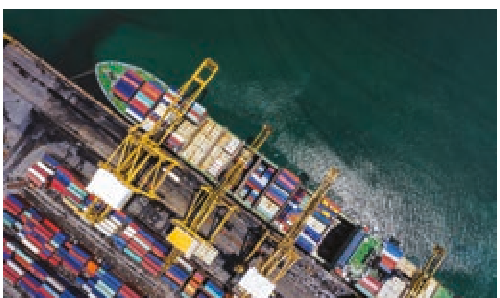
Land reclamation at Fort William: 2017

www.mauport.com

PORT-LOUIS HARBOUR – The Future Hub



TRANSSHIPMENT

CRUISE

BUNKERING

2019 ANNUAL REPORT

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CHAIRMAN'S
REPORT

I am pleased to report that the financial year ending 30 June 2019 reflected a strong operational performance and the accomplishment of important strategic milestones for the MPA. The MPA remains steadfast in its commitment to making a meaningful contribution to the economic growth and development of the country while ensuring sustainable, productive, efficient and financially viable operations.

Strong trade growth through Port Louis Harbour during financial year 2018/2019, combined with expenditure control, resulted in substantially improved financial performance, particularly in regard to profit and return on assets. In 2018/2019, the MPA registered a net surplus of Rs 377.4 million representing a significant increase of 40% compared to Rs 269 million recorded during the previous year. Moreover, the operating revenue reached Rs 1,465 million in FY 18/19 as compared to Rs 1,344 million in FY 17/18 registering an increase of 9%. The net assets worth of the MPA stood at Rs 22.7 billion.

On the operational side, the MPA has successfully achieved its target in all its business segments encompassing cargo and container traffic, vessels' calls, cruise, bunkering and fishing, which registered an all-time record. The diversity of commodities handled by the port during the financial year 2018/2019 has helped to sustain its trade results with total cargo volumes reaching an unprecedented figure of 8.4 million tonnes representing an increase of 10.3%. On the other hand, container traffic exceeded our expectations with a record level peaking at 20.5% attaining 482,695 twenty foot equivalent units. Both captive and transhipment traffic bounced back with a first-time increase of 8.2% and 43.4% respectively.

The implementation of the Port Master Plan corresponds to the Government's thrust to stimulate greater asset utilisation, which the MPA will achieve through port expansion and modernisation. These improvement works will ensure the port adequately meets the increasing needs of cargo operations and cruise shipping, including homeporting. Leasing lands at the port also enabled the Authority to leverage on private port projects to support the development of Port Louis Harbour in its bid to become a regional maritime gateway. Accordingly, the Authority has forged new partnerships with the private sector in order to derive greater economic value from the strategic assets under its management.

The extended berth at the MCT is supporting growth in containerised cargo and sustaining cargo volumes from a mainline call by ultra large container ships of more than 13,000 TEUs. Yet another ambitious project being contemplated is the execution of an Island Terminal, for the handling of containers, across the basin opposite the MCT. This bold development project which includes dredging and land reclamation works, the construction of a breakwater, will accommodate three dedicated container berths and the purchase of additional container handling equipment.

A feasibility study was carried out to provide an overview of the Island Container Terminal Project from a technical, environmental, social, economic and financial point of view. The study confirmed that the Island Terminal is technically feasible and would decrease the downtime at the MCT as well as providing increased container terminal capacity. The Consultants on this Project will soon submit an Information Memorandum, which will be circulated to potential investors and after an assessment of the response of these investors, the services of a Transaction Advisor would be retained to establish the commercial attractiveness and bankability of the project including the detailed financial, technical and legal work required to implement the proposed project.

We have maintained our regional market share in cruise shipping and strengthened our cruise brand. In June 2019, Mauritius received the Indian Ocean's Leading Cruise Destination Award at the 2019 World Travel Awards. This Award significantly raised the profile of our capital city as a strong potential cruise destination. With a view to enhancing cruise reception facilities and meeting the growing demands of the cruise sector, the MPA is proceeding with the construction of a Passenger Terminal Building having a floor area of about 7,500 m2 at Les Salines. The new facility will be an iconic steel structure accommodating both cruise and the inter-island passenger traffic.

CHAIRMAN'S
REPORT

As a landmark development at Port Louis Harbour, the Cruise Terminal Building together with the development of a world class public aquarium and marine life centre by the private sector on the harbour waterfront will positively contribute to bringing additional value to the rejuvenation of the City of Port Louis and boosting the cruise tourism industry in Mauritius.

As regards the bunkering sector, the MPA is playing a vital role in the setting up of a dynamic bunkering platform, which will enable the supply of bunker fuel to vessels plying on the Africa-Asia maritime route. Mauritius is committed to become a strategic bunkering hub with the confluence of exogenous factors such as booming south-south trade and Africa catching up rapidly and enjoying a strategic position along the south-south maritime corridor. The MPA is proceeding with a review of the existing land use planning for the Fort William area with a view to meeting the demands of the port users for land use especially for project proposals, which were received after the submission of the last Port Masterplan Report of 2016. The Consultants will consider projects for the storage of LNG, the fishing port and fishing quays, the refinery project, the cement grinding plant proposal, the Trident project, the wayleave requirements of DOWA project, the potential for dry docking facilities, the de-bunkering oil storage project, underwater vessel maintenance facilities, etc.

As the MPA is committed to enhance maritime security, safety and efficiency of navigation, safety of life at sea and the protection of the marine environment and the adjacent shore area, work sites and offshore installations from possible adverse effects of maritime traffic, the Authority is investing about Rs 55 million for the supply, installation and commissioning of a new sophisticated vessel traffic system.

In parallel, the MPA has surpassed national benchmark in the implementation of the International Ship and Port Facility Security (ISPS) Code which remains a major milestone towards achieving safe port system. Despite this impressive record in terms of compliance with the ISPS Code, some of our port approaches have yet to enthrone a strict access regime control. It is in this perspective that the existing fencing is being replaced around the port operational areas given that it has outlived its economic life. In this respect, the contract for the upgrading of the perimeter fencing with a high security fencing system has been awarded in November 2018 and works are expected to be completed by end of August 2019.The project comprises the erection of perimeter fencing around Terminal II and Terminal III.

Access control across the various port facilities will be further tightened up by the acquisition of a drone for aerial surveillance of the port areas coupled with the deployment of a patrol boat for sustained port security protection operations. With an eye to address the growing safety and security concerns in the port and also to help ensure effective patrolling, the MPA has recruited 40 additional security wardens. On the other hand, the MPA plans to replace and install new cameras at key spots in the port with a view to beefing up security so that at any one time, the whole port area is monitored by some 300 CCTV.

Our port serves the national interest, supporting the competitiveness of national and regional economies. It is in the regional interest that our port remains able to handle current regional trade and its potential development efficiently and sustainably. We must succeed not only to meet the immediate demands of our customers, but also to invest in new facilities, in safety and to safeguard communities and the environment. The retention of a healthy social climate remains at the forefront. Additionally, the further development of the base infrastructure is a prerequisite to ensure the port's lasting force of attraction.

Cooperation with other ports as well as networking with international and regional port organisations is essential for the Authority's development strategy. Reliable communications and the ability to connect to other ports have become an essential part of the services that must be provided by a port authority. The integration of activities in maritime transport calls for cooperation between ports. Port authorities and operators must adapt to these changes. Recognising the significant mutual benefits that can be derived from dynamic cooperation, the MPA proposes to explore new avenues of cooperation with the major ports of Europe, Asia and Africa with a view to benefitting from sustained mutual assistance on port matters and other related maritime issues.

Such collaborations and alliances can elicit synergies with potential partners for stimulating steady growth of transhipment traffic, cruise promotion, training of staff and exchange of information necessary for accelerating and facilitating the flow of commercial goods at our ports. Within the framework of "Building Strategic Partnerships", the MPA initiated discussions for key alliances with Abu Dhabi Ports, Ningbo Zhoushan Port Group Company Ltd and Kenya Ports Authority to create more synergistic partnerships for the mutual benefits of the interested parties. A Memorandum of Understanding (MoU) between the Abu Dhabi Port and the MPA was duly signed in June 2019. This networking allows the MPA to place Port-Louis

CHAIRMAN'S
REPORT

Harbour at the heart of a vast transoceanic, cross-border, multi-cultural and multi-disciplinary entity, allowing it to penetrate new markets, attract new investors, benefit from new technologies and have access to exchange and research programmes.

There is no doubt that the improvement of our port infrastructure will boost the global image of Port Louis Harbour. Looking ahead, strong focus will be on the Government economic agenda of infrastructural development and job creation. In addition to improving operational and financial performance, a critical element will be investment in technology to foster a seamless digital transformation of our business processes.

The MPA's businesses are susceptible to global economic and political risks. In this regard, the Authority will strengthen its risk management and governance policies, while it seeks to capitalise on growth opportunities, through investments in infrastructure and equipment. Major investments will be undertaken in the next five years in all business segments to support market retention, growth, and new business.

Activities initiated during the year under review served to engender greater participation and commitment among staff in relation to the achievement of our objectives. The Authority remains committed to providing training and development of its human resources. Training and development will therefore continue as an integral part of our strategy to pilot change and transform ideas into business opportunities.

Given the strong indicators of change in the markets in which we operate, the need for organisational learning, to strengthen industry networks, remains a critical area of focus. The Authority will continue to engage and develop staff to improve performance and create value for its stakeholders.

We continue to adopt and pursue employee engagement strategies to attract and retain the best talent. Our human resources strategies are heavily hinged on development and training in targeted areas that support the organisational objectives as well as the personal needs of employees. Within the framework of the Memorandum of Understanding signed with the Mauritius Shipping Corporation Ltd, the MPA proceeded in August 2018 with the enlistment of 32 youngsters for a seafarers' training programme to give opportunities to them to gain working experience on board vessels for future employment as able seafarers at the MPA and alleviate the shortage of able seafarers on the local market. In the same vein, the MPA has, in December 2018, signed a Memorandum of Understanding (MoU) with the University of Mauritius to serve the training needs and enhance the competencies of professionals in the port sector. The objective of the MoU is to support the maritime and port sector in its quest for adequate qualified manpower in the growing and emerging business segments for the recruitment of future talents; and levelling and upgrading the skills of the present staff

The prudent governance and strategic guidance provided by the Boards of Directors across all our business segments was instrumental to the Authority's performance during the review period and therefore must be acknowledged. Our colleagues in all branches of the shipping industry, suppliers and service providers including customs, financial institutions and security have been equally supportive.

The contribution of the Government through timely policy and regulatory support as well as guidance in resolving difficult issues cannot be overstated. The Authority will continue to engage with the Government as its strong arm in the pursuit of our business and organisational development programmes. The Authority is committed to the pursuit of its Vision and Mission within a framework characterised by a motivated and competent workforce; excellence, fairness and equity; integrity and trust; open communication; commitment; accountability and a wholesome physical environment with which to endow future generations.

I wish to express my sincere thanks and gratitude for the continued support from our Prime Minister, Pravind Kumar Jugnauth and his teams and the Ministries and Agencies which continue to respond to the MPA's needs. Many thanks to the Board of Directors for their unwavering support and commitment of the Director-General and staff who have become keenly engaged in actualising their performance goals throughout the year.

Ramalingum Maistry
Chairman

DIRECTOR-GENERAL'S
REPORT

The Mauritius Ports Authority has realised an excellent financial and operational performance during the period under review. The Authority has posted a net surplus of Rs 377.4 million representing a substantial increase of 40% compared to Rs 269 million recorded during the previous year. Moreover, the Operating Revenue has reached Rs 1,465 million in FY 18/19 as compared to Rs 1,344 million in FY 17/18 (i.e., 9% increase).

Trade performance at Port Louis has also been robust during the current Financial Year marked by all-time record improvements in most of the segments of port trade including containerised cargo, seafood, cruise and bunkering. During the financial year 2018/2019, total cargo traffic expanded by 10.3% and reached a new record level of 8.4 million tonnes as compared to 7.7 million tonnes recorded in FY 17/18. Total Container Traffic registered a significant increase of 20.5% from 400,508 TEUs in FY17/18 to 482,695 TEUs in FY 18/19. For the period under review, both captive and transhipment container traffic posted an expansion of 8.2% and 43.4% respectively. The port witnessed a growth of 3.7% in the total vessels calls from 3,290 in FY 17/18 to 3,411 recorded in FY 18/19.

The cruise sector witnessed a momentous upsurge during the period under review with an increase of 21,6 % in cruise vessels calls from 37 to 45, and a corresponding growth of 56,5 % in the number of cruise passengers (from 39,210 pax to a record level of 61,759 pax). The seafood sector also registered a noticeable growth of 10,8 % with a volume of 155,958 tonnes of fish traffic registered in FY 18/19 as compared to 140,761 tonnes in FY 17/18. 1,140 fishing vessel calls were registered in the harbour in FY 18/19, an increase of 7.7% over the previous financial year (1,058 calls). The bunkering sector has also posted promising results, with a record volume of 593,229 tonnes of bunker supplied in FY 18/19 as opposed to 550,241 tonnes, representing an increase of 7.8%, with a corresponding increase of 5.6% in the number of vessels calling in the harbour for bunkering activities.

The 2016 Port Master Plan, which serves as a roadmap for the infrastructure development and land use in the port up to the horizon 2040, has forecasted that the total container traffic would reach about 1,3 million TEUs by 2030 and 1,9 million TEUs by 2040. The MPA had already invested around Rs 6.5 billion for the upgrading and extension of the Mauritius Container Terminal Project, which became operational as from October 2017. The Terminal is capable of handling mega size container vessels of 12,000 TEU+ capacity and cater for the forecasted container throughput of 1.0 million TEUs expected to be reached by 2025. In order to accommodate the container traffic beyond 2025, the MPA is planning the construction of a new Container Island Terminal opposite the existing Mauritius Container Terminal at Mer Rouge.

In this regard, the MPA has commissioned Royal Haskoning DHV to undertake a techno-economic study for an Island Terminal and Breakwater Project which is aimed at consolidating the competitive advantage of Mauritius as a major regional container transhipment and logistics hub. The study is financed under a grant of some 1.5 million USD from the African Development Bank. The Study Report, which was submitted early this year, recommends the construction of a Breakwater of about 1.6 kilometres in length, dredging of the navigation channel to a depth of 18 metres in order to accommodate the largest container vessels afloat and the development, over a reclaimed area of some 60 ha of land, of a new Container Terminal comprising 1.25 km of berth with an additional annual container throughput of over 1.8 million TEUs. The Breakwater will also serve as a protection to the existing container terminal against wave impact during adverse climatic conditions, thus reducing downtime at the Mauritius Container Terminal (MCT) significantly.

This development will be implemented under a Public Private Partnership Scheme. In this respect, as recommended by the Consultants, an Information Memorandum to Investors will be issued shortly to assess the market appetite for this major project. A Transaction Advisor will subsequently be appointed to undertake further studies related to the project's financial and institutional arrangements with the assistance of the African Development Bank.

DIRECTOR-GENERAL'S
REPORT

With a view to improving fish operations in the harbour and rationalising the parking of idle fishing vessels for safety and security reasons, the Authority is proceeding with the construction of a breakwater which will provide a sheltered basin at Fort William for the safe mooring of around 120 ocean going fishing vessels. The engineering design of the Project has been completed and the development, which is estimated at around Rs 1.5 billion, is expected to start by end of 2020 and would be operational by mid-2022.

The MPA has already set the base for a vibrant cruise development in Mauritius. The Authority will be embarking on the construction of a state of the art Cruise Terminal Building in the coming months at Les Salines, with a view to position Port Louis Harbour as an attractive home porting hub for cruise vessels. The construction works are expected to be completed in the first quarter of 2021. The Cruise Terminal building will be an iconic steel structure with a footprint of some 7500m2 capable of handling up to 4,000 cruise passengers at any one time. It is also proposed to extend the existing cruise jetty in order to accommodate the larger cruise vessels expected to call at Port Louis in the near future.

The MPA has been posting sustained double digit growth in most of its business segments over the last few years and will ensure that this growth momentum is maintained in the future to respond to the challenges facing the port and maritime industry. This will necessitate added focus on increasing the visibility and connectivity of Port Louis on the regional as well as on the global front, leveraging on our competitive advantage, modern infrastructure and world class service levels.

To conclude, I wish to thank all the staff of the Authority and the Unions for their dedication and unwavering support.

Port stakeholders and the business community have stood by us during the challenging times. Their cooperation is deeply appreciated.

I would like to acknowledge the valuable contribution and guidance extended by the Board of Directors and the Chairman, Mr. Ramalingum Maistry.

I also wish to express my gratitude to the Honourable Pravind Kumar Jugnauth and the officers of the Prime Minister's Office (External Communications Division) for their support during the course of this challenging but rewarding year.

Shekur Suntah
Director-General

PORT TRADE
PERFORMANCE

Key figures at a glance:

Total Trade Volume (New Record)	**8.4 million tonnes**	**(+10.3%)**
Containerised Cargo	4.1 million tonnes	(+22.9%)
Dry Bulk Cargo	1.8 million tonnes	(+3.5%)
Liquid Bulk Cargo	2.3 million tonnes	(-1.7%)
Fish Traffic	155,958 tonnes	(+10.8%)
Total Container Traffic (New Record)	**482,695 TEUs**	**(+20.5%)**
Captive Container	281,408 TEUs	(+8.2%)
Transhipment Container Inwards (New Record)	201,287 TEUs	(+43.4%)
Transhipment Container Outwards	200,832 TEUs	(+42.0%)
Total Container Throughput (New Record)	**683,527 TEUs**	**(+26.1%)**
Total Vessel Traffic	**3411 calls**	**(+3.7%)**
Containerised Vessels	574 calls	(+6.7%)
Fishing Vessels	1140 calls	(+7.7%)
Cruise Traffic		
Cruise Vessel (New Record)	45 calls	(+21.6%)
Passengers on Arrival (New Record)	61,759 passengers	(+56.5%)
Passengers on Departure (New Record)	61,630 passengers	(+57.4%)
Total Bunker Traffic (New Record)	**593,229 tonnes**	**(+7.8%)**
Pipeline	111,062 tonnes	(-3.5%)
Barges (New Record)	482,167 tonnes	(+10.8%)

CORPORATE
INFORMATION AS AT JUNE 2019

Board of Directors

Ramalingum Maistry (Chairperson)
Kechan Balgobin
Shekur Suntah
Om Kumar Dabidin
Vailamah Pareatumbee (Mrs)
Vivekanand Ramburun

Board Committees

Staff Committee

Ramalingum Maistry (Chairperson)
Shekur Suntah
Kechan Balgobin

Audit & Risk Management Committee

Vivekanand Ramburun (Chairperson)
Om Kumar Dabidin

Finance & Investment Committee

Vailamah Pareatumbee (Mrs) (Chairperson)
Kechan Balgobin
Shekur Suntah

Land Lease Management Committee

Shekur Suntah (Chairperson)
Kechan Balgobin
Vailamah Pareatumbee (Mrs)
Co-opted members
Mary Jane Lau Yuk Poon (Mrs)
Roshni Bissessur (Mrs)
Vedacharya Vyas Sharma Chuckun
Rajwantee Bucktowar (Mrs)

Corporate Governance Committee

Om Kumar Dabidin (Chairperson)
Vivekanand Ramburun *(as from 4 April 2018)*

Port Licensing Committee

Shekur Suntah (Chairperson)
Kechan Balgobin
Vailamah Pareatumbee
Louis Benoit Barbeau
Narad Dawoodarry
Gowraj Angad

Senior Executives

Shekur Suntah – Director-General
Aruna Devi Bunwaree Ramsaha (Mrs) – Deputy Director-General (Management Support Services)
Shakeel Goburdhone – Deputy Director-General (Technical and Operational Services)
Captain Louis Benoit Barbeau – Port Master
Narad Dawoodarry – Director, Legal and Administrative Services
Shreeganesh Ganga – Director, Finance
Chandradutt Rogbeer – Corporate Auditor
Ravishankar Woottum – Director, IT Services
Sandesh Seelochun – Director, Port Development
Mukhram Moloo – Director, Human Resources
Captain Kavidev Newoor – Deputy Port Master
Nomita Seebaluck (Mrs) – Manager, Port Operations
Basdeo Bholanath Dhunnoo – Senior Manager, Technical Services
Priyathama Seebaruth (Mrs) – Senior Manager, Procurement & Supply
Gowraj Angad – Senior Manager, Estate Management

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Republic of Mauritius

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Fax : (+230) 454 7311
Email:grant.thornton@mu.gt.com

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Board of Directors (the "Board") ensures through its system of governance, that adequate accounting records are maintained so as to disclose at any time, and with reasonable accuracy, the financial position of the Mauritius Ports Authority (the "Authority" or "MPA"). They are also responsible for taking reasonable steps to safeguard the assets of the Authority and hence to prevent fraud and detect other irregularities.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and the responsibility of external auditors to report on these financial statements.

In preparing such financial statements, they have ensured the following:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment; and
- state whether International Public Sector Accounting Standards (IPSAS) have been adhered to and in conformity with changes in presentation.

The financial statements have been prepared on a going concern and there is no reason to believe that the Authority will not continue as a going concern in the year ahead.

The Audit & Risk Management Committee monitors the integrity of the financial statements and is responsible for reviewing the system of internal controls. It examines weaknesses that may be identified in controls and make appropriate recommendations to the Board.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the year under review, which could have a material impact on the business.

The Directors confirm that the MPA has adhered to most of the requirements of the National Code of Corporate Governance and have ensured that the financial statements comply with the Statutory Bodies (Accounts and Audit) Act 1972.

The external auditors, Grant Thornton, have independently reported on whether the financial statements are fairly presented.

The Authority will submit a copy of its Annual Report to the Financial Reporting Council, in accordance with the Financial Reporting Act 2004.

This Report was approved by the Board and is signed on its behalf.

Chairman
Ramalingum Maistry

Director-General
Shekur Suntah

Date: 16 October 2019

STATEMENT OF COMPLIANCE

(Section 75(3) of the Financial Reporting Act 2004)

Name of Public Interest Entity ('PIE'): Mauritius Ports Authority

Reporting Period: 30 June 2019

We, the Directors of the "Authority", hereby confirm to the best of our knowledge that the Authority has not complied with the following principles of the National Code of Corporate Governance for Mauritius (2016):

1. Principle 1: Board Charter (Page 4)
   - The MPA is in the presence of a draft Board Charter which will be submitted to the Board for approval.

2. Principle 2: Board composition (Page 6)
   - The Board does not fully comply with Principle 2 of the Code.

   Disclosure on Website (Page 6)
   - The terms of reference for all the sub-committees are not published on the Authority's website.

   Composition of sub-committees (Page 15)
   - The Authority cannot meet the minimum requirement of at least 3 non-executive members and the chairperson of the staff committee is also the chairperson of the Board.

     This is due to the fact that there are existing vacancies of NEDs on the Board of Directors.

3. Principle 4: Board evaluation (Page 27)
   - The Authority does not evaluate their Board, sub-committees and directors since the board members are appointed by the Minister.

Chairman
Ramalingum Maistry

Director-General
Shekur Suntah

Date: 16 October 2019

CORPORATE GOVERNANCE
REPORT

Principle 1: Governance Structure

Compliance with the National Code of Corporate Governance for Mauritius (2016) (the 'Code')

The Mauritius Ports Authority is the sole national port authority established under the Ports Act 1998 to regulate and control the port sector and provide marine services. The MPA is a Public Interest Entity as defined by the Financial Reporting Act 2004.

The Board of Directors (the "Board") and management of the Authority are committed to ensuring and maintaining a high standard of corporate governance within the Authority. Furthermore, the Board endorses the highest standards of business integrity and professionalism to ensure that the activities within the Authority are managed ethically and responsibly to enhance business value for all stakeholders.

The Board assumes full responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements. Besides, the Board is collectively responsible for the long-term success, reputation and governance of the MPA. The Board also determines the MPA's mission, vision, values and strategy.

The vision of the MPA is to be *"the leading Authority driving Mauritius as the preferred regional Maritime Gateway"*.

The mission of the MPA is *"to stimulate economic growth by transforming our port into a dynamic logistics hub whilst providing sustainable and competitive integrated services"*.

The core values of the Authority are:

- Service Excellence
- Passion
- Innovation and Creativity
- Results Driven Culture

This report describes, amongst others, the main corporate governance framework and compliance requirements of the Authority which are laid down in the following:

- The Ports Act 1998.
- The Financial Reporting Act 2004.
- The disclosures required under the Code and the Terms of Reference of the Board Committees.

MPA has in place a Code of Ethics and copies of same are available upon request in writing to the Authority's Secretary.

The MPA is in the presence of a draft Board Charter which has already been examined by the Corporate Governance Committee and same will be subsequently submitted to the Board committee for its approval.

Additionally, the MPA has in place a written job description/position statement for each senior governance position, a written description of the major accountabilities within the organisation as well as the organisational chart.

The Authority deems it sufficient that the above information is available upon request in writing from the Authority's Secretary for consultation.

CORPORATE GOVERNANCE
REPORT

Principle 2: The Structure of the Board and its Committees

Board Structure

The Board of MPA has a unitary structure.

The Board is of the view that its composition is adequately balanced and that the current Directors have the range of skills, expertise and experience to carry out their duties properly.

Besides, members of the six sub-committees of the Board namely the Staff Committee, the Audit & Risk Management Committee, the Finance and Investment Committee, the Land Lease Management Committee, the Corporate Governance Committee and the Port Licensing Committee have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their duties as evidenced by their profiles.

Board Size

As per Section 6 of the Ports Act 1998, the Board shall consist of:

(i) a Chairman appointed by the Minister;
(ii) a representative of the Minister;
(iii) the Director-General;
(iv) three members appointed by the Minister from representatives of commercial, shipping or other users' interests; and
(v) not more than three members as the Minister may from time to time determine.

Every appointed member shall:

a. be a person who, in the Minister's opinion, has had experience and shown capacity in the field of port management, industry, commerce, finance or administration or has some special knowledge or experience that renders him a fit and proper person to be a member; and
b. hold office for a period not exceeding two years and shall be eligible for reappointment

As at 30 June 2019, the Board comprised of six (6) members as follows:

- One (1) Executive Director; and
- Five (5) Non-Executive Directors.

CORPORATE GOVERNANCE
REPORT

Board Composition

As at 30 June 2019, the Board was composed as follows:

	Names	Category
Chairperson	Mr Ramalingum Maistry	Non-Executive Director
Members	Mr Kechan Balgobin - Representative of External Communications Division of the Prime Minister's Office	Non-Executive Director
	Mr Shekur Suntah - Director-General, Mauritius Ports Authority	Executive Director
	Mr Om Kumar Dabidin - Permanent Secretary, Home Affairs Division of the Prime Minister's Office	Non-Executive Director
	Mrs Vailamah Pareatumbee - Lead Analyst, Ministry of Finance & Economic Development	Non-Executive Director
	Mr Vivekanand Ramburun - Director of Customs, Mauritius Revenue Authority	Non-Executive Director
Secretary to the Board	Mr Narad Dawoodarry - Director, Legal & Administrative Services, Mauritius Ports Authority	Independent Non-Executive Director

Explanation on Board composition

The Board does not fully comply with Principle 2 of the Code as the Board does not consist of any independent directors.

Board Diversity

The Board Members of MPA comprise 5 males and 1 female and are all ordinarily resident of Mauritius.

CORPORATE GOVERNANCE
REPORT

Board of Directors

The Board of Directors is the ultimate decision-making level in the organisation and it exercises leadership, entrepreneurship, integrity and sound judgement in directing the MPA so as to achieve continuing prosperity for the organisation while ensuring both performance and compliance.

The Board also ensures that the activities of the Authority comply with all legal and regulatory requirements as well as with the Ports Act 1998 from which the Board derives its authority to act.

The Board of Directors is ultimately accountable and responsible for the performance and affairs of the Authority namely, the review and adoption of strategic plans, the overview of business performance, the adoption of appropriate risk management systems and the establishment of proper internal control systems.

All Directors are aware of the key discussions and decisions of the sub-committees as the Chairman of each committee provides a summary to all the Directors at the main Board meeting following the relevant sub-committee meetings.

The Board of Directors assesses the terms of reference of the six Board sub-committees on a regular basis to ensure that same are being applied correctly and that the said terms of reference are still compliant with the various regulations. The terms of reference for all sub-committees are not published on the Authority's website but are available upon request from the Authority's Secretary.

Besides, it is also the Board's responsibility to apply effective corporate governance principles and to be the focal point of the corporate governance system.

Chairman and Director-General

The roles of the Chairman and the Director-General are separate and each of them has clearly defined responsibilities. These ensure a proper balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The role of the Chairman is assumed by a Non-Executive with the Director-General reporting to the Board, giving therefore sufficient segregation of powers between the Chairman and the Management.

In his role as Non-Executive Chairman of the Authority, Mr Ramalingum Maistry is responsible for leading the Board and ascertaining its effectiveness. He ensures that the corporate strategy and the related execution are aligned together with operational efficiencies. He is also responsible for ensuring that the Directors receive accurate, timely and clear information and he encourages the active participation of all Board members in discussions and decisions. With his experience and strong knowledge of the Authority, the Chairman is in an excellent position to oversee the affairs of the Authority while ensuring that value is being created for all stakeholders.

On the other hand, Mr Shekur Suntah in his capacity as Director-General is responsible for the executive management of MPA's operations and for developing the long-term strategy and vision of the Authority. Mr Shekur Suntah also ensures effective communication with the stakeholders.

The Authority's Secretary

The MPA has a qualified Secretary who is also the Director, Legal and Administrative Services of the Authority appointed in a substantive capacity. The Authority's Secretary, Mr Narad Dawoodarry provides secretarial, administrative and legal services to the Authority.

All Directors of the MPA have access to the advice and services of the Secretary who is responsible for providing detailed guidance to the Chairman and the Directors as to their fiduciary duties, responsibilities and powers. The Secretary also ensures that the Authority is at all times complying with the Ports Act 1998, terms of reference of the Board sub-committees, applicable laws, rules and regulations.

Moreover, the Authority's Secretary assists the Chairman and the Board in implementing and strengthening good governance practices and processes with a view to enhancing long-term stakeholders' value. The Authority's Secretary also administers, attends and prepares minutes of all Board meetings. The Authority Secretary also assists the Chairman in ensuring that Board procedures are followed and that the Authority's relevant rules and regulations are complied with.

The Authority's Secretary is also the primary channel of communication between the Authority and its stakeholders as well as the regulatory bodies.

CORPORATE GOVERNANCE
REPORT

Board Meetings

In accordance with the provisions of Section 7 of the Ports Act 1998, board meetings are held not less than once every three (3) months and at such other time as the Authority may require.

Decisions taken between meetings are confirmed by way of written resolutions, agreed and signed by all Directors entitled to receive notice.

The Board meetings are conducted in accordance with the Ports Act 1998 and are convened by giving appropriate notice to the Directors. A detailed agenda, as determined by the Chairman, together with other supporting documents are circulated in advance to the Directors to enable them to participate meaningfully in the decision-making process and make informed deliberations at Board meetings. In order to address specific urgent business needs, meetings are at times called at shorter notice. Furthermore, the Directors have the right to request independent professional advice at MPA's expense.

A quorum of five (5) Directors is currently required for a Board Meeting of the MPA. Questions arising at any meeting of the Board shall be decided by a majority vote of the members present and voting thereon and, in case of an equality of votes, the Chairperson of the meeting shall have a casting vote.

During the year under review, the Board met 13 times. Decisions were also taken by way of resolutions in writing, agreed and signed by all Directors then entitled to receive notice of the meeting.

The minutes of the proceedings of each Board meeting are recorded by the Authority's Secretary and are entered in the minutes' book of the MPA. The minutes of each Board meeting are submitted for confirmation at its next meeting and these are then signed by the Chairman and the Secretary.

Board Committees

The Code provides that Board Committees are a mechanism to assist the Board of Directors in discharging its duties and responsibilities through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board.

As such, six Board committees have been constituted namely the Staff Committee, the Audit & Risk Management Committee, the Finance and Investment Committee, the Land Lease Management Committee, the Corporate Governance Committee and the Port Licensing Committee to assist the Board in the effective performance of its responsibilities. These Committees operate within defined terms of reference and independently to the Board. The terms of reference of the six Committees are amended as required, subject to the approval of the Board.

The Chairman of the Board Committees reports on the proceedings of the Committees at each Board meeting of the Authority and the Committees regularly recommend actions to the Board.

The Board recognises that Board Committees are an effective part of the corporate governance framework of the Authority which enable the Directors to discharge their duties more effectively by sharing the work of the Board, enhancing Board efficiency and effectiveness and enabling issues to be studied in greater depth. However, the Board also understands that it is ultimately responsible and accountable for the performance of the Authority and that delegating authority to Board Committees does not in any way absolve the Board of its duties and responsibilities.

The Board Committees are authorised to obtain, at the MPA's expense, professional advice both within and outside the MPA in order for them to perform their duties.

Staff Committee

Corporate governance has become an important concern for all institutions. The Authority recognises that it should be led by an effective Board which must exercise leadership, enterprise, integrity and judgment in directing the organisation in a transparent, accountable and responsible manner.

The Staff Committee has been set up to consider and determine establishment matters relating to the recruitment, appointment, promotion and empowerment of staff as well as the terms and conditions of employment. All recommendations made by the Staff Committee in regard to the establishment and conditions of employment are submitted for the consideration of the Board.

The terms of reference of the Staff Committee with regard to its composition and powers to deal with all staff matters date as far back as 1977. The Authority recognises that it should have clear and up to date guidelines to deal with all matters pertaining to human resources management.

The MPA Staff Committee has the mandate to:

i. Recommend to the Board human resource strategies/policies;
ii. Consider matters pertaining to appointment, promotion, confirmation of appointment of employees and application for early retirement;
iii. Carry out interview of candidates for the filling of vacant positions as per the Authority's approved recruitment & selection procedures;
iv. Recommend as and when required the setting up of a sub-committee to carry out selection interview for lower grades;
v. Make recommendations in respect of the remuneration policy following performance appraisal;
vi. Consider and recommend training as per the Authority's Training Policy/Plan;
vii. Consider matters pertaining to disciplinary actions and industrial relations;
viii. Consider recommendations from Salary Commissioner/HRD Consultants in the context of the Authority's Salary Reviews / Human Resource Development Plans;
ix. Consider matters relating to welfare of employees;
x. Consider and recommend changes to the terms and conditions of service;
xi. Consider and recommend the participation of MPA officers in overseas training/seminar/workshop; and
xii. Consider other issues pertaining to human resources management.

The composition of the Staff Committee has remained unchanged during the year under review.

At the date of this report, the Staff Committee is constituted as follows:

	Names	Category
Chairperson	Mr Ramalingum Maistry	Non-Executive Director
Members	Mr S. Suntah - Director-General, Mauritius Ports Authority	Executive Director
	Mr Kechan Balgobin, Representative of External Communications Division of the Prime Minister's Office	Non- Executive Director
Secretary	Mrs Prameshwary Gungaram, Manager Human Resources	

The Staff Committee met twenty-one times during the year under review.

Audit & Risk Management Committee

The Audit & Risk Management Committee was setup to provide a roadmap for the development of proactive strategies with a view to ensuring that every effort is made to appropriately manage risk that may have a bearing on port operations. In the light thereof, the attributes of the Audit & Risk Management Committee have been reviewed, incorporating the following:

I) Internal Audit Function

i. To consider the adequacy of the Audit Plan and to ensure that the annual Internal Audit exercise covers all operations and the areas of risks;
ii. To scrutinise and discuss on periodical reports submitted by the Internal Audit & Risk Management Department. These reports should include inter-alia observations, conclusions, recommendations and strategies;

iii. To ensure that decisions taken at the level of the Audit & Risk Management Committee are timely implemented in a timely manner to bring in expected results;
iv. To examine the performance reported on quarterly financial statements;
v. To assign specific duties to the Corporate Auditor pertaining to, among others, the following:
Management of investment portfolios and investment in port related projects;
    - Raising of loans for financing port projects;
    - Acquisition and disposal of any asset and share of securities;
    - Financial aspects of the Concession Contract;
vi. Hedging techniques to mitigate losses in foreign exchange and operation of foreign accounts;
vii. To instruct the Corporate Auditor to carry out specific investigations on suspected malpractices or alleged frauds as and when needed;
viii. To consider the views of the Corporate Auditor on the effectiveness of MPA's corporate governance processes; and
ix. To report regularly to the Board on the actions of the Audit & Risk Management Committee.

II) Risk Management Function

i. To review risk management functions and the annual risk management plan;
ii. To assess the scope and effectiveness of systems established for monitoring financial and non-financial risks;
iii. To review risk assessment reports on a periodic basis to enable the Audit & Risk Management Committee to assess the risks related to the Authority's operations and to consider the major risks identified and how they are controlled and monitored;
iv. To report on the outcomes of the risk assessments performed on a periodic basis;
v. To review and monitor Management's responsiveness to the findings and recommendations for prioritisation and allocation of resources to address areas of high exposure;
vi. To monitor and review the effectiveness of the Authority's Risk Management Function in the context of overall Risk Management system; and
vii. To review the Authority's engagements for compliance with risk management guidelines as per ISO 31000.

The composition of the Audit & Risk Management Committee has remained unchanged during the year under review.

At the date of this report, the Audit & Risk Management Committee is constituted as follows:

	Names	Category
Chairperson	Mr Vivekanand Ramburun	Non-Executive Director
Member	Mr Om Kumar Dabidin, Permanent Secretary, Home Affairs Division of the Prime Minister's Office	Non-Executive Director
Secretary	Mrs Lawtee Rugbur, Manager, Audit & Assurance	

The Audit & Risk Management Committee operates under the terms of reference approved by the Board of Directors.

The Board is of the view that the members of the Audit & Risk Management Committee have sufficient financial management expertise and experience to discharge its responsibility properly. The Audit & Risk Management Committee confirms that it has fulfilled its responsibilities for the year under review, in accordance with its terms of reference.

The Audit & Risk Management Committee is governed by an Audit & Risk Management Charter and is responsible to assist the Board in fulfilling its financial reporting responsibilities. The Committee also reviews the financial reporting process, the internal control system and the management of risks. It also assesses the effectiveness of the independent audit process by having regular interactions with the independent auditors.

II) Risk Management Function (Contd)

The approach, scope and timing of the audit field are discussed with the audit team prior to the start of any audit. The Committee is also responsible for the appointment of internal and external auditors.

The Audit & Risk Management Committee met three times during the financial year 2018/2019 to review the financial statements of the MPA and to receive reports of the work conducted by the Corporate Auditor and the Independent External Auditor.

Finance & Investment Committee

The attributes of the Finance & Investment Committee are being updated to be in line with the approval limits as contained in the Internal Procurement Procedures Manual and approved by the Board at its meeting held in October 2014. The Committee makes submissions on the following for the consideration of the Board: -

i. MPA Budget for the ensuing year;
ii. Financial statements for the current year;
iii. Procurement of goods and services above Rs 1,000,000 (excl. VAT);
iv. Purchase of foreign currencies for the Authority's debt servicing exercise with a view to meeting payments due to contractors;
v. Investments of surplus cash in fixed deposit accounts denominated MUR and/or other foreign currencies;
vi. Provision of incentive schemes to be granted to shipping lines;
vii. Payment of dividends to Government based on estimated net surpluses;
viii. Investment in port development projects;
ix. Raising of loans for financing port development projects;
x. Early redemption of local/foreign loans;
xi. Acquisition of any land/building or any interest thereon;
xii. Mitigation of forex losses through hedging techniques;
xiii. Subscription, acquisition and disposal of shares or securities of any corporate body;
xiv. Granting of loans to other bodies subject to the approval of the Minister;
xv. Forming part or subscription to the share capital of a company or enter into a management contract with any company or any person for the purpose of managing its investments;
xvi. Investment of any sum not immediately required for the purposes of its business; and
xvii. Realisation of investments, securities or loans under the Authority's control in order to finance its operations or for the purpose of reinvestment.

The composition of the Finance & Investment Committee has remained unchanged during the year under review.

At the date of this report, the Finance & Investment Committee is constituted as follows: -

	Names	Category
Chairperson	Mrs Vailamah Pareatumbee, Lead Analyst, Ministry of Finance & Economic Development	Non-Executive Director
Members	Mr Kechan Balgobin, Representative of External Communications Division of the Prime Minister's Office	Non-Executive Director
	Mr Shekur Suntah, Director-General	Executive Director
Secretary	Mr Adesh Sharma Soyjaudah, Manager, Financial Accounting	

The Finance & Investment Committee met seventeen times during the year under review.

CORPORATE GOVERNANCE
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Land Lease Management Committee

The Land Lease Management Committee makes recommendations to the Board on new lease applications, renewal of current leases, whilst setting up/reviewing guidelines and procedures for land management and land allocation with the following terms of reference:

i. Recommend renewal of existing lease agreements to the MPA Board;
ii. Assess all applications against set criteria and make recommendations to the Board;
iii. Advise the Board on the proper implementation of approved procedures/guidelines from time to time;
iv. Review criteria for evaluation of land applications including procedures/guidelines for approval by MPA Board;
v. Advise the Board on improvements for the effective running of the Land Management Unit; and
vi. Advise the Board on any major review or undertaking in regard to land management.

The composition of the Land Lease Management Committee has remained unchanged during the year under review.

At the date of this report, the Land Lease Management Committee is constituted as follows: -

	Names	Category
Chairperson	Mr Shekur Suntah, Director-General	Executive Director
Members	Ms Maheswaree Naraini Madhub, Representative of External Communications Division of the Prime Minister's Office *(as from 14 March 2019)*	Non-Executive Director
	Ms Kechan Balgobin, Representative of External Communications Division of the Prime Minister's Office *(up to 15 January 2019)*	Non-Executive Director
	Mrs Vailamah Pareatumbee, Lead Analyst, Ministry of Finance & Economic Development	Non-Executive Director
Co-opted Members	Mrs Mary Jane Lau Yuk Poon, Assistant Solicitor-General, State Law Office	
	Mrs Roshni Bissessur, Ag. Director, Valuation & Real Estate Consultancy Services	
	Mr Vedacharya Vyas Sharma Chuckun, Deputy Chief Surveyor, Ministry of Housing & Lands	
Secretary	Mr Lutchmeenarain Appadoo, Chief Officer, Administrative Services	

The Land Lease Management Committee met nine times during the year under review.

Corporate Governance Committee

The objective of the MPA Corporate Governance Committee is to provide guidance to the Board on aspects of corporate governance and to recommend the adoption of best practices. The attributes of the Corporate Governance Committee are to ensure that:

i. The reporting requirements on corporate governance are in accordance with the principles of the Code of Corporate Governance and that the Authority's Annual Report discloses the following:
   - Holding structure of MPA
   - A profile of the Board Directors, the Director-General and each member of the senior management team
   - Dividend policy
   - Detailed remuneration allocated to Board Directors
   - Main terms of reference of Board Committees and attendance details of Directors
   - Identification of key risks and their controls
   - Policies and practices as regards social, safety & health and environmental issues

ii. The Board comprises a majority of independent non-executive Directors;
iii. The Board exercises its powers and discharges its responsibilities as stipulated in the Ports Act 1998;
iv. The Board sub committees are run effectively and smoothly;
v. A Code of Conduct is formulated establishing obligations of Directors as set out in the Code of Corporate Governance and the duties of the Directors to the Authority and to the Board;
vi. Clear lines of responsibility and accountability prevail throughout the Authority;
vii. Effective and regularly reviewed structures are in place to support the implementation and development of integrated governance across the Authority;
viii. Timely reports are made to the Board of Directors, including recommendations and remedial action taken or proposed if there is an internal failing in systems or services; and
ix. A sufficient independent and objective assurance is in place to support the robustness of key processes across all areas of governance.

The composition of the Corporate Governance Committee has remained unchanged during the year under review.

At the date of this report, the Corporate Governance Committee is constituted as follows:

	Names	Category
Chairperson	Mr Om Kumar Dabidin, Permanent Secretary, Home Affairs Division of the Prime Minister's Office	Non-Executive Director
Members	Mr Vivekanand Ramburun – Director of Customs, Mauritius Revenue Authority	Non-Executive Director
Secretary	Ms. Ooma Devi Rajagopall, Chief Officer, Administrative Services	

The Corporate Governance Committee operates under the Terms of Reference approved by the Board and a quorum of two (2) members is currently required for a meeting of the said Committee.

In accordance with its Terms of Reference, the Corporate Governance Committee is responsible to provide guidance to the Board on aspects of corporate governance and for recommending the adoption of policies and best practices as appropriate for the Authority.

The Corporate Governance Committee met one time during the year under review.

CORPORATE GOVERNANCE
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Port Licensing Committee

A Port Licensing Committee was set up as a sub-committee of the Board on 29 May 2018. The Port Licensing Committee is responsible to formulate procedures relating to the grant of port licences as per the terms of reference listed below:

i. To examine the recommendations of the Port Licence Processing Committee with respect to the:
   - Grant of new Port Licences
   - Issue of temporary Port Licences, subject to terms and conditions
   - Renewal of Port Licences; and

ii. To regularly review and update the policy for the grant/ renewal of port licences/temporary port licences.

In fulfilling its role and duties, the Port Licensing Committee applies the principles of good governance and regulatory best practices so as to provide a non-discriminatory, consistent and transparent framework for the issue of licences to service providers and at the same time safeguard the interests of the Authority. The Committee also takes into consideration the requirements of other statutory instruments in terms of protection of the environment, financial regulations, security, etc. when determining the issue of port licences.

The composition of the Port Licensing Committee is constituted as follows: -

	Names	**Category**
Chairperson	Mr Shekur Suntah, Director-General, MPA	Executive Director
Members	Mr Kechan Balgobin, Representative, External Communications Division of the Prime Minister's office	Non-Executive Director
	Mrs Vailamah Pareatumbee, Lead Analyst, Ministry of Finance & Economic Development	Non-Executive Director
	Captain Louis Benoit Barbeau, MPA	
	Mr Narad Dawoodarry, Director Legal & Administrative Services, MPA	
	Mr Gowraj Angad, Senior Manager, Estate Management, MPA	
Secretary	Mrs Karishma Bhavna Gokhool, Manager, Legal Services, MPA	

The Port Licensing Committee met six times during the year under review.

Explanation on sub-committees' composition

The sub-committees do not fully comply with Principle 2 of the Code as:

i. the Authority cannot meet the minimum requirement of at least 3 non-executive members; and
ii. the chairperson of the Staff Committee is the chairperson of the Board.

This is due to the fact that there are existing vacancies of NEDs on the Board of Directors.

Principle 2: The Structure of the Board and its Committees (Cont'd)

Attendance at Board and Committee meetings

There were 10 scheduled meetings of the Board and 3 special meetings of the Board totalling 13 meetings for the period starting July 2018 to June 2019. The Board Committees met in advance of the Board meetings and responded to matters within their remit and advised the Board accordingly.

	Category*	Board	Staff Committee	Audit & Risk Management Committee	Finance & Investment Committee	Land Lease Management Committee	Corporate Governance Committee	Port Licensing Committee
Total Number of Meetings		13	21	3	17	9	1	6
Chairperson								
Mr Ramalingum Maistry	NED	13	21	-	-	-	-	-
Representative of the External Communications Division of the Prime Minister's Office								
Ms. Maheswaree Naraini Madhub	NED	6	-	-	8	4	-	2
Mr Kechan Balgobin	NED	7	12	-	9	5	-	4
(Alternate to Mr Kechan Balgobin)								
Mrs Ourmilla Ramkurrun Sepaul		-	8	-	-	-	-	-
Mrs Rajwantee Bucktowar		-	1	-	-	-	-	-
Director-General								
Mr Shekur Suntah	ED	13	21	-	17	9	-	6
Member (Permanent Secretary, Home Affairs Division of the Prime Minister's Office)								
Mr Om Kumar Dabidin	NED	13	-	3	-	-	1	-
Member (Lead Analyst, Ministry of Finance & Economic Development)								
Mrs Vailamah Pareatumbee	NED	13	-	-	17	9	-	6
Member (Director of Customs, Mauritius Revenue Authority)								
Mr Vivekanand Ramburun	NED	8	-	3	-	-	1	-
(Alternate to Mr Vivekanand Ramburun)								
Mr J. Audit	NED	5	-	-	-	-	-	-

Principle 2: The Structure of the Board and its Committees (Cont'd)

Attendance at Board and Committee meetings (Cont'd)

	Category*	Board	Staff Committee	Audit & Risk Management Committee	Finance & Investment Committee	Land Lease Management Committee	Corporate Governance Committee	Port Licensing Committee
Member								
Secretary (Director, Legal & Administrative Services)								
Mr Narad Dawoodarry		13	-	-	-	-	-	4
Acting Secretary (Director, Finance)								
Mr Shreeganesh Ganga		-	-	-	-	-	-	-
Member (Assistant Solicitor-General, State Law Office)								
Mrs Mary Jane Law Yuk Poon		-	-	-	-	5	-	-
Member (Senior Surveyor, Ministry of Housing & Lands)								
Mr Vedacharya Vyas Sharma Chuckun		-	-	-	-	6	-	-
Member (Ag. Director, Valuation & Real Estate Consultancy Services, Valuation Office Department)								
Mrs Roshni Bissessur		-	-	-	-	6	-	-

*
ED: Executive Director
NED: Non-Executive Director

Principle 3: Director Appointment Procedures

The Directors are appointed in accordance with Section 6 of the Ports Act 1998.

Directors' Profiles

The names of all Directors, their profile and their categorisation as well as their directorship details are provided hereinafter.

Mr Ramalingum Maistry
Chairman

Mr. Maistry has been appointed as a Chairperson of the MPA with effect from 27 February 2015. Mr. Maistry has in the past been the Mayor of the Municipality of Beau Bassin /Rose Hill and thereafter has served as Chairperson of the Tourism Fund and Discover Mauritius. He has previously worked as Senior Adviser at the Ministry of Finance & Economic Development and as Senior Adviser at the Ministry of Social Integration and Economic Empowerment.

Mr. Maistry is a non-executive director on the Board of Directors of the MPA.

Mr. Maistry is also the President of the Ports Association of Indian Ocean Islands and holds directorship on the board of the International Association of Ports and Harbours (IAPH) and the Association of Ports and Cities (AIVP). He has been elected as the International Ambassador of the Chartered Institute of Logistics and Transport in 2018.

Mr Kechan Balgobin
Representative of the External Communications Division of the Prime Minister's Office

Mr Balgobin holds a Diploma in Human Resources Management from the University of Mauritius and completed a Master in Business Administration in 2005 from the University of Technology, Mauritius.

He joined the Civil Service in 1983 and is presently Deputy Permanent Secretary at the External Communications Division of the Prime Minister's Office. During his career, he has served in various Ministries.

Mr Balgobin is a Non-Executive Director on the Board of Directors of the MPA since February 2015.

Mr Shekur Suntah
Director-General

Mr Suntah made his debut in 1981 as Civil and Structural Engineer in the UK after graduating in Civil Engineering from the University of Leeds in 1980. In 1987 he took up employment with Sir Alexander Gibb & Partners (Mauritius) as Structural Engineer. He then joined the Mauritius Marine Authority as Civil Engineer in 1988. He subsequently obtained a MSc. (Eng.) in Maritime Civil Engineering from the University of Liverpool, UK, in 1992, following which he was appointed Port Engineer in August 1993. He retained this position until December 1998 when he was promoted Deputy Director-General. He occupied this senior position up to August 2006 when he was appointed Acting Director-General. Till date, he holds the post of Director-General of the Authority since his appointment in November 2007. Mr Suntah is a Fellow of the Chartered Institute of Logistics and Transport (CILT).

Mr Suntah has been directly involved over the last 15 years in all aspects of the major Port Sector Reform Programme and has spearheaded the aggressive marketing initiative for the emergence of Port Louis Harbour as a regional container transhipment, cruise and bunkering hub.

He has to his credit the launching of the Ports Association of Indian Ocean Islands and was elected President of the Association in March 2011 for a period of two years. He is also a Director of the Board of the Port Management Association of Eastern and Southern Africa, which was established by the United Nations Economic Commission for Africa, of which MPA is a member since 1988. Mr Suntah is also the alternate Director on the Board of the International Association of Ports and Harbours.

Mr Suntah also holds directorships on several boards of companies and port related organisations. He is currently the Patron of CILT Mauritius. Moreover, he is a regular speaker and moderator at international Ports and Logistics Conferences worldwide since 2001.

Mr Suntah is the only Executive Director on the Board of the Mauritius Ports Authority with no fixed term contract.

Mr Om Kumar Dabidin
Permanent Secretary, Home Affairs Division of the Prime Minister's Office

Mr Dabidin who joined the Civil Service in 1982 is now Permanent Secretary at the Prime Minister's Office since January 2015. He is holder of a Master's Degree in Social Work and has also completed his Master's in Business Administration (MBA) in 1994 from the University of Mauritius. He is presently a Board Member, amongst others, of the following Corporate Bodies:

- Mauritius Shipping Corporation Ltd;
- Gambling Regulatory Board;
- Mauritius Broadcasting Corporation;
- Civil Service College of Mauritius; and
- Mauritius Oceanographic Institute.

He is also Chairman of the Rodrigues Subsidy Fund Committee which operates under the aegis of the Prime Minister's Office. He has served in several Ministries in different capacities and has also been a resource person in different tertiary institutions. He has wide experience in voluntary social work and in this capacity he has been serving on several non-governmental organisations.

Mr Dabidin has been appointed as a Non-Executive Director on the Board of the Mauritius Ports Authority in February 2015.

Mrs Vailamah Pareatumbee
Lead Analyst, Ministry of Finance & Economic Development

Mrs Pareatumbee is a Fellow of the Association of Chartered and Certified Accountants since 2001 and has also successfully completed her Master in Business Administration (MBA) with Specialisation in Finance in year 2000.

Mrs Pareatumbee who is presently Lead Analyst at the Ministry of Finance has vast experiences in the Civil Service which she joined in 1980 and throughout her career she has performed in various capacity involving a multitude of skills and knowledge mainly in the field of Auditing, Accountancy, Programme Based Budgeting, Leadership, Management and Quality Assurance. Of major significance she has worked at the National Audit Office, the Management Audit Bureau, the Ministry of Finance and Economic Development and the National Empowerment Foundation.

Mrs Pareatumbee was appointed as a Non-Executive Director on the Board of the Mauritius Ports Authority as from October 2013.

Mr Vivekanand Ramburun
Director of Customs, Mauritius Revenue Authority

Mr Vivekanand Ramburun was appointed Director of Customs as from 02 February 2016.

He has worked previously for 10 years at the Management Audit Bureau (MAB) and has also an experience in Banking. At the level of the MRA, Mr V. Ramburun was a Section Head for the past nine years and acted as Director of Customs on several occasions. He is an Accredited Expert in Customs modernisation and trade facilitation as well as a World Customs Organisation (WCO) Accredited Expert for the implementation of the WTO Trade Facilitation Agreement. He has an extensive experience in consulting and capacity building for Customs administrations in Europe, Central Asia, Caribbean, Africa and Middle East on behalf of the WCO, IMF, Asian Development Bank, SADC, COMESA and Canada Customs. During his career, he was also elected as the Vice Chair of the WCO- East and Southern Africa Region and developed a Regional Strategy for Capacity Building.

Mr Ramburun is a Fellow of the Chartered Association of Certified Accountants (FCCA, UK), an Associate Member of the Institute of Quality Assurance (AIQA, UK) and holder of a Master in Business Administration (MBA) with specialisation in Finance.

He was appointed as a Non-Executive Director on the Board of the Mauritius Ports Authority as from February 2016.

CORPORATE GOVERNANCE
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Profile of Senior Management Team

Mr Shekur Suntah
Director-General

Mr Suntah made his debut in 1981 as Civil and Structural Engineer in the UK after graduating in Civil Engineering from the University of Leeds in 1980. In 1987 he took up employment with Sir Alexander Gibb & Partners (Mauritius) as Structural Engineer. He then joined the Mauritius Marine Authority as Civil Engineer in 1988. He subsequently obtained a MSc. (Eng.) in Maritime Civil Engineering from the University of Liverpool, UK, in 1992, following which he was appointed Port Engineer in August 1993. He retained this position until December 1998 when he was promoted Deputy Director-General. He occupied this senior position up to August 2006 when he was appointed Acting Director-General. Till date, he holds the post of Director-General of the Authority since his appointment in November 2007. Mr Suntah is a Fellow of the Chartered Institute of Logistics and Transport (CILT).

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Mr Suntah also holds directorships on several boards of companies and port related organisations. He is currently the Patron of CILT Mauritius. Moreover, he is a regular speaker and moderator at international Ports and Logistics Conferences worldwide since 2001.

Mrs Aruna Devi Bunwaree Ramsaha
Deputy Director-General (Management Support Services)

Mrs Bunwaree Ramsaha is a Fellow of the Association of Chartered and Certified Accountants (FCCA) and also holds a Master's in Business Administration (MBA).

After a brief career in the banking sector, she took employment with accounting firms both in UK and in Mauritius.

She subsequently joined the Mauritius Marine Authority as Accountant in 1993 and was promoted as Finance Manager some four years later. Since 2008, she occupies the post of Deputy Director-General of the Mauritius Ports Authority

Mr Shakeel Goburdhone
Deputy Director-General (Technical & Operational Services)

A graduate in Civil Engineering in 1987 from the University of Mauritius, Mr Goburdhone read for a Master in Business Administration in 1996. He joined the Authority as Civil Engineer in 1990 and was promoted Port Engineer in 1999. Previously, he was employed as Civil Engineer with Sir Alexander Gibb and Partners and reckons some twenty-two years of experience. In May 2015, he was appointed Deputy Director-General.

Captain Louis Benoit Barbeau
Port Master

Captain Barbeau joined the Authority in October 1991 as Pilot and was promoted to the post of Senior Pilot in 1999. In May 2004, he was appointed Assistant Port Master and subsequently Port Master in June 2009. He obtained a Master's Certificate in 1989 from Australia, a Graduate Diploma in Port & Terminal Management in 1999 from the Australian Maritime College and an MBA in Maritime & Logistics in 2010 from the University of Tasmania.

Mr Narad Dawoodarry
Director, Legal & Administrative Services

Mr Dawoodarry obtained his Bachelor Degree in 1979 from the University of Punjab. He then qualified as a Chartered Secretary from the Institute of Chartered Secretaries and Administrators (UK) in August 1990 before reading for a Master's Degree in Public Sector Management at the University of Technology, Mauritius in 2003. In April 1991, he was elected as a Chartered member of the then Chartered Institute of Transport (UK) now renamed as the Chartered Institute of Logistics and Transport. He was upgraded as a Fellow of the Chartered Institute of Logistics and Transport since June 2006. He became an Associate Member of the Institute of Professional Managers (UK) in July 1993.

He started his career in the Civil Service in 1981 before taking employment as Administrative Officer with the Embassy of the Republic of Korea from 1988 – 1991. Thereafter, he joined the Trust Fund for Disabled Persons as Secretary/Treasurer until July 1993. He subsequently took up employment with the then Mauritius Marine Authority in August 1993 as Secretary before being promoted to the post of Administration Manager in 1999. Thereafter in December 2010, he was appointed as Director, Administrative and Legal Services, which has now been restyled as Director, Legal & Administrative Services.

He is a member of the Mauritius Institute of Directors and was appointed as the Secretary of the Ports Association of the Indian Ocean Islands since January 2016.

Mr Shreeganesh Ganga
Director, Finance

Mr Ganga is a Fellow of the Association of Chartered and Certified Accountants (FCCA) and holds an MBA with specialisation in Finance from the University of Mauritius.

He first joined the Authority in September 1999 as Assistant Accountant and was promoted Accountant in March 2003. He was offered appointment as Senior Accountant in March 2007 before being promoted to the post of Finance Manager in June 2009. In December 2010, he was appointed as Director, Finance.

Mr Chandradutt Rogbeer
Corporate Auditor

Mr Chandradutt Rogbeer (FCA) is a Chartered Accountant of the Institute of Chartered Accountants in England and Wales, and a member of the Chartered Institute of Management Accountants. Prior to joining the former Mauritius Marine Authority as Internal Auditor in 1993, he worked with the National Audit Office. In 1998, he was appointed Internal Audit Manager, and subsequently in December 2010, he was appointed as Corporate Auditor.

Mr Ravishankar Woottum
Director, IT Services

Mr Woottum holds a Bachelor's Degree from the University of Mauritius. He also holds a Master's in Business Administration from the same university.

Mr Woottum started his career as a teacher before shifting to the Development Bank of Mauritius. He then joined the former Mauritius Marine Authority as Computer Programmer/Supervisor in 1988 and served in that position for eight years. In 1997, he was appointed as Computer Analyst. He was then promoted IT Manager in 2006. In December 2010, he was appointed as Director, IT Services.

Mr Sandesh Seelochun
Director, Port Development

Mr Seelochun qualified for a Master's Degree in Industrial and Civil Engineering in 1990. He additionally holds a Master's Degree in Business Administration (MBA) with specialisation in Project Management since 2011. He is a Registered Professional Engineer with the Council of Registered Professional Engineers [Mauritius] since 1993, a Member of the Institution of Engineers (Mauritius), and an Associate Member of the Chartered Institute of Arbitrators (UK). He is also a Fellow Member of the Chartered Institute of Logistics & Transport.

He started his professional career at the Central Water Authority in 1991 where he joined as Trainee Engineer and was subsequently appointed Executive Engineer. He joined the then Mauritius Marine Authority in 1996 as Civil/Senior Civil Engineer. He was promoted Project Engineer in 1999 with his post being restyled firstly, Assistant Port Engineer in 2001 and subsequently, Manager Port Development in 2010. Mr Seelochun has been appointed as Director, Port Development with effect from 01 December 2015.

CORPORATE GOVERNANCE
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Captain Kavidev Newoor
Deputy Port Master

Captain Newoor joined the Authority in July 1996 as Pilot. He was appointed as Assistant Port Master in November 2006 and subsequently Deputy Port Master in June 2017. He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a member of International Association of Harbour Masters.

He holds a Certificate of Competency Class I (unlimited, Master Mariner) issued by the Maritime and Coast Guard Agency, UK, since 1996. He obtained a Master's Degree in Harbour Master and Port Management in 2010 from the Middlesex University followed by a Master in Business Administration from MANCOSA, Republic of South Africa in 2011.

He was also awarded the Harbour Master's Certificate in 2007 from the Nautical Institute, UK, which is an International recognised body for qualified mariners with an interest in nautical science and to acquire high standards of knowledge, qualifications and competence.

Mrs Nomita Seebaluck
Manager, Port Operations

Mrs Seebaluck graduated with a B.A (Hons) degree in Economics from the University of Delhi (India) in 1994 and obtained a Master's degree in Economics from Delhi School of Economics (India) in 1996. In 2007, she obtained an MSc in Port Management and Shipping Administration with distinction from the University of Mauritius. She also holds a 'Diplôme d'Etudes en Langue Française et Diplôme Approfondi de Langue Française' from the 'Centre International d'Etudes Pédagogiques' (CIEP).

Mrs Seebaluck is also a Chartered Member of the Chartered Institute of Logistics and Transport (MCILT) and she is the President of the local branch of the Association of Women Managers in the Maritime Sector in the Eastern and Southern Africa, WOMESA Mauritius since 2011.

She started her career as Education Officer in 1996. She later joined Happy World Marketing Ltd as Marketing Officer from 199¬¬8-2002. Afterwards, Mrs Seebaluck worked at the Mauritius Broadcasting Corporation as Marketing Executive from 2002 to February 2004.

She joined the Authority as Assistant Commercial Manager in March 2004. She was promoted in March 2011 as Manager Port Operations.

Mr Basdeo Bholanath Dhunnoo
Senior Manager, Technical Services

Mr Dhunnoo has a B. Tech Degree in Mechanical Engineering from Indian Institute of Technology (IIT) Bombay, a Graduate Diploma in Maritime and Port Management from the National University of Singapore as well as a Masters in Port Management & Shipping Administration from University of Mauritius/Aix Marseille. He is a Registered Professional Engineer (CRPE), a member of the Institute of Engineer, Australia and a member of the Chartered Institute of Logistics and Transport, UK.

Mr Dhunnoo joined the MPA in 1995 as Assistant Workshop Manager, a post which he occupied until 2007 when he was appointed Technical Services Manager. He was appointed Senior Manager, Technical Services with effect from January 2016.

CORPORATE GOVERNANCE
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Mrs Priyathama Seebaruth
Senior Manager, Procurement & Supply

Mrs Seebaruth is a Member of the Association of Chartered Certified Accountants (ACCA), Chartered Member of the Chartered Institute of Logistics and Transport (CILT) as well as an Expert Member of the Institute of Supply Chain Management (IOSCM). She also holds an MBA with Specialisation in Finance and an MSc in Procurement & Supply Chain Management.

Mrs Seebaruth has worked in the Public Sector for over 20 years, including for the Central Procurement Board. She joined the Authority in year 2012 as Manager Procurement and was appointed Senior Manager Procurement & Supply with effect from January 2016.

Mr Gowraj Angad
Senior Manager, Estate Management

Mr Angad is a practicing Land Surveyor, holding a First Class BSc (Hons) in Land Surveying and a Land Surveyor's Commission. He studied law as an external student of the University of London, prior to completing his post-graduate study in hydrographic survey in Japan, leading to his accreditation as an International Hydrographic Surveyor (B). He also holds a Master's in Business Administration from the University of Technology.

Mr Angad joined the Civil Service in August 1994 as Trainee Surveyor and was promoted as Land Surveyor in 1999, after having successfully completed his Land Surveyor Commission (Gold Medallist of the University of Mauritius on two occasions). He joined the MPA in 2007 as Land Surveyor, a post he occupied until December 2010 when he was appointed as Manager, Land Administration and Surveying and subsequently promoted to Senior Manager, Estate Management effective January 2016.

Director's Induction

Given that no new director was appointed during the year 2018/2019, no induction was carried out.

Professional Development and Succession Planning

In line with its Corporate Plan 2016-2018, the MPA embarked on a Human Resource Development Plan (HRD 2016) which focuses on developing the most superior workforce so that the Authority and its employees accomplish their work goals and deliver effective service to customers. The HRD 2016 aims at developing the necessary skills and abilities required to perform organisational activities effectively.

The priority areas of the HRD 2016 are as follows:
- Organisation development
- Employee training
- Employee career development
- Coaching
- Mentoring
- Succession planning

Principle 4: Director Duties, Remuneration and Performance

Code of Ethics

The MPA has adopted a Code of Ethics which can be viewed on its website and all Board Members are fully aware of their legal rights and duties. The Board of Directors is also mindful of the interests of other stakeholders such as suppliers, clients and the public at large when running its operations and is committed to high standards of integrity and ethical conduct in dealing with them.

Furthermore, the Authority and its employees must, at all times, comply with all applicable laws and regulations. The Authority will not condone the activities of employees who achieve results through violation of the law or unethical business dealings. This includes any payment for illegal acts, indirect contributions, rebates, and bribery. The Authority does not permit any activity that fails to stand the closest possible public scrutiny.

All business conduct should be above the minimum standards required by law. Accordingly, employees must ensure that their actions cannot be interpreted as being, in any way, in contravention of the laws and regulations governing the Authority's operations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their superior, who, if necessary, should seek the advice of someone at the highest level of the Authority's hierarchy.

The Authority is committed to a policy for fair, honest dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally

The Authority is currently planning to provide an external training to its Secretary on the Corporate Governance Code so that the latter is aware of the governance duties contained in the Code.

Board Evaluation

It is noted that the Directors forming part of the Board of the Authority, especially those who are members of Board Committees, have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background. The Board of the Authority is of the view that its composition is adequately balanced and that the current Directors have the range of skills, expertise and experience to carry out their duties properly.

Furthermore, Non-Executive Directors are chosen for their business experience and acumen as well as their ability to provide a blend of knowledge, skills, objectivity, integrity, experience and commitment to the Board. These Directors are free from any business or other relationships which would materially affect their ability to exercise independent judgement and are critical observers.

The Authority does not evaluate their Board, sub-committees and directors since the board members are appointed by the Minister.

Remuneration of Directors, Executives and Staff

The Directors sitting on the Board and Committees of the Mauritius Ports Authority are paid fees for their attendance which is determined by the MPA Board.

The remuneration arrangements for the Director-General and staff of the MPA are determined by the Board on the basis of a Human Resources Development Report. The Authority's remuneration policy provides for a review of salaries every four years.

CORPORATE GOVERNANCE
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Principle 4: Director Duties, Remuneration and Performance (Cont'd)

Remuneration of Directors, Executives and Staff (Cont'd)

A total sum of Rs 1,302,100 was paid to members of the Board and Committees of the Board during the year under review as follows:

Fees paid to members of the Board and Committees

Board / Committee Member	Board	Staff Committee	Audit & Risk Management Committee	Finance & Investment Committee	Land Lease Management Committee	Corporate Governance Committee	Port Licensing Committee	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Mr Ramalingum Maistry*	-	-	-	-	-	-	-	-
Mr Shekur Suntah*	-	-	-	-	-	-	-	-
Mr Kechan Balgobin	88,000	48,000	-	40,000	16,000	-	16,000	208,000
Mrs Rajwantee Bucktowar	-	4,000	-	-	-	-	-	4,000
Mrs Ourmilla Ramkurrun Sepaul	-	36,000	-	-	-	-	-	36,000
Ms Maheswaree Naraini Madhub	68,000	-	-	32,000	20,000	-	8,000	128,000
Mr Om Kumar Dabidin	140,000	-	12,000	-	-	14,400	-	166,400
Mrs Vailamah Pareatumbee	156,000	-	-	93,600	36,000	-	24,000	309,600
Mr Vivekanand Ramburun	104,000	-	15,600	-	-	12,000		131,600
Mr J. Audit	52,000	-	-	-	-	-	-	52,000
Mrs Mary Jane Law Yuk Poon	-	-	-	-	28,000	-	-	28,000
Mr Vedacharya Vyas Sharma Chuckun	-	-	-	-	36,000	-	-	36,000
Mrs Roshni Bissessur	-	-	-	-	202,500	-	-	202,500
TOTAL	608,000	88,000	27,600	165,600	338,500	26,400	48,000	1,302,100

*Messrs. Maistry and Suntah are not paid any Board fee but they have earned a total fee of Rs 1,724,647 and a total salary of Rs 3,166,347 for the year ended June 2019 respectively as Chairman and Director-General of the MPA.

Representation of MPA Officers on board of statutory bodies and companies						
	Directors	**Date appointed**	**Total Fees inclusive of Tax for year ended 30 June 2018 (Rs)**	**Alternate**	**Date appointed**	**Total Fees inclusive of Tax for year ended 30 June 2018 (Rs)**
Cargo Handling Corporation Ltd	Mr Shekur Suntah, Director-General	30.09.15	151,800	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services	30.09.15	3,000
	Mr Shakeel Goburdhone, Deputy Director-General (Technical & Operational Services)	30.09.15	132,000	Captain Kavidev Newoor, Deputy Port Master	06.04.18	Nil
				Mr Sandesh Kumar Seelochun, Director, Port Development	30.09.15	Nil
Mauritius Cargo Community Services	Mr Shekur Suntah, Director-General	30.09.15	143,750	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	Nil
National Ocean Council	Mr Shekur Suntah, Director-General	30.06.15	Nil			
Les Moulins de la Concorde Ltée	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director General (Management Support Services)	30.09.15	140,000	Captain Louis Benoit Barbeau, Port Master	30.09.15	Nil
Froid des Mascareignes Ltée	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	6,000	Mr Shreeganesh Ganga, Director, Finance	30.09.15	Nil
				Mrs Nomita Devi Seebaluck, Manager, Port Operations	30.09.15	Nil
	Captain Louis Benoit Barbeau, Port Master	30.09.15	2,550			
State Trading Corporation	Mr Narad Dawoodarry, Director, Legal & Administrative Services	30.09.15	120,815	Mr Shreeganesh Ganga, Director, Finance	30.09.15	Nil

Representation of MPA Officers on board of statutory bodies and companies						
	Directors	**Date appointed**	**Total Fees inclusive of Tax for year ended 30 June 2018 (Rs)**	**Alternate**	**Date appointed**	**Total Fees inclusive of Tax for year ended 30 June 2018 (Rs)**
Maurinet Investment Ltd	Mr Shreeganesh Ganga, Director, Finance	12.11.15	120,000	Mrs Nomita Devi Seebaluck, Manager, Port Operations	12.11.15	Nil
	Mr Sandesh Kumar Seelochun, Director, Port Development	12.11.15	120,000	Captain Kavidev Newoor, Deputy Port Master	12.11.15	Nil
Mauritius Network Services Ltd	Mr Shreeganesh Ganga, Director, Finance	12.11.15	123,000			
Mauritius Shipping Corporation Ltd	Mr Chandradutt Rogbeer, Corporate Auditor	30.09.15	297,074	Mr Kwok Kong Chan Shin Yu, Senior Manager, Marine Engineering	30.09.15	Nil
Investment in Oceanarium (Mauritius) Ltd	Mr Chandradutt Rogbeer, Corporate Auditor	24.03.17	Nil	Mr Bholanath Basdeo Dhunnoo Manager, Technical Services	24.03.17	NIL
Seafarers' Welfare Fund	Mr Mukhram Moloo, Director, Human Resources	30.09.15	Nil	Mr Gowraj Angad, Senior Manager, Estate Management	30.09.15	3,560
Mauritius Oceanographic Institute	Captain Louis Benoit Barbeau, Port Master	30.09.15	1,200	Captain Thakoorsing Saugur, Assistant Port Master	30.09.15	Nil

Conflict of Interest

The Board of Directors strictly believes that a Director should make his best effort to avoid conflict of interest or situation where others might reasonably perceive such a conflict. A Director who has declared his interest shall not vote on any matter relating to transaction or proposed transaction in which he is interested and shall not be counted in the quorum present for the purpose of that decision.

It is the responsibility of each Director to ensure that any conflict of interests be recorded by the Secretary to the Board or Secretary to the Committee.

In accordance with the disclosure requirements under the Code of Corporate Governance, details of the remuneration payable to the Board of Directors and fees derived by MPA Officers sitting on board of statutory bodies and companies for the reporting year are shown on page 39.

Principle 4: Director Duties, Remuneration and Performance (Cont'd)

Related Party Transactions

For details on Related Party Transactions, please refer to Note 35 of the audited financial statements.

Information, Information Technology and Information Security Governance

The Board is responsible to oversee information governance within the Authority and ensures that there is a strategic alignment of both Information and Information Security with its business strategy in order to create value.

The Board ensures that sufficient resources are allocated in the annual budget towards the implementation of an Information and IT Security frameworks.

Board Information

The Chairman, with the assistance of the Secretary, ensures that Directors receive all information necessary for them to perform their duties and that the Board has sufficient time for consultation and decision-making.

The Board members of MPA ensure that matters relating to the Authority, learned in their capacity as Directors, are strictly confidential and private and shall not be divulged to anyone without the authority of the Board.

Principle 5: Risk Governance and Internal Control

Internal Control and Risk Management

The Audit and Risk Management Department (ARMD) provides reasonable assurance that the Authority's risk framework is adequately managed and that the financial position and the results disclosed in the audited accounts are free from any material misstatements, in accordance with the pre-approved Audit and Risk Management Work Plan.

The ARMD has, played an active role in the budgetary control process by undertaking a comparison of actual financial performance against budgetary forecast and same is brought to the attention of the Audit and Risk Management Committee (ARMC) on a continuous basis. The ARMD has also engaged in several advisory tasks and pre-audit of financial undertakings of the Board.

The ARMD has, amongst others, also assessed the governance process in accomplishment of its objectives on issues as recommended by the guidelines of the National Committee on Corporate Governance pursuant to Section 65(c) of the Financial Reporting Act 2004 for substantiating that the MPA Board remains the focal point of the Corporate Governance system and is accountable for the performance and administration of the affairs of the Authority.

Fraud Risk Management: Besides providing oversight and assurance to the Audit and Risk Management Committee on controls over systems and processes, the Audit and Risk Management Department has equally assisted Management as follows:

- by facilitating the implementation of the Public Sector Anti-Corruption Framework in the Security Unit;
- in the discharge of its responsibilities by evaluating internal controls used to detect or mitigate fraud and evaluating assessment of fraud risk; and
- in creating awareness on Conflict of Interest and Overtime Management in organisational functions.

The Audit and Risk Management Department has also ensured customary liaison with and coordination between the External Auditor whose role is to report independently on financial statements. Besides, upon obtaining sufficient understanding on the Department's activities, the External Auditor has positively assessed the deliverables of the Internal Audit and Risk department.

Principle 6: Reporting with Integrity

Statement of Directors' Responsibilities in respect of the Preparation of Financial Statements

The Directors affirm their responsibilities for preparing the Annual Report and Financial Statements of MPA that fairly present the state of affairs of the Authority and the results of its operations.

The Statement of Directors' Responsibilities is found on page 2 of the Annual Report

Dividend Policy

As per Section 16(3) of the Ports Act 1998, the net surplus of the Authority shall be applied for the creation of a general reserve, specific reserves or the payment of dividends as the Authority may think fit and as the financial situation of the Authority will permit.

CORPORATE GOVERNANCE
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Health, Safety and Environmental Issues

The Authority is committed to the general rules and regulations governing the health, safety and environmental issue. The Authority is engaged to minimising any adverse effect of its operations on the environment and on the health and safety of its employees and the community in which it operates.

During the year under review, the following events were organised by the Authority:

SN.	Dates of Training	Topics
1.	02 July 2018	Training on Safety & Health at work
2.	04 July 2018	HSSE Training by VIVO Energy
3.	11 July 2018	Training on Safety & Health at work
4.	13 July 2018	Training on Safety & Health at work
5.	17 July 2018	Safety & Health Management icw Refurbishment work at the Oil Jetty Terminal
6.	09 August 2018	Safety & Health Induction Training & Refresher Training
7.	10 August 2018	Welding, hand tools, power tools, ladders etc.
8.	30 August 2018	Safety & Health Induction Training
9.	02 October 2018	Safety & Health Induction Training
10.	12 October 2018	Training on use/care of Half face mask
11.	30 October 2018	Fire Warden & Pre- Fire Drill Training
12.	13 November 2018	Safety & Health Induction Training
13.	14 November 2018	Fire Warden & Pre- Fire Drill Training
14.	28 November 2018	Fire Warden & Pre- Fire Drill Training
15.	05 December 2018	Safety & Health Induction Training
16.	11 December 2018	Fire Warden & Pre- Fire Drill Training
17.	13 February 2019	Fire Warden Training
18.	06 March 2019	Safety & Health Induction Training
19.	18 March 2019	Manual Handling
20.	21 March 2019	Safety & Health Induction Training
21.	03-04 April 2019	Training on Scaffold
22.	13 May 2019	Safety & Health Induction Training
23.	16 May 2019	Safety & Health Induction Training
24.	12 June 2019	"Sécurité et Sureté" par l'APIOI
25.	13 June 2019	Safety & Health Induction Training

Social Issues

The MPA aims at giving equal opportunities to its employees. For any new recruitment or promotion exercise, it is advertised both internally and externally. There is also an annual performance appraisal which is carried out and where rewards and merits are provided for.

The length of service of employees is also recognised and rewarded through events.

The MPA recognises the importance of the role it has to play in society and it actively participates in endeavours to alleviate social and environmental problems. The Authority is also committed to creating sustainable value for the social and economic well-being of the society.

Corporate Social Responsibility, Political Donations and Contributions

There has been no political donation for the year under review.

An amount of Rs 3,059,080 has been incurred during the FY 2018/2019 on donations (Incl. CSR).

CORPORATE GOVERNANCE REPORT

Principle 7: Audit

Internal Audit

The Audit & Risk Management Department reports its findings to the Audit & Risk Management Committee.

External Audit

Appointment of external auditors is in accordance with the provisions of Public Procurement Act 2006, and the procurement method chosen is restricted bidding, where a minimum of two weeks is allowed for the selected bidders to quote. Evaluation of bids is made by the Bid Evaluation Committee and its recommendations are examined by the Finance & Investment Committee and Audit & Risk Management Committee and finally approved at the MPA Board. The award of contract is for a period of one year and renewable up to a maximum of 5 years' subject to satisfactory performance of the selected external auditor.

The Audit & Risk Management Department which reports to the Audit & Risk Management Committee plays a key role in keeping under review the scope and results of the External Audit with regards to the following:

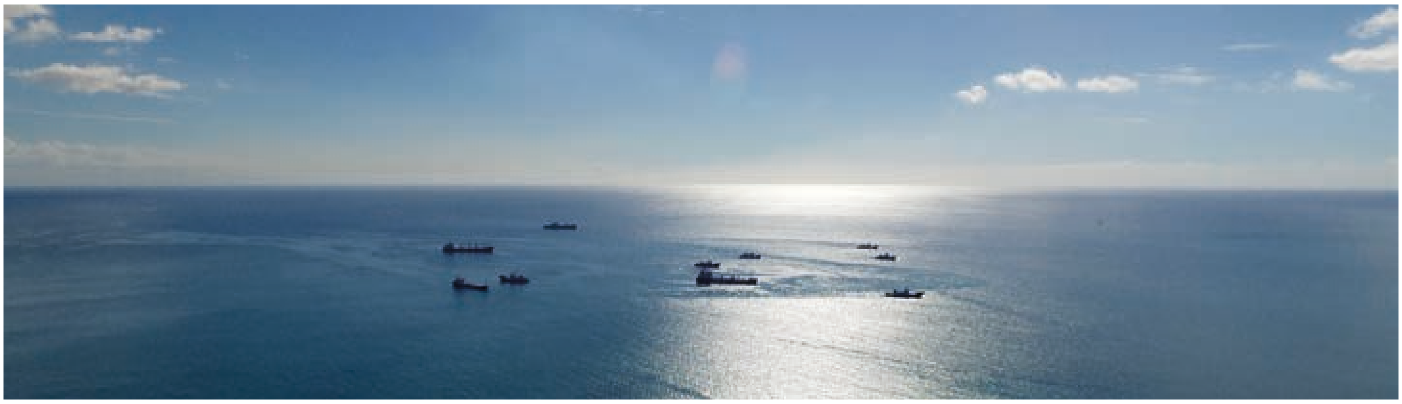
- Efficiency in meeting time scheduled
- Effectiveness and performance of the audit team
- Independence and good communication with audit committee
- Objectivity in their judgements through their weakness letter

The present External Auditor was appointed on 14 June 2017 to perform audit for 18 months' period ended 30 June 2017. The Board at its meeting of 6 February 2018 approved of the renewal of the contract with **Grant Thornton** for the audit of the MPA for year ended 30 June 2018 and same was agreed at the Board meeting of 19 February 2019, for the audit of the Authority for year ended 30 June 2019.

- **Information on non-audit service and amount paid**
  There have not been any non-audit services that has been awarded to our present external auditor.

- **Amount paid to external auditors**
  The amount paid to Grant Thornton is Rs 650,000 plus VAT.

In order to ensure that the External Auditor's objectivity and independence are safeguarded if they undertake non-auditing services, the Audit & Risk Management Committee should examine the nature of such services and ensure that the members of the audit team do not form part of such assignment thus ensuring that there is no conflict of interest at any point in time.



CORPORATE GOVERNANCE
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Principle 8: Relations with Shareholders and Other Key Stakeholders

Shareholders' Agreement

Given that the MPA is a statutory body established under the Ports Act 1998, there is no shareholder's agreement.

Employee Share Option Plan

No Employee Share Option Plan is available.

Third Party Management Agreement

Save and except for a Concession Agreement between the Mauritius Ports Authority and Cargo Handling Corporation Ltd in respect of the provision of cargo services at the Mauritius Container Terminal, there was no management agreement between third parties and the MPA during the year under review.

Shareholders' and Stakeholders' Communication

The Board of Directors places great importance on clear disclosures, open and transparent channel of communication with all its stakeholders. It endeavours to keep them regularly informed on matters pertaining to and affecting the Authority.

Through the MPA's website namely www.mauport.com, information is provided to all stakeholders on the activities of the MPA, on the latest news and on new services which have been launched.

Given that the MPA is a statutory body established under the Ports Act 1998, it does not have any shareholder. The MPA falls under the aegis of the External Communications Division of the Prime Minister's Office and thus regularly apprises the Ministry on important policy issues and events.

The Port Users' Council consisting of representatives of persons interested in the operation and use of a port was initially set up upon an express recommendation of the World Bank. The objectives of the Port Users' Council are to interact with port users for efficient port operations; promote the facilities, services and future potentials of the port.

In line with Section 10 of the Ports Act 1998, the Authority may consult a port users' council on any matter concerning the port, including, without prejudice to the foregoing generality for the:

(a) provision of port and marine services and facilities;
(b) rates, charges, dues and fees levied by the Authority; and
(c) expansion or development of the port.

The Authority may also consider any matter concerning a port which may from time to time be referred to it by the port users' council.

Chairman
Ramalingum Maistry

Director-General
Shekur Suntah

POLICY STATEMENTS

Quality Policy

As part of our commitment to continuous improvement, customer focus and compliance with regulatory and statutory requirements, the Quality Policy of the Mauritius Ports Authority is based on the principles that identify, manage and evaluate our key business activities, and reduce process, people, and health and safety risk.

The principles of planning, practices and people are key features of our Integrated Quality Management System and are monitored for continuous improvement. Our Integrated Quality Management System describes the way in which the MPA undertakes its activities and ensures a coordinated approach across the different business clusters.

MPA is certified as ISO 9001:2008 Quality Management System and is gearing itself to meet the requirements of ISO 14001 Environmental Management System and ISO 27002 Information Security Management.

Safety and Health Policy

In line with the Safety and Health Policy Statement, we strive to provide a healthy and safe workplace for all of our employees, contractors and visitors by ensuring our Safety motto, which is "we care for each other".

Our key objectives are to have:

- a workplace where health and safety management and leadership is a core responsibility of our managers and supervisors;
- a workplace where health and safety management and leadership is integrated into core business activities;
- a culture that inspires awareness of, and personal responsibility for, health and safety; and
- an occupational health and safety management system that meets our internal safety requirements and complies with statutory obligations and expectations.

Environmental Policy

The Authority is committed to minimising the impact of its operations on the port environment. Caring for the environment is one of the Authority's operational concerns. Realising that we work in a global environment with varying conditions, challenges and capabilities, the Authority also endeavours to improve the environmental performance continually through effective environmental management programmes.

In its continual pursuit of maintaining a sound environment, the MPA is focusing on the following initiatives:

- Expanding its environmental goals and objectives and monitoring its progress
- Complying with the relevant environmental laws and regulations
- Developing, constructing and operating its facilities in an environmentally responsible manner that promotes the prevention of pollution
- Integrating environmental issues into the business decision-making process
- Using environmentally responsible products where possible
- Preserving resources by re-using recycling materials and using less of them, wherever possible

Security Policy

The Mauritius Ports Authority is responsible for the security and protection of port infrastructure and assets, and the provision of risk-based security services.

In response to the risk of terrorism, the MPA has interpreted the International Ship and Port Facility and Security (ISPS) Code to:

- ensure compliance with all relevant security legislations;
- maintain a Security Committee, which will meet frequently to review and update critical procedures and instructions with respect to its people and operations in emergency circumstances;
- ensure management responsibility and accountability for security;
- audit and review its security system and performance periodically;
- consider the security aspects of all new projects;
- provide and maintain a secure environment for employees, guests and visitors; and
- continually improve the performance of its security management system.

In this regard, the port waters and the land area under the control of the Authority are now being closely and constantly scrutinised by trained Police and MPA officers operating from a centralised surveillance control room on a 24/7 basis.

In addition to the MPA's port security plan, other port facilities and port service providers have to get their security plans outlining the measures and procedures undertaken to protect vessels that trade in the port waters and the port infrastructure that services those vessels certified by the MPA.

In the pursuit of its mandate for the enhancement of port security, the Mauritius Ports Authority aligns itself to the requirements of the National Maritime and Harbour Security Committee for the implementation of security systems policies and procedures at Port Louis Harbour and Port Mathurin.

Equal Opportunity Policy

The Mauritius Ports Authority has maintained a long-standing commitment to equal employment opportunity for all employees and applicants for employment. Section 9 of the Equal Opportunities Act 2008 provides that every employer needs to draw up and apply an Equal Opportunity Policy at its place of work with a view to minimising the risks of discrimination and promoting recruitment, training, selection and employment on the basis of merit.

The principal aims of an Equal Opportunity Policy Statement are to ensure the following: -

- no job applicant or worker receives less favourable treatment than another, on the basis of his or her status, that is, age, caste, colour, creed, ethnic origin, impairment, marital status, place of origin, political opinion, race, sex or sexual orientation;
- no job applicant or worker is placed at a disadvantage by requirements, provisions, criteria, conditions or practices, unless they can be justified as a necessary and appropriate means of achieving a legitimate aim; and
- workers are given training and encouragement to take equal advantage of opportunities in the organisation, irrespective of their status.

In view of our commitment to the principle of equality and to be in line with the legal requirements, an Equal Opportunity Policy Statement as approved by the MPA Board has been implemented since July 2013 covering all aspects of employment including recruitment, terms and conditions of work, training and development, promotion, performance, grievance, discipline, treatment of workers and termination of employment.

The Policy Statement will enable the Authority to reduce the risks of grievances, damage to productivity, staff morale and the organisation's reputation as well as foster good relations in the work place.

Driving MPA on the path of Quality Services

The MPA continued to provide a growth pathway for quality improvement in 2018/19 as it strives to embed and model quality principles in the way it works, while ensuring in this process that all its employees know how to individually contribute towards realising our vision to be Mauritius' best maritime gateway. The MPA invested extensively in capacity-building to support and optimise the effectiveness of its people, processes and procedures.

The Quality Unit, within the framework of the top management review process, regularly ensures a periodic review of the Quality Management System (QMS) and Environmental Management System (EMS) to guarantee continuing suitability, adequacy, and effectiveness of the QMS and EMS while addressing the possible need for changes to quality policy, objectives, targets and other elements of the ISO 9001:2015 and ISO 14001:2015.

While ascertaining the need to improve its services, the MPA decided to proceed with the implementation of a Maritime Single Window (MSW) at Port Louis Harbour whose objective is to reduce administrative bottlenecks by making shipping and trade by sea more efficient and seamless. In this context, the services of Global Maritime and Port Services from Singapore were retained to advise on the setting up of a MSW framework that would encompass the entire life cycle of vessels calling at Port Louis Harbour. The Consultants have completed their assignment and have submitted their recommendations accordingly. The next stage of the Project is the launching of a procurement exercise for the establishment of a MSW at Port Louis.

Essentially, a Single Maritime Window is a digital platform that allows for information to be stored in a central database which can be transmitted to multiple users simultaneously. In turn, all users (including private economic actors and public officials) will be able to exchange information seamlessly and access this information in real-time. The SMW is a technology that is part of the larger drive to integrate greater use of technology within the maritime industry to turn ports into SMART ports.

Many leading ports around the world are at various stages of implementing SMART Port Technologies. The implementation of the SMW at Port Louis Harbour will be the country's first step towards developing a SMART Port. The SMW will digitise and streamline the port's arrival and departure clearance procedures. Doing so will increase Port Louis's competitiveness internationally by improving efficiency and in turn reducing costs for all port users and administrators. The following are some of benefits that Mauritius and Port Louis stands to gain from implementing the SMW:

- Reducing the administrative burden on port users and relevant government agencies by digitising and streamlining the port arrival and departure clearance procedures.
- Directing manpower resources of the respective authorities and agencies to focus on higher yield work instead of handling routine administrative tasks.
- Improving safety within the port.

Environmental management of port operations

In the process of practical implementation of the Green Port Concept, the MPA has implemented the ISO 14001 Environmental Management System that has identified the significant environmental aspects, defined the energy and environmental targets to be met, monitored performance and ensured that best environmental management practices are in place.

The MPA has maintained its certification to international environmental standard ISO 14001:2015 following a yearly audit by AJA EQS (Mauritius Ltd). This certification has been sustained since 2015 and re-certification attained every three years since. The regular surveillance audits demonstrate that our Environmental Management System is being implemented effectively to address the potential environmental impacts of port-related activities.
Port stakeholders have also joined hands with the MPA in a spirit of collaboration for the Green Port Initiative and have concretely shown their commitment for a better and more sustainable port environment through the signing of a Port Environment Charter. The overall rationale of this collaboration is linked to the drive to minimise our environmental footprint and creating value for our customers.
The MPA has initiated visible actions towards waste management and resource conservation such as by recycling all its E-waste including batteries, used oil, composting its green waste, promoting sustainable use of paper and setting up a rain water harvesting system. Air and water quality and biodiversity conservation in the port are also major aspects that are being monitored.

Increasing environmental awareness creates new challenges for the development of ports. In addition, climate change calls for adaptation measures that aim at minimising impacts of e.g. rising sea levels and increased flood water heights but safeguard accessibility of ports and waterways and also safeguard future sustainability for the social and natural environmental conditions. Against this background, the MPA has deployed several initiatives with the objective to promote or to develop the concept of Green/Sustainable Ports.

(a) Solar Energy at Oil Jetty and Albion Lighthouse

The MPA has started the upgrading and refurbishment of the Oil Jetty at Mer Rouge. Part of the project consists of the installation of a set of solar panels of capacity 12 Kw to partly power the Oil Jetty. The works have already been completed and the solar panels are operational. The solar panels will reduce electricity consumption of the facility while also contributing in the reduction of our carbon footprint.

(b) Electricity Reduction/ Replacement of bulbs

An energy audit was carried out on the electricity usage of Capitainerie Building and H. Ramnarain Building. The results show a marked decrease in energy consumption at these sites (11%). These results have been obtained following actions taken to minimize our electricity consumption; namely, installation of solar panels on the MPA kiosk, replacement of fluorescent lights with low voltage LEDs at both sites and installation of a more energy efficient lift at Capitainerie Building using regenerative braking technology.

(c) Floating Debris Recovery Craft

Following the signing of a Memorandum of Understanding between the MPA and Froid des Mascareignes Ltd on 04 July 2018 on for the cleaning of the port waters, the floating debris recovery craft is now operational on a daily basis. Sorting of plastic bottles is also being carried out and recycled by Polypet Recyclers Co Ltd.

Forthcoming projects:

The MPA recognizes the need to conduct its activities in a sustainable and climate friendly manner. In this new era of climate change the adoption of a low-carbon and environment friendly development strategy has become an inevitable trend and necessity for future ports. The MPA also complies with its legislative obligations, government policy requirements, international industry codes of practice and endeavours to quickly apply new technology and innovation in its environmental approach.

(a) Greening of MPA Lighthouses

The project will consist of the installation of solar panels at Albion Lighthouse and replacement of mercury from the turntable of the lighting system with a non-hazardous option. As regards Flat Island an environment friendly option for the turntable has already been put in place and there remains only the removal and disposal of the mercury. In view of the complex design of the lighthouse lighting system and turntable and also taking into account the historical aspect of Albion Lighthouse technical assistance will have to be sought to implement the project. The Ministry of Environment has proposed that technical assistance and funding be sought under the Specific International Programme of the Minamata Convention on Mercury. The Specific International Programme may provide support from USD50,000 to USD250,000 per project proposal. The Ministry of Environment is assisting the MPA in the preparation of the project proposal.

(b) IMO Audit and Port Waste Management Plan

The International Maritime Organisation (IMO) Member State Audit Scheme (IMSAS) of bilateral agreements is now a compulsory process for all member states including Mauritius. According to the Directorate of Shipping, the IMO auditors plan to carry out an audit of Port Louis Harbour on specific port control and environmental aspects by February 2020. As with all audit processes, the aim is to assess compliance with conventions ratified by Mauritius. The Auditors will focus on provisions of the law that implement the maritime conventions in the local context as well as compliance with IMO requirements in terms of training of staff and port state control. The monitoring, review and verification system including availability of statistics will also be audited. The audit process includes Port Mathurin, but is yet to be confirmed given that it is a local port and not engaged in International trade.

The environmental monitoring systems and procedures at Port Louis Harbour will also be auditable as per the Port Waste Management Plan, covering the management of all types of prescribed wastes under MARPOL for vessels calling at Port Louis.

Strengthening the legal framework

Security in the port area is of paramount importance and the Authority is mandated to enforce maritime conventions/regulations ratified by Mauritius. The Authority is therefore required to follow and adhere to all regulatory instruments that are being adopted in the maritime industry for safe carriage and storage of goods. The more so, that the MPA has to be kept abreast of the recommendations made under various conventions for safe ships and clean oceans. During the year under review, the MPA fulfilled its regulatory responsibilities through a number of activities and ensured the safety and security of all the vessels navigating in the port waters.

However, to give effect to the mandatory provisions as contained in the ISPS Code, the MPA has, following several working sessions with the State Law Office, finalised the Ports (Security) Regulations to reinforce security both on the ship to shore interface and ashore. Discussions/ consultations were also held on the said regulations with the concerned stakeholders including the Prime Minister's Office and the Ministry of Ocean Economy, Marine Resources, Fisheries and Shipping. The final draft regulations were received from the State Law Office (SLO) in August 2019 and the promulgation of the Ports (Security) Regulations is awaited.

Moreover, in order to perform its licensing obligations, the MPA issues different types of licences with general conditions as well as specific ones to ensure that services provided by private operators/service providers to vessels calling at Port Louis are in line with the legal requirements of the Ports Act. The current licensing regulations are cited as the Ports (Issue of Licences) Regulations 1981, as subsequently amended by the Ports (Issue of Licenses) Regulations 1983.

With the ever-growing dynamism in the port environment, it has been found necessary for the MPA to review the present licensing regulations, so as to provide, in line with best practices, a non-discriminatory, consistent and transparent framework for the issue of licences to private operators/service providers and at the same time safeguard the interests of the port.

The preparation of a draft Ports (Licensing) Regulations has also been initiated and submitted to the SLO for legal vetting. Several discussions were subsequently held with Me. M. Seetaram, Senior State Counsel during which the draft Regulations were reviewed. However, during discussions at the level of the MPA, it was proposed that the scope of the aforesaid Regulations be limited to licensing only, as port development was amply covered under the Ports Act 1998.

The reviewed draft Ports (Licensing) Regulations were submitted to the State Law Office for the final vetting prior to submission to the MPA Board for endorsement and subsequent promulgation of the said Regulations. The final draft regulations as vetted by the SLO was submitted to the MPA in January 2018. Meanwhile in June 2018, a Port Licensing Committee was established to:

- formulate procedures relating to the grant of Port Licences.
- examine the recommendations of Management with respect to the:
  - ◊ Grant of new port licence
  - ◊ Issue of temporary port licence, subject to terms and conditions
  - ◊ Renewal of port licences
- regularly review and update the policy for the grant/ renewal of port licences/temporary port licences.

The Committee will also have a final look at the licensing regulations prior to its finalisation.

As an independent regulator, the MPA will have a pivotal role to play with the new regulations. Not only will the regulations provide a framework for the monitoring of port-based companies and the regulation of these companies, they will also ensure that companies under the Authority's jurisdiction operate in a manner consistent with consumers' interest and in compliance with regulating standard, procedures, international conventions, codes, etc. that affect the port and its operations.

The new regulations, when promulgated, will reflect enormous changes that have occurred as a result of the significant changes in the port operations and management including new legal parameters in the handling and transport of goods in the port area.

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Strategic Port Partnership Programme

It goes without saying that ports are key links in the international transport networks given their strategic location in the international transport chain. In today's world, ports have been recognised as drivers of growth and are playing an important role in a country's economy. Growth in trade is expected to become buoyant with the expansion of the US, European, Asian and African economies.

Port Louis Harbour is today on the threshold of a bright new era and there is a window of opportunities that is unfolding from global alliances and partnership agreements. Such agreements will undoubtedly create an interface for fostering strong collaboration and strategic alliances with the ports of the different countries and reshape a new paradigm for Port Louis Harbour. This strategic approach will provide faster penetration into the overseas markets and connect our port on a global port platform for investment opportunities, business prospects, technological innovations, research and development programmes, capacity building, etc.

Recognizing the significant mutual benefits that can be derived from dynamic cooperation, the MPA proposes to explore new avenues of cooperation with the major ports of Europe, Asia, Africa and North America with a view to benefitting from sustained mutual assistance on port matters and other related maritime issues.

There is no doubt that partnership agreements with overseas ports and training institutions on the five continents are vital to the growth and development of Port Louis Harbour. The more so, that the success of the port of Mauritius is intrinsically linked to its geo-strategic location on the trade routes connecting Europe, Africa, Asia, Australia and America. Since the beginning of the history of Port Louis Harbour, alliances with our trading partners have always been instrumental to the sustained development of the port. Our mission now is to operate and further develop Port Louis Harbour as a leading cruise port and one of the major container ports in this part of the world.

In addition, a collaborative instrument with other ports will enhance the visibility of Port Louis Harbour and help the MPA in encouraging and enhancing the development of its ports. Such collaborations and alliances can elicit synergies with potential partners for stimulating steady growth of transhipment traffic, cruise promotion, training of staff and exchange of information necessary for accelerating and facilitating the flow of commercial goods at our ports. The positive impacts of a partnership agreement with other ports can also extend to the establishment of joint ventures in the fields of green port initiative, port engineering, maritime training, information technology including development of simulators and other related maritime activities.

In the light of the discussions with our traditional partners in the margins of the MMW 2018, it was deemed necessary to review our existing collaboration with our regional and international partners. In this regard, the respective agreement with the Grand Port Maritime de Marseille, Port Autonome de Rouen, Port Said Port Authority and Port of Fremantle would be revamped to create more synergistic partnerships for the mutual benefits of the interested parties.

Also, during interactions with new players, it was felt that MPA should promote strategic alliances for greater cross border cooperation within the framework of "Building Strategic Partnerships". Therefore, in the course of the networking forum of the MMW 2018, Mr Ramalingum Maistry, Chairman, had fruitful exchanges on possible areas of collaboration with the representatives of Abu Dhabi Ports, Ghana Ports and Harbours Authority and Kenya Ports Authority in the fields of port development, port efficiency, port engineering, port training, etc.

A Memorandum of Understanding (MoU) between the Abu Dhabi Port (ADP) and the Mauritius Ports Authority was duly signed in June 2019. The mission to ADP provided highly fruitful insights for a sustained development of Port Louis Harbour. In a bid to bring about transformational changes in the port sector, the MPA should harness the widespread experience and expertise of ADP within the framework of the signed MOU. Success relies in the operationalisation and implementation of the outcomes of the discussed terms of cooperation between MPA and ADP. The five salient aspects are being given immediate consideration. These include cruise development, port digitalisation, port development, port security and human capital development.

The objective of the MoU is to enable the two port authorities to pool their combined expertise to enhance the maritime sector across the Indian Ocean, from port infrastructure and security to protecting the environment and driving the cruise industry. Under the MoU, Abu Dhabi Ports and MPA will look at areas such as how the public and private sectors can best work together, as well as how to ensure the safety and security of passengers, crew members, vessels and port facilities. The agreement will also see the two ports research the most effective use of tugboats, as well as training initiatives for deck and engine officers.

The two authorities will also work together on the cruise industry sector by helping Port Louis Harbour to position itself in the Indian Ocean Circuit and to tap into potential cruise visitors from the Arabic Peninsula. Additionally, the two parties aim to attract more cruise lines to the region and explore new routes such as UAE/Indian Ocean/ Southern and Eastern Africa. Subsequent to the signing of the MoU, an implementation committee to ensure timely action on the following engagements taken in the MoU:

- Port Development, in exchanging technology, know-how and information on design and building standards to make port facilities better constructed, more efficient and secure.
- Cooperation with government agencies and private initiatives in the execution of programmes, projects and activities for port development.
- Human capital development, including appropriate technical training and personnel improvement to achieve optimal port performance.
- Port security, in ensuring the safety of passengers, crew members, vessels and port facilities.
- Industrial safety, risk prevention of all problems that impact persons, freight, or vehicles that operate within a port system.
- Interest in researching the proper use of tugs, ensuring safe and efficient marine operations as well as carrying out cross training activities for pilots and tugboat captains, to include hands-on training extensive ship simulation exercises.
- Environmental quality issues, in operating port facilities in an environmentally sensitive manner.
- Cooperation in the cruise industry sector by:

  (a) helping Port Louis Harbour to position itself in the Indian Ocean Circuit and to tap potential cruise visitors from the Arabic Peninsula;
  (b) attracting more cruise lines to the region and explore new routes such as UAE/Indian Ocean/ Southern and Eastern Africa;
  (c) marketing the Vanilla Islands circuit as a new cruise destination highlighting the specificities of each island; and
  (d) conducting a market research on the cruise industry in the Indian Ocean basin and its existing package tours as well as for the berthing sites and reception facilities at Port Louis Harbour.

The visit to Abu Dhabi Ports was in all respects productive. As a proof of the friendly feeling which prevail during the visit, the two parties exchanged courtesies and expressed their eagerness to work together hand in hand. Within the framework of this port agreement, Abu Dhabi Ports is keen to share various information in port infrastructure improvement, commercial facilities development, port operations and to cooperate for trade vitalization and service improvement.

Our People - Recognizing and Validating Competencies

Across the world, countries increasingly recognize the value of informal and non-formal learning and many are establishing systems to acknowledge competencies gained through these modalities. Mauritius is one of the leading countries in the African region to successfully initiate Recognition of Prior Learning (RPL) as one of the key mechanisms towards certification of skills and competencies against national qualifications and in so doing, is facilitating people to make the transition from the informal to the formal economy. The strategic move towards a high income earning country, as enunciated clearly in the Government Vision 2030, cannot be achieved unless there is a strong and competent human resource base. However, wherever and whenever achieved and nurtured, the recognition of such skills and competencies is a strategic endeavour leading to many benefits for the individual, the employer, the industry and the economy.

The MPA is facing a shortage of qualified manpower in the technical and operational services. However, there are some employees at the MPA who possess extensive work experience but who generally do not hold the full entry requirements to be promoted to a higher position or to be mainstreamed in formal training programmes. In order to continue to maintain Port Louis Harbour's position as a regional hub and a premier international maritime centre, the MPA needs to establish a highly skilled and specialised workforce to meet the exigent demand of the ports industry.

In July 2018, the MPA decided to embark on the RPL project at the MPA with the collaboration of the University of Mauritius (UoM). In the context of this proposed project, a Memorandum of Understanding was signed with the UoM on 18 December 2018, which, amongst others, provide for the following:

- Mounting of a programme at Certificate level that reflects existing skills and competencies of the MPA employees that will be used as a benchmark for the implementation of the RPL. The programme will be elaborated after extensive consultation with key resource persons from MPA, with academic and pedagogical input and guidance from the UoM
- Arranging for approval by relevant academic boards of the UoM as employees who have successfully gone through the RPL exercise will earn a UoM award.
- Targeting those categories of the MPA employees who need prepare an RPL portfolio and collect from them evidence of skills, attitudes and competence, matching these against the requirements/outcomes of the RPL Programme.
- Upon submission of the RPL portfolio, a panel will assess the dossier.
- The recommendation of the RPL will be processed through relevant academic boards at the UoM (Board of Examiners, Faculty /Centre board etc.) and results proclaimed.
- The team working on this programme will need to anticipate scenarios and propose advice on way ahead.

Subsequent to the signing of the MoU, a series of meetings were held with the representatives of the UoM to prepare a programme in port management for the MPA employees, especially those who never had training at tertiary level so as to ensure that this category of staff have the basic skills, competencies and attitudes to perform efficiently in the port sector and ultimately aspire to promotional job positions in the future. Accordingly, a Certificate in Port Management has been prepared by the UoM and submitted to the MPA for validation. The Certificate in Port Management is a free standing qualification designed to provide a solid foundation for those already embracing a career within the port and supply chain fields and to provide participants with a complete set of basic financial, management, engineering and IT skills. After successful completion of the Certificate in Port Management, the participants would be able to:

- Identify the basic engineering concepts, mainly electrical and mechanical;
- Use IT tools effectively in the workplace;
- Identify modern concepts of manufacturing practices;
- Apply basic risk management and safety concepts in the workplace;
- Apply basic management principles in the workplace;
- Communicate effectively with stakeholders;
- Adopt best practice as far as port management is concerned;
- Be conversant with laws related to maritime and port transportation;
- Apply key concepts and best practice related to supply chain and logistics;
- Explain basic concepts of accounting and finance.

The Programme is structured as interactive sessions which draw up of the skills and experience of the participants who would learn basic managerial, financial, IT and engineering skills as the programme covers the following:

- Introduction to Electromechanical Engineering
- Introduction to Information Technology
- Introduction to workshop Technology
- Risk Management and Safety
- Organisation and Management
- Communication Skills
- Introduction to Port Management
- Law: Maritime and Transportation
- Introduction to Supply Chain & Logistics
- Principles of Financial Management

Seafarers’ Training Programme

It is a known fact that the workforce and more particularly the top rungs of the hierarchy of officials at our port and maritime sector are in an ageing group. Therefore, there is a need to recruit active youngsters with the right skills and rewarding career paths. The MPA is promoting the maritime sector more effectively as dynamic and upcoming providing rewarding and exciting job opportunities. However, there is no better way of learning a craft than to actually practise it-the MPA needs hands-on experience.

Taking into account the completion of recent port projects and acquisition of powerful tugs that the port possesses, there is now an urgent need to invest in the human capital to ensure that the Authority has a workforce with re-actualised competence in the maritime field. The maritime sector is a dynamic segment and there is a need for continuous training in order to meet current market trends.

Against this background, the MPA steered the launching of a seafarers’ training programme to generate the potential for the employment of youngsters aged from 18 to 23. A Memorandum of Understanding (MoU) was accordingly signed with the Mauritius Shipping Corporation Ltd (MSCL) to:

- give opportunity to potential Deck/Engine ratings to gain working experience on board vessels for future employment as Able Seafarer Deck/Engine at the MPA.
- alleviate the shortage of Able Seafarer Deck/ Engine on the local market.

The training programme is in consonance with the strategic economic imperatives of the Mauritian Government to develop the ‘blue economy’. The overriding requirement of this programme would be to ensure a sustainable supply of suitably qualified and well educated port and maritime personnel at all levels and in all specialisations but particularly pilots and marine engineers. There is an aspiration for the port and maritime sphere not only to provide a significant economic contribution to the general economy but to provide a great source of employment for the well-educated and inspired young people of the nation.

The MPA accordingly proceeded with the enlistment of 32 candidates as Trainee Seafarer Deck/Engine for enrolment on the Training Programme for Seafarers (Deck/Engine). The selected Trainees embarked on a seaworthiness test on board the MV ‘Mauritius Trochetia’ for a week in October 2018 during the latter’s voyage to Rodrigues. Subsequently, the Trainees enrolled for the General Purpose Ratings Course at the Mauritius Maritime Academy as from November 2018 and completed the six modules under the said Course.

Modernising and Enhancing our IT Environment

CCTV System

In 2007, the MPA had commissioned a port-wide CCTV system aimed at covering the entire port area. A combination of PTZ and fixed cameras intended to be viewed through a central control room manned by MPA and Police, were put in place. An internal CCTV system covering all MPA buildings coupled with an access Control system were also commissioned under the same project.

Although the systems are still in operation, their product life cycle have reached a stage of replacement given the availability of more innovative and efficient systems on the market. In order to keep pace with the technological developments in this area, the MPA intends to implement a modern CCTV system integrated with an innovative access control system with a view to further strengthen security measures in the port area.

In this context, the MPA retained the services of Hamburg Port GmbH and Hamburg Port Training Institute to carry out a security audit at both Port Louis Harbour and Port Mathurin. The objective of this exercise was to strengthen and enhance the security in both ports by identifying deficiencies in ports systems and operations that could impact their overall security. It was intended to make recommendations for improvements aimed at reducing any potential security risks.
The services carried out by the Consultants included a physical survey of key areas across the different terminals and port areas at Port Louis Harbour as well as Port Mathurin, and a review of current security equipment and technologies.

The Report entitled ‘Security Organization and Security Equipment’ was submitted in July 2018. Based upon the report, the MPA prepared the tender documents for a new centralised CCTV and Access Control system with an earmarked budget estimated at Rs 105 million for acquisition of the system.

The new CCTV system will comprise intelligent HD cameras, which are dotted with the capability of analysing live CCTV footages through advanced analytics and generating alarms accordingly, thus reducing the need for a CCTV operator to be continuously watching the monitor wall. The new system, consisting of around 300 HD intelligent cameras of various types will be deployed to cover the whole port area.

A centralised access control system comprising of a number of electronic raise arm barriers and turnstiles will also be installed to monitor access to security areas, including MPA buildings.

The bid document is being prepared in-house and is expected to be launched shortly.

Vessel Traffic System

The current Vessel Traffic System (VTS), used for managing and monitoring vessel traffic in the port, was commissioned in 2008. Since the VTS equipment has reached the end of its product life cycle, the procurement of a new system was envisaged. In this context, a Request for Proposal (RFP) was launched in August 2017 and in July 2018 Rina Consulting S.p.A was selected to assist the MPA in the replacement of the existing VTS.

The Consultants have prepared the specifications for a modern and state-of-the-art VTS that would comprise two radars. The cost of the System is approximately Rs 55 million.

Tenders were launched on 7 March 2019 and the closing date had been set to 16 April 2019. The bids are at evaluation stage and the contract for the new VTS is expected to be made shortly.

Single Maritime Window

Over the years, the Port has undergone extensive modernization programmes. The procedures and legislations in place for vessel clearances have practically remained unchanged. The clearance procedures are quite cumbersome and Masters/shipping agents are required to submit some 57 documents to 7 agencies/authorities per port call.

Accordingly, with a view to streamlining the documentation pertaining to port activities and to transform Port Louis into a Smart Port based on the recommendations of the International Maritime Organisation, the MPA has, November 2018, retained the services of a consultancy firm, namely Global Maritime and Port Services (GMAPS) from Singapore.

GMAPS was assigned the task of auditing the current situation and making recommendations taking into consideration the latest technological advances and best practices utilized in other ports. The objective is to develop single window guidelines and a framework that covers the entire life cycle for vessels calling at Port Louis. It is believed that the resulting system will provide for

- simplified electronic means of clearance of ships calling to Port Louis,
- standardization of logistics activities, interface and information,
- improved maritime logistics efficiency
- strengthened maritime logistics competitiveness.

Furthermore, the Consultant has been tasked to conduct a Business Process Reengineering (BPR) of the agencies involved with respect to vessel clearance and to submit high level specifications for the new system.

The Consultant has deposited the BPR Report and the high-level specifications of the MSW. The project has been estimated at around Rs100 million.

Compliance with Data Protection Act

The Data Protection Act (DPA) was enacted in 2017 and came into force in May 2018. As the MPA, during the course of its business operations, collects, stores and processes personal data, it is classified as a Controller, and is therefore under legal obligations to abide by and comply with the provisions of the Act.

With a view to complying with the provisions of the DPA, a Data Protection Committee was set up to examine the types of personal data being collected, the purpose for which it is collected and how it is being processed.

The Data Protection Committee recommended the organization of an awareness campaign to sensitize employees on the importance of the DPA and to make them aware of their rights/obligations under the Act. By end of the financial year, some 150 employees have been sensitized.

In addition to the awareness campaigns, individual meetings were held with Heads of Department to explain to them the importance of complying with the provisions of the DPA and the penalties/fines applicable for non-compliance. Furthermore, interactive brainstorming sessions were held with the latter to help them improve security around documents containing personal data.

Furthermore, an audit of every department was also carried out to ascertain the way personal data is handled with a view to identifying shortcomings and making recommendations.

In line with the provisions of the DPA, the Authority has adopted the following:

1. Data Protection Policy to describe how personal data is collected and handled to meet the Authority's data protection standards and comply with the law. The Data Protection Policy has been circulated to all employees and is also displayed on MPA's website;
2. Clear Desk Policy to reduce the threat of a security incident as confidential information will not be left unattended;
3. IT Equipment Disposal Policy to provide the procedures for the disposal of unusable IT equipment and the destruction of storage media to render the data contained therein, irrecoverable and unreadable.

Auditing and Assessing Risk Management

The Internal auditing process, operating under the Audit & Risk Management Department (ARMD), assists the MPA in implementing and improving compliance, governance and risk management-related processes and controls within the organization.

The ARMD has, during the year under reference, accomplished its objective by bringing an ongoing systematic approach to assess the effectiveness of internal controls/systems and governance processes. Moreover, the audited Financial Statements for FY 2018/19 together with key management issues have been openly discussed at the level of the Audit & Risk Management Committee before its recommendation for approval at the level of the MPA Board.

As regards risk management, the MPA has considered that effective management of risks and opportunities are significant critical success factors for sustainable enhancement of our organisational value. Managing risks and opportunities is thus a key component of our strategies to reinforcing our commitment towards encouraging a good governance culture.

The lines of responsibilities for the identification, assessment, control, monitoring and reporting of risks have been established in a Risk Management Charter and the Risk Management Policy based on the ISO 31000 guidelines. Risks are catalogued regularly in the course of implementation of the annual work plan, followed by measures aimed at reducing the likelihood of their occurrence and/or subsequent loss or damage. In addition, an overall review of risks is carried out at the time of reviewing the Risk Register, comprising mainly strategic risks which are objectives oriented. Identified risks are classified in departmental risk registers and are assessed in the context of existing circumstances.

Risk awareness

An insight on the risk appetite is as tabled below:

Risk Category	Risk Appetite	Notes
Strategic	Moderate	In the pursuit of its objectives and achieving its mission and vision, the Authority constantly seeks a balance between its commercial ambitions and social impact.
Operational	Low	The Authority focuses on safe pilotage service. It also guarantees the continuity in stakeholders' business operations by providing infrastructure and striving to minimize risks that could jeopardise these tasks.
Compliance	Low	The Authority aims to comply with applicable law as and regulations relating to safety, security, environment, procurement processes and information security amongst others.
Financial	Low	The Authority exercises reasonable controls for ensuring safeguards of assets and ascertaining positive cash flow. Risk-free investment is made in fixed deposits and treasury bills.

With respect to Corporate Governance, there has been an assessment of the governance process in view of accomplishing the objectives on issues as recommended by the guidelines of the National Committee on Corporate Governance pursuant to Section 65(c) of the Financial Reporting Act 2004 .The objective of this assessment is to substantiate that the MPA Board remains the focal point of the Corporate Governance system and is accountable for the performance and administration of the affairs of the Authority. The Audit & Risk Management Committee Charter has equally been updated in line with the revised version of the National Code of Corporate Governance for Mauritius (Second Edition, 2016) issued by the Ministry of Financial Services, Good Governance & Institutional Reforms.

Fraud Risk Management

Besides providing oversight and assurance to the Audit & Risk Management Committee on controls over systems and processes, the Audit & Risk Management Department has equally assisted Management

- by facilitating the implementation of the Public Sector Anti-Corruption Framework in departments characterized as being of high risk;
- in the discharge of its responsibilities by evaluating internal controls used to detect or mitigate fraud and evaluating assessment of fraud risk; and
- in creating awareness on Conflict of Interest and Overtime Management in our organisational functions.

External Audit

The Audit & Risk Management Department has also ensured customary liaison with and coordination between the MPA's External Auditors whose role is to report independently on the financial statements. Besides, obtaining a sufficient understanding of our departmental activities, the External Auditors have positively evaluated the deliverables of the Internal Audit & Risk Management functions for FY 2018/19.

Port Development Projects

1. Island Terminal Project at Port Louis Harbour

In line with the objective of Government to transform Port Louis Harbour into regional container transshipment hub, the MPA has undertaken a feasibility study of the planned development of an Island Terminal on the opposite side of the Mauritius Container Terminal (MCT) in view of coping with an expected traffic of over one million TEUs per annum in the near future.

On the other hand, adverse climatic conditions including wave actions and swell conditions have been affecting container handling operations in the recent years, resulting in downtime at the MCT. With a view to mitigating such wave actions and swell conditions, the MPA will within the scope of the Island Terminal Project construct a breakwater that would create a tranquil basin, thus reducing operational downtime at the MCT.

The feasibility study was carried out to provide an overview of the project from a technical, environmental, social, economic and financial point of view.

The recommended Island Terminal Project comprises the following components:

- The construction of a 1600m long breakwater to create a tranquil basin in front of the MCT;
- Dredging of the navigation channel to 18m along a revised alignment;
- Land reclamation of some 60 ha on the lee side of the breakwater and on the reef using the dredged material;
- Construction of a link bridge from the northern end of the MCT to the Island Terminal;
- Quay construction over a length of 1245m;
- Container stacking yard of an area of about 50ha (capacity of up to 1.8 million TEUs), and
- Supply and Installation of Container Handling Equipment.

The study has confirmed that the Island Terminal is technically feasible and would decrease the downtime at MCT as well as providing increased container terminal capacity.

Accordingly, as recommended by the Consultants, an Information Memorandum to Investors to assess the market response has been issued. In the light of the response, a Transaction Advisor would be appointed to undertake further studies related to the project's financial and institutional arrangement.

2. Construction of Cruise Terminal Building at Port Louis Harbour

The main objective of the MPA is to ensure that passenger handling operations from cruise vessels and inter-island vessels calling at the Port Louis be carried out efficiently. Accordingly, MPA has embarked onto the construction of a cruise terminal building project at Les Salines, aimed at positioning Port Louis Harbour into an attractive homeporting hub for cruise vessels.

Following a procurement bidding exercise through an open advertised international bidding in February 2019, MPA has awarded the construction contract in August 2019 at an estimated cost of MUR 770 million to the joint venture comprising of China Road Bridge Corporation and Phil Alain Didier Co Ltd. The construction works will start around September 2019 and are expected to be completed around December 2020.

The cruise terminal building, designed to be an iconic steel structure with a footprint of some 7500 m2, would handle peaks of up to 4000 passengers. The project will also include other facilities such as parking space for vehicles, improved road network, etc.

3. Corrosion Protection to Quay Structures at Port Louis Harbour

Following a thorough survey of the status of the piled foundations, in years 2007-2008, the MPA has, during the year under review, implemented the first protective measure against corrosion to the existing tubular and sheet piles located on Terminals I, II and Port Mathurin, Rodrigues. This protective measure consisted of rehabilitation works to the corroded sections of those piles followed by the fixing of high density poly-ethene protective jackets.

The works had to be carried under water and involved the removal of existing used-up anodes, cleaning of existing surfaces of the piles and sheet piles followed by welding works undertaken by a team of specialised welders to enable the installation of sacrificial aluminium anodes. Some 3000 sacrificial anodes of length varying between 2.5m to 3.6m were fixed to the piles at water depths varying between 4m to 13.5m at Terminals I, II, Trou Fanfaron Fishing Port at Port Louis and Port Mathurin, Rodrigues. The works were successfully completed in June 2019.

4. Breakwater and Fishing Port at Fort William

The MPA has embarked on a project to construct a breakwater to provide a tranquil basin to shelter ocean going fishing vessels and a safe haven for mooring of the vessels during adverse weather.

The project will also include the construction of a fishing port at Fort William. The facility will comprise a quay wall of about 50m long equipped with the marine furniture (fenders, bollards, navigational aids) and all other facilities which may be required to service the ocean going vessels and their fishing equipment as appropriate. A basin will accordingly be dredged alongside the quay so as to allow safe navigation of the ocean going fishing vessels. The consultants have completed the preliminary planning studies and are presently engaged in the detailed design of the preferred development option.

Accordingly, as recommended by the Consultants, an Information Memorandum to Investors to assess the market response would be issued shortly to potential investors. In the light of the response, a Transaction Advisor would be appointed to undertake further studies related to the project's financial and institutional arrangements

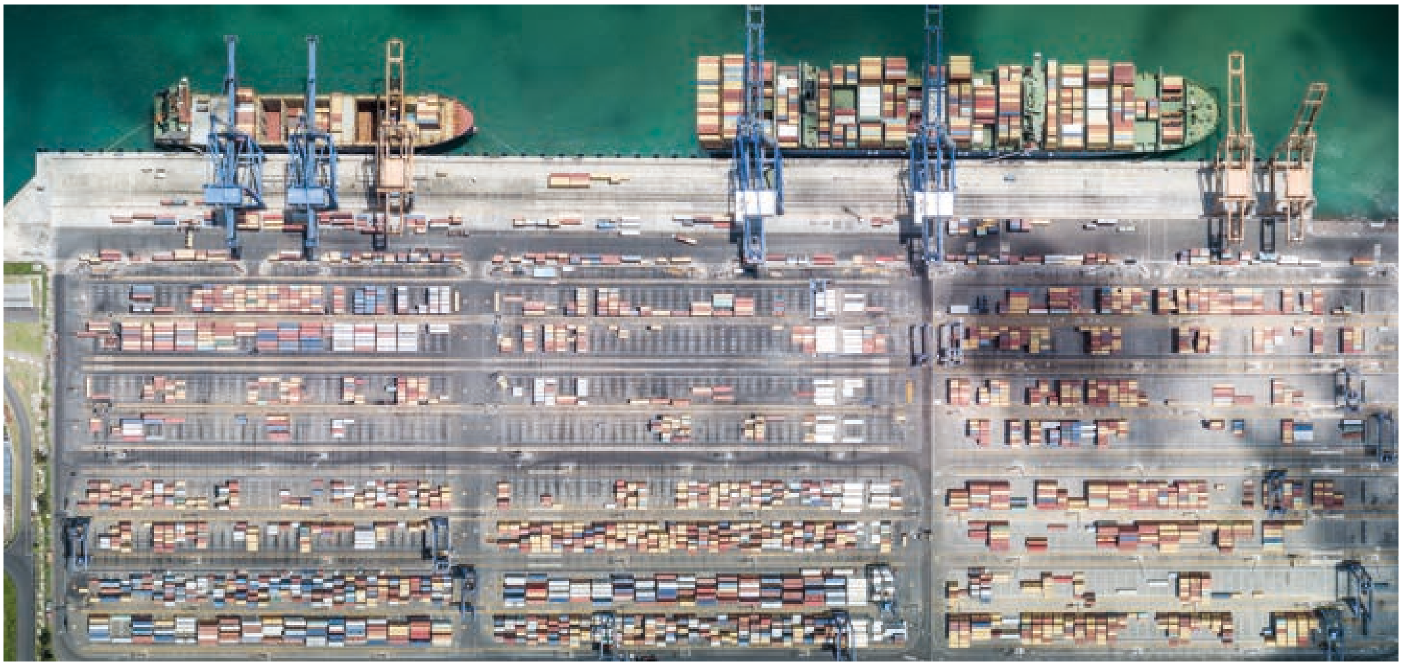
5. Wayfinding signage

The port area has a vast range of businesses but even those who work in the port do not know all the organisations that are located within the port. Currently, due to a lack of signage, some businesses are displaying their own sign boards to assist visitors to locate them.

In order to enhance the attractiveness of the port, the design and installation of branded wayfinding directional signage will be undertaken. This would help identify what businesses are present in each area and would make companies more accessible for trade to the public and other stakeholders. Way-finding will greatly improve the experience of business visitors to the area.

6. Mini-Soccer Pitch and Cloakroom

In order to promote the welfare and encourage the practice of sport activities among its staff, MPA is embarking on a project to construct a mini-soccer pitch and a cloakroom within the port area by mid-2020.



Key Events

The period 1 July 2018 to 30 June 2019 was marked by a number of significant achievements and the Mauritius Ports Authority organised a series of public events and activities.

November 2018: Wreath Laying Ceremony at the Chagos Monument to commemorate the deportation of the Chagossian Community.

The MPA Chairman meeting with Professor Christopher Wooldridge from Cardiff at the Greenport Congress.

September 2018: Visit of the Honourable Minister of Port, Ghana to the MPA.

July 2018: Signing of a Memorandum of Understanding between the MPA and Froid des Mascareignes Ltd for the cleaning of the port waters – the Floating Debris Recovery Craft is now operational on a daily basis.

October 2018: The Seafarers' Training Scheme inducted on board of 'Mauritius Trochetia' followed by the signing of a MoU between the MPA and EWF for part funding of the said scheme.

December 2018: Annual Religious Ceremony at the MPA; the theme for the year 2018 being: *"Nos valeurs se trouvent dans nos actions"*

September 2018: Prize Giving Ceremony of the 'Exposition de Peintures' – "Le port – dans la palette des collégiens"

March 2019:
51 Independence Day Celebration

Morning: Chairman as Guest of honour for the Flag raising ceremony at Remi Ollier Govt School, Quatre Bornes

Afternoon: Flag raising ceremony at MPA and celebration of International Women's Day followed by a presentation of certificates and gifts to employees having completed 25 years of dedicated service.

New Port Security Officers during a parade at the HRB together with the Chairman and the Director, Legal and Administrative services.

Signing of contract for a pre-feasibility study on cruise development in the Indian Ocean Islands between the Ports Association of the Indian Ocean Islands and Inchcape Shipping Services (Mauritius) Ltd, in the presence of Mr. Didier Dogley, Seychelles Minister of Tourism, Civil Aviation, Ports and Marine and also the President of the Vanilla Islands Association.

Forum on "Creating opportunities for women in the maritime and port sector", organised by the Women's wing of the Ports Association of the Indian Ocean Islands at the Caudan Arts Centre.

May 2019: The MPA sponsoring the St Esprit College Triathlon.

June 2019: AIVP (the worldwide network of port cities) General Meeting 2019 at Freeport of Riga Authority.

June 2019: Signature of Memorandum of Understanding between Abu Dhabi Ports and the Mauritius Ports Authority to pool their combined expertise to enhance the maritime sector across the Indian Ocean.

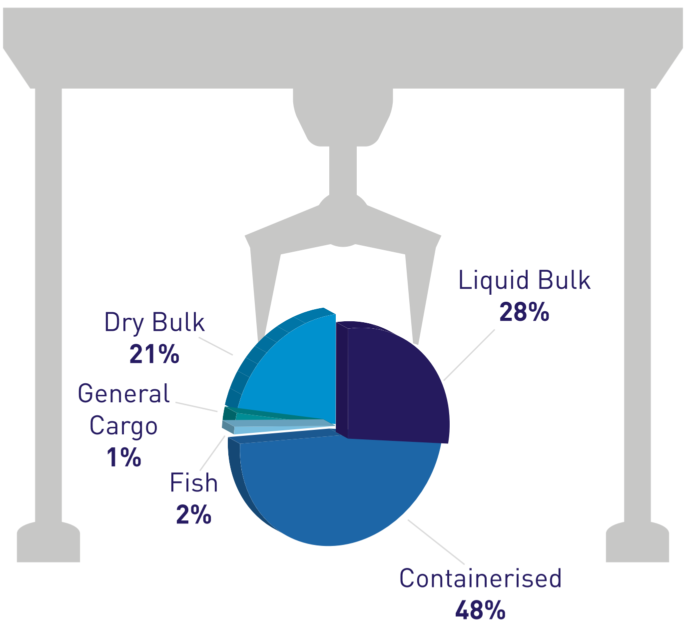
Capt. Newoor, Deputy Port Master presenting a commemorative shield to the Master of MSC Orchestra on her maiden call at Port Louis Harbour.

OPERATIONS
REPORT

PORT TRADE PERFORMANCE

In spite of the challenging external economic environment, the port achieved a remarkable performance in all its business segments in the financial year 2018/2019. It is worth noting that trade in the port increased by 10.2% to reach a new record level of 8.4 million tonnes. The composition of total cargo traffic is depicted as follows:

Operational Highlights for Financial Year 2018/19:



Total Trade Volume	**8.4 million tonnes**	**(+10.2%)**
Containerised Cargo	4.1 million tonnes	(+22.9%)
Dry Bulk Cargo	1.8 million tonnes	(+3.5%)
Liquid Bulk Cargo	2.3 million tonnes	(-1.7%)
Fish Traffic	155,958 tonnes	(+10.8%)
Total Container Traffic	**482,695 TEUs**	**(+20.5%)**
Captive Container	281,408 TEUs	(+8.2%)
Transhipment Container Inwards	**201,287 TEUs**	**(+43.4%)**
Transhipment Container Outwards	200,832 TEUs	(+42.0%)
Total Container Throughput	**683,527 TEUs**	**(+26.1%)**
Total Vessel Traffic	**3411 calls**	**(+3.7%)**
Containerised Vessels	574 calls	(+6.7%)
Fishing Vessels	1140 calls	(+7.7%)
Cruise Traffic		
Cruise Vessel	**45 calls**	**(+21.6%)**
Passengers on Arrival	**61,759 passengers**	**(+56.5%)**
Passengers on Departure	**61,630 passengers**	**(+57.4%)**
Total Bunker Traffic	**593,229 tonnes**	**(+7.8%)**
Pipeline	**111,062 tonnes**	**(-3.5%)**
Barges	**482,167 tonnes**	**(+10.8%)**

■ New Record

Total Cargo Traffic (New Record)

Total Cargo Traffic witnessed an all-time record growth of 10.2% attaining 8,449,638 tonnes in FY18/19 compared with 7,665,232 tonnes in FY17/18.

	FY17/18	FY18/19	Difference	% Change
Total Imports	5,141,771	5,348,618	206,847	4.0
Total Exports	1,298,566	1,295,316	-3250	-0.2
Total Containerised Transhipment Inwards	1,224,895	1,805,704	580,809	47.4
Total	**7,665,232**	**8,449,638**	**784,406**	**10.2**

Table 1
Total Cargo Traffic – FY17/18 v/s FY18/19 (tonnes)

Total Imports

Total Imports (with the exception of Liquid Bulk and Bagged Cargo Traffic) registered a growth of 4.0 % and stood at 5,348,618 tonnes in FY18/19 as compared to 5,141,771 tonnes in FY17/18. However, Total Exports decreased marginally by 0.1% and stood at 1,295,316 tonnes in FY18/19 as compared to 1,298,566 tonnes in FY17/18.

Imports	FY17/18	FY18/19	Difference	% Change
Solid Bulk	1,751,773	1,817,475	65,702	3.8
Liquid Bulk	1,733,491	1,703,658	-29,833	-1.7
Containerised	1,467,714	1,646,053	178,339	12.2
Fish	134,026	148,893	14,867	11.1
General Cargo	27,212	32,539	5,327	19.6
Bagged Cargo	27,555	-	-27,555	-
Total	**5,141,771**	**5,348,618**	**206,847**	**4.0**

Table 2
Breakdown of Total Imports FY17/18 v/s FY18/19 (tonnes)

Total Container Traffic

Total Container Traffic reached a new peak from 400,506 TEUs in FY17/18 to 482, 695 TEUs in FY18/19, representing an increase of 20.5% (equivalent to 82,189 TEUs).

	FY17/18	FY18/19	Difference	% Change
Captive	260,183	281,408	21,225	8.2
Transhipment	140,323	201,287	60,964	43.5
Total	**400,506**	**482,695**	**82,189**	**20.5**

Table 3
Total Container Traffic – FY17/18 v/s FY18/19 (TEUs)

Total Transhipment Inwards Container Traffic (New Record)

Transhipment Container Traffic registered a double digit growth of 43.5% from 140,323 TEUs to 201,287 TEUs for the year under review as shown in Table 4. This includes an increase of 47,181 TEUs (47.4%) in Laden Transhipment Containers which attained 146,686 TEUs and an increase of 13,783 TEUs (33.7%) in Empty Transhipment Containers which reached 54,601 TEUs.

	FY17/18	FY18/19	Difference	% Change
Jul	8,720	17,062	8,342	95.7
Aug	6,109	19,541	13,432	219.9
Sep	9,569	17,650	8,081	84.5
Oct	12,208	21,982	9,774	80.1
Nov	10,731	17,269	6,538	60.9
Dec	11,103	15,585	4,482	40.4
Jan	7,272	13,284	6,012	82.7
Feb	12,771	15,779	3,008	23.6
Mar	9,113	16,700	7,587	83.3
Apr	17,854	15,609	-2,245	-12.6
May	16,807	15,289	-1,518	-9.0
Jun	18,066	15,537	-2,529	-14.0
Total	**140,323**	**201,287**	**60,964**	**43.5**

Table 4
Total Transhipment Inwards Container Traffic – FY17/18 v/s FY18/19 (TEUs)

Container Imports/Exports

Total Containerised Imports increased by 12.2%. The breakdown of this traffic in Table 5 reveals that Captive containerised cargo imports expanded by 12.3% whilst Inter-Island Containerised Imports contracted by 7.1%.

	FY17/18	FY18/19	Difference	% Change
Captive	1,456,829	1,635,943	179,114	12.3
Inter-Island	10,885	10,110	-775	-7.1
Total	**1,467,714**	**1,646,053**	**178,339**	**12.2**

Table 5
Containerised Cargo Imports – FY17/18 v/s FY18/19 (tonnes)

Conversely, Containerised Exports registered a small growth of 0.1% from 636,401 tonnes in FY17/18 to 636,915 tonnes in FY18/19. Figures show that Captive Containerised Exports recorded a slight decrease of 0.4% whilst Inter-Island Containerised Exports increased by 3.6%.

	FY17/18	FY18/19	Difference	% Change
Captive	566,069	564,027	-2,042	-0.4
Inter-Island	70,332	72,888	2,556	3.6
Total	**636,401**	**636,915**	**514**	**0.1**

Table 6
Containerised Exports – FY17/18 v/s FY18/19 (tonnes)

General Cargo Imports/Exports

Imports witnessed an increase of 19.6% due to growth of 18.6% and 68.6% in Unitized Break Bulk and Inter-Island General Cargo Imports, respectively. At the same time, General Cargo Exports expanded by 248.4%. The breakdown of this traffic shows that both Unitized Break Bulk and Inter-Island Exports noted growth of 1603.3% and 112.1%, respectively.

Fish Imports/Exports

Total fish imports showed a significant increase of 11.1%, with 148,893 tonnes in FY18/19 as compared to 134,026 tonnes in FY17/18.

	Volume (tonnes)				Vessel Calls			
	FY17/18	FY18/19	Difference	% Change	FY17/18	FY18/19	Difference	% change
Tuna/Loin Processing	73,005	85,117	12,112	16.6	25	27	2	8
Local Market	1,988	2,349	361	18.2	304	390	86	28.3
Transhipment Inwards	52,129	54,362	2,233	4.3	610	598	-12	-2
Direct Transhipment Inwards	6,904	7,065	161	2.3	93	93	0	0
Total	**134,026**	**148,893**	**14,867**	**11.1**	**1,032**	**1,108**	**76**	**7.4**

Table 7
Fish Traffic Imports – FY17/18 v/s FY18/19 (tonnes)

Fish transhipment activity increased by 4.3% to reach 54,362 tonnes in FY18/19 against 52,129 tonnes recorded in FY17/18.

As regards Fish Exports for FY18/19, direct transhipment outward of fish stood at 7,065 tonnes compared to 6,735 tonnes in FY17/18, representing an increase of 4.9% and also, a significant growth of 68.4% has been noted in the number of vessel calls for the year under review.

	Volume (tonnes)				Vessel Calls			
	FY17/18	FY18/19	Difference	% Change	FY17/18	FY18/19	Difference	% change
Direct Transhipment outwards (ship to ship)	6,735	7,065	330	4.9	19	32	13	68.4

Table 8
Fish Exports – FY17/18 v/s FY18/19 (tonnes)

Cruise Traffic

During the financial year 2018/2019, the number of cruise calls stood at 45 against 37 in FY17/18, equivalent to 21.6%. Out of the 45 calls recorded in FY18/19, the number of Homeporting (HMPT) and Round The World Cruises (RTWC) calls accounted to 25 and 20 respectively.

Cruise Passengers Arrivals

Similarly, cruise passenger arrivals expanded by 56.5% from 39,451 in FY17/18 to reach a new high of 61,759 passengers in FY18/19. This increase is attributed to the fact that MSC, Costa and Aida cruises mobilised bigger ships at Port Louis in FY18/19 compared to FY17/18.

	Total Cruise Passengers				Total Cruise Calls			
	FY17/18	FY18/19	Difference	% Change	FY17/18	FY18/19	Difference	% Change
HMPT	22	25	3	13.6	24,091	42,751	18,660	77.4
RTWC	15	20	5	33.3	15,360	19,008	3,648	23.8
TOTAL	**37**	**45**	**8**	**21.6**	**39,451**	**61,759**	**22,308**	**56.5**

Table 9
Fish Exports – FY17/18 v/s FY18/19 (tonnes)

Other salient features of FY 18/19 port trade performance are as follows:
Coal imports witnessed an increase of 1,586 tonnes from 741,481 tonnes in FY17/18 to 743,067 tonnes in FY18/19. The marginal rise in coal importation in FY 18/19 reflects that coal/bagasse fire stations are operating at full capacity.

Bulk Cement imports increased by 12.8% from 621,291 tonnes in FY17/18 to 700,794 tonnes in FY18/19 mainly due to the implementation of major public investment projects. In fact, according to the National Accounts Estimates June 2019, the construction sector is expected to grow by 8.5% by end of 2019.

Imports of wheat noted a decline of 12.4% from 167,238 tonnes in FY17/18 to 146,480 tonnes in FY18/19.

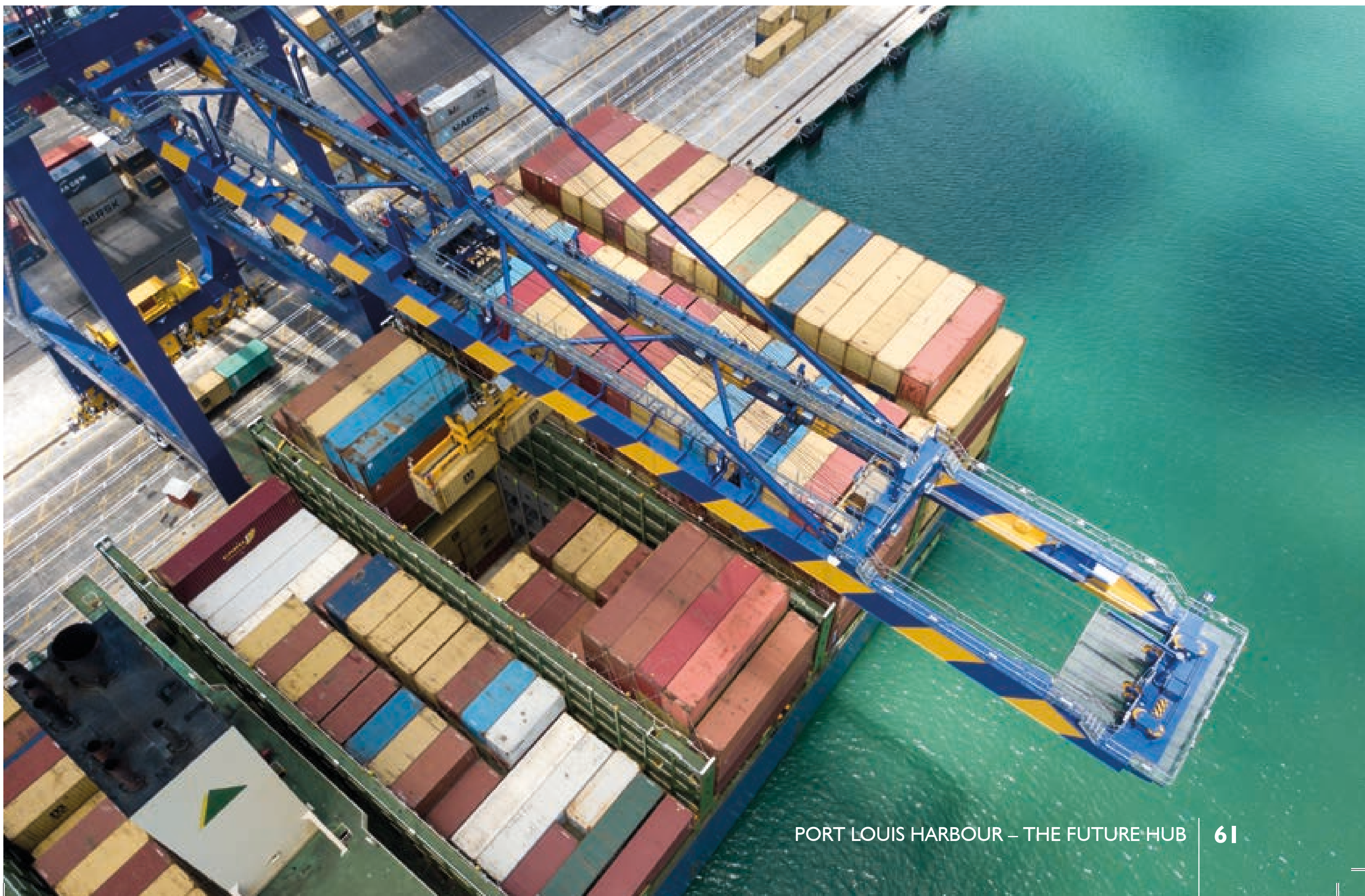
Bulk sugar imports have fallen from 167,238 tonnes in FY17/18 to 147,480 tonnes in FY18/19, representing a negative growth of 12.6%.

Maize and Soya Bean Meal registered an expansion of 1.5% and 8.8%, respectively for the financial year under review. Coupled with the local poultry firms exporting to regional markets, the expansion recorded in the traffic of animal feeds may be explained by a higher consumption of chicken meat in both local and foreign markets.

Import of fertilizer has doubled and stood at 10,000 tonnes in FY18/19 against 5,000 tonnes in FY17/18. This is in-line with the new impetus provided to the Agriculture sector in view of daunting challenges facing the sugar industry.

	FY17/18	FY18/19	Difference	% Change
Coal	741,481	743,067	1,586	0.2
Cement	621,291	700,794	79,503	12.8
Wheat	167,238	146,480	-20,758	-12.4
Sugar	47,000	41,060	-5,940	-12.6
Maize	118,112	119,875	1,763	1.5
Soya Bean Meal	51,651	56,199	4,548	8.8
Fertilizer	5,000	10,000	5,000	100
Total	**1,751,773**	**1,817,475**	**65,702**	**3.8**

Table 10
Solid Bulk Imports – FY17/18 v/s FY18/19 (tonnes)



Imports of White oil noted an increase of 1.5% from 818,324 tonnes in FY17/18 to 830,379 tonnes in FY18/19, reflecting the strengthening of domestic economy, buoyant bunkering activities as well as anticipated growth of 3.2% in transportation and storage for 2019, according to National Accounts Estimates June 2019.

Imports of Black oil increased from 724,726 tonnes in FY17/18 to 733,216 tonnes in FY18/19. This performance is being driven by growing demand for marine fuel oil as bunkers as well as the coming into operations of two additional barges since 2018.

Imports of Edible Oil contracted by 39.7% from 25,700 tonnes to 15,500 tonnes. This drop is the result of the declining market share of Moroil the sole refinery which is currently estimated around 50% of the local demand.

Bitumen imports have increased by 15.5% for the financial year, mainly due to public sector investment which is expected to expand by 26.7% in 2019 compared to 12.7% growth recorded in 2018 (National Accounts Estimates June 2019)

	FY17/18	FY18/19	Difference	% Change
White oil	818,324	830,379	12,055	1.5
Black oil	724,726	733,216	8,490	1.2
LPG	158,505	117,363	-41,142	-26
Edible oil	25,700	15,500	-10,200	-39.7
Bitumen	6,236	7,200	964	15.5
Total	**1,733,491**	**1,703,658**	**-29,833**	**-1.7**

Table 11
Liquid Bulk Imports – FY17/18 v/s FY18/19 (tonnes)

Bunkering Activities (New Record)

Total volume of bunker increased by 7.8% from 550,241 tonnes in FY17/18 to reach a new level of 593,229 tonnes in FY18/19. The breakdown hereunder reveals that refueling by barge activity has maintained its buoyancy.

	Volume (tonnes)				Vessel Calls			
	FY17/18	FY18/19	Difference	% Change	FY17/18	FY18/19	Difference	% Change
Bunker by pipeline	115,070	111,062	-4,008	-3.5	1,282	1,355	73	5.7
Bunker by barge	435,171	482,167	46,996	10.8	915	966	51	5.6
Total	**550,241**	**593,229**	**42,988**	**7.8**	**2,197**	**2,321**	**124**	**5.6**

Table 12
Bunker Exports – FY17/18 v/s FY18/19 (tonnes)


SINOKOR

FINANCIAL REPORT

Financial Report

The MPA has achieved a comfortable net surplus of Rs 377.4 million compared to the last year figure of Rs 269.0 million, representing a 40.3% increase. The Operating Revenue realised for FY 2018/2019 has been to the order of Rs 1.46 billion compared to Rs 1.34 billion achieved for FY 2017/2018, representing a growth of 8.9%

The major financial performance indicators for the FY 2018/2019 as per the Financial Statements and comparative figures for the FY 2017/2018 are shown hereunder: -

Items	FY 2018/2019	FY 2017/2018
	Rs M	Rs M
Operating Revenue	1,464.5	1,344.1
Other Income	169.1	185.3
Total Revenue	1,633.6	1,529.4
Operating Expenses	(1,344.8)	(1,320.4)
Finance Income	65.9	46.0
Operating Surplus	354.7	255.0
Foreign Exchange Gain/ (Loss)	22.7	14.0
Net Surplus	377.4	269.0

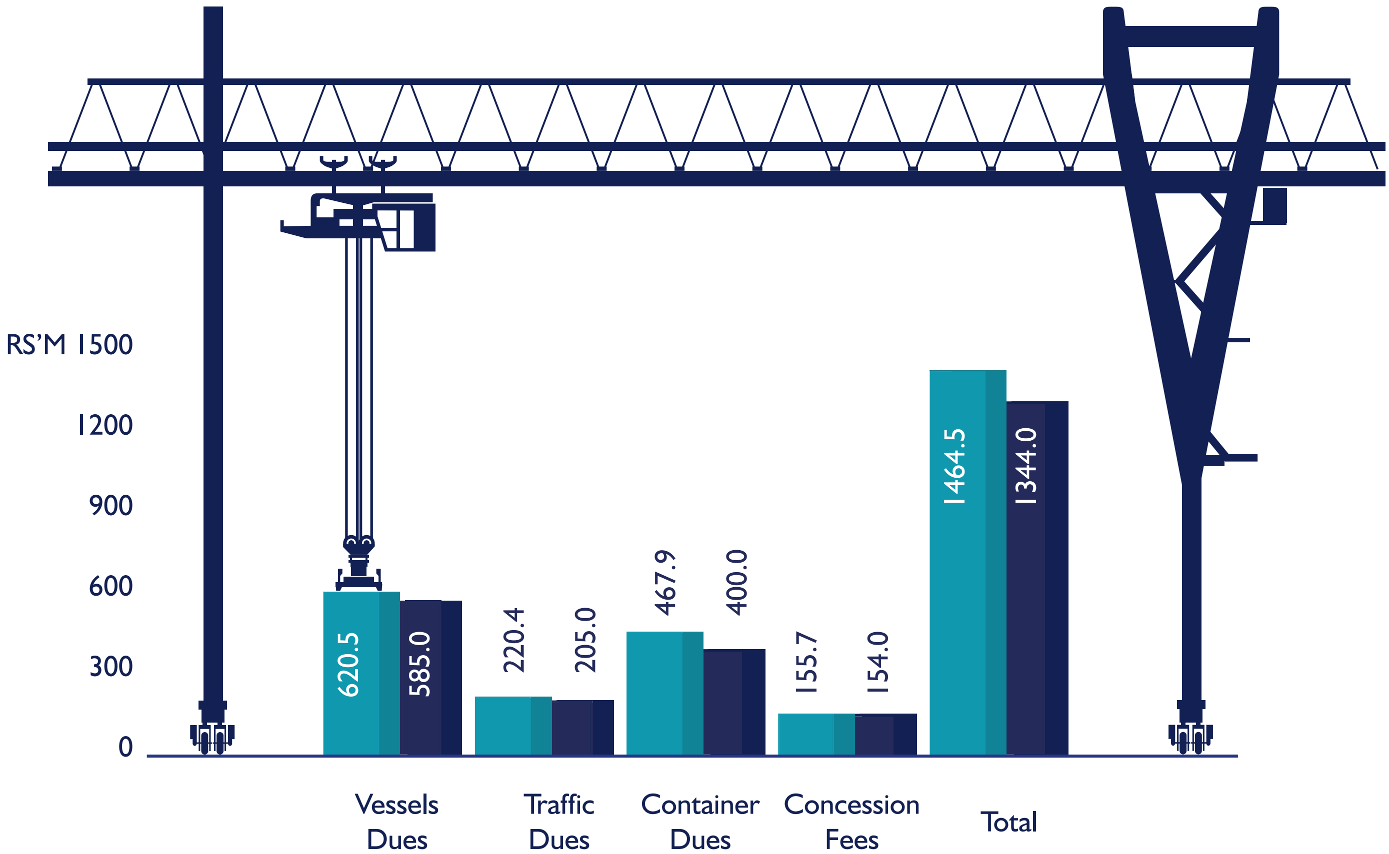
The key performance indicators for financial and operational performances for the two financial years are as shown below: -

Items	FY 2018/2019	FY 2017/2018
Profitability Ratios		
Operating Profit ratio	24.2%	18.9%
Net Surplus Margin	23.1%	17.6%
Solvency Ratios		
Gearing ratio	4.2%	4.8%
Liquidity ratio		
Current ratio	3.1	2.2
Operating figures		
Cargo traffic (Million tonnes)	8.45	7.7
Captive Container Traffic (TEUs)	281,408	260,183
Container Transhipment Traffic (TEUs)	201,287	140,323
Vessel Traffic	3,411	3,274

Operating Revenue

The MPA realised a total operating revenue of Rs. 1,464.5 million for FY 2018/2019 compared to Rs. 1,344.1 million for FY 2017/2018 representing a growth of 8.9%. The chart below illustrates the different components of operating income together with the comparative figures for FY 2017/2018.

Operating Income for FY 2017/2018 & FY 2018/2019



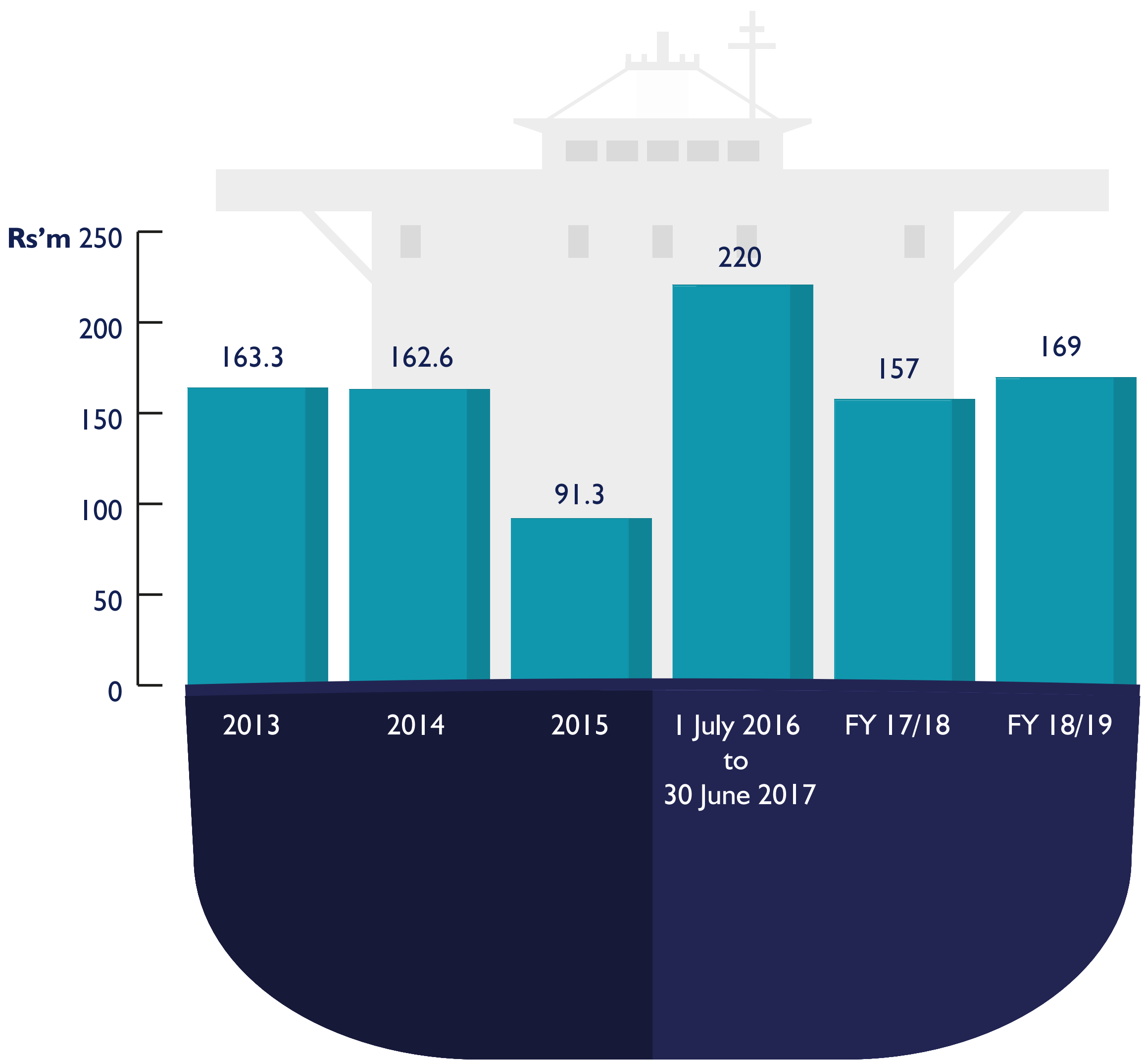
The increase in operating revenue is mainly attributable to a rise in the number of container vessels calling at Port Louis as well as vessels carrying out activities at outer anchorage. A marked increase of 17% has been realised on revenue derived from container traffic resulting from an increase in the volume container transhipment activities handled at Port Louis during FY 2018/2019 compared to previous financial year.

The rise in container traffic is mainly due to the increased container handling capacity at the Mauritius Container Terminal, following the completion of the project for the Upgrading and Extension of Berths at the MCT at the cost of USD 190 million.

Operating Revenue (Cont'd)

The MPA has been actively promoting container transhipment traffic at Port Louis. The operating revenue derived from this segment of activity over the last five reporting periods together with that derived over this financial year is shown hereunder: -

Revenue from Container Transshipment Activities



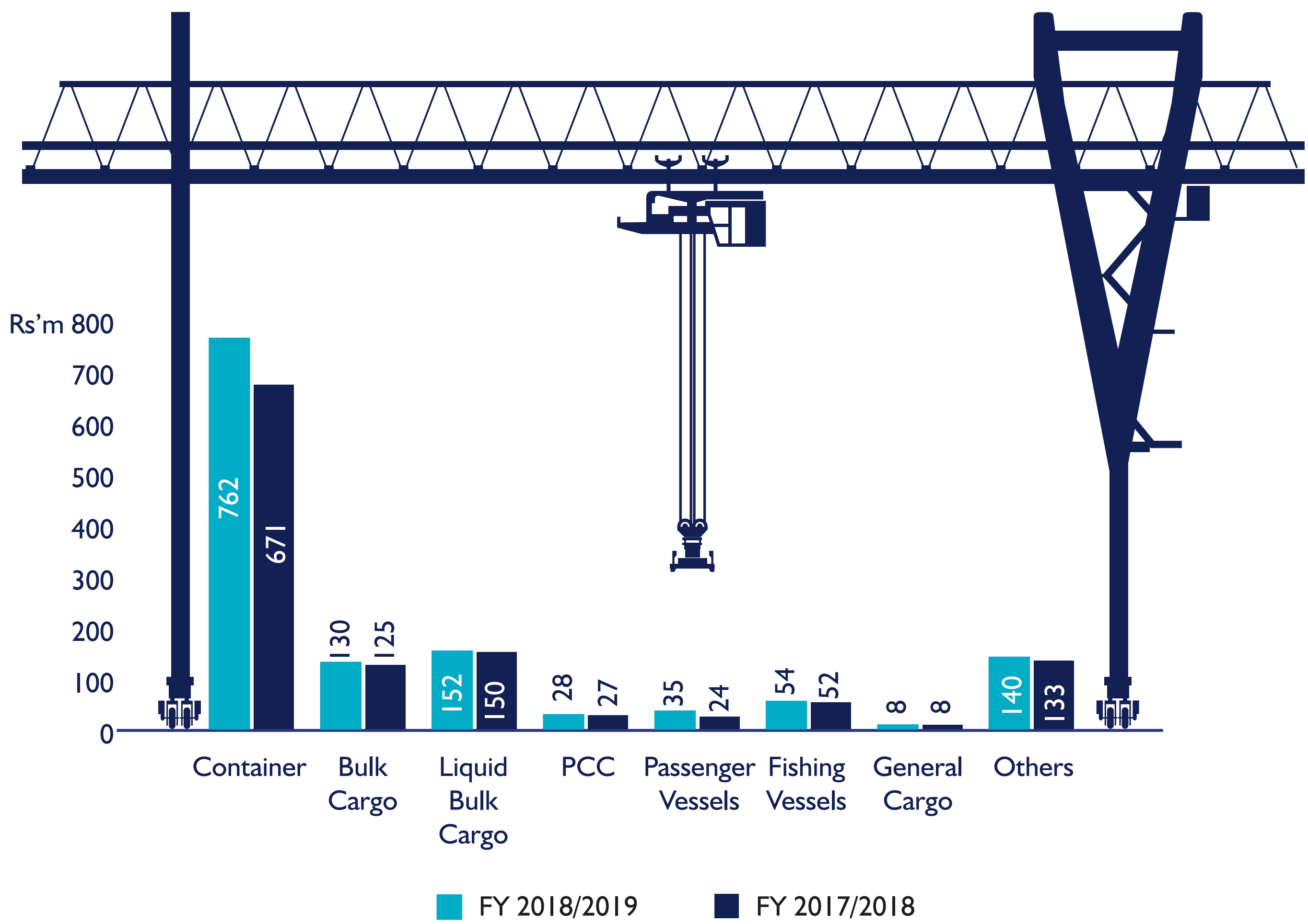
The other factor which has contributed positively to the growth in operating income has been the appreciation of the USD against the MUR during the financial year. The USD/MUR exchange rate for FY 2017/2018 was at an average rate of Rs 34.60/USD as compared to Rs 35.14/USD for the current financial year.

Due attention is also given to the promotion of other segments. Incentive schemes have been devised to attract vessels operating at outer anchorage for operations like bunkering, change of crew, repairs, uplifting of ship stores, hull cleaning by environmental friendly technologies amongst others. The MPA in its quest to promote cruise tourism has devised incentive schemes in terms of passenger fees for cruise vessels using Port Louis as their home port.

It is worth mentioning that the number of vessels calling at outer anchorage for operations for these various activities have shown satisfactory increases.

The chart below shows the composition of total operating revenue (excluding concession fees) generated from the handling of different types of cargo traffic for FY 2018/2019 with comparison figures for the FY 2017/2018.

Revenue by Type of Gargo



FINANCIAL
REPORT

Non-Operating Income

The Authority has derived non-operating income, comprising rental income, investment income, and finance Income to the tune of Rs 235.0 million in FY 2018/2019 as compared to Rs 231.3 million for the FY 2017/2018.

The ensuing sections compare the income derived from each of these sectors over the two periods: -

Rental Income

The rental income for the FY 2018/2019 has been lower than the last year figure given that several lease agreements were renewed in the year 2017/2018 which gave rise to claims of arrears in rental charges.

Investment Income

During FY 2018/2019, the MPA received dividend income to the order of Rs. 24.1 million compared to Rs 31.6 million for the FY 2017/2018. The lower investment income in FY 2018/2019 is explained by the fact that higher dividends were paid from investee companies during previous financial year namely SBM Bank Ltd, Les Moulin de la Concorde, Port Louis Fund and Froid des Mascareignes.

Finance Income

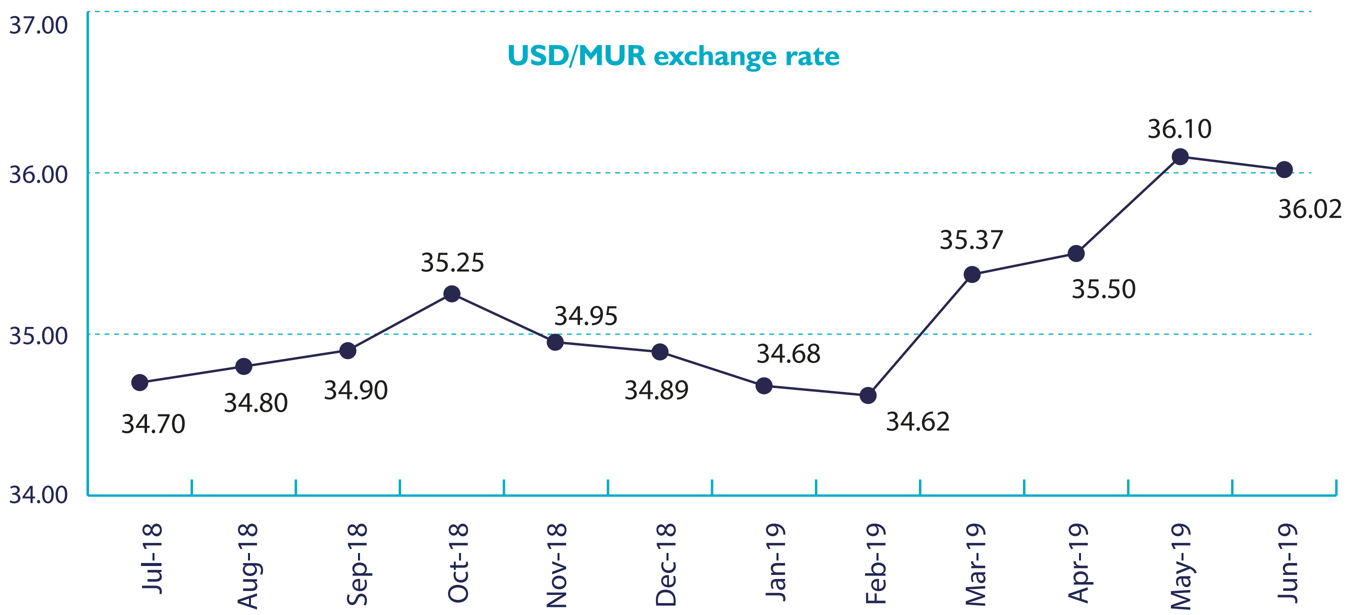
The Authority has derived finance income for an amount of Rs 65.9 million compared to Rs 46.0 million for the last financial year. The Finance income comprises mainly interest receivable on the Authority's investment on deposit accounts and interest on credit facilities granted to the CHCL for the purchase of the Rail Mounted Quay Cranes.
With the completion of the project for extension of Mauritius Container Terminal, higher cash balances are now available for investment on longer terms, on which higher interest rates are perceived, hence the increase in Finance Income.

Operating Expenses

The Authority incurred total operating expenses for an amount of Rs 1,344 million for FY 2018/2019 compared to Rs 1,320 million for FY 2017/2018, representing an increase of about 1.8% attributed mainly to rise in employee benefit expenses following recruitment of additional staff during the FY 2018/2019 and annual salary increases to its staff.

Foreign Exchange Difference

The appreciation of the USD against the MUR has had a beneficial effect on the MPA's USD balance. The net effect had been a foreign exchange gain to the order of some Rs 22.7 million. The graph shown hereunder shows the movement of the exchange rate between the two currencies over FY 2018/2019.



Net Surplus

The Authority has realised a net surplus of Rs 377.4 million for the FY 2018/2019 compared to Rs 269.0 million for the FY 2017/2018. The main factors that have contributed to the rise in the Net Surplus is the increase in operating income and the appreciation of the USD against the Mauritian Rupee.

The MPA has been discharging its duties as laid down in the Ports Act 1998 and all developments have been implemented as recommended under the Port Master Plan. The main capital projects in the pipe line are been elaborated hereunder: -

- **The Construction of a Cruise Terminal Building at Les Salines.**

  With a view to enhancing cruise reception facilities, the MPA is proceeding with the construction of a Cruise Terminal Building at Les Salines to accommodate both Cruise and Inter-Island passenger traffic. This building will set the pace for future developments in the region;

- **The Construction of breakwaters at Fort William and Caudan.**

  The breakwaters are being constructed to enhance safety and security at these regions. The breakwater at Fort William will also accommodate a fishing port.

- **The Construction of a fishing port at Fort William.**

  The main objective of the project is to provide appropriate fish landing quays together with a sheltered basin at Fort William to ensure a safe mooring place for the ocean going fishing vessels.

- **Procurement of Tugs**

  The MPA has to provide reliable and efficient pilotage and tug services round the clock for the safe berthing and unberthing of vessels at Port Louis and Port Mathurin. The MPA will have to proceed with the acquisition of new tugs as the existing ones are not powerful enough to handle the large vessels which are regularly calling at Port Louis Harbour.

A total amount of some Rs 6.6 billion has been earmarked for the next five financial years for the continued improvement of port infrastructure.

The main project in the very long term remains the proposed construction of an Island Terminal in front of the Mauritius Container Terminal. A technical and financial feasibility study, financed by the African Development Bank through a grant has been carried out. The project will consist of the construction of a breakwater which will protect the existing MCT berths from adverse weather conditions and hence avoiding port closure during these situations.

FINANCIAL
STATEMENTS

GrantThornton

Independent auditors' report
To the member of MAURITIUS PORTS AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mauritius Ports Authority, the "Authority", which comprise the statement of financial position as at 30 June 2019 and the statement of financial performance, statement of changes in net assets/ equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 73 to 121 give a true and fair view of the financial position of the Authority as at 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Statutory Bodies (Accounts and Audit) Act 1972 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Information, Statement of Directors' Responsibilities and Corporate Governance Report sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("the Code") disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Authority has, pursuant to Section 75 of the Financial Reporting Act 2004, 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 of the financial statements in accordance with International Public Sector Accounting Standards and the requirements of the Statutory Bodies (Accounts and Audit) Act 1972 and the Financial Reporting Act 2004, and for such internal control as management determines is necessary to enable the preparation of the 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 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 either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 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 Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Statutory Bodies (Accounts and Audit) Act 1972

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

Other Matter

Our report is made solely to the member of the Authority as a body in accordance with Section 8 of the Statutory Bodies (Accounts and Audit) Act 1972. Our audit work has been undertaken so that we might state to the Authority's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 16 OCTOBER 2019

Ebene 72201, Republic of Mauritius

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MAURITIUS PORTS AUTHORITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Notes	2019	2018
ASSETS		**Rs'000**	Rs'000
Current			
Cash and cash equivalents	14	**276,729**	556,121
Trade and other receivables	12	**253,234**	260,570
Loans receivable	10	**49,997**	50,229
Other financial assets	13	**1,902,133**	1,795,110
Inventories	11	**29,548**	30,045
Current assets		**2,511,641**	2,692,075
Non-current			
Intangible assets	5	**1,863**	3,099
Infrastructure, plant and equipment	6	**13,558,418**	14,032,896
Land and buildings	6	**663,322**	688,653
Investment property	7	**7,554,000**	7,554,000
Assets under construction	8	**145,865**	34,388
Available-for-sale financial assets	9	**566,201**	580,542
Loans receivable	10	**90,810**	136,673
Other financial assets	13	**203,173**	-
Non-current assets		**22,783,652**	23,030,251
Total assets		**25,295,293**	25,722,326
LIABILITIES			
Current			
Trade and other payables	19	**250,759**	748,124
Dividends payable to Government of Mauritius	32	**300,000**	250,000
Borrowings	16	**178,574**	166,208
Provisions for other liabilities	20	**87,911**	88,563
Current liabilities		**817,244**	1,252,895
Non-current			
Borrowings	16	**766,448**	914,144
Retirement benefit obligations	17	**890,094**	916,670
Capital grant	18	**106,320**	110,943
Non-current liabilities		**1,762,862**	1,941,757
Total liabilities		**2,580,106**	3,194,652
Net assets		**22,715,187**	22,527,674
NET ASSETS/EQUITY			
Republic of Mauritius capital account		**48,059**	48,059
Capital reserve	15	**10,255,376**	10,255,376
Reserve fund	15	**4,482,491**	4,240,170
Revaluation surplus	15	**7,584,914**	7,589,281
Investment fair value reserve	15	**326,796**	333,970
Accumulated surplus		**17,551**	60,818
Total net assets/equity		**22,715,187**	22,527,674

These financial statements have been approved for issue by the directors on: 16 October 2019

Chairperson	Director-General	Director - Finance
Name: R.MAISTRY	**Name: S. SUNTAH**	**Name: S. GANGA**

The notes on pages 77 to 121 form an integral part of these financial statements.

MAURITIUS PORTS AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE

	Notes	2019	2018
		Rs'000	Rs'000
OPERATING REVENUE			
Vessel dues	21	**620,452**	585,178
Traffic dues	22	**220,392**	205,361
Container dues	23	**467,896**	400,035
Concession fees	35(v)	**155,751**	153,517
		1,464,491	1,344,091
NON-OPERATING REVENUE			
Investment income	24	**24,084**	31,613
Finance income	25	**65,868**	45,991
Rental income	26	**136,563**	140,901
Gain on disposal of plant and equipment	6	**2,170**	4,065
Other non-operating revenue	27	**6,240**	8,745
		234,925	231,315
OPERATING EXPENSES			
Employee benefit expenses	28	**(548,121)**	(515,486)
Sundry operating expenses		**(17,879)**	(15,770)
Running and repairs of equipment expenses		**(80,067)**	(86,884)
Administrative expenses	29	**(48,002)**	(49,173)
Finance costs	16	**(40,471)**	(30,126)
Depreciation and amortisation	5 & 6	**(610,214)**	(623,009)
		(1,344,754)	(1,320,448)
OPERATING SURPLUS		**354,662**	254,958
Net foreign exchange gain		**22,704**	14,028
SURPLUS FOR THE YEAR	30	**377,366**	268,986
Other comprehensive income:			
Items that will not be reclassified subsequently to surplus or deficit:			
Actuarial gains/(losses) recognised	17 & 31	**17,321**	(195,326)
Items that will be reclassified subsequently to surplus or deficit:			
(Decrease)/increase in fair value of available-for-sale financial assets	9 & 31	**(7,174)**	30,499
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**10,147**	(164,827)
TOTAL SURPLUS FOR THE FINANCIAL YEAR		**387,513**	104,159

The notes on pages 77 to 121 form an integral part of these financial statements.

MAURITIUS PORTS AUTHORITY

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE

	Capital account	Capital reserve	Reserve fund	Revaluation surplus	Investment fair value reserve	Accumulated surplus	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July 2018	48,059	10,255,376	4,240,170	7,589,281	333,970	60,818	22,527,674
Release on disposal of infrastructure, plant and equipment (Note 6)	-	-	-	(4,367)	-	4,367	-
Surplus for the year	-	-	-	-	-	377,366	377,366
Transfer from accumulated surplus to reserve fund	-	-	225,000	-	-	(225,000)	-
Other comprehensive income	-	-	17,321	-	(7,174)	-	10,147
Dividends	-	-	-	-	-	(200,000)	(200,000)
At 30 June 2019	**48,059**	**10,255,376**	**4,482,491**	**7,584,914**	**326,796**	**17,551**	**22,715,187**

	Capital account	Capital reserve	Reserve fund	Revaluation surplus	Investment fair value reserve	Accumulated surplus	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July 2017	48,059	9,781,376	4,435,496	7,344,281	303,471	1,832	21,914,515
Addition (net) during the year (Notes 6 and 7)	-	474,000	-	285,000	-	-	759,000
Release on disposal of infrastructure, plant and equipment (Note 6)	-	-	-	(40,000)	-	40,000	-
Surplus for the year	-	-	-	-	-	268,986	268,986
Other comprehensive income	-	-	(195,326)	-	30,499	-	(164,827)
Dividends	-	-	-	-	-	(250,000)	(250,000)
At 30 June 2018	48,059	10,255,376	4,240,170	7,589,281	333,970	60,818	22,527,674

The notes on pages 77 to 121 form an integral part of these financial statements.

MAURITIUS PORTS AUTHORITY

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE

	Notes	2019	2018
		Rs'000	Rs'000
Cash flows from operating activities			
Cash from operations	34(a)	**469,389**	907,308
Interest received		**51,446**	42,606
Interest paid		**(41,759)**	(40,491)
Net cash from operating activities		**479,076**	909,423
Cash flows from investing activities			
Purchase of property, plant and equipment, net of assets under construction		**(235,332)**	(1,139,131)
Proceeds from sale of property, plant and equipment		**5,720**	4,065
Investments in available-for-sale financial assets		**(1,293)**	(5,463)
Capital reduction		**8,460**	-
Loan repayments received		**47,218**	45,396
Dividends received		**23,807**	32,600
Net cash used in investing activities		**(151,420)**	(1,062,533)
Cash flows from financing activities			
Long term borrowing		**(156,514)**	(160,252)
Dividends paid		**(150,000)**	(100,000)
Net cash used in financing activities		**(306,514)**	(260,252)
Net decrease in cash and cash equivalents		**21,142**	(413,362)
Cash and cash equivalents, beginning of year		**2,338,938**	2,752,300
Cash and cash equivalents, end of year	34(b)	**2,360,080**	2,338,938

The notes on pages 77 to 121 form an integral part of these financial statements.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

Mauritius Ports Authority, the "Authority" or "MPA", is a state-owned enterprise, domiciled in the Republic of Mauritius.

The Ports Act 1998 has established the Mauritius Ports Authority as the sole national Port Authority to operate as a landlord port, to regulate and control the port sector and to provide marine services. Its registered address is H.Ramnarain Building, Mer Rouge, Port Louis, Republic of Mauritius.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Mauritius Ports Authority comply with the Statutory Bodies (Accounts and Audit) Act 1972 and have been prepared in accordance with International Public Sector Accounting Standards (''IPSAS''). The Authority has adopted IPSAS as required by Section 75 of the revised Financial Reporting Act 2004. Where there is no applicable IPSAS, the alternative accounting standards applied are the International Financial Reporting Standrards ("IFRS"). These financial statements have been presented in Mauritian Rupee and all values are rounded to the nearest thousand (Rs '000) except where otherwise stated.

The financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of properties and certain financial assets and financial liabilities.

2.2 Application of new and revised IPSAS

2.2.1 New and revised standards that are effective for the period beginning on 01 July 2018

In the current financial year, the following revised standards issued by IPSASB became mandatory for the first time for the financial year beginning on 01 July 2018:

Approved Budget (Amendements to IPSAS 1)
These amendements replaced the reference to an approved budget with a reference to general purpose prospective financial statements, in both PBE IPSAS 1 for annual reporting and PBE IAS 34 for interim reporting. In addition, the comparison is to be presented:
- on the face of the financial statements or as a separate statement for public sector entities; and
- on the face of the financial statements, as a separate statement or in the notes for non-for-profit entities.

2016 Omnibus Amendments to Standards - bearer plants
The amendments bring bearer plants, which are used solely to grow produce, into the scope of PBE IPSAS 17 *Property, plant and equipment* (and out of the scope of PBE IPSAS 27 *Agriculture*) so that they are accounted for in the same way as property, plant and equipment. A bearer plant is defined as "a living plant that:
- is used in the production or supply of agricultural produce;
- is expected to bear produce for more than one period; and
- has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales."

The Authority has taken into consideration the above amendments, where applicable, in the preparation of the financial statements for the year ended 30 June 2019.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.2.2 Early adoption of IPSAS 39 – Employee Benefits

The IPSASB issued Exposure Draft (ED) 59, Amendments to IPSAS 25, *Employee Benefits*, in January 2016. The proposed amendments thereto made a large number of changes to the contents and form of IPSAS 25 that impaired its understandability. The International Public Sector Accounting Standards Board (IPSASB) therefore decided, in June 2016, to issue a new IPSAS 39, *Employee Benefits*, rather than a revised IPSAS 25.

The main differences between IPSAS 39 and IPSAS 25 are:

(i) Removal of an option that allowed an entity to defer the recognition of changes in the net defined benefit liability (the "corridor approach");
(ii) Introduction of the net interest approach for defined benefit plans;
(iii) Amendment of certain disclosure requirements for defined benefit plans and multi-employer plans;
(iv) Simplification of the requirements for contributions from employees or third parties to a defined benefit plan when those contributions are applied to a simple contributory plan that is linked to service; and
(v) Removal of the requirements for Composite Social Security Programs.

The effective date of IPSAS 39 was 01 January 2019, with earlier adoption being allowed. The Authority had therefore opted for the early adoption of IPSAS 39 for the preparation of its financial statements as from FY 2018/2019.

2.2.3 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Authority

Improvements to IPSAS 2018 deals with non-substantive changes to IPSAS through a collection of unrelated amendments. These amendments and interpretations to existing standards have been published that are effective for the accounting periods beginning on or after 01 January 2019 or later periods but which have not been early adopted.

Impairment of Revalued Assets (Amendments to IPSASs 21 and 26)
This amends the scope of IPSAS 21 *Impairment of Non-Cash-Generating Assets* and IPSAS 26 *Impairment of Cash-Generating Assets* to include property, plant and equipment and intangible assets measured at revalued amounts and also amends IPSAS 17 to clarify that the recognition of impairment losses and reversals of impairment losses for a revalued asset does not necessarily require the entire class of assets to which that item belongs to be revalued.

IPSAS 34 Separate Financial Statements
This new Standard, when applied with IPSAS 35 *Consolidated financial statements*, *supersedes* IPSAS 6 *Consolidated and separate financial statements*. The requirements of IPSAS 34 are substantially the same as the previous requirements for separate financial statements contained in IPSAS 6.

IPSAS 35 Consolidated Financial Statements
The Standard provides detailed guidance on how to apply the control principle in a number of situations, including discussion around predetermined activities and network and partner agreements. The mixed group guidance contained in IPSAS 6 *Consolidated financial statements* has also been incorporated into IPSAS 35, with minimal adjustment.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.2.3 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Authority (Contd)

IPSAS 36 Investments in Associates and Joint Ventures
This new Standard, when applied, supersedes IPSAS 7 *Investments in Associates.* The new Standard combines the accounting for both associates and joint ventures as a result of requiring the use of the equity method to account for investments in joint ventures as well as for investments in associates.

IPSAS 37 Joint Arrangements
This new Standard classifies joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (which will include some of the entities currently classified as jointly controlled entities).

IPSAS 38 Disclosure of Interests in Other Entities
A number of new disclosures are required by investment entities, entities which control investment entities and which are not themselves investment entities, and in relation to unconsolidated structured entities.

2018 Omnibus Amendments to Standards
The amendments consist of the following:
- amendments arising from Improvements to IPSAS, 2018;
- amendments arising from IASB amendments; and
- editorial corrections such as correcting references and removing duplicates and old definition.

FRS 48 Service Performance Reporting
This new Standard introduces high-level requirements for Tier 1 and Tier 2 PBEs relating to service performance information. All NFP PBEs, and those PS PBEs which are legally required to provide service performance information, must provide the following information:
- the reason for the entity's existence, what the entity aims to achieve over the medium to long term (in broad terms), and how it will go about achieving this; and
- what the entity has done in order to achieve its broader aims and objectives, as stated above.

IPSAS 41 Financial Instruments
IPSAS 41 introduces a new classification and measurement regime for financial instruments and will need to be carefully considered by each entity.

2.3 Property, plant and equipment

Property, plant and equipment is initially recorded at cost.

Some classes of property, plant and equipment held for the operational activities or for administrative purposes are stated at revalued amounts less subsequent depreciation. Revalued amounts are fair value determined out by external independent valuers once every 5 years or more frequently if market factors indicated a material change in fair value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The remaining classes of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.3 Property, plant and equipment (Contd)

Increases in the carrying amounts arising from revaluation are credited directly to revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that reverses a revaluation decrease of the same class of assets previously recognised in surplus or deficit.

Properties in the course of construction for operational activities, rental or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs are capitalised. Depreciation on these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount of the assets and are recognised in surplus or deficit. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to accumulated surpluses or deficits.

Depreciation is calculated on the straight line method to write down the cost or revalued amounts to their residual values over their estimated useful life.

The annual rates are as follows:	% p.a
Buildings	2.5 - 100
Navigational Aids	1.7 - 20
Tugs and Floating Crafts	5 - 100
Quays	1.4 - 4.76
Furniture and Equipment	20
Plant and Equipment	5.26 - 25
Cargo Handling Equipment	7.14 - 16.66
Marine Radio Equipment	10 - 20
Mooring Buoys and Ancillary Equipment	10 - 20
Motor Vehicles and Fire Fighting Equipment	7.69 - 100
Electrical Installation	10 - 25
Computer and Security Equipment	20
Fencing Port Area	6.25 - 20

Land is not depreciated.

Subsequent expenditures related to an item of property, plant and equipment are added to its net book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenditures are expensed as and when incurred.

Projects under which assets are not ready for their intended use are shown separately in the statement of financial position as 'Assets under construction'.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.4 Intangible assets

Intangible assets comprise of computer software and are amortised over a period of 5 years.

The method of amortisation reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise used up and where such pattern cannot be reliably determined, a straight line amortisation method is used.

All intangible assets are subject to impairment testing at each reporting date.

2.5 Investment property

All of the Authority's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment property and are measured using the fair value model. Investment property is revalued based on fair value determined by external independent valuers once every 5 years or more frequently if market factors indicate a material change in fair value. Gains and losses arising from changes in the fair value of investment properties are included in surplus or deficit in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the year in which the property is derecognised.

2.6 Financial assets

(a) Categories of financial assets

The Authority classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. The Authority's loans and receivables comprise cash and cash equivalents, term deposits, loans receivable and most of its trade and other receivables.

(ii) Available- for- sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months at the end of the reporting date.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.6 Financial assets (Contd)

(b) *Recognition and measurement*

Purchases and sales of financial assets are recognised on trade-date, the date on which the Authority commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets.

Available-for-sale financial assets are subsequently carried at their fair values. Loans and receivables are carried at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are accounted at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in investment fair value reserve through the statement of changes in net assets/equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of financial performance as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Authority establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(c) *Impairment of financial assets*

The Authority assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- probability that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial assets because of financial difficulties.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.6 Financial assets (Contd)

(c) Impairment of financial assets

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Authority's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised directly in net assets/equity are reclassified to surplus or deficit.

Any increase in fair value subsequent to an impairment loss is recognised directly in the net assets/equity under the heading of investments revaluation reserve. Impairment losses recognised in surplus or deficit for an available-for-sale investment shall not be reversed through surplus or deficit.

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 the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

(d) Derecognition of financial assets

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised 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 the consideration received and receivable and the cumulative gain or loss that had been recognised directly in net assets/equity is recognised in surplus or deficit.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.6 Financial assets (Contd)

(d) Derecognition of financial assets

On derecognition of a financial asset other than in its entirety, the Authority allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised directly in net assets/equity are recognised in surplus or deficit. A cumulative gain or loss that had been recognised directly in net assets/equity is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.7 Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the current market rate of return of similar financial assets.

If there is objective evidence that an impairment loss has occured, same is recognised in surplus or deficit. Long term receivables without fixed maturity terms are measured at cost.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses

2.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in surplus or deficit.

2.10 Retention monies

Retention monies are amount retained by the Authority on construction contracts awarded to external contractors and which are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts or until defects have been rectified.

Retention monies are recognised on the basis of percentage of completion method, as certified by civil engineers and are accounted based on retention percentage stipulated in the contract.

The retention monies payable are accounted under trade and other payables with a corresponding entry accounted in 'Assets under construction'.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.11 Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and in hand and demand deposits, together with other short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

All fixed deposits with initial maturity more than 3 months are recognised separately under 'Other financial assets'.

2.12 Trade and other payables

Trade and other payables and accruals are liabilities to pay for goods or services that have been received or supplied or formally agreed with the suppliers. Trade and other payables are stated at their fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in surplus or deficit over the period of the borrowings using the effective interest method.

2.14 Employment benefits

2.14.1 Post-employment benefit plans and short-term employee benefits

The Authority provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

The Authority pays fixed contributions into a defined contribution scheme administered by SICOM for employees who joined the MPA after 01 January 2013. The Authority has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Defined benefit plans

Under the Authority's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Authority, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation ("DBO") at the reporting date less the fair value of plan assets.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.14.1 Post-employment benefit plans and short-term employee benefits (Contd)

Defined benefit plans (Contd)

Management estimates the DBO on an annual basis and hires SICOM Ltd to carry out this exercise. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Service cost on the Authority's defined benefit plan is included in employee benefit expenses. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is also included in employee benefit expenses. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income.

State plan

Contributions to the National Savings Fund are expensed in the statement of financial performance in the period in which they fall.

Short-term employee benefits

Short-term employee benefits are included in employee benefits expenses.

2.15 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupees ("MUR" or "Rs"), the currency of the primary economic environment in which the Authority operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Authority's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the investment fair value reserve.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.16 Impairment of assets

At each reporting date, the Authority reviews the carrying amounts of its 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).

When it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of financial performance, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the statement of financial performance, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.17 Revenue recognition

Revenue comprises the fair value for the sale of services, net of rebates and discounts.

Sales of services are recognised in the accounting year in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided).

The Authority has entered into a concession agreement with the Cargo Handling Corporation Limited whereby the latter provides cargo services at Terminals I, II and III as a cargo operator. Concession fees are receivable annually.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.17 Revenue recognition (Contd)

Other revenues earned by the Authority are recognised on the following bases:

- Rental income - on an accruals basis in accordance with the substance of the relevant agreements.
- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.
- Dividend income - when the shareholder's right to receive payment is established.
- Other income - in the accounting period in which it is receivable.

2.18 Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of past events. It is probable that the Authority will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.19 Funds and reserves

2.19.1 Capital account

Capital account represents investments in the form of capital by the Government of Mauritius.

2.19.2 Other reserves

Other reserves include the following:

Capital reserve - Comprises gains and losses on revaluation on investment property and other reserve.

Reserve fund - This reserve represents funds transferred to Port Development Reserve, General Reserve and Insurance Reserve.

Revaluation reserve - Comprises gains and losses from revaluation of property, plant and equipment.

Investment fair value reserve - Comprises gains and losses on fair valuation of available-for-sale financial assets.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.19.3 Surpluses and deficits

Accumulated surpluses include all current and prior years' results.

2.19.4 Dividend distribution

Dividend distribution to the Government of Mauritius is recognised as a liability in the Authority's financial statements in the year in which the dividends are declared.

2.20 Leases

Leases are classified as finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases (net of any incentives received from the lessor) and are charged to surplus or deficit on a straight line basis over the period of the lease.

The Authority as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.21 Related parties

For the purpose of these financial statements, parties are considered to be related to the Authority if they have the ability, directly or indirectly, to control the Authority or exercise significant influence over the Authority in making financial and operating decisions, or vice versa, or where the Authority is subject to common control or common significant influence. Related parties may be individuals or other entities.

2.22 Grants

Grants are not recognised until there is reasonable assurance that the Authority will comply with the conditions attaching to them. Grants are recognised in surplus or deficit on a systematic basis over the periods in which the Authority recognises as expenses the related cost for which the grants are intended to compensate. Specifically, grants whose primary condition is that the Authority should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to surplus or deficit on a systematic and rational basis over the useful life of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Authority with no future related cost are recognised in surplus or deficit in the period in which they become receivable.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in surplus or deficit in the period in which they are incurred.

2.24 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Authority. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.25 Operating expenses

Operating expenses are recognised in deficit or surplus upon utilisation of the service or as incurred.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Authority's activities expose it to a variety of financial risks, including:

- Foreign exchange risk;
- Credit risk;
- Price risk;
- Liquidity risk; and
- Interest rate risk.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the Authority's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

Foreign exchange risk

The Authority is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro ("EUR") and United States Dollar ("USD").

The Authority has set up a policy that requires management to manage its exchange risk exposures with treasury.

The Authority aims at keeping sufficient cash in foreign currencies to repay its debts denominated in that same currency and also to finance major capital projects payable in foreign currencies.

The Authority's currency profile is as follows:

	2019			2018		
	MUR	USD	EUR	MUR	USD	EUR
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
Cash and cash equivalents	163,238	103,079	10,412	250,498	229,834	75,789
Other financial assets	671,296	1,434,010	-	529,365	1,150,781	114,964
Loans receivable	35,077	105,730	-	61,028	125,874	-
Available-for-sale financial assets	566,201	-	-	580,542	-	-
Trade and other receivables	243,449	-	-	253,323	-	-
	1,679,261	1,642,819	10,412	1,674,756	1,506,489	190,753
Liabilities						
Borrowings	-	945,022	-	-	1,080,352	-
Trade and other payables	224,318	26,441	-	406,055	261,586	80,483
Provision for other liabilities	87,911	-	-	88,563	-	-
	312,229	971,463	-	494,618	1,341,938	80,483

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.1 Financial Risk Factors (Contd)

Foreign exchange risk (Contd)

At 30 June 2019, if the rupee had weakened/strengthened by 3% (2018: 5%) against the USD/EUR with all other variables held constant, surplus income for the year would have reduced/increased by Rs 20.5 million (2018: Rs 13.7 million).

Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Authority's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and the current economic environment.

The Authority has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Authority has policies in place to ensure that rendering of services are made to customers with an appropriate credit history.

The table below shows the balance of the major counterparties at the reporting date.

	2019	2018
	Rs'000	Rs'000
Maersk Mauritius Ltd	**22,624**	20,978
Mediterranean Shipping & Co. Ltd	**22,678**	29,991
Cargo Handling Corporation Limited	**14,999**	11,683
Cameron Ltd	**-**	6,250
Mauritius Shipping Corporation Ltd	**14,631**	7,998
Total Mauritius Limited	**10,215**	8,929
	85,147	85,829

The Authority considers that no credit risk is associated with the loans receivable since payments are received as per terms of repayment.

Concerning the available-for-sale financial assets, the Authority has invested in a diversified portfolio and these investments are measured at fair value. Management considers the credit risk to be manageable.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit rating.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.1 Financial Risk Factors (Contd)

Price risk

The Authority is exposed to price risk in relation to its equity investments which are measured at fair value based on their quoted prices or generally acceptable valuation techniques.

Sensitivity analysis

The table below summarises the impact of increase/decrease in the fair value of the investments on the net assets/equity.

The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	Impact on net assets/equity	
	2019	2018
	Rs'000	Rs'000
Available-for-sale financial assets	8,380	9,322

Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Authority aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting date to the contractual maturity date.

	6 months or less	6 - 12 months	1 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
30 June 2019					
Trade and other payables	250,759	-	-	-	250,759
Provisions for other liabilities	87,911	-	-	-	87,911
Borrowings	89,287	89,287	766,448	-	945,022
Total	427,957	89,287	766,448	-	1,283,692

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.1 Financial Risk Factors (Contd)

Liquidity risk (Contd)

	6 months or less	6 - 12 months	1 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
30 June 2018					
Trade and other payables	748,124	-	-	-	748,124
Provisions for other liabilities	88,563	-	-	-	88,563
Borrowings	83,104	83,104	664,832	249,312	1,080,352
Total	919,791	83,104	664,832	249,312	1,917,039

Interest rate risk

All the interest bearing assets and liabilities have fixed interest rate except cash and cash equivalents. Therefore, the Authority's exposure to interest rate risk is limited.

At 30 June 2019, the Authority's interest bearing financial instruments included cash at bank amounting to Rs 276.7 million (2018: Rs 556.1 million). The rate may increase or decrease depending on the prime lending rate.

A change of 0.50% in interest rates at the reporting date would have increased/(decreased) surplus by Rs 1,384 (2018: Rs 2,781) for the Authority.

Interests rates between 2.44% to 3.85% p.a. are receivable on MUR fixed deposit accounts while interest rates between 2.85 % to 4.00 % p.a. are receivable on USD fixed deposit accounts.

Legal risk

Legal risk is the risk that the business activities of the Authority have unintended or unexpected legal consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- Actual or potential violations of laws or regulations (including activity unauthorised for the Authority and which may attract a civil or criminal fine or penalty);
- Failure to protect the Authority's property (including its intellectual property); and
- The possibility of civil claims (including acts or other events which may lead to litigation or other disputes).

The Authority identifies and manages legal risk through effective use of its internal and external advisers.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.1 Financial Risk Factors (Contd)

Business risk

Business risk is the risk associated with operations and marketing activities of the Authority. Such risks can be associated with demand variability, sales price variability, competitor threat, operational leverage, portfolio risk and product development risks to the extent that they are independent of market risk. Business risk can also arise from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud or unforeseen catastrophes will result in unexpected losses. Business risk is closely monitored.

Operational risk

Operational risk is the risk of direct or indirect losses arising from inadequate or failed internal processes, people and technology and from external events. Management of operational risk is closely monitored.

Environment and strategy risks

Environment and strategy risks arise when there are forces that could either put the Authority out of business or significantly change the fundamentals that drive the Authority's overall objectives and strategies.

Environment risk may arise from:
- failure to understand customers' needs;
- failure to anticipate or react to actions of competitors; and
- over dependence on vulnerable suppliers.

The assessment of the environment and strategy risks also included discussions on:

- Changes in laws/regulations and actions by the local regulators can result in increased pressures and significantly affect the Authority's ability to efficiently and competitively conduct business.
- Risks which make the industry less attractive as a result of changes in:
  - Key factors for competitive success within the industry, including significant opportunities and threats;
  - Capabilities of existing and potential competitors; and
  - Authority's strengths and weaknesses relative to present and future competitors.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Authority is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of quoted equity investments classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2 otherwise they are included in level 3.

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 30 June 2019 and 30 June 2018 :

	Level 1	Level 2	Level 3	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 30 June 2019				
Available-for-sale financial assets	**167,603**	**36,008**	**362,590**	**566,201**
At 30 June 2018				
Available-for-sale financial assets	186,444	37,182	356,916	580,542

There were no transfers between Level 1 and Level 2 during the financial year ended 30 June 2019 and 30 June 2018.

The Authority has investments in both quoted and unquoted companies. The investments are measured at fair value based on their quoted prices or generally acceptable valuation techniques. Where the fair value could not be determined, the investments are measured at cost.

Level 3 fair value measurements

The reconciliation of the carrying amounts of financial assets classified within Level 3 is as follows:

	2019	2018
	Rs'000	Rs'000
At 01 July	**356,916**	321,950
Additions during the financial year	**987**	-
Capital reduction	**(8,460)**	-
Fair value gains for the financial year	**13,147**	34,966
At 30 June	**362,590**	356,916

The carrying amount of the Authority's other financial instruments approximates their fair values.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3. FINANCIAL RISK MANAGEMENT (CONTD)

3.3 Capital risk management

The Authority's objectives when managing capital are:

- to safeguard the Authority's ability to continue as a going concern, so that it can continue to provide returns for its member and benefits for other stakeholders, and
- to provide an adequate return to its member by pricing services commensurately with the level of risk.

The Authority sets the amount of capital in proportion to risk. The Authority manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Authority may adjust the amount of dividends paid to the Government or sell assets to reduce debt.

The Authority monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents and other short-term financial assets. Adjusted capital comprises all components of equity (i.e. capital account, capital reserve, reserve fund, investment fair value reserve, accumulated surpluses and revaluation surplus).

During the financial year ended 30 June 2019, the Authority's strategy, which was unchanged from the financial year ended 30 June 2018, was to maintain the least amount of debt. The gearing ratios as at 30 June 2019 and 30 June 2018 were as follows:

	2019	2018
	Rs'000	Rs'000
Total debt	**945,022**	1,080,352
Less: cash and cash equivalents *(including other short-term financial assets)*	**(2,382,035)**	(2,351,231)
Net debt	**-**	-
Total net assets/equity	**22,715,187**	22,527,674
Net debt-to-adjusted capital ratio	**-**	-

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Authority makes estimates and assumptions concerning the potential future events. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions made by the Authority that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(a) Impairment of available-for-sale financial assets

The Authority follows the guidance of IPSAS 29 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Authority evaluates, among other factors, the duration and extent to which the fair value of an investment is less than their carrying value taking into consideration factors such as industry and sector performance, changes in technology and the financial health of and near-term business outlook for the operational and financing cash flow.

(b) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Authority determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Authority considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

(c) Revaluation of land and buildings and investment property

The Authority carries its investment property at fair value, with changes in fair value being recognised in surplus or deficit. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised directly to revaluation surplus. The Authority engaged independent valuation specialists to determine fair value. For the investment property, the valuer used a valuation technique based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the property.

The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of the investment property, are further explained in Note 7.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD)

4.1 Critical accounting estimates and assumptions (Contd)

(d) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Authority using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Authority would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(e) Asset lives and residual values

Property, plant and equipment and intangible assets are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(f) Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Authority would currently obtain from disposal of the asset, if the asset was already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(g) Revenue recognition

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgement in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment applied to the total expected revenue arising from maintenance and repair contracts.

In addition, management exercises judgement in assessing whether significant risks and rewards have been transferred to the customer to permit revenue to be recognised.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD)

4.1 Critical accounting estimates and assumptions (Contd)

(h) Impairment of assets

Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value added and, if lower, the assets are impaired to the present value.

5. INTANGIBLE ASSETS

	2019	2018
	Rs'000	Rs'000
Cost		
At 01 July	**30,987**	30,987
Additions during the year	**2,329**	-
At 30 June	**33,316**	30,987
Amortisation		
At 01 July	**27,888**	21,691
Amortisation during the year	**3,565**	6,197
At 30 June	**31,453**	27,888
Carrying amount at 30 June	**1,863**	3,099

6. INFRASTRUCTURE, PLANT AND EQUIPMENT, LAND AND BUILDINGS

(a)	COST / VALUATION				DEPRECIATION				NET BOOK VALUES
	At 01 July 2018	Additions	Disposals	At 30 June 2019	At 01 July 2018	Charge for the year	Disposal adjustments	At 30 June 2019	At 30 June 2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Land	332,550	-	-	332,550	-	-	-	-	332,550
Buildings & infrastructure	963,823	15,963	-	979,786	261,478	55,303	-	316,781	663,007
Navigational aids	18,376	-	-	18,376	7,039	1,133	-	8,172	10,204
Tugs and floating crafts	906,332	-	-	906,332	204,631	55,587	-	260,218	646,114
Quays	13,801,423	81,605	-	13,883,028	1,125,759	465,830	-	1,591,589	12,291,439
Furniture and equipment	50,383	2,624	(1,040)	51,967	41,421	3,207	(1,024)	43,604	8,363
Plant and equipment	52,465	1,030	(167)	53,328	23,474	4,312	(167)	27,619	25,709
Cargo handling equipment	2,894	-	-	2,894	1,179	262	-	1,441	1,454
Marine radio equipment	7,656	293	-	7,949	6,654	662	-	7,316	633
Mooring buoys and ancillary equipment	216,100	-	-	216,100	16,377	3,640	-	20,017	196,084
Motor vehicles and fire fighting equipment	58,264	6,444	(15,808)	48,900	36,372	7,755	(12,274)	31,853	17,048
Electrical installation	47,120	-	-	47,120	28,182	3,698	-	31,880	15,240
Computer and security equipment	92,304	2,426	-	94,730	75,880	4,955	-	80,835	13,895
Fencing port area	5,930	-	-	5,930	5,625	305	-	5,930	-
Total	16,555,620	110,385	(17,015)	16,648,990	1,834,071	606,649	(13,465)	2,427,255	14,221,740

During the year under review, assets having net book value of Rs 3.550 million was disposed for a total consideration of Rs 5.720 million resulting into a gain on disposal of Rs 2.170 million. An amount of Rs 4.367 million (2018: Rs 40 million) was transferred from revaluation reserves to accumulated surpluses following the disposal of the assets.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

6. INFRASTRUCTURE, PLANT AND EQUIPMENT, LAND AND BUILDINGS (CONTD)

(a)	COST / VALUATION				DEPRECIATION				NET BOOK VALUES
	At 01 July 2017	Additions	Disposals	At 30 June 2018	At 01 July 2017	Charge for the period	Disposal adjustments	At 30 June 2018	At 30 June 2018
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Land	47,550	285,000	-	332,550	-	-	-	-	332,550
Buildings & infrastructure	872,416	91,407	-	963,823	201,273	60,205	-	261,478	702,345
Navigational aids	18,376	-	-	18,376	5,369	1,670	-	7,039	11,337
Tugs and floating crafts	925,119	1,213	(20,000)	906,332	167,521	57,110	(20,000)	204,631	701,701
Quays	6,983,127	6,818,296	-	13,801,423	663,193	462,566	-	1,125,759	12,675,664
Furniture and equipment	41,450	8,933	-	50,383	38,401	3,020	-	41,421	8,962
Plant and equipment	47,281	5,184	-	52,465	18,438	5,036	-	23,474	28,991
Cargo handling equipment	2,894	-	-	2,894	917	262	-	1,179	1,715
Marine radio equipment	7,508	148	-	7,656	5,433	1,221	-	6,654	1,002
Mooring buoys and ancillary equipment	216,100	-	-	216,100	12,738	3,639	-	16,377	199,723
Motor vehicles and fire fighting equipment	47,917	10,347	-	58,264	26,779	9,593	-	36,372	21,892
Electrical installation	47,120	-	-	47,120	23,510	4,672	-	28,182	18,938
Computer and security equipment	86,459	6,420	(575)	92,304	69,696	6,759	(575)	75,880	16,424
Fencing port area	5,930	-	-	5,930	4,566	1,059	-	5,625	305
Total	9,349,247	7,226,948	(20,575)	16,555,620	1,237,834	616,812	(20,575)	1,834,071	14,721,549

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

6. INFRASTRUCTURE, PLANT AND EQUIPMENT, LAND AND BUILDINGS (CONTD)

(b) If the following assets were stated on historical cost basis, the amount would be as follows:

	Cost	Accumulated depreciation	Net book values
	Rs'000	**Rs'000**	**Rs'000**
30 June 2019			
Buildings & infrastructure	**1,026,055**	**809,903**	**216,152**
Navigation aids	**21,256**	**19,484**	**1,772**
Tugs and floating crafts	**1,136,719**	**570,517**	**566,202**
Quays	**9,697,327**	**2,148,948**	**7,548,379**
Motor vehicles and fire fighting equipment	**64,626**	**49,659**	**14,967**
Mooring buoys & other equipment	**18,471**	**10,918**	**7,553**
Fencing port area	**66,495**	**66,495**	**-**
	12,030,949	**3,675,924**	**8,355,025**
30 June 2018	Rs'000	Rs'000	Rs'000
Buildings & infrastructure	1,020,017	794,384	225,633
Navigation aids	21,256	19,266	1,990
Tugs and floating crafts	1,136,719	522,394	614,325
Quays	9,616,438	1,772,992	7,843,446
Motor vehicles and fire fighting equipment	78,119	61,034	17,085
Mooring buoys & other equipment	18,471	9,239	9,232
Fencing port area	66,495	66,495	-
	11,957,515	3,245,804	8,711,711

7. INVESTMENT PROPERTY

	2019	2018
	Rs'000	Rs'000
Fair value model - Land		
At 01 July	**7,554,000**	7,080,000
Additions during the year	**-**	474,000
At 30 June	**7,554,000**	7,554,000

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

7. INVESTMENT PROPERTY (CONTD)

The Authority had at 30 June 2017 recognised land to the extent of 236 hectares ("ha") at its fair value in its financial statements. In the financial year ended 30 June 2018, the Authority has recognised additional land to the extent of 15.8 ha thus totalling 251.8 ha. The valuation has been based on the fair value of Rs 30 million per ha estimated by MPA's private valuer - Property & Asset Valuation Ltd, Chartered Valuation Surveyors. The fair value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties at 31 December 2014. The Board considers the carrying amount of land to approximate the fair value at reporting date.

Rental income from investment property amounted to Rs 136.6 million (2018: Rs 140.9 million). No operating expense was incurred towards the investment property during the reporting year.

8. ASSETS UNDER CONSTRUCTION

(a) Assets under construction relate to capital expenditure on incompleted projects of the Authority and their associated retention monies. Included therein are the following projects:

	2019	2018
	Rs'000	Rs'000
(i) Remedial Works to mechanical & electrical installation - Oil Jetty	**65,445**	-
(ii) High Security Fencing at Terminal II, MCT, HRB	**38,852**	-
(iii) Construction of a cruise Terminal	**30,814**	30,407
(iv) Retention monies (Note 19)	**10,754**	3,981
	145,865	34,388

(b) The movement in assets under construction during the year is as follows:

	2019	2018
	Rs'000	Rs'000
At 01 July	**34,388**	5,826,880
Additions	**160,680**	1,117,651
Transfer to property, plant and equipment (Note (i))	**(59,957)**	(6,914,124)
Retention monies	**10,754**	3,981
At 30 June	**145,865**	34,388

(i) The costs of projects completed during the year are transferred and shown as additions during the financial year under infrastructure, plant and equipment.

(ii) The Authority had taken a loan of USD 42.6 million from the Agence Francaise de Developpement ("AFD") for the upgrading and extension of Berth at the Mauritius Container Terminal ("MCT").

Borrowing costs of Rs 15.1 million paid to AFD during the financial year ended 30 June 2018 have been capitalised and included in the extension and strengthening of MCT project.

Capitalisation rates ranging between 3.22% p.a. and 3.59% p.a. were used, representing the borrowing costs of the loan used to finance the project.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) The Authority's investment in financial assets are classified as available-for-sale and include equity securities.

	2019	2018
At fair value	**Rs'000**	Rs'000
Listed	**71,753**	88,344
Development & Enterprise Market	**95,850**	98,100
Unquoted	**398,598**	394,098
Total available-for-sale financial assets	**566,201**	580,542

All available-for-sale financial assets are denominated in Mauritian rupees.

(b) The movement in available-for-sale financial assets may be summarised as:

	2019	2018
	Rs'000	Rs'000
At 01 July	**580,542**	544,580
Additions	**1,293**	5,463
Capital Reduction	**(8,460)**	-
(Decrease)/ increase in fair value	**(7,174)**	30,499
At 30 June	**566,201**	580,542

(c) The Authority has more than 20% interest in the following entity which is unquoted at the reporting date:

Froid des Mascareignes Limited

The Authority holds 30% of the share capital of Froid des Mascareignes Limited. Seafood Hub Ltd holds the majority of the share capital of the company and has control over its operating and financial policies. Given that the core activities of the Authority are different from those of Froid des Mascareignes Limited, the Authority does not exercise significant influence over the operating and financial policies of the company.

Thus, the investment in Froid des Mascareignes Limited has been treated as investment in financial assets and accounted for under IPSAS 29 - Financial Instruments: Recognition and Measurement.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

10. LOANS RECEIVABLE

	2019	2018
	Rs'000	Rs'000
Non-current		
Loans to Cargo Handling Corporation Limited (Note (a))	**79,669**	123,593
Loans to Mauritius Housing Company Ltd (Note (b))	**11,141**	13,080
	90,810	136,673
Current		
Loans to Cargo Handling Corporation Limited (Note (a))	**48,221**	47,849
Loans to Mauritius Housing Company Ltd (Note (b))	**1,776**	2,380
	49,997	50,229
Total loans receivable	**140,807**	186,902

(a) Loans receivable from Cargo Handling Corporation Limited represent advances for the purchase of cargo handling equipment. These loans are repayable in equal yearly instalments. The rates of interest on these loans vary between 3% to 7.5%.

(b) Loans receivable from Mauritius Housing Corporation Ltd represent advances for the Authority's Housing Loan Scheme. The loans are unsecured and are repayable in 20 equal yearly instalments. The rates of interest have been reduced from 5% to 2.50% since January 2016.

(c) Non-current loans receivable can be analysed as follows:

	2019	2018
	Rs'000	Rs'000
After one year and before five years		
- Cargo Handling Corporation Limited	**79,669**	123,593
- Mauritius Housing Company Ltd	**3,616**	4,721
	83,285	128,314
After five years		
- Mauritius Housing Company Ltd	**7,525**	8,359
	7,525	8,359
Total non-current loans receivable	**90,810**	136,673

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11. INVENTORIES

	2019	2018
	Rs'000	Rs'000
Oil, lubricants and spare parts	**30,136**	30,499
Office supplies	**1,180**	1,591
Operating supplies	**398**	534
Uniforms	**178**	276
Goods in transit	**824**	313
	32,716	33,213
Provision for damaged and obsolete items	**(3,168)**	(3,168)
	29,548	30,045

The cost of inventories recognised as expense during the year under review amounted to Rs 63.7 million (2018: Rs 81.1 million) and are included in running and repairs of equipment expenses.

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	Rs'000	Rs'000
Trade receivables	**109,032**	101,559
Amount owed by related party:		
Cargo Handling Corporation Ltd (Note 33)	**14,091**	12,410
Receivable from lessees of the Authority	**63,751**	71,382
	186,874	185,351
Allowance for credit losses (Note (d))	**(12,078)**	(13,344)
	174,796	172,007
Accrued revenue	**37,316**	49,853
Advances to employees	**31,042**	31,168
Prepayments	**9,785**	7,247
Other receivables	**295**	295
	253,234	260,570

(a) The net carrying amount of trade and other receivables is considered a reasonable approximation of the fair values.

(b) All of the Authority's trade and other receivables have been reviewed for indicators of impairment. Management believes that the provision of Rs 12.078 million is adequate and no additional provision is required during the financial year ended 30 June 2019.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

12. TRADE AND OTHER RECEIVABLES (CONTD)

(c) As of 30 June 2019, trade receivables of Rs 18.4 million (2018: Rs 6.2 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2019	2018
	Rs'000	Rs'000
Over 3 months	**18,415**	6,236

(d) Movements of the provision for impairment of trade receivables are as follows:

	2019	2018
	Rs'000	Rs'000
At 01 July	**13,344**	11,175
Impairment losses	**-**	2,169
Amounts written off (uncollectible)	**(1,266)**	-
At 30 June	**12,078**	13,344

(e) The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the end of the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any collateral as security.

13. OTHER FINANCIAL ASSETS

Other financial assets include fixed deposits placed with banks which are categorised as follows:

	2019	2018
	Rs'000	Rs'000
Current		
Fixed deposits with initial maturity more than 3 months but less than 12 months:		
- Between 3 to 6 months	**158,334**	141,919
- Between 6 to 12 months	**1,743,799**	1,653,191
	1,902,133	1,795,110
Non-current		
Fixed deposits with initial maturity more than 12 months	**203,173**	-
Total	**2,105,306**	1,795,110

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14. CASH AND CASH EQUIVALENTS

	2019	2018
	Rs'000	Rs'000
Cash in hand in:		
MUR	**95**	233
Cash at bank in:		
MUR	**163,143**	250,265
EUR	**10,412**	75,789
USD	**103,079**	229,834
	276,729	556,121

(i) Cash at bank also includes deposits and bills with an original maturity period of up to three months.

15. RESERVES

	Capital reserve	Reserve fund	Revaluation surplus	Investment fair value reserve	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July 2018	**10,255,376**	**4,240,170**	**7,589,281**	**333,970**	**22,418,797**
Transfer from accumulated surplus to reserve fund	**-**	**225,000**	**-**	**-**	**225,000**
Transfer from retained earnings to reserve Funds	**-**	**-**	**(4,367)**	**-**	**(4,367)**
Other comprehensive income (Note 17 (viii))	**-**	**17,321**	**-**	**-**	**17,321**
Increase in fair value of available-for-sale financial assets (Note 9(b))	**-**	**-**	**-**	**(7,174)**	**(7,174)**
At 30 June 2019	**10,255,376**	**4,482,491**	**7,584,914**	**326,796**	**22,649,577**
At 01 July 2017	9,781,376	4,435,496	7,344,281	303,471	21,864,624
Addition (net) during the year (Notes 6 and 7)	474,000	-	285,000	-	759,000
Release on disposal of infrastructure, plant and equipment	-	-	(40,000)	-	(40,000)
Other comprehensive income (Note 17 (viii))	-	(195,326)	-	-	(195,326)
Increase in fair value of available-for-sale financial assets (Note 9(b))	-	-	-	30,499	30,499
At 30 June 2018	10,255,376	4,240,170	7,589,281	333,970	22,418,797

(a) Capital reserve

Capital reserve includes an amount of Rs 7.554 billion representing initial valuation of properties held to earn rentals.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

15. RESERVES (CONTD)

(b) Reserve fund

	2019	2018
	Rs'000	Rs'000
Port Development Reserve	**2,153,713**	2,256,500
General Reserve	**1,200,536**	814,312
Insurance Reserve	**1,128,242**	1,169,358
	4,482,491	4,240,170

As per Clause 16(3) of the Ports Act 1998, the net surplus of the Authority shall be applied for the creation of a general reserve, specific reserves or the payment of dividends as the Authority may think fit and as the financial situation of the Authority will permit.

(c) Revaluation surplus

Revaluation surplus represents surplus on revaluation of certain infrastructure, plant and equipment, land and buildings. A revaluation exercise was carried out by Mega Design, Consulting engineers to revalue certain infrastructure, plant and equipment, land and buildings in 2014. During the year, an amount of Rs 4,367,000 was transferred from revaluation surplus to accumulated surplus following the disposal of certain assets.

(d) Investment fair value reserve

Investment fair value reserve represents the net surplus of fair value of investments over their costs.

16. BORROWINGS

	2019	2018
	Rs'000	Rs'000
(a) **Non-current**		
Loan - Agence Française de Développement	**766,448**	914,144
Current		
Loan - Agence Française de Développement	**178,574**	166,208
Total borrowings	**945,022**	1,080,352

(b) Agence Francaise de Développement ("AFD")

Loan of USD 42,556,800 has been obtained by the Authority from Agence Française de Développement for the extension of Mauritius Container Terminal, dredging and other associated works. Amounts of USD 5 million and USD 14.1 million were disbursed in the year 2013 and 2014 respectively and the balance of USD 23.4 million was received during the year ended 31 December 2015. The loan bears interest at the rates of 3.22% p.a. and 3.59% p.a. and is repayable in equal half yearly instalments over a period of 9 years. The project was completed in the financial year 2017/2018. At 30 June 2019, interest of Rs 40.5 million has been recognised in the statement of financial performance (30 June 2018 : Rs 30.1 million). The loan is secured and guaranteed by the Government of Mauritius.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

16. BORROWINGS (CONTD)

(b) The exposure of the Authority's borrowings to interest rate changes and the contractual repricing dates are as follows:

	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2019	**89,287**	**89,287**	**170,322**	**596,126**	**-**	**945,022**
At 30 June 2018	83,104	83,104	166,208	498,624	249,312	1,080,352

(c) Non-current borrowings can be analysed as follows:

	2019	2018
	Rs'000	Rs'000
After one year and before two years	**170,322**	166,208
After two years and before five years	**596,126**	498,624
After five years	**-**	249,312
Total non-current borrowings	**766,448**	914,144

(d) The carrying amounts of borrowings are not materially different from their fair values.

(e) The carrying amounts of the Authority's borrowings are denominated in USD.

17. RETIREMENT BENEFIT OBLIGATIONS

	2019	2018
	Rs'000	Rs'000
Pension benefits		
Amount recognised in the statement of financial position as non-current liabilities	**890,094**	916,670
Amount charged to surplus	**78,613**	72,358
Amount charged to other comprehensive income	**(17,321)**	195,326

(i) The Authority contributes to a defined benefit pension plan. The plan is a final salary plan, which provides benefits to the employees in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on employees' length of service and their salary in the final year leading up to retirement.

(ii) The assets of the fund are held independently and administered by the State Insurance Company of Mauritius Ltd ("SICOM").

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

17. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

(iii) The amounts recognised in the statement of financial position are as follows:

	2019	2018
	Rs'000	Rs'000
Present value of funded obligations	**1,711,158**	1,714,023
Fair value of plan assets	**(821,064)**	(797,353)
Liability in the statement of financial position	**890,094**	916,670

(iv) The movements in the statement of financial position are as follows:

	2019	2018
	Rs'000	Rs'000
At 01 July	**916,669**	798,411
Total expenses charged in the statement of financial performance	**78,613**	72,358
Other comprehensive income charge	**(17,321)**	195,326
Past service liability contributions	**(55,000)**	(110,000)
Contributions paid	**(32,867)**	(39,425)
At 30 June	**890,094**	916,670

(v) The movement in the defined benefit obligations during the year is as follows:

	2019	2018
	Rs'000	Rs'000
At 01 July	**1,714,023**	1,474,858
Current service cost	**34,972**	35,835
Interest cost	**99,413**	89,967
Benefits paid	**(108,951)**	(100,740)
Liability loss	**(28,299)**	214,103
At 30 June	**1,711,158**	1,714,023

(vi) The movement in the fair value of plan assets during the year is as follows:

	2019	2018
	Rs'000	Rs'000
At 01 July	**797,353**	676,447
Expected return on plan assets	**44,371**	39,809
Past service liability contribution	**55,000**	110,000
Actuarial (loss)/gain	**(10,978)**	18,777
Employer contributions	**32,867**	39,425
Employee contributions	**12,190**	14,502
Benefits paid	**(109,739)**	(101,607)
At 30 June	**821,064**	797,353

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

17. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

(vii) The amounts recognised in statement of financial performance are as follows:

	2019	2018
	Rs'000	Rs'000
Current service cost	**34,972**	35,835
Employee contributions	**(12,190)**	(14,502)
Fund expenses	**789**	868
Net interest expense	**55,042**	50,157
Total included in "Employee Benefit Expenses"	**78,613**	72,358

(viii) The amounts recognised in other comprehensive income are as follows:

	2019	2018
	Rs'000	Rs'000
Liability loss	**28,299**	(214,103)
Asset gain/(loss)	**(10,978)**	18,777
	17,321	(195,326)

(ix) The principal actuarial assumptions used for accounting purposes were:

	2019	2018
	%	%
Discount rate	5.8	6.1
Expected return on plan assets	-	5.0
Future salary increases	4.0	4.0
Future pension increases	3.0	3.0

(x) The assets in the plan and the expected rate of return were:

	2019		2018	
	Rs'000	**%**	Rs'000	%
Fixed Interest securities and cash	**481,965**	**58.7**	474,425	59.5
Loans	**27,916**	**3.4**	29,502	3.7
Local equities	**107,559**	**13.1**	116,414	14.6
Overseas bonds and equities	**198,697**	**24.2**	172,228	21.6
Property	**4,927**	**0.6**	4,784	0.6
	821,064	**100.0**	797,353	100.0

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

17. RETIREMENT BENEFIT OBLIGATIONS (CONTD)

(xi) The assets of the plan are invested mainly in government securities, equities and overseas bonds. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

(xii) The defined benefit pension plan exposes the Authority to actuarial risks such as interest rate risk, investment risk, longevity risk and salary risk.

(xiii) The Authority expects to pay Rs 36.6 million in contribution to its post-employment benefit plans for the year ended 30 June 2019.

(xiv) The weighted average duration of the defined obligation is 11 years at the end of the reporting date.

18. CAPITAL GRANT

Capital grant of USD 3,772,484 was received from EU-Africa Infrastructure Trust Fund for the project of extension and strengthening of the Mauritius Container Terminal. The project was completed and capitalised under “Infrastructure, plant and equipment” during the year ended 30 June 2018 with an expected life of 25 years. Therefore, 4% of the grant representing Rs 4.623 million (Note 27) was accordingly released to surplus during the year under review.

19. TRADE AND OTHER PAYABLES

	2019	2018
	Rs’000	Rs’000
Amounts owed to contractors for capital projects	**14,225**	608,928
Accrued expenses	**193,629**	109,202
Deposits received	**1,649**	526
Other payables	**30,502**	25,487
Retention monies (Note (i))	**10,754**	3,981
	250,759	748,124

(i) Retention monies for the year ended 30 June 2019 represent amounts retained by the Authority on the construction contract awarded to System Building Contracting Ltd - Oil Jetty project and Ramasawmy and Ramasawmy Co Ltd - High Security Fencing Project.

Retention monies are recognised based on the retention percentage stipulated in the contracts and the amounts certified by the Authority’s engineering department.

(ii) The carrying amounts of trade and other payables approximate their fair values.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

20. PROVISIONS FOR OTHER LIABILITIES

	2019			2018
	Passage Benefits	Sick Leaves	Total	Total
	Rs'000	**Rs'000**	**Rs'000**	Rs'000
At 01 July	**27,409**	**61,154**	**88,563**	90,928
Paid during the year	**(11,347)**	**(15,826)**	**(27,173)**	(26,364)
Charge to statement of financial performance	**11,805**	**14,716**	**26,521**	23,999
At 30 June	**27,867**	**60,044**	**87,911**	88,563

Provision has been made for employees' passage benefits and accumulated sick leaves entitlement up to the end of the reporting date. The amount charged to the statement of financial performance has been included in 'Employee Benefit Expenses' (Note 28).

21. VESSEL DUES

	2019	2018
	Rs'000	Rs'000
Tug services	**267,879**	254,892
Net anchorage fees	**188,440**	176,900
Pilotage	**62,845**	60,430
Port dues	**78,397**	71,612
Miscellaneous fees	**19,963**	19,986
Net removal of garbage fees	**2,200**	2,278
Net seamen's welfare dues	**728**	(920)
	620,452	585,178

22. TRAFFIC DUES

	2019	2018
	Rs'000	Rs'000
Bulk cargo/pipeline dues	**167,082**	159,524
Quay fees	**43,329**	40,512
Miscellaneous	**9,981**	5,325
	220,392	205,361

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

23. CONTAINER DUES

	2019	2018
	Rs'000	Rs'000
Quay Fees - Import	**229,921**	200,983
Quay Fees - Export	**141,887**	134,540
Transhipment	**94,177**	63,274
Repositioning of containers	**1,911**	1,238
	467,896	400,035

24. INVESTMENT INCOME

	2019	2018
	Rs'000	Rs'000
Investment income represents income from:		
- Quoted investments	**7,189**	8,044
- Unquoted investments	**16,895**	23,569
	24,084	31,613

25. FINANCE INCOME

	2019	2018
	Rs'000	Rs'000
Interest on:		
- Fixed deposits	**59,268**	36,262
- Advances to employees	**1,180**	860
- Loans receivable	**5,420**	8,869
	65,868	45,991

26. RENTAL INCOME

	2019	2018
	Rs'000	Rs'000
Properties held to earn rentals	**136,563**	140,901

Rental income is derived from the lease of land in the Port Area. Under the Ports Act 1998, all land within a port shall vest and be deemed to be the property of the Authority. MPA has recognised the land at their fair values in the financial statements with effect from 01 January 2014.

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

27. OTHER NON-OPERATING INCOME

	2019	2018
	Rs'000	Rs'000
Insurance claims received	**236**	25
Pension contribution refunded by Cargo Handling Corporation Ltd	**1,381**	2,379
Others	**-**	1,719
Release of capital grant (Note 18)	**4,623**	4,622
	6,240	8,745

28. EMPLOYEE BENEFIT EXPENSES

	2019	2018
	Rs'000	Rs'000
Salaries, wages and allowances	**466,771**	440,531
Pension costs - defined benefit plans	**78,613**	72,358
Social security costs	**2,737**	2,597
	548,121	515,486

29. ADMINISTRATIVE EXPENSES

	2019	2018
	Rs'000	Rs'000
Professional and legal fees	**10,215**	12,161
General overheads	**7,232**	7,289
Provision for bad debts	**-**	2,169
Telephone and postage expenses	**2,972**	2,640
Insurance	**2,782**	2,460
Overseas travelling	**3,573**	2,813
Office supplies	**6,078**	6,075
Subscription fees	**1,284**	1,611
Employee welfare expenses	**1,870**	1,691
Board member fees	**1,315**	1,897
Provision for impairment of inventories	**-**	1,581
Other expenses	**10,681**	6,786
	48,002	49,173

30. SURPLUS FOR THE YEAR

	2019	2018
	Rs'000	Rs'000
Surplus for the year is arrived at after charging:		
Depreciation and amortisation	**610,214**	623,009
Employee benefit expenses (Note 28)	**548,121**	515,486
Administrative expenses	**48,002**	49,173
Sundry operating expenses	**17,879**	15,770
Running and repairs of equipment expenses	**80,067**	86,884

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

31. OTHER COMPREHENSIVE INCOME

	Investment fair value reserve	Reserve fund
30 June 2019	**Rs'000**	**Rs'000**
Decrease in fair value of available-for-sale financial assets (Note 9)	**(7,174)**	**-**
Actuarial gains (Note 17 (viii))	**-**	**17,321**
	(7,174)	**17,321**

	Investment fair value reserve	Accumulated Surplus
30 June 2018	**Rs'000**	Rs'000
Increase in fair value of available-for-sale financial assets (Note 9)	**30,499**	-
Actuarial losses (Note 17 (viii))	**-**	(195,326)
	30,499	(195,326)

32. DIVIDENDS PAYABLE TO GOVERNMENT OF MAURITIUS

During the year under review, the Authority declared an amount of Rs 200 million (2018: Rs 250 million) as dividend to the Government of Mauritius. The movement in dividend payable is as follows:

	2019	2018
	Rs'000	Rs'000
At 01 July	**250,000**	100,000
Dividend declared	**200,000**	250,000
Dividend paid	**(150,000)**	(100,000)
At 30 June	**300,000**	250,000

33. RECEIVABLE FROM CARGO HANDLING CORPORATION LTD ("CHCL")

At reporting date, the Authority had a receivable of Rs 142.0 million (2018: Rs 183.9 million) from CHCL analysed as follows:

	2019	2018
	Rs'000	Rs'000
Included in trade and other receivables (Note 12)	**14,091**	12,410
Current portion of loans receivable (Note 10)	**48,221**	47,849
Non-current portion of loans receivable (Note 10)	**79,669**	123,593
	141,981	183,852

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

34. NOTES TO STATEMENT OF CASH FLOWS

	2019	2018
	Rs'000	Rs'000
(a) **Cash generated from operations**		
Surplus for the year	**377,366**	268,986
Adjustments for:		
Finance costs	**40,471**	28,736
Depreciation and amortisation	**610,214**	623,009
Investment income	**(24,084)**	(31,613)
Interest income	**(65,868)**	(45,991)
Capital grant	**(4,623)**	(4,622)
Gain on disposal of property, plant and equipment	**(2,170)**	(4,065)
Increase/(decrease) in provision for retirement benefit obligations	**9,255**	(77,067)
Provision for doubtful debts	**-**	2,169
Exchange loss/(gain) on borrowings	**21,184**	(11,559)
Liabilities written back	**-**	-
Provision for obsolete inventories	**-**	1,581
Exchange (gain)/loss on loans receivable	**(2,172)**	1,599
	959,573	751,163
Changes in working capital		
- Inventories	**497**	(1,729)
- Trade and other receivables	**7,336**	(30,587)
- Trade and other payables and provisions for other liabilities	**(498,017)**	188,461
Cash from operations	**469,389**	907,308

(b) **Cash and cash equivalents**	2019	2018
	Rs'000	Rs'000
Cash in hand and at bank	**276,729**	556,121
Other financial assets (Note 13)	**2,105,306**	1,795,110
	2,382,035	2,351,231
Less: Interest receivable on other financial assets	**(21,955)**	(12,293)
Cash and cash equivalents for cash flows	**2,360,080**	2,338,938

MAURITIUS PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

35. RELATED PARTY TRANSACTIONS

	Rendering of services	Sales of services	Finance income	Repayment of loans receivable	Investment in shares	Loans receivables from	Amount owed by related party
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
(i)							
Transactions - 2019							
Cargo Handling Corporation Limited	**-**	**155,750**	**5,905**	**42,608**	**-**	**127,890**	**14,091**
Transactions - 2018							
Cargo Handling Corporation Limited	-	153,517	8,067	45,116	-	171,442	12,410

(ii) Key management personnel compensation

	2019	2018
	Rs'000	Rs'000
Salaries and short term employee benefits	**13,506**	12,750
Post-employment benefits	**1,385**	1,381
	14,891	14,131

(iii) An amount of Rs 579,453 has been provided in these financial statements with respect to trade receivables from CHCL. No other provision has been made for doubtful debts in respect of assets owed by related parties.

(iv) Loans receivable from Cargo Handling Corporation Limited represent advances for the purchase of cargo handling equipment (rail mounted quay cranes). These loans are repayable in 7 and 8 equal yearly instalments. The rates of interest on these loans vary between 3% to 7.5% p.a.

(v) The Authority has a concession agreement with Cargo Handling Corporation Limited for an amount of **USD 462,717** per month at a capped exchange rate of Rs 28.05 per USD for the year ended 30 June 2019.

MAURITIUS PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

36. FUTURE CAPITAL EXPENDITURE

The Board has approved capital expenditure for an aggregate amount of Rs 6.4 billion for the next five years for new projects and those which are in progress. The main projects are:

(a) Procurement of one fire tenderer;
(b) Cruise Terminal Building;
(c) Procurement for one Big Tug and three Small Tugs;
(d) Maritime Single Window System
(e) Refurbishment of M & E equipment at Oil Jetty;
(f) Construction of breakwater at Fort William & Caudan;
(g) Infrastructure works at Fort William.

37. CONTINGENT LIABILITIES

(i) No provision has been made for any liability that may arise for damages through negligence, if any.
(ii) Except for Pension Plans, no provision has been made in these financial statements for any liability that may arise under the Labour Act.

38. OPERATING LEASE ARRANGEMENTS

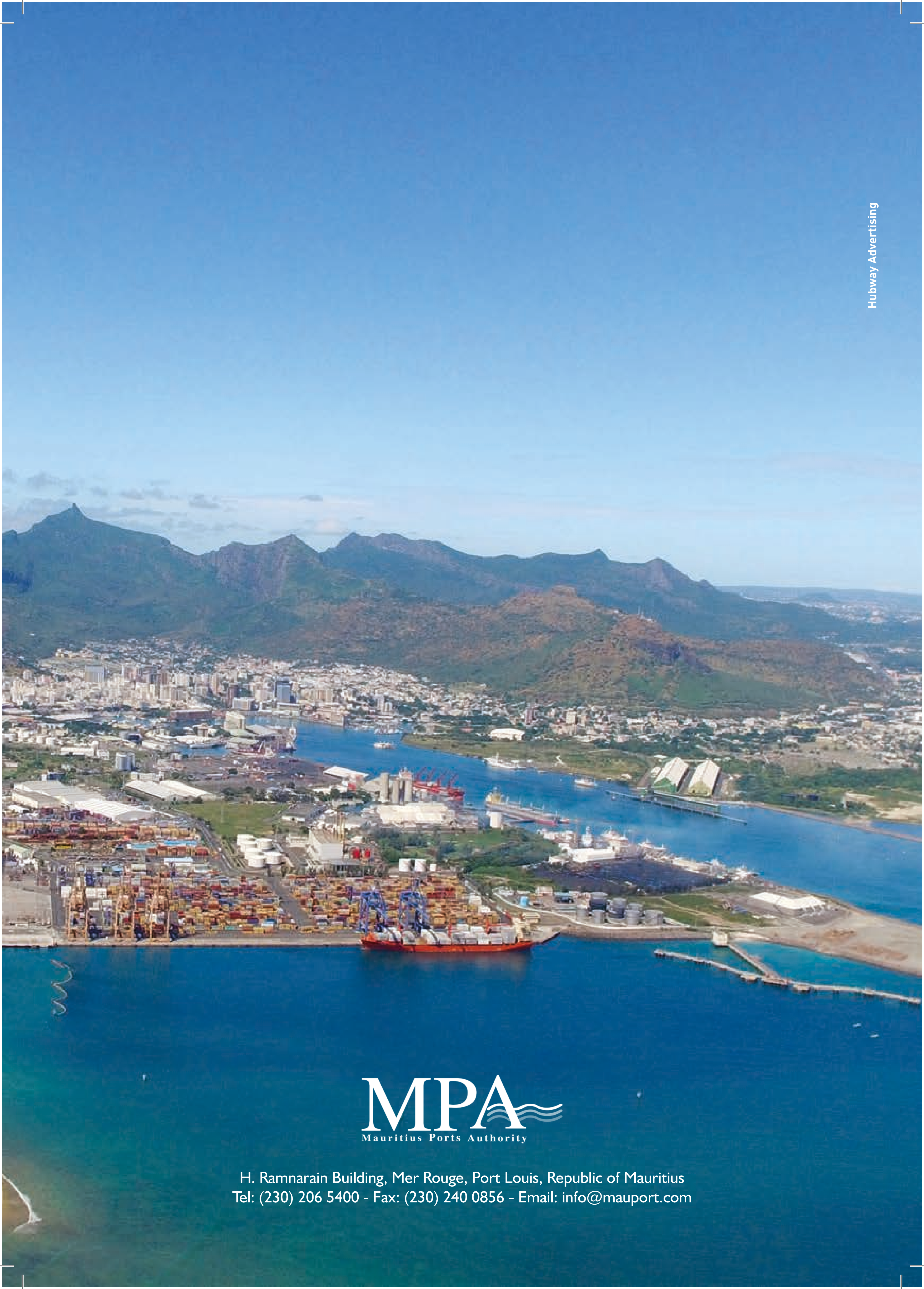
	2019	2018
	Rs'000	Rs'000
<u>The Authority as lessor</u>		
Rental income earned from leased properties	**136,563**	140,901

Operating lease contracts contain market review clauses.
The lessees do not have an option to purchase the property at the expiry of the lease period.

39. EVENTS AFTER REPORTING DATE

There has been no material events after the reporting date which require disclosure or adjustment to the financial statements for the year ended 30 June 2019.

NOTES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