06.2018
(a) Sundry revenue	48,573,845
(b) Rental revenue towards water meters	37,459,960
(c) Interest received	1,550,191
(d) Surcharge on potable water sales	30,204,374
(e) Surcharge on potable irrigation sales	3,248,492
(f) Re-opening fees	3,347,250
(g) Morcellement/non-refundable processing fees	5,308,245
(h) Reversal of provision for slow moving items	3,598,232
(i) Commission received	13,069,952
Total other revenue	146,360,541

22 - Operating costs

Particulars	Year ended 30.06.2018
(a) Water treatment charges	41,828,349
(b) Electricity charges	259,977,421
(c) Leakage control charges	14,270,697
(d) Labour charges	7,453,636
(e) Communication charges	8,278,558
(f) Rent	5,563,812
(g) Security charges	51,876,924
(h) Repairs and maintenance charges	
- Buildings and Premises	41,931,812
- Filter and canals	12,930,105
- Others	3,832,044
(i) Insurance charges	865,477
(j) Other miscellaneous expense	20,301,530
(k) Other operating expense	31,808,527
Total operating costs	500,918,892

23 - Employee benefits expenses

Particulars	Year ended 30.06.2018
(a) Salaries and wages	700,240,911
(b) Other employee related expenses	11,551,341
Total employee benefit expenses	711,792,252

The contributions recognised as an expense in the statement of financial performance during the year on account of the defined contribution plans amounted to Rs. 4.7M

24 - Depreciation and amortization expenses

Particulars	Year ended 30.06.2018
(a) Depreciation on property, plant and equipment	863,650,574
(b) Amortization on intangible assets	3,237,883
Total depreciation and amortization expenses	866,888,456

25 - Finance costs

Particulars	Year ended 30.06.2018
(a) Interest on foreign loans	7,578,811
(b) Interest on local loans	115,640,929
(c) Interest on bank overdrafts	2,079,672
(d) Other borrowing costs	4,782,698
Total interest and other borrowing costs	130,082,110
Less: Interest capitalized	(5,242,043)
Total finance costs	124,840,067

Notes

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets have been capitalized as part of the cost of that asset.

The amount of borrowing costs capitalized during the period 2017-18 amounted to Rs 5.2M. The capitalization rate applied to borrowing costs ranged between 3% and 4.65%.

26 - Other expenses

Particulars	Year ended 30.06.2018
(a) Commission paid to collecting agencies	14,021,846
(b) Transport cost	42,907,910
(c) Legal and professional charges	17,814,286
(d) Bank charges	207,410
(e) Loss on disposal of non-current assets	263
(f) Allowance for provision for impairment towards receivables	23,196,958
Total other expenses	98,148,673

27 - Loss on foreign currency transactions

Particulars	Year ended 30.06.2018
(a) Exchange loss during the year	3,075,822
Total loss on foreign currency transactions	3,075,822

Notes

i. The Authority experienced a loss of Rs 2.7M 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 gain of Rs 0.02M arising out of same translation difference. The net loss recognized in the statement of financial performance amounted to Rs 2.68M.

28 - Financial instruments

28.1 - Classification of financial instruments

Particulars	As at 30.06.2018	As at 01.07.2017
Financial instrument measured at amortized cost		
(a) Financial assets		
(i) Cash and bank balances	1,072,455,198	43,739,101
(ii) Trade receivables	288,025,446	300,532,240
(iii) Other receivables	38,809,437	53,760,545
Total financial assets	1,399,290,081	398,031,886
(b) Financial liabilities		
(i) Trade and other payables	1,212,099,532	793,970,494
(ii) Consumer deposits	99,722,642	96,541,468
(iii) Borrowings	3,145,226,035	2,754,438,820
Total financial liabilities	4,457,048,209	3,644,950,782

28.2- Financial risk management

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

- Foreign currency risk
- Interest rate risk
- Liquidity risk
- 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 Authority has devised a set of policies for managing these risks which are under the close scrutiny of the Audit, Risk and Governance Committee which is a sub-committee of the Central Water Board.

28.2.1 - Currency profile

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

Currencies	As at 30.06.2018	As at 01.07.2017
USD	109,033,410	106,154,910
Euro	116,759,812	135,129,293
Kuwait Dinars	64,186,850	62,179,004
Total	289,980,072	303,463,207

28.2.2 - 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 liabilities. The Authority has only foreign currency exposure from foreign currency borrowings which are taken to finance capital project, it does not have any foreign currency receivable. It is the Authority's practice to request competitive exchange rates from various banks for making the payment in foreign currency and accordingly manages its exposure to foreign currency risks.

28.2.2.1 - 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's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in surplus and net assets/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 net assets/equity and the balance below would be negative. The Authority is exposed to United States Dollars, EURO and Kuwait Dinars.

Particulars	Impact on net assets/equity	
Foreign currency impact as at June 30, 2018	Strengthening by 10%	Weakening by 10%
USD	(10,903,341)	10,903,341
Euro	(11,675,981)	11,675,981
Kuwait Dinars	(6,418,685)	6,418,685
Total foreign currency exposure	(28,998,007)	28,998,007

28.2.3 - 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 Authority is exposed to interest rate risk exposures significantly towards borrowings from Government of Mauritius but has not covered the exposures through interest rates swaps or other derivative instruments. The interest rate profile of the Authority's financial assets and liabilities was:

Particulars	2017-18 % per annum
Financial assets	
Cash at bank	0.25 – 1.25%
Financial liabilities	
Borrowings	3 – 10%
Bank overdraft	4.85 – 5.25%

28.2.3.1 - Interest rate sensitivity analysis

The following table presents the sensitivity of net assets and surplus/deficits to a change in interest rates in the range of minus 10 basis points and plus 10 basis points, given outstanding positions as at June 30, 2018:

Particulars	Impact on net assets/equity
Plus 10 basis points	2,048,352
Minus 10 basis points	(2,048,352)

28.2.4 - Liquidity risk

Liquidity risk refers to the possibility of default by the Authority due to unavailability of funds to meet its capital and operational requirements. Prudent liquidity risk management implies maintaining adequate accumulated surplus and banking facilities, by continuously monitoring forecast and actual cash flows. Management maintains liquidity by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities and by holding cash and liquid assets.

Expected maturity for financial assets

As at 30.06.2018	Less than 1 year	1-5 years	+5 Years	Total	Carrying amount
(i) Cash and bank balances	1,072,455,198	-	-	1,072,455,198	1,072,455,198
(ii) Trade receivables	288,025,446	-	-	288,025,446	288,025,446
(iii) Other receivables	22,496,509	16,312,928	-	38,809,437	38,809,437
As at 01.07.2017	Less than 1 year	1-5 years	+5 Years	Total	Carrying amount
(i) Cash and bank balances	43,739,101	-	-	43,739,101	43,739,101
(ii) Trade receivables	300,532,240	-	-	300,532,240	300,532,240
(iii) Other receivables	30,198,171	23,562,374	-	53,760,545	53,760,545

Expected maturity for financial liabilities

As at 30.06.2018	Less than 1 year	1-5 years	+5 Years	Total	Carrying amount
(i) Trade and other payables	1,212,099,532	-	-	1,212,099,532	1,212,099,532
(ii) Consumer deposits	99,723	-	99,622,919	99,722,642	99,722,642
(iii) Borrowings	706,376,815	849,856,276	1,588,992,944	3,145,226,035	3,145,226,035

As at 01.07.2017	Less than 1 year	1-5 years	+5 Years	Total	Carrying amount
(i) Trade and other payables	793,970,494	-	-	793,970,494	793,970,494
(ii) Consumer deposits	96,541	-	96,444,927	96,541,468	96,541,468
(iii) Borrowings	692,404,298	657,372,854	1,404,661,668	2,754,438,820	2,754,438,820

28.2.5 - Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority 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 June 30, 2018, the maximum credit risk exposure was Rs 288M (July 01, 2017: Rs 300M) as analysed below:

			As at 30.06.2018
Receivables	Gross trade receivables	Provision for impairment	Net trade receivables
Invoices issued in July	126,395,147		126,395,147
Within 30 days	84,362,162		84,362,162
31-60 days	32,587,614		32,587,614
61-90 days	21,910,339		21,910,339
More than 90 days	124,626,473	(101,856,289)	22,770,184
Total	389,881,735	(101,856,289)	288,025,446

			As at 01.07.2017
Receivables	Gross trade receivables	Provision for impairment	Net trade receivables
Invoices issued in July	118,299,972		118,299,972
Within 30 days	70,659,291		70,659,291
31-60 days	33,248,371		33,248,371
61-90 days	21,559,741		21,559,741
More than 90 days	135,424,196	(78,659,331)	56,764,865
Total	379,191,571	(78,659,331)	300,532,240

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. No other financial assets or financial liabilities are designated at fair value through surplus or deficit on the transition date.

30 - Related-party transactions

(a) Nature of related-party relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

(b) Government of Mauritius and Key management personnel

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

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. Key management personnel comprises:

- (i) General Manager
- (ii) Deputy General Managers
- (iii) Directors
- (iv) Heads of Division

(c) Outstanding balance with related parties

(1) Government of Mauritius

Nature of balance outstanding	As at 30.06.2018	As at 01.07.2017
Borrowings payable to government	2,882,253,327	2,434,556,393
Interest payable to government (excluding interest payable to EIB)	380,001,153	259,682,440

(d) Transactions with related parties

(1) Government of Mauritius

Nature of transaction	Year ended 30.06.2018
Grants received from government	354,267,191
Capital contribution received	900,000,000
Proceeds from borrowings	446,917,239
Total	1,701,184,430

Notes:

Financial guarantee given by Government of Mauritius in respect of foreign currency borrowings

(e) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year are as follows:

Short term-employee benefits	Year ended 30.06.2018
Salaries and allowances	19,174,944
Sick leave	1,084,139
Passage benefits	559,672
Vacation leave	822,273
Gratuity	870,720
Annual leave	175,229
Total short term-employee benefits	22,686,977
No of persons	18

31 - Contingent liabilities and contingent assets**(a) Contingent liabilities**

At June 30, 2018, 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 51.89M (July 01, 2017: Rs 59.13M) in favour of District and Municipal Councils, Road Development Authority and Mauritius Revenue Authority for obtaining wayleaves and operation of water stills.

Particulars	As at 30.06.2018	As at 01.07.2017
Amount of contingent liabilities		
1) District Council	20,300,000	34,978,300
2) Municipal Council	10,000,000	13,107,500
3) Road Development Authority	10,000,000	10,271,000
4) Mauritius Revenue Authority	30,000	30,000
5) ENL Land Limited	500,000	750,000
6) EDCC Co Ltd.	10,011,471	-
7) Syndicat des Copropriétaires de L'immeuble Dreamton Park	1,054,090	-
Sub-total	51,895,562	59,136,800
Less: Provision for contingent liabilities	(816,272)	(500,000)
Total contingent liabilities	51,079,290	58,636,800

Notes:

The assets of the Authority were pledged as security in favour of Barclays Mauritius Ltd under a "floating charge" basis for securing a bank overdraft facility of Rs 150M.

At the date of reporting, the Authority had some contested claims in court and for which it has requested responses in regards to the probability of success/failure from its legal advisors and other legal representatives.

EDCC Co Ltd

The Authority has a pending case relating to legal action instigated by EDCC CO Ltd. The claimant is seeking Rs. 10.01M in damages for the contract for replacement of existing Beemanique-Balisson pipeline with 300 Diameter Di pipes.

In the view of the Authority, the case is not in the shape of trial yet and is pending to be presented in the court. Accordingly, there are uncertainties involved in respect of the possible outcome of the case which makes it a possible obligation dependent on occurrence or non-occurrence of one or more uncertain events. Therefore, the Authority has disclosed the case along with its estimated financial effect as contingent liability.

Syndicat des Copropriétaires de L'immeuble Dreamton Park

The Authority has a pending case relating to legal action instigated by Syndicat des Copropriétaires de L'immeuble Dreamton Park. The claimant is seeking Rs. 1.05M in damages for the recovery of overcharge paid to the Authority. In the view of the Authority, the case is pending in the Intermediate court for the judgement. Accordingly, there are uncertainties involved in respect of the possible outcome of the case which makes it a possible obligation dependent on occurrence or non-occurrence of one or more uncertain events. Therefore, the Authority has disclosed the case along with its estimated financial effect as contingent liability.

There are no contingent assets that are required to be disclosed in the financial statement as at June 30, 2018.

32 - Disclosure relating to prior period error

Particulars	Impact on items in the statement of financial position	
	Provision for employee benefits	Total net assets/equity
Balance reported at July 01, 2017	301,051,923	4,439,889,548
Rectification of error in Provision for passage benefit (Note i)	(7,467,081)	7,467,081
Rectification of error in Provision for vacation benefit (Note i)	(5,591,391)	5,591,391
Restated balance at July 01, 2017	287,993,451	4,452,948,020

Notes

i. The Authority has erroneously recognized an excess provision amounting to Rs 7.4M towards provision for passage benefit and Rs 5.6M towards vacation benefit. The rectification entry has been made restating the opening balances as at the transition date i.e. July 01, 2017.

33 - Explanation to the transition to IPSAS

IPSAS includes certain exemptions that are available upon transition to accrual basis IPSAS and accordingly, the reconciliations for total net assets/equity and accompanying narrative notes are illustrated below:

Particulars	Note no.	Total net assets/ equity	Surplus/Deficit
IFRS balance reported as at 01.07.2017		4,439,889,548	3,424,438,941
Prior period adjustment (Note 32)	32 (i)	13,058,472	13,058,472
Restated IFRS balance as at 01.07.2017		4,452,948,020	3,437,497,413
Adjustments:			
a. Fair value adjustment of property, plant and equipment	(i)	5,336,331,062	5,336,331,062
b. Fair value adjustment of intangible assets	(ii)	(7,895,162)	(7,895,162)
c. Deferred revenue - grant recognized in accumulated surplus/ (deficit)	(iii)	713,835,632	713,835,632
d. Deferred revenue reclassified as liability from accumulated surplus/(deficit)	(iii)	(851,265,989)	(851,265,989)
e. Deferred revenue - assets received from customer	(iii)	5,580,135	5,580,135
f. Deferred revenue - financial contribution	(iii)	478,549,698	478,549,698
g. Leasehold land classified as operating lease	(iv)	(859)	(859)
IPSAS balance as at 01.07.2017		10,128,082,537	9,112,631,930

Notes:

(i) Fair value as deemed cost for property, plant and equipment

On the transition date, the Authority has opted to use the fair value of property, plant and equipment as its deemed cost. The Authority has considered fair value for property, plant and equipment from the valuation report of an independent external valuation consultant "M/s Mega Design" appointed by the Authority, with a positive impact of Rs 5336.33M in the carrying amount as at July 01, 2017 in accordance with stipulations of IPSAS 33 with the resultant impact being accounted for in the accumulated surplus/(deficit).

(ii) Fair value as deemed cost for intangible assets

On the transition date, the Authority has opted to use the fair value of intangible assets as its deemed cost. The Authority has considered fair value for intangible assets from the valuation report of an independent external valuation consultant "M/s Mega Design" appointed by the Authority, with a negative impact of Rs 7.90M in the carrying amount as at July 01, 2017 in accordance with stipulations of IPSAS 33 with the resultant impact being accounted for in the accumulated surplus/(deficit).

(iii) Non-exchange transactions recognized as revenue

Previously, the Authority deferred revenue for all non-exchange transactions such as capital grants, financial contribution received from consumers and assets received from government where there were stipulations as to how the funds were anticipated to be used, until such time that the stipulations were satisfied. Upon transition to IPSAS, the Authority's accounting policy is that only conditional stipulations (rather than restrictive stipulations) will be deferred. The adjustment above relates to the recognition of revenue from capital grants, financial contribution received from consumers and assets received from government with restrictive stipulations.

(iv) Leasehold land classified as operating lease

Under previous GAAP, one time lease premium payments for operating land leases were capitalized and included under Leasehold land in property, plant and equipment and depreciation charged thereon over the lease term. Under IPSAS 13 Leases, such payments have been classified and accounted for as prepaid expenses, under other assets (current and non-current) in the statement of financial position. As a result of this, property, plant and equipment as at July 01, 2017 has reduced by Rs 0.09M.

34 - Operating Lease

The Authority has lease agreements for the lease of buildings and parking slots to conduct its operations. The Authority has entered into any lease arrangement with cancellable lease terms, accordingly, the disclosure requirement related to operating lease are not applicable. The lease arrangements are classified as operating leases and are recognized as expense in the item operating expenses under Note 22 above in the statement of financial performance. An amount of Rs 3.9M has been recognized as expense in the year 2017-18.

35 - Segment reporting

Based on the "Management's approach" as defined by IPSAS 18 Segment Reporting, the Board evaluates the Authority's performance and allocates resources based on an analysis of certain performance indicators. The Authority is predominantly engaged in the supply of potable and irrigation water to the public. The Authority is managed by the Board which considers sale of water as the only business segment. Further, as the Authority's operations are carried out only in Mauritius, accordingly, there are no reportable geographical segment.

36 - Events occurring after date

There are no significant events occurring after the reporting date. Based on the observations of the Auditors, in certain circumstances, the Authority may amend the financial statements after approval of the Board of Directors and Chairman.

37 - Taxation

The Authority is not liable to Tax.

NOTE

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.





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