

The Preferred Regional Maritime Gateway

ANNUAL Financial Year
REPORT 2019/2020

An aerial photograph of a coastal city, likely Port of Spain, Trinidad and Tobago. The image shows a dense urban area with a mix of residential and commercial buildings, a large harbor with several ships, and a body of water in the foreground. The sky is blue with some clouds.

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CHAIRMAN'S REPORT



I am pleased to report on the operational and financial performances of the MPA for Financial Year 2019/2020. It is a fact that the results of the Authority have been affected by the Covid-19 pandemic. A reduction in traffic was experienced over the last quarter of FY 2019/2020 due to the lockdown of the country to contain the spread of the virus. As such, the total cargo traffic for FY 2019/2020 was to the order of 7.7 million tonnes as compared to a figure of 8.4 million tonnes for the last financial year. The container traffic which was registered at the level of 482,695 over FY 2018/2019 experienced a decline of 11% to reach 429,525 TEUs.

Despite the prevalence of the pandemic, which has affected global trade, the MPA has put in place several measures, on one side to prevent the spread the virus among its staff and on another side to ensure that the flow of cargo through the port is not affected. In line with the sanitary precautions that needed to be taken, the shift system at the Marine Department had to be readapted to a two shift system rather than the normal three shift system. The Cargo Handling Corporation on its side had to review its crane deployment to 4/4/3 instead of 6/6/5 as lesser labour was mobilised to minimise the risks of spread of the disease.

Notwithstanding the adverse situation that prevailed during the last quarter of the financial year resulting in lower cargo and container traffic for the financial year, the MPA financial results have been very commendable with a net surplus of Rs 514.7 million as compared to a figure of Rs 377.4 million achieved over the last financial year, hence representing an increase of 36.4%.

On the other hand, the Government announced a series of measures under its 'Plan De Soutien aux Entreprises' so as to minimise the adverse effect of the COVID-19 on the Mauritian Economy. The plan aimed at giving the necessary support to economic operators across all sectors of activities, including local manufacturing and Small and Medium Enterprises. The MPA participated in the plan through a series of measures by waiving quay fees on laden export containers for period 23 March 2020 to 31 December 2020 to support the export sector. This measure affected partly the financial performance of the MPA for the Financial Year under review, but has been taken for a good cause.

As an incentive to shipping lines, the MPA agreed to apply its anchorage fees based on the number of moves effected on their container vessels. This ensured that container vessels were not penalised for any long stay in the port. They were charged only for period of stay over which they were effectively serviced. The MPA also agreed not to apply any surcharges for payment of MPA invoices beyond the credit periods allowed in the Port (Fees) Regulations 2008.

With regard to port development projects, the MPA has awarded the contract for the construction of the Cruise Terminal Building at Les Salines at the cost of Rs 770 million. However, with the outbreak of the COVID-19 pandemic, progress on the works came to a standstill. The construction has thereafter resumed and the building is expected to be completed by end 2021.

Notwithstanding the fact that cruise tourism has been a sector which has been severely hit by the pandemic, yet the MPA has to be ready to handle cruisers upon resumption of cruise activities at Port Louis. With the vaccination programmes being carried out massively in major developed countries, there is good hope that the sector will pick up and flourish once again.

The Cruise Terminal Building will also be in harmony with the major development being planned by Landscape Mauritius Ltd. for the Les Salines region.

As regards the bunkering sector, the MPA is pursuing its vision to convert Port Louis into a bunkering hub. Working sessions are regularly carried out with the major players in the field to market Port Louis in this

CHAIRMAN'S REPORT

direction. The sector is viewed as one with much growth potential as witnessed by the increase in the supply of bunker at Port Louis to client vessels over the past years with a peak of 692,503 tons attained in the financial year. The MPA has focused on demands formulated by players in the field and has been very receptive by implementing several incentives to encourage vessels to call at Port Louis for bunkering purposes. It is a fact that Port Louis sits on an important route which connects the Asia-Africa regions and it has been acknowledged that there is much prospect for growth in this segment. It is acknowledged that there is a dearth of marine personnel worldwide, namely Pilots, Marine Engineers, Skippers and even Seamen, thus hindering the capacity of the Port to deliver its services. Whilst, there are avenues for providing academic courses in the relevant fields to potential trainees, yet an important hurdle is the acquisition of sea time necessary to become full-fledged officers.

Given that there is a shortage of local vessels to offer such sea time training, collaboration with private sector, especially the shipping lines is seen as crucial to successfully fill the gap in the Maritime field. The MPA is also contemplating to approach bunker barge operators to take on board potential trainees to allow them to acquire the required knowledge and experience in the field.

The MPA is actually implementing a new Vessel Traffic System at Port Louis Harbour. Modern Systems which employ latest technologies are now available and hence the replacement of the existing system, which was commissioned in year 2008, is much warranted. In November 2019, the MPA awarded the contract for the supply, installation and commissioning of a new Vessel Traffic System. There is no doubt that this new system will allow the port to exercise better control on vessel movements in the port and ensure their safe navigation.

With regard to port facilities in Port Mathurin which have been in place for many years, the key components include a dredged approach channel extending over 1,200 m in length and 120 m wide, with daylight navigational aids; a rectangular shaped turning basin of 210 m diameter and a quay wall of 175 m, of which

about only 130 m providing sufficient water depth to berth cargo vessels regularly calling from Mauritius.

The MPA has discharged its duties as laid down in the Ports Act 1998. The future is, for the time being, blurred by the pandemic, but with the intense vaccination campaign being carried out by Government, the situation will revert back to normal and the MPA will have to be ready to face new challenges.

I wish to express my sincere thanks and gratitude to the Hon. Pravind Kumar Jugnauth, Prime Minister for his support, guidance and strategic contribution to the development of the port sector, as well as to the Prime Minister's Office (External Communications Division) for their continued support.

I seize this opportunity to thank the Board of Directors for their support and guidance provided throughout the financial year which has enabled the MPA to achieve such commendable financial results. All other stakeholders like the shipping agents and various associations like PUC, APAMM, amongst others have been very instrumental to the Authority's performance both financially and operationally over the period under review and which must be acknowledged. The Authority will continue to engage with Government as its strong arm in the pursuit of its business and organisational development programmes.

To conclude, I wish to convey a note of thanks to the Management team and staff for their dedicated service and commitment.



Chairman
Ramalingum Maistry



It gives me a great pleasure to present the Annual Report of the Mauritius Ports Authority (MPA) for the financial year 2019/2020.

Year 2020 has been an unprecedentedly difficult and challenging year for the MPA on account of the COVID-19 pandemic, which has impacted negatively on the port and shipping Industry worldwide. Port activities have registered a contraction; the handling capacity at the Mauritius Container Terminal was reduced to around 40% of its normal capacity at the beginning of the lockdown period and cruise ships stopped calling at Port Louis as from 13 March 2020.

The turnover of MPA has witnessed a slight increase of 1,7 % reaching Rs 1,488,7 million whereas the net Surplus amounted to Rs 514.7 million in the Financial Year 2019/2020 representing an increase of 36.4% over Financial Year 2018/2019. One of the main factors which contributed towards the comfortable financial performance was the appreciation of the US Dollars against the Mauritian Rupee. The Authority's total assets in FY 2019/2020 stood at Rs 25.4 billion compared to Rs 25.3 for previous FY 2018/2019.

The total cargo traffic reached 7.73 million tonnes and the total container traffic attained 429,525 TEUs in FY19/20. Total Imports decreased to 4,834,153 tonnes and total containerised transshipment inwards traffic registered 1,513,513 tonnes in FY19/20. Total exports have expanded by 6.9% and stood at 1,384,656 tonnes in FY19/20 as compared to 1,295,316 tonnes in FY18/19.

The total volume of bunker increased by 16.7% from 593,229 tonnes in FY18/19 to reach a new record level of 692,503 tonnes in FY19/20. The number of vessels refuelling at Port Louis has increased from 2,321 calls in FY18/19 to 2,358 calls in FY19/20, posting a growth of 1.6%. During the coronavirus pandemic, this segment has maintained its resilience owing to the financial schemes granted by MPA.

During the Financial Year 2019/2020, container throughput stood at 597,816 TEUS. A total of 3,326 vessel calls were registered at Port Louis, including 487 container vessel calls. Moreover 34 cruise vessels called at Port Louis Harbour, out of which the number of Homeporting (HMPT) and Round the World Cruises (RTWC) calls accounted for 20 and 14 respectively. 53,191 cruise passenger arrivals were registered during the financial year under review.

The MPA has already invested massively to the tune of Rs 6.5 billion in the infrastructure development of the Mauritius Container Terminal Project. The Terminal, capable of handling mega size container vessels of 12,000 TEU+ capacity, is expected to cater for a container throughput of about 1,3 million TEUs forecasted by 2030.

The Authority has thereafter commissioned a techno-economic study which was carried out by Messrs Royal Haskoning DHV for the construction of an Island Terminal comprising 1.25 km of berth and a breakwater of about 1.5 kilometres, financed under a grant of some 1.5 million USD from the African Development Bank. The project comprises the dredging of the navigation channel to a depth of 18m and development of a new Container Terminal over a reclaimed area of some 60 ha of land, with an additional capacity of between 1.5 m to 1.8 m TEUs. The above project is proposed to be carried out under a Public Private Partnership Scheme with the participation of International private operators, to cater for the container traffic forecasted in the long term. An Information Memorandum to Investors was issued last year to assess the market appetite for the Development and, based on the response, it is now intended to appoint a Transaction Advisor to take the project forward.

DIRECTOR-GENERAL'S REPORT

On the other hand, the MPA is presently proceeding with the construction of an iconic Cruise Terminal Building project at Les Salines at the estimated cost of Rs 770 million. The Terminal is expected to be operational around the third quarter of 2021. The Cruise Terminal will play an increasingly important role in boosting the cruise sector once the impact of the COVID-19 pandemic is mitigated and international cruise sailings are reinstated. The MPA has also embarked on the development of a sheltered basin and a new Fishing Port at Fort William which will require an investment of around Rs1,7 billion (excluding VAT). The new Fishing Port will be operational by end 2022.

A wide range of other projects were completed during the course of FY 2019/2020, including the installation of a High Security Fencing at terminals 2 & 3, the launching of a full-fledged Training and Documentation Centre, Rehabilitation works of the Oil Jetty, Design & Supply of new Fendering Systems for Terminal I & II including Trou Fanfaron Fishing Port, Rehabilitation of Marine Road and Allied Works in the port area, repairs and maintenance to port infrastructure at Terminals I, II and III, Corrosion protection to quay structures in the Harbour, Replacement of Fenders at Oil Jetty and Repairs to Shed 3 at the Multi- Purpose Terminal.

A series of projects are also currently in the implementation phase. These include the Geotechnical Investigations and Surveys at Fort William, Upgrading of the Service Tunnel at Terminal I, Construction of a Mini Soccer Pitch and Construction of an Open Steel Shed at MCT.

The MPA intends to embrace digital innovation with the ultimate goal of making the port smarter and more efficient. A new Vessel Traffic Management System is being installed and will be operational early next year at an estimated cost of about Rs 54 million. A new CCTV system, comprising some 300 intelligent HD cameras which are able to analyse live CCTV footages through advanced analytics, will be procured and put into operation during the course of next year. Bids have already been launched in December last year.

The MPA is therefore pursuing its investment programme despite the gloomy international and local economic context to ensure that it is ready and geared up to handle the boost in regional traffic when the port and shipping industry recovers and international trade picks up once more.

In conclusion, I wish to extend my thanks to the Chairman, the MPA Board of Directors, Management team and our committed workforce for their outstanding contribution in realising the Authority's vision. The support of our stakeholders and business partners is also acknowledged.

Above all, I wish to place on record my appreciation and gratitude to the Honourable. Pravin Kumar Jugnauth, Prime Minister and the Prime Minister's Office (External Communications Division) for their unwavering support as we strive to position Port Louis Harbour as the preferred Maritime Gateway in the Region.



Director-General
Shekur Suntah

1. KEY FIGURES AT A GLANCE

Total Trade Volume	7.7	Million tonnes	(-8.7%)
• Containerised Cargo	3.6	Million tonnes	(-11.8%)
• Dry Bulk Cargo	1.6	Million tonnes	(-10.7%)
• Liquid Bulk Cargo	2.3	Million tonnes	(-2.6%)
• Fish Traffic	139,606 tonnes		(-10.5%)
Total Container Traffic	429,525TEUs		(-11.0%)
• Captive Container	255,468 TEUs		(-9.2%)
• Transhipment Container Inwards	174,057 TEUs		(-13.5%)
• Transhipment Container Outwards	175,121 TEUs		(-12.8%)
Total Container Throughput	604,646TEUs		(-11.5%)
Total Vessel Traffic	3,326	calls	(-2.5%)
• Containerised Vessels	487	calls	(-15.2%)
• Fishing Vessels	991	calls	(-13.1%)
Cruise Traffic			
• Cruise Vessel	34	calls	(-24.4%)
• Passengers on Arrival	53,151	passengers	(-13.9%)
• Passengers on Departure	52,029	passengers	(-15.6%)
Total Bunker Traffic (New Record)	692,500	tonnes	(+16.7%)
• Pipeline	96,968	tonnes	(-12.7%)
• Barges (New Record)	595,532	tonnes	(+23.5%)



CORPORATE INFORMATION AS AT JUNE 2020

Board of Directors

Ramalingum Maistry (Chairperson)
 Kechan Balgobin
 Shekur Suntah
 Om Kumar Dabidin
 Vailamah Pareatumbée (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 Pareatumbée (Mrs) (Chairperson)
 Kechan Balgobin
 Shekur Suntah

Land Lease Management Committee

Shekur Suntah (Chairperson)
 Maheswaree Naraini Madhub (Ms)
 Vailamah Pareatumbée (Mrs)

Co-opted members

Mary Jane Lau Yuk Poon (Mrs)
 (up to 20 September 2019)
 Mr. D. K. Manikaran
 (as from 12 December 2019)
 Roshni Bissessur (Mrs)
 Vedacharya Vyas Sharma Chuckun

Corporate Governance Committee

Om Kumar Dabidin (Chairperson)
 Vivekanand Ramburun

Port Licensing Committee

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

Co-opted members

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 Wootum - Director, IT Services
 Sandesh Seelochun - Director, Port Development
 Mukhram Moloo - Director, Human Resources Captain
 Kavidev Newoor - Deputy Port Master
 Nomita Seebaluck (Mrs) - Ag. Director, Port
 Operations
 Basdeo Bholanath Dhunnoo - Senior Manager,
 Technical Services
 Priyathama Seebarith (Mrs) - Senior Manager,
 Procurement & Supply
 Gowraj Angad - Senior Manager, Estate Management

Head Office

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 Port Louis
 Republic of Mauritius
 Tel: (+230) 206 5400
 Fax: (+230) 240 0856
 Email: info@mauport.com

External Auditors

BDO & CO
 10, Frère Félix de Valois Street
 Port Louis
 Mauritius
 Tel : (+230) 202 3000
 Fax : (+230) 202 9993

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2020

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:

- suitable accounting policies have been selected and applied on a consistent basis using reasonable and prudent judgment; and
- whether International Public Sector Accounting Standards (IPSAS) have been adhered to.

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 makes appropriate recommendations to the Board.

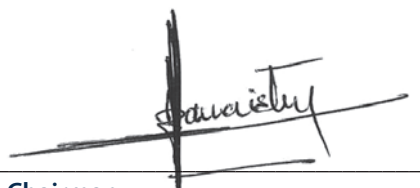
Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the year under review, which could have a material impact on the business.

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, **BDO & CO**, 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

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity ('PIE'):

Mauritius Ports Authority

Reporting Period:

June 30 2020

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):

- **Principle 2: Board composition (Pages 5-6)**

- During the financial year 2019/20, the Board consisted of one executive director and five non-executive directors including the Chairperson of the MPA. The Authority is in the process of appointing three independent directors to be compliant with Principle 2 of the Code.

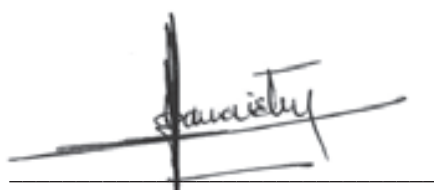
Composition of subcommittees (Pages 9 – 19)

- The Authority cannot meet the minimum requirement of three 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 three existing vacancies of NEDs on the Board of Directors.

- **Principle 4: Board evaluation (Pages 30-31)**

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



Chairman
Ramalingum Maistry



Director-General
Shekur Sunta

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 has adopted a Board Charter as recommended by the Corporate Governance Committee and approved by the Board.

Additionally, the MPA has in place a written job description/position statement for each senior governance position.

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

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 subcommittees 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 June 2020, the Board comprised six (6) members as follows:

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

YEAR ENDED JUNE 30, 2020

Principle 2: The Structure of the Board and its Committees (cont'd)**Board Composition**

As at June 30, 2020, the Board was composed as follows:

Chairperson	Names	Category
	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	—

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

YEAR ENDED JUNE 30, 2020

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

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 subcommittees as the Chairman of each committee provides a summary to all the Directors at the main Board meeting following the relevant subcommittee meetings.

The Board of Directors assesses the terms of reference of the six Board subcommittees 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 subcommittees are published on the Authority's website and also 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 subcommittees, 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.

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.

YEAR ENDED JUNE 30, 2020

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

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

Board Meetings (cont'd)

The Board meetings are conducted in accordance with the Ports Act 1998 and are convened by giving appropriate notice to the Directors. Detailed agenda, as determined by the Chairman, together with other supporting documents are circularised 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 twelve 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 Authority recognises that it should have clear and up to date guidelines to deal with all matters pertaining to human resources management.

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

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

Staff Committee (cont'd)

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:

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

The Staff Committee met sixteen times during the year under review.

YEAR ENDED JUNE 30, 2020

Principle 2: The Structure of the Board and its Committees (cont'd)**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 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;

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

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

Audit & Risk Management Committee (cont'd)

- (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:

Chairperson	Names
	Mr. Vivekanand Ramburun
Members	Mr. Om Kumar Dabidin, Permanent Secretary, Home Affairs Division of the Prime Minister's Office
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 his 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. 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 2019/2020 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.

MPA's Enterprise Risk Management approach

Understanding and aligning the perspective of the three main players in the Risk Management Process impact directly on risk mitigation of potential negative outcomes with identification and prioritisation of opportunities to enhance organisational value. The three main players are the:

- Board - which sets the risk appetite and provides strategic oversight for long-term value creation;

YEAR ENDED JUNE 30, 2020

Principle 2: The Structure of the Board and its Committees (cont'd)**MPA's Enterprise Risk Management approach (cont'd)**

- Executive Management - which sets and executes the risk management strategy;
- Chief Audit Executive (in the MPA's context it refers to the Corporate Auditor) - who provides independent assurance and insights to the Board and the Audit & Risk Management Committee.

The Audit & Risk Management Department is an important function of the MPA whose objective is to provide independent and objective assurance to the Board and Management on MPA's internal controls, risk management systems and governance processes. For its part the Board ensures that appropriate frameworks and effective processes are in place for sound management and continuous monitoring of the organisation's strategic, financial, and operational risks amongst others.

The MPA Board has the ultimate responsibility for risk management. Against this background the MPA has implemented a Quality Management System (QMS) based on the ISO 9001:2015 Quality Standards which have embedded risk management in the day-to-day management of the organisation. Risk Management is entrenched in the overall organisational operation. The Quality Unit ensures that all departments have their process risk register regularly updated by the process owners for ISO compliance purposes. The maintenance and upgrading of the ISO certification is under the responsibility of the Legal and Administrative Services Department.

The process adopted for reviewing and updating process risks on an annual basis is as follows:

Risk Identification ➡	Risk Assessment ➡	Risk Mitigation
Review list of process risks identified	Review action plans implemented since last update	Report on actions performed and any further mitigation measures required
Identify new risks ➡	Assess new risks ➡	Define risk treatment measures

The challenge of strategic risk management is to manage risks while embracing the components of avoidance, transfer and control. The 10 main strategic risks faced by the MPA are as outlined below:

Sn	Nature of risk	Control Measures
1	Operational risks: Risk of non-availability of port logistics, tugs and equipment for safe marine operations. Crisis management and resource allocation for non-recurrent port related happenings	Measures being taken to mitigate operational risks are as follows: - Installation of a new Vessel Traffic System. - Outsourcing overhauling and repairs and maintenance of tugs as an ongoing exercise; - Awaiting the Report on the exercise for consultancy services for procurement of floating craft by August 2020; - Envisaging a Charter Agreement for hiring of tugs; - Needful being done for the supply, installation, testing and commissioning of a new 360° static long-range LED marine lantern at the Albion Lighthouse.

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

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

MPA's Enterprise Risk Management approach (cont'd)

Sn	Nature of risk	Control Measures
2	Customer risks: Risk of not being able to accommodate big vessels due to change in vessel sizes, high concentration of business with a few shipping lines rerouting their ships to other competitive ports resulting into loss of transshipment business (e.g.during the COVID-19 lockdown period the MSC shipping line has shifted its transshipment activities to Colombo while Maersk Protea has diverted to Salalah).	<ul style="list-style-type: none"> - Investment in port infrastructure, namely: extension of quay, deepening of depth, maintenance of port infrastructure; - Strategies for increasing the productivity level at the Mauritius Container Terminal jointly with the Cargo Handling Corporation Ltd for increasing transshipment business by attracting shipping lines to call directly at Port Louis Harbour.
3	Business continuity risks: Decline in global economic activities due to the COVID-19 pandemic, fiscal and monetary measures to counter economic fallout due to closure of borders	<p>The measures for ensuring continuity of business are:</p> <ul style="list-style-type: none"> - Formalising a Business Continuity Plan and a Disaster Recovery Plan; - Financial incentives in terms of tariff rebate given to minimize the impact of COVID-19; - Taking Insurance covers for assets and employees; - Signing of Memorandum of understanding with port stakeholders.
4	Quality and efficiency of service: in terms of waiting time, number of moves per hour, efficiency in operation, tariffs charged, etc.	<ul style="list-style-type: none"> - Renewal of the concession contracts with the Cargo Handling Corporation Ltd for the operation of terminals; - Monitoring of CHCL's performance as per the concession contract; - The CHCL has been requested to have a proper maintenance plan for the good functioning of its cranes.
5	Security risks: Weaknesses in the security framework may be exploited for personal interest/ gain knowing that the focus during and post the pandemic situation is more on redressing the financial and operational sectors	<ul style="list-style-type: none"> -The project for implementing a new CCTV Camera Surveillance system is under progress; - Access control mechanism to operational areas; - Ensuring adherence to conditions stipulated in Lease Agreements, Wayleaves Agreements, conditions of Port Licences.
6	Investment Risks: Port infrastructural risks characterized by underutilization of resources resulting into low terminal occupancy rate implying low return on investment.	<ul style="list-style-type: none"> -Due to the consequences of the COVID-19 pandemic and confinement period, discussions are in progress with shipping lines for reinstating direct calls to Port Louis Harbour for stimulating transshipment activities.

YEAR ENDED JUNE 30, 2020

Principle 2: The Structure of the Board and its Committees (cont'd)**MPA's Enterprise Risk Management approach (cont'd)**

Sn	Nature of risk	Control Measures
7	Financial Risks: Foreign exchange risk arises from the exposure arising from transactions denominated in foreign currencies and repayment of loans in foreign currencies. The Authority's credit risk is primarily attributable to its receivables.	<ul style="list-style-type: none"> - Foreign exchange risk is mitigated through cash flow planning and maintaining accounts in foreign currencies (USD, Euro) by matching receipts and payments in each individual currency; - Management reviews of all outstanding amounts at year end to determine provision for doubtful debts; - The Authority does not have significant liquidity risk as forecasted cash requirements are closely monitored and a target level of available cash is maintained to meet liquidity requirements.
8	Compliance risks: Risk of non-compliance to change in and/ or introduction of new laws and regulations regarding maritime activities both at national (e.g. measures in the Budget Speech 2020/21: increase in port dues) and international levels, claim resulting into liability, failure to adequately protect assets, damage to reputation, etc	<p>The Authority monitors these risks by:</p> <ul style="list-style-type: none"> - Vetting of contracts/agreements by the Manager Legal services; - Seeking the services of State Law Office as and when required; - Reporting to the Corporate Governance Committee; - Reporting to the Audit & Risk Management Committee.
9	Technology risks: Not being able to keep pace with the change in technology leading to competitive disadvantage, technology mismatch with emerging vessel and cargo traffic mix	<p>The Authority has adopted a Data Protection Policy and is working towards the implementation of several projects in the medium to long term, namely:</p> <ul style="list-style-type: none"> - Improvement of Information security; - Formalising a Business Continuity Plan and a Disaster Recovery Plan; - Upgrading of the Oracle ERP System; - Vessel Traffic System - CCTV Camera Surveillance System; - Document Management System; - Maritime Single Window project.
10	Environmental risks: Adverse impact of natural disasters, oil spills, carbon emission, climate variability, unauthorized activities by shipping companies in port waters impacting maritime environment, etc.	<p>MPA has embarked on the following initiatives:</p> <ul style="list-style-type: none"> - Implementation of the Green Port Concept with the objective to reduce the negative impacts of port activities on the environment; - Setting up of a Green Port Committee to spearhead the Green Port Initiative; - Implementation of the ISO 14001 Environmental Management System; - Waste management and resource conservation such as 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; - Signing of a Port Environment Charter with Port stakeholders in a spirit of maintaining sustainable port environment; - Maintaining equipment to attend to oil spills; - Monitoring access control in port area.

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

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

MPA's Enterprise Risk Management approach (cont'd)

The key enablers for a successful strategic risk management with a view to achieving the MPA's objectives are summarised as follows:

- The responsibility for managing strategic risk rests with the MPA Board, being responsible for devising policies and taking decisions;
- Senior management buy-in for implementing the decisions of the Board;
- Thoroughness in risk identification to ensure that relevant enterprise wide risks are captured and strategic risks are communicated to the Board and Management for appropriate decisions to ensure business continuity;
- Adoption of the philosophy of risk management in day to day operations rather than treating it as a one-off exercise with:
 - ✓ integration of initiatives in daily processes;
 - ✓ clear identification and ownership of risks (by process owners);
 - ✓ appropriate expertise for ensuring implementation of risk management through regular audits/assessments.
- Effective follow up and completion of the safeguard actions planned;
- Capture and review of learnings to improve and customise the process according to the needs of the organisation through the active involvement of all employees.

For the smooth running of Enterprise Risk Management, the approach adopted by the MPA is as follows:

- i. The Manager, Safety & Health is responsible for managing risks pertaining to health & safety;
- ii. The Manager, Port Environment is responsible for the effective mitigation of environmental risks by complying with the ISO 14001 Environmental Management System;
- iii. The Information Security Administrator is responsible for the integrity and security of the IT systems;
- iv. The Quality Coordinator is responsible to audit the effectiveness of the mitigating measures highlighted in departmental risks registers as regards process risks identified by process owners in accordance with the ISO 9001:2015.

The MPA attempts to mitigate risks as far as reasonable through its efficient system of internal controls across the entity which is subject to regular internal and external audits. The Audit and Risk Management Department, on the other hand, reports risk issues identified to the Audit & Risk Management Committee together with the actions taken/ proposed actions to be taken to resolve weaknesses while aiming towards meeting the Authority's objectives.

Finance & Investment Committee

The attributes of the Finance & Investment Committee have been updated in line with the approval limits as contained in the Internal Procurement Procedures Manual and approved by the Board at its meeting held in January 2019. 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);

YEAR ENDED JUNE 30, 2020

Principle 2: The Structure of the Board and its Committees (cont'd)**Finance & Investment Committee (cont'd)**

- (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: -

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

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

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

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

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: -

Chairperson	Names
	Mr Shekur Suntah, Director-General
Members	Ms Maheswaree Naraini Madhub, Representative of External Communications Division of the Prime Minister's Office
	Mrs Vailamah Pareatumbee, Lead Analyst, Ministry of Finance & Economic Development
Co-opted Members	Mrs Mary Jane Lau Yuk Poon, Assistant Solicitor-General, State Law Office (up to September 20, 2019)
	Mr. D. K. Manikaran, Senior State Attorney, State Law Office (as from December 12, 2019)
	Mrs Roshni Bissessur, Deputy Director, Valuation & Real Estate Consultancy Services
	Mr Vedacharya Vyas Sharma Chuckun, Senior Surveyor, Ministry of Housing & Lands
Secretary	Ms Simla Chotoree, Survey Technician, Estate Management

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

YEAR ENDED JUNE 30, 2020

Principle 2: The Structure of the Board and its Committees (cont'd)**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 of Directors, the Director-General and each member of the senior management team
 - Dividend policy
 - Detailed remuneration allocated to Board of 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
Chairperson	Mr Om Kumar Dabidin, Permanent Secretary, Home Affairs Division of the Prime Minister's Office
Members	Mr Vivekanand Ramburun - Director of Customs, Mauritius Revenue Authority
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.

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

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

Corporate Governance Committee (cont'd)

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 four times during the year under review.

Port Licensing Committee

A Port Licensing Committee was set up as a subcommittee of the Board on May 29, 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 Licence
 - Issue of temporary Port Licence, 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
Chairperson	Mr. Shekur Suntah, Director-General, MPA
Members	Mr. Kechan Balgobin, Representative, External Communications Division of the Prime Minister's office
	Mrs Vailamah Pareatumbee, Lead Analyst, Ministry of Finance & Economic Development
	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 twice during the year under review.

Explanation on subcommittees' composition

The subcommittees 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.

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

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

Attendance at Board and Committee meetings

There were 7 scheduled meetings of the Board and 5 special meetings of the Board totalling 12 meetings for the period starting July 2019 to June 2020. 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		12	16	3	10	8	4	2
Chairperson								
Mr Ramalingum Maistry	NED	12	16	-	-	-	-	-
Representative of the External Communications Division of the Prime Minister's Office								
Ms. Maheswaree Naraini Madhub		-	-	-	-	8	-	-
Mr Kechan Balgobin	NED	12	16	-	10	-	-	2
(Alternate to Mr Kechan Balgobin)								
Mrs Ourmilla Ramkurrun Sepaul								
Mrs Rajwantee Bucktowar								
Director-General								
Mr Shekur Sintah	ED	12	16	-	10	8	-	2
Member (Permanent Secretary, Home Affairs Division of the Prime Minister's Office)								
Mr Om Kumar Dabidin	NED	11	-	3	-	-	4	-
Member (Lead Analyst, Ministry of Finance & Economic Development)								
Mrs Vailamah Pareatumbbee	NED	12	-	-	10	7	-	2
Member (Director of Customs, Mauritius Revenue Authority)								
Mr Vivekanand Ramburun	NED	9	-	3	-	-	4	-
(Alternate to Mr Vivekanand Ramburun)								
Mr Jeewonlall Audit	NED	1	-	-	-	-	-	-

CORPORATE GOVERNANCE REPORT

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YEAR ENDED JUNE 30, 2020

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		11	-	-	-	-	-	2
Acting Secretary (Director, Finance)								
Mr Shreeganes Ganga		1	-	-	-	-	-	-
Member								
Mr Louis Benoit Barbeau		-	-	-	-	-	-	2
Mr Gowraj Angad		-	-	-	-	-	-	2
Member (Assistant Solicitor-General, State Law Office)								
Mrs Mary Jane Law Yuk Poon (up to September 20, 2019)		-	-	-	-	4	-	-
Member (Senior State Attorney, State Law Office)								
Mr. D. K. Manikaran (as from December 12, 2019)		-	-	-	-	4	-	-
Member (Senior Surveyor, Ministry of Housing & Lands)								
Mr Vedacharya Vyas Sharma Chuckun		-	-	-	-	8	-	-
Member (Deputy Director, Valuation & Real Estate Consultancy Services, Valuation Office Department)								
Mrs Roshni Bissessur		-	-	-	-	8	-	-

*

ED: Executive Director

NED: Non-Executive Director

YEAR ENDED JUNE 30, 2020

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 is a seasoned professional working in the transport and logistics industry from 1986 to 2006.

Thereafter Mr. Maistry was providing consultancy services in the field of management and communication.

Mr. Maistry was appointed as Chairperson of the MPA with effect from February 27, 2015. Mr Maistry has in the past been the Mayor of the Municipality of Beau Bassin /Rose Hill. He also served as Chairperson of the Tourism Fund and Discover Mauritius under the aegis of the Ministry of Tourism. He has previously worked as Senior Adviser at the Ministry of Finance & Economic Development and 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 (PAIOI) and holds directorship on the board of the International Association of Ports and Harbours (IAPH) and the Association of Ports and Cities (AIVP).

Mr. Maistry has been conferred the title of International Honorary Ambassador of Chartered Institute of Logistics and Transport International 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 transshipment, 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 represents the MPA at the level 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 MPA's representative at the International Association of Ports and Harbours.

Mr. Suntah also holds directorships on several boards of companies and port related organisations. 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.

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

Principle 3: Director Appointment Procedures (cont'd)

Directors' Profiles (cont'd)

Mr. Om Kumar Dabidin

Secretary, Home Affairs Division of the Prime Minister's Office

Mr. Om Kumar Dabidin joined the Ministry of Civil Service in 1982, is now the Secretary for Home Affairs at the Prime Minister's Office (Home Affairs Division). He was appointed Non-Executive Director on the Board of the Mauritius Ports Authority in February 2015.

Mr. Dabidin is, amongst others, Board member of the following statutory bodies:

- (i) Gambling Regulatory Authority - Chairman
- (ii) Cargo Handling Corporation Ltd;
- (iii) Mauritius Oceanographic Institute; and
- (iv) Information and Communication Technologies Authority.

Mr. Dabidin began his career as a teacher and later joined the civil service as Administrative Officer at the Prime Minister's Office. He is a seasoned public officer having held a number of senior positions over the last two decades across a wide range of Ministries: Finance; Youth and Sports; Agriculture, Food Technology and Natural Resources and Civil Service and Administrative Reforms. Mr. Dabidin spearheaded a number of projects in several Ministries and contributed to public sector reforms designed at bringing about more effectiveness and efficiency in public sector service delivery and improving the quality of service to citizens.

Mrs Vailamah Pareatumbbee

Lead Analyst, Ministry of Finance & Economic Development

Mrs Pareatumbbee 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 Pareatumbbee 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 Pareatumbbee 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 February 2, 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.

YEAR ENDED JUNE 30, 2020

Principle 3: Director Appointment Procedures (cont'd)**Profile of Senior Management Team****Mr. Shekur Sintah
Director-General**

Mr. Sintah 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. Sintah is a Fellow of the Chartered Institute of Logistics and Transport (CILT).

Mr. Sintah 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 transshipment, 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 represents the MPA at the level 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 Sintah is also MPA's representative at the International Association of Ports and Harbours.

Mr. Sintah also holds directorships on several boards of companies and port related organisations. 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 was employed as Civil Engineer by Sir Alexander Gibb and Partners from 1987 to 1990. He joined the Authority as Civil Engineer in 1990 and was promoted Port Engineer in 1999. He reckons some twenty-two years of experience. In May 2015, he was appointed Deputy Director-General. He reckons some 33 years' experience in the port sector.

**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

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

Principle 3: Director Appointment Procedures (cont'd)

Profile of Senior Management Team (cont'd)

(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 (ICAEW), and a member of the Chartered Institute of Management Accountants (CIMA). Since last year, he has achieved the status of

ICAEW Business and Financial Professional and since then his designation is BFP FCA. 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. As at date he has completed 41 years of service with 27 years at the MPA.

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 Fellow of the Chartered Institute of Logistics and Transport (UK), a Member of the Institution of Engineers (Mauritius), and an Associate Member of the Chartered Institute of Arbitrators (UK).

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 was appointed Director, Port Development in December 2015.

YEAR ENDED JUNE 30, 2020

Principle 3: Director Appointment Procedures (cont'd)

Profile of Senior Management Team (cont'd)

Mr. Mukhram Moloo Director, Human Resources

Mr. Moloo holds an MSC in Port Management and Shipping Administration from the University of Mauritius.

He joined the Mauritius Ports Authority as Executive Assistant on April 25, 1977 and was subsequently offered appointment as Personnel Officer. The post was restyled as Assistant Human Resources Manager with the implementation of the HRD Report 2000. He was appointed Director, Human Resources effective as from April 15, 2015.

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 1 (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 Ag. Director, 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 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 is also a holder of a Diplôme d'Etudes en Langue Française et Diplôme Approfondi de Langue Française from Centre International d'Etudes Pédagogiques (CIEP).

Mrs Seebaluck is also a Chartered Member of the Chartered Institute of Logistics and Transport (MCILT) and she was the President of the local branch of the Association of Women Managers in the Maritime Sector in the Eastern and Southern Africa, WOMESA Mauritius from 2011 to 2016.

She started her career as Education Officer in 1996. She later joined Happy World Marketing Ltd as Marketing Officer from 1998-2002. 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 and was promoted in March 2011 as Manager Port Operations. In Feb 2014, she was assigned additional duties devolving on the post of Director Port Operations following the retirement of the incumbent. In October 2019, she was offered acting-ship in the grade of Director 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 (II) 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.

Mrs Priyathama Seebaluck Senior Manager, Procurement & Supply

Mrs Seebaluck is a Fellow of the Association of Chartered Certified Accountants (FCCA), Chartered Member of the Chartered Institute of Logistics and Transport (CILT) as well as an Expert Member of the

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

Principle 3: Director Appointment Procedures (cont'd)

Profile of Senior Management Team (cont'd)

Institute of Supply Chain Management (IOSCM). She also holds an MBA with Specialisation in Finance and an MSc in Procurement & Supply Chain Management.

Mrs Seebarith has worked in the Public Sector for over 20 years, including 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.



YEAR ENDED JUNE 30, 2020

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 interest 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

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 the Board, sub-committees and directors since the board members are appointed by the Minister. However, the Board members are performing to the satisfaction of the Parent Minister who appoints them on the Board. On the other hand, the Board members are to pursue training and development programmes within the framework of Continuous Professional Development. The MPA is also envisaging to conduct executive development programme for the Board members as soon as the situation permits it.

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 REPORT

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YEAR ENDED JUNE 30, 2020

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

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

A total sum of Rs.924,400 has been paid to members of the Board and Committees of the Board during the year under review as follows:

Board/Committee Member	Fees paid to members of the Board and Committees							
	Board Rs.	Staff Committee Rs.	Audit & Risk Management Committee Rs.	Finance & Investment Committee Rs.	Land Lease Management Committee Rs.	Corporate Governance Committee Rs.	Port Licensing Committee Rs.	Port Licensing Committee Rs.
Mr. Ramalingum Maistry*	-	-	-	-	-	-	-	-
Mr. Shekur Suntuah*	-	-	-	-	-	-	-	-
Mr. Kechan Balgobin	152,000	60,000	-	40,000	-	-	8,000	260,000
Mrs Rajwantee Bucktowar	-	-	-	-	-	-	-	-
Mrs Ourmilla Ramkurrun Sepaul	-	-	-	-	-	-	-	-
Ms Maheswaree Naraini Madhub	-	-	-	-	24,000	-	-	24,000
Mr. Om Kumar Dabidin	148,000	-	12,000	-	-	20,800	-	180,800
Mrs Vailamah Pareatumbee	152,000	-	-	52,000	20,000	-	8,000	232,000
Mr. Vivekanand Ramburun	124,000	-	15,600	-	-	16,000	-	155,600
Mr. J. Audit	4,000	-	-	-	-	-	-	4,000
Mrs Mary Jane Law Yuk Poon (up to September 20, 2019)	-	-	-	-	16,000	-	-	16,000
Mr. D. K. Manikaran (as from December 12, 2019)	-	-	-	-	8,000	-	-	8,000
Mr. Vedacharya Vyas Sharma Chuckun	-	-	-	-	20,000	-	-	20,000
Mrs Roshni Bissessor	-	-	-	-	24,000	-	-	24,000
TOTAL	580,000	60,000	27,600	92,000	112,000	36,800	16,000	924,400

*Mr. Ramalingum Maistry and Mr Shekur Suntuah are not paid any Board fee. Instead, they have earned a total fee of Rs.1,686,333 and a total emolument of Rs.3,342,211 for the year ended June 2020 respectively as Chairman and Director-General.

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

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

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

Representation of MPA Officers on board of statutory bodies and companies						
	Directors	Date appointed	Total Fees inclusive of Tax for year ended June 30, 2020 (Rs.)	Alternate	Date appointed	Total Fees inclusive of Tax for year ended June 30, 2020 (Rs.)
Cargo Handling Corporation Ltd	Mr Shekur Sintah, Director-General	30.09.15	124,000	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	Nil
	Mr Shakeel Goburdhone, Deputy Director-General (Technical & Operational Services)	30.09.15	94,500	Captain Kavidev Newoor, Deputy Port Master	06.04.18	Nil
Mauritius Cargo Community Services	Mr Shekur Sintah, Director-General	30.09.15	180,000	Mrs Aruna Devi Bunwaree Ramsaha, Deputy Director-General (Management Support Services)	30.09.15	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 Shreeganesht Ganga, Director, Finance	30.09.15	Nil
	Captain Louis Benoit Barbeau, Port Master	30.09.15	6,000	Mrs Nomita Devi Seebaluck, Ag. Director, Port Operations	30.09.15	Nil
State Trading Corporation	Mr Narad Dawoodarry, Director, Legal & Administrative Services	30.09.15	126,045	Mr Shreeganesht Ganga, Director, Finance	30.09.15	Nil

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

Principle 4: Director Duties, Remuneration and Performance (cont'd)**Remuneration of Directors, Executives and Staff (cont'd)**

Representation of MPA Officers on board of statutory bodies and companies						
	Directors	Date appointed	Total Fees inclusive of Tax for year ended June 30, 2020 (Rs.)	Alternate	Date appointed	Total Fees inclusive of Tax for year ended June 30, 2020 (Rs.)
Maurinet Investment Ltd	Mr Shreeganes Ganga, Director, Finance	12.11.15	120,000	Mrs Nomita Devi Seebaluck, Ag. Director, Port Operations	12.11.15	Nil
	Mr Sandesh Kumar Seelochun, Director, Port Development	12.11.15	120,000	Mr Gowraj Angad, Senior Manager, Estate Management	12.11.15	Nil
Mauritius Network Services Ltd	Mr Shreeganes Ganga, Director, Finance	12.11.15	123,000			
Mauritius Shipping Corporation Ltd	Mr Chandradutt Rogbeer, Corporate Auditor	30.09.15	526,260			
Oceanarium (Mauritius) Ltd	Corporate Auditor	24.03.17	Nil	Mr Bholanath Basdeo Dhunoo Senior 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	7,690
Mauritius Oceanographic Institute	Captain Louis Benoit Barbeau, Port Master	30.09.15	2,860			
National Ocean Council	Mr Shekur Suntah, Director-General	30.06.15	20,000			

YEAR ENDED JUNE 30, 2020

Principle 4: Director Duties, Remuneration and Performance (cont'd)**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 36-38.

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 Chairperson, 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 the 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 & 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 & 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 & 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 & Risk Management Committee on controls over systems and processes, the Audit & 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 & Risk Management Department has also ensured customary liaison with and coordination between the External Auditor whose role is to report independently

CORPORATE GOVERNANCE REPORT

YEAR ENDED JUNE 30, 2020

Principle 5: Risk Governance and Internal Control (cont'd)

Internal Control and Risk Management (cont'd)

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 & Risk department.

As regards whistleblowing rules and procedures, it is observed that there are processes to record actual or potential conflicts of interest and to handle complaints. For example, in October 2019, the MPA amended its Equal Opportunity Policy by elaborating a grievance reporting mechanism for aggrieved employees. On the other hand, the MPA has established a mechanism to handle anonymous letters and complaints. The MPA has also already established a Customer Service Charter and put in place a proper framework to handle complaints.

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 MPA Annual Report is uploaded on the MPA website and is available in full for consultation by any interested party.

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.

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.	July 3, 2019	Health & Safety in Port Operations
2.	July 8, 2019	Fuel Safety Training
3.	July 9, 2019	Safe use of Mobile Elevating Work Platform
4.	July 17, 2019	Safety & Health Induction Training
5.	August 15, 2019	Chain Saw Safety
6.	August 21, 2019	Safety & Health Induction Training
7.	August 28, 2019	Fire Warden Training
8.	September 27, 2019	Safety & Health Induction Training
9.	October 24, 2019	Safety & Health Induction Training
10.	November 21, 2019	Safety & Health Induction Training
11.	December 11, 2019	Fire Safety & Pre-Fire Drill Training
12.	January 24, 2020	Safety & Health Induction Training
13.	February 20, 2020	Pre-Fire Drill Briefing
14.	February 26, 2020	Fire Safety / Pre-Fire Drill Briefing
15.	March 5, 2020	Fire Safety / Pre-Fire Drill Briefing / COVID-19
16.	March 17, 2020	Fire Safety / Pre-Fire Drill Briefing
17.	March 2, 2020	COVID-19
18.	April 1, 2020	Thermal Camera
19.	May 12, 2020	COVID-19
20.	May 14, 2020	Preventive measures for COVID-19 Back to Work Safety

YEAR ENDED JUNE 30, 2020

Principle 6: Reporting with Integrity (cont'd)

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. Necessary action is being taken for implementing a performance framework for aligning the strategic goals of the MPA for career development. 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.587,350 has been incurred during the FY 2019/2020 on donations.

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 External Auditor was appointed on August 5, 2020 to perform an audit for the 12 months' period ending June 30, 2020.

The Board has, at its meeting of July 9, 2020, approved the appointment of BDO & CO as External Auditor for FY 2019/2020.

Information on non-audit service and amount paid

The present External Auditors have not been awarded any non-audit services during the period of the audit.

Amount paid to External Auditors

The amount paid to BDO & CO is Rs.1,100,000 plus VAT.

In order to ensure that the External Auditors' 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.

YEAR ENDED JUNE 30, 2020

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 Concession Agreements between the Mauritius Ports Authority and the Cargo Handling Corporation Ltd in respect of the provision of cargo services at the Mauritius Container Terminal and the Multi-Purpose 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.



Ramalingum Maistry
Chairman



Shekur Suntah
Director-General

Date: May 12, 2021

1. 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.

2. Environmental Policy

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

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.

Our mission is to stimulate economic growth by transforming our port into a dynamic logistics hub whilst providing sustainable and competitive integrated services. We aim to become the leading Authority driving Mauritius as a preferred regional Maritime Gateway.

Our organisation shall demonstrate leadership and commitment with respect to statutory, legal, customer and the relevant ISO Standards requirements including those pertaining to identified environmental aspects.

We recognize our responsibility for environmental protection and ensuring sustainable port development whilst at the same time offering quality services to our valued customers through our quality and our environmental management systems.

We shall continually improve the effectiveness of our Quality and Environmental Management Systems by reviewing our objectives and targets and by adopting a risk –based approach for all our processes and operations.

2. Environmental Policy (Cont'd)

To support our endeavour to satisfy the needs of our interested parties and commit ourselves to adopt quality and environmental best practices we ensure:

- Regular gathering and monitoring of customer feedback with a view of improving our services, environmental performance and maintaining customer satisfaction.
- Training and development of our employees to foster a quality culture, environmental awareness and sense of responsibility within the organization.
- Preservation of our local marine eco-system, biodiversity and sensitive habitats by adopting a balanced strategy between port development and environment protection.
- Our Environmental and Quality objectives are targeted to improve the environmental management performance and customer service standard of the port.
- Pollution prevention and emergency preparedness measures are in place to deal with emergency situations arising from port operations such as bunkering, oil spills, contamination of marine ecosystems, and handling of dangerous cargoes, dust emissions and noise.
- Reduction of waste through responsible use of resources and as far as practicable favour the re-use, recycling and purchase of materials from sustainable resources.
- Promotion of efficient use of resources such as water, electricity, raw materials, fuel consumption and those that are renewable in an effort to reduce our greenhouse gas emissions.
- Communication of our stewardship in Quality and Environment to our customers, port stakeholders, interested parties and encourage them to support it.

3. 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

4. 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 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 being closely and constantly scrutinized by trained Police and MPA officers operating from a centralized 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.

5. Equal Opportunity Policy

The Mauritius Ports Authority has maintained a longstanding 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 minimizing 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 organization, 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 organization's reputation as well as foster good relations in the work place.

6. Data Protection policy

During the course of its operations, the MPA collects, processes and stores personal data. The MPA is registered as Controller and as such, the necessary mechanism has been put in place to ensure security of personal data of the Authority's employees and stakeholders, in accordance with the provisions of the Data Protection Act 2017.

The MPA shall lawfully process data in accordance with the Data Protection Act.
To exercise data protection, the MPA undertakes to:

1. Process personal data of data subjects lawfully, fairly, and in a transparent manner
2. Collect the personal data that will be adequate, relevant and limited to what is necessary for the purpose mentioned during data collection.
3. Implement necessary steps to ensure personal data collected is accurate and up to date.
4. Retain the personal data for no longer than is necessary.
5. Process personal data in accordance with the rights of data subjects.
6. Adopt appropriate measures to protect personal data from unauthorised or unlawful processing and from accidental loss, damage or destruction.

The MPA endeavours to continually review the processes put in place at the level of the organisation to ensure data protection.

Through the active participation and commitment of all MPA employees and stakeholders, the Authority strives to meet the requirement of this policy.

1. COVID-19 Pandemic

The operation at the port is of vital importance to ensure the preservation of the cargo transportation and logistics chain for the supply of goods necessary towards the community and society. It includes medical supplies, food, fuel and raw materials, as well as manufactured goods and components vital to the preservation of life and also employment, which need to reach their intended destinations.

The MPA has maintained its operations during the COVID-19 pandemic. The following measures were taken by the Authority to ensure business continuity during the COVID- 19 pandemic:

(i) Pre-confinement period (Jan to 20 March 2020)

- Sensitization on COVID-19 pertaining to symptoms and precautions to be taken, has been carried out with all employees by way of Circular Notes, Information Notes, Safety & Health Committee meetings and displaying of posters at the notice board of different worksites.
- Several communiques were issued to inform all shipping agents about the compulsory clearances for vessels entering the Port by the Health Authorities and the Ministry of Agro- Industry and Food Security.

(ii) Confinement Period in March 2020

Upon the announcement of the Curfew Order and the confinement period in Mauritius, the MPA had to put in place alternative working arrangements for shift employees for the proper functioning of its activities on a 24/7 round the clock basis whilst at the same time restricting the number of employees to a minimum in order to adhere to the confinement obligation. The administrative departments/sections were ensuring a continuity of service with a skeletal staff during the lockdown period.

The MPA has also put in place a series of measures in line with the Prevention and Mitigation of Infectious Disease (Coronavirus) Regulations 2020, associated guidelines of the Ministry of Health and Wellness and also Government recommendations to prevent the spread of COVID-19. Moreover, as far as incoming vessels were concerned, strict adherence was observed with the Port Health Office Directives including relevant health clearances.

(iii) Provision of Sanitary Items

In order to maintain sanitary precautions, MPA employees have been provided with individual hand sanitisers since 20 March 2020. Gloves and masks were issued to all employees. Hand sanitizer dispensers have been installed at all worksites. Provision has also been made for replenishment of hand sanitizer dispensers.

Sanitary measures have been reinforced all around the Authority. Frequently touched surfaces like door knobs and handrails are being disinfected on a regular basis.

(iv) Monitoring of body temperature

Two (2) thermal cameras have been installed at the Capitainerie Building and H. Ramnarain Building on 27 March 2020 and 1 April 2020 respectively to monitor body temperature of staff attending work on a daily basis. Hand held infra-red thermometers have been provided to the Technical Services Section, Port Emergency Services, Access Pass Office and Handyworkers Unit for body temperature monitoring of personnel so as to prevent queuing/ crowding at the Capitainerie Building and H. Ramnarain Building.

(v) Conveyance of employees by MPA Vehicles

Transport arrangements have been made to convey a reasonable number of employees from the place of their residence to MPA and back whilst maintaining social distance in the vehicles. Frequently touched surfaces like steering wheel, gear level, door handle and others are being regularly disinfected and cleaned. All MPA vehicles are constantly kept in a clean state.

(vi) Canteen Services

MPA Canteen services were temporarily suspended to prevent crowding and cross contamination during the lockdown period.

(vii) General Advice to employees

Any employee at work having symptoms of COVID-19, is advised to self- isolate or by having at least 1 meter away from other person, wear a facemask and inform the Authority's Medical Officer. If the employee is conveyed to the nearest Health Centre, the employee should wear a facemask and maintain at least 1-metre distance from the Driver. The Driver should also wear a facemask. In case an employee is tested positive of COVID-19, a list of suspected employees having been

in contact with the said employee is forwarded to the Ministry of Health & Wellness to ease the contact tracing exercise. Consequently, those employees are not allowed to resume work until clearance is obtained from the Ministry of Health & Wellness. The COVID-19 tested positive employee's workplace is disinfected including any MPA vehicle as the case may be.

(viii) Post Confinement period (1 June 2020)

- The measures enunciated in the MPA Guideline on Preventive Measures for COVID-19 Back to work Safety and also the Guideline for Cargo vessels visiting Port Louis are still in force.
- On 15 June 2020, all Shipping agents and Port Based Operators were informed that COVID-19 Protocol already established for entry and operation of vessels in the Harbour is still valid. The protocol defines clearly the procedures, among others, for boarding and clearance of vessels by Health Authorities, social distancing, restrictions on change of crew and shore leave as well as the wearing of protective and sanitary PPE when boarding ships calling from overseas etc.

2. Recruitment & Selection

With a view to providing necessary manpower to various departments/sections of the Authority, action was taken for the filling of vacant positions at MPA (Port Louis) and MPA (Port Mathurin). Accordingly, following recruitment and selection exercises, some 45 candidates including Manager HR, Pilot, Bunkering Officer, Controller Marine Engineering, Technician Harbour Radio, Officer HR, Seaman and Executive General Administrative Services were recruited during the period July 2019 to June 2020.

3. Capacity Building

In order to have a skilled and motivated workforce, a Training Needs Analysis (TNA) was carried out for the entire Authority in October 2019. All Heads of Department and Section were consulted and the training needs of respective staff were properly identified.

A Training Plan was devised and a monthly training

calendar of courses to be dispensed was established. Institutions like the Civil Service College, FAREI, & MITD are among potential training providers. In respect of specialised courses, the collaboration of international bodies has been solicited viz CILT UK, Australia Maritime College, Dubai Ports Authority to assist the Authority in the capacity building of its staff.

Local trainings kicked-started in January 2020. However, due to the COVID-19 Pandemic and its consequences in Mauritius, training programmes as scheduled had to be suspended. Once the national lockdown was lifted, trainings were resumed. The Training calendar was slightly amended due to prevailing conditions and subject to competent authorities' approval to run highly specialised trainings.

Moreover, the Accreditation of Prior learning (APL) project in collaboration with the University of Mauritius is also underway. Following a selection exercise, 15 MPA officers were enrolled for a Certificate in Port Management.

In essence, 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. Participants would thus have the opportunity to learn basic managerial, financial, IT and engineering skills.

4. Performance Management System (PMS)

Performance Management is a strategic management technique which is aimed at developing and empowering the employees to achieve the Authority's vision and objectives. In order to effectively utilise human and organisational resources for the benefit of the organisation, the MPA has retained the services of a consultant to assist in the implementation of a Performance Management System. The Consultants are also called upon to review, update existing PMS framework, formulate the Competency framework for each job position and conduct refresher sensitisation/training sessions, required to embed the system and assist the MPA in the successful implementation of same.

The project kick started in September 2019. Subsequently, the Consultants have had a series of meetings with respective Head of Departments/

Sections to gather information and relevant feedback with a view to assessing the current situation. The Consultants duly submitted their recommendations on a suitable system that would best fit the needs of the MPA in terms measuring and evaluating employees' performance. The proposed PMS would focus on the holistic development of employees including identification of training requirements with a view to ensure efficiency.

The training of appraisers is underway prior of the implementation of the PMS.

5. Human Resource Development Plan 2020

The MPA has awarded the contract for the preparation of a new Human Resources Development Plan. The scope of services of the HRD consultants amongst others include a job evaluation exercise, review of the Organizational Structure in line with the Authority's existing and new roles, review of Salary Structure and Terms and Conditions of Service.

The HRD Consultants have held working sessions with all Heads of Department as well as the two unions with a view to identifying salient issues which need to be addressed within the HRD exercise.

6. Managing communication proactively

In structuring clear communication efforts for the business continuity in the aftermath of the COVID-19 pandemic, the MPA will continue to maintain transparency to:

- deliver information to all stakeholders,
- guarantee safety of all,
- keep business up and running.

To maximize the efficiency of communication, it is important to branch out the key messages to the key stakeholders' groups with the right communications tools. In line with the recommendations of the Circular Letter No. 31 of 2020 dated 4 May 2020 of the Ministry of Public Service, Administrative and Institutional Reforms, the Communication Unit supports the Authority in developing a proactive communication strategy.

In addition, implementing specific governance systems to mitigate the crisis and organising strategic dialogues with public authorities is vital for the MPA.

Collaboration and communication are key elements towards a rapid and efficient response.

The MPA must interact institutionally and regionally with its partners while focusing on strategic dialogue with its clients and professional sector associations. Much attention would be devoted to communication and dialogue with priority stakeholders, by maintaining regularly contacts with the CHCL, PUC, clients, government agencies and the port community.

Many of the emergency measures introduced by the MPA to help mitigate the impact of COVID-19 have been implemented quickly. The MPA will continue to maintain a close dialogue with the appropriate governmental bodies to ensure that any health hazard that might inadvertently impact upon the port employees and port activities are addressed rapidly.

With the volume of information exchanged at the level of the MPA, it is imperative for a media company to communicate all the Authority's achievements in real time. Therefore, in January 2020, the Board approved of a digital corporate Communication Firm which will boost vital stakeholder communications as well as rally all the private and public sector players in the port ecosystem. This digital platform will constitute a valuable digital tool for port users, international agencies and foreign businessmen wishing to make Port Louis Harbour their preferred port of call.

The Digital corporate communication firm will be responsible to generate the content creation and design of this platform which will feature the salient activities and development plans of the MPA as well as the latter's interactions with its stakeholder network and adjacent communities. This platform in its reach will be both local and international with interactive live video clips and web based attributes.

As a precursor to the digital platform, the communication company is publishing the 'Port Louis Digest' (PLD). There is no doubt that, in the aftermath of the COVID-19 pandemic, the MPA will have to ensure rapid, transparent and proactive communication with its relevant stakeholders to preserve business continuity. The PLD comes at the opportune time to provide an insightful report on the MPA covering its various development projects while showcasing the five emerging segments namely, container transshipment, fishing activities, cruise development, bunkering and other port-related services.

This Digest, which is an excellent communication instrument will assist the MPA in reaching out to a top level audience and providing a focused coverage of initiatives and investment opportunities that will make it an indispensable reference document for policy makers, port stakeholders including regional and international funding agencies. The communication strategy behind the **PLD** is to co-produce the title in a very inclusive way by actively involving all the major and minor stakeholders of the port ecosystem around their Trusted Regulator: **THE MPA AS THE FUTURE HUB**.

7. Navigating the legal challenges and strengthening the legal framework

The COVID-19 is impacting organisations around the world in an unprecedented way. The challenges are how businesses will navigate the key legal issues they may be facing at this time and in the future. The outbreak and rapid spread of the coronavirus disease has roiled markets and disrupted supply chains, threatening ports worldwide. It is also forcing ports to confront a host of legal questions about how they can and should conduct business during a global public health crisis.

No doubt MPA will have to sort out a range of COVID-19 related issues for both its business and people. Some of the issues can escalate into legal ones. Each situation is likely to be highly fact specific and the legal landscape is continually and quickly evolving.

With its significant reliance on external trade, we expect unprecedented negative effects on the Mauritian economy. Investment is expected to go down with an increase in unemployment rate. These negative indicators will cause a contraction in our economy, and it is the measures that we implement now which will determine how successful we handle the COVID-19 crisis.

Government has replaced the existing Quarantine Act with a new one to implement measures intended to better contain the spread of infectious and communicable diseases in light of the COVID-19 experience. With the COVID-19 (Miscellaneous Provisions) Act, the Government seeks to address the difficulties and challenges arising out of the lockdown, notably in relation to employment, insolvency, banking, tax and compliance.

The MPA would have to come up with some pragmatic measures to support its business and navigate through the recession that is looming ahead of us. Sanitary restrictions, the disruption in supply chains and the unavailability of staff presented enormous challenges for the MPA. The way we work today has changed completely. Travel bans and other quarantine-related limitations on movement are having serious implications for the cruise industry and shipping sector.

There will be a real challenge as the coronavirus crisis has brought about innovative ways of delivering and there is no doubt that the Legal Unit will be there to respond to the challenges and provide urgent advice and support.

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 finalised with the State Law Office, the Ports (Security) Regulations to reinforce security both on the ship to shore interface and ashore.

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

With the dynamic port environment, it has been found necessary for the MPA to review the present licensing regulations to provide, in line with best practices, a non-discriminatory, consistent and transparent framework

for the issue of licences to private operators and service providers and at the same time safeguard the interests of the port.

A draft Ports (Licensing) Regulations as vetted by the State Law Office will soon be submitted for approval by the Prime Minister and subsequent promulgation after the said regulations have been cleared by the MPA Board. Meanwhile, the Port (Security) Regulations which have been finalised have been referred to the parent Ministry for further consultation with the Security Division of the Prime Minister's Office.

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 standards, 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 port operations and management including new legal parameters in the handling and transport of goods in the port area.



CORPORATE MATTERS

Port Development Projects

1. Cruise Terminal Building

The MPA is investing in the construction of a cruise terminal facility at Les Salines which will facilitate the handling and operations of Cruise Passenger Ships at Port Louis Harbour. The construction works under the project, which started in September 2019, comprise an iconic steel structure with a total footprint of some 7500 m² together with parking facilities for passenger vehicles and all other associated facilities.

As Port Louis is witnessing frequent concurrent calls by 2 or more cruise vessels, the berth at the Bulk Sugar Terminal is normally being used to berth and operate the second cruise vessel. Consequently, with a view to streamline the processing and handling operations for the cruise vessels berthed at the Bulk Sugar Terminal and the Cruise Jetty respectively, the facility at the Cruise Terminal will be connected with the Bulk Sugar Terminal berth through a bridge which is also included within the scope of the Cruise Terminal project.

The works under the contract were unfortunately severely impacted by the lockdown situation due to outbreak of the COVID-19 pandemic in March 2020 whereby all the site activities came to a standstill. The construction works gradually resumed in June 2020 when the lockdown was lifted.

It is now expected that the construction of the Cruise Terminal Building will be completed towards mid-2021.

2. Corrosion Protection Works

With a view to enhancing the service life of the existing quays, the MPA undertook a rehabilitation and upgrading project on the various steel piled and sheet piled foundations of the existing quays located at Port Louis Harbour and Port Mathurin.

The works comprised surface preparation of the existing steel piled and sheet piled foundations to enable the fixing of metal brackets and installation of new sacrificial anodes. These new anodes which are of aluminium-type and of sizes varying between 2.5m and 3.6m were used as sacrificial elements to protect the existing steel piled/sheet piled foundations against corrosion. Under the project, some 3000 such anodes were installed with a designed life of 10 years.

The works were executed by a supplier which mobilised a dedicated team of specialised underwater welders. The project was successfully completed in June 2019. The system has been monitored in November 2020 through a final inspection after some 18 months after its installation. The inspection has effectively confirmed the effectiveness of the system in enhancing the serviceability of piled quay structures.

3. Island Terminal project at Port Louis Harbour

The development of the Island Terminal was recommended in the Port Master Plan 2016 as a solution to protect the existing Mauritius Container Terminal against wave and swell and also to increase capacity to cater for the container traffic beyond 2040.

In this respect, the MPA has undertaken the techno-economic feasibility study of the Island Container Terminal.

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 consists of 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 a published dredged depth of 18 metres along a revised alignment;
- Land reclamation over some 55 ha on the lee side of the breakwater and on the reef using the dredged material to allow for the development of a 3-berths container terminal with a total quay length of about 1250 metres and a container stacking yard of an area over about 50 hectares with a throughput capacity of up to 1.8 million TEUs;
- Construction of a link bridge from the northern end of the MCT to the Island Terminal.

The study has confirmed that the development of the Island Terminal which would necessitate a massive investment to the tune of USD 835 million is technically feasible and would decrease the downtime at MCT as well as providing increased container terminal capacity.

Accordingly, an Information Memorandum was floated in August 2019 to a wide range of potential Investors from the shipping industry, marine & civil contractors, banking & financial institutions, terminal operators, etc. to assess the market response.

Responses received from interested parties in November 2019, have revealed solid interests from several respondents who are willing to partner in the project under a PPP model. In consequence, it is proposed to retain the services of a Transaction Advisor to undertake the financial engineering and narrow down the institutional model options for the execution of the project.

However, with the post COVID-19 situation, the project which will involve substantial foreign investment has been rescheduled for execution in the medium term.

4. Construction of a Mini-Soccer Pitch and Cloakroom

With a view to promoting welfare and encourage the practice of sport activities among its staff, MPA has proceeded with the construction of a mini-soccer pitch and cloakroom at the cost of some Rs. 17 million. The works under the contract have been completed in October 2020. The facility comprises inter-alia:

- A mini-soccer pitch covering area of 968 m² made with synthetic turfing together with associated amenities and include an LED floodlighted system to enable activities to take place after normal office working hours.
- Separate male & female changing rooms with washrooms & showers have been provided in the dedicated cloakroom facility.
- The complex also includes an open hall of about 24 m² to cater for social group activities like yoga -Zumba sessions, indoor games, etc.
- An open hall of an area of about 64 m² for the setting up of a gym for the MPA employees has also been provided at the first floor.
- The complex has been provided with a paved parking area of about 350 m².

5. High Security Fencing at Terminal II, MCT & HRB

In order to enhance security at the operating terminals within Port Louis Harbour and to comply with the International Ship and Port Facility Security (ISPS) Code, the MPA proceeded with the upgrading of the existing fencing that had outlived its economic life with a high security fencing system. The works under the contract had been successfully completed in September 2019. The project comprised the design, supply and erection of some 4,000 metres of high security perimeter fencing around the operational port terminals namely, the SSR Multi-Purpose Terminal and the Mauritius Container Terminal.

6. 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 during adverse weather.

The project will also include the construction of a fishing port at Fort William. The facility will comprise a service quay of about 50m long equipped with the marine furniture (fenders, bollards) and all other associated facilities which may be required to service the ocean going vessels and their fishing equipment. The project will also include the dredging of the basin and a parking area.

This fishing port will allow no less than 125 commercial fishing vessels to anchor in the harbour.

The consultants, Messrs CWP engineering, are finalising the detailed design of the preferred development option and the Environmental Impact Assessment.

Following a prequalification exercise undertaken under the aegis of the Central Procurement Board, twelve potential bidders have been prequalified to bid for the construction of the facility. Bids are expected to be invited from the prequalified bidders in the first quarter of 2021.

7. Wayfinding signage

A vast range of businesses operate in the port area. Currently, businesses are displaying their own sign boards to assist visitors to locate them. However, different organisations use different types and sizes of sign boards and directional signs.

In order to enhance the attractiveness of the port, the design and installation of a harmonised wayfinding directional signage is being proposed. 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.

The MPA has retained the services of a contractor for the design and installation of wayfinding signage within the port area. The Service Provider is currently designing the signage.

8. Design and Construction of an open Steel Shed at MCT

In order to facilitate custom operations for the increased number of containers which are now required to be physically checked, the MPA has undertaken the construction of an Open Steel Shed at the Mauritius Container Terminal, Terminal III, Mer Rouge.

This facility will enhance the capacity of the existing Customs Verification Centre for the verification of 16 additional containers concurrently. In addition, the facility has been equipped with a raised asphaltic concrete floor and flood lights as well as electrical sockets.

The Contract for the Design & Construction of the Open Steel Shed had been awarded in December 2019 and works are expected to be completed in the 3rd quarter of 2020.

9. CCTV and Access Control System

In order to strengthen the level of security in the port area, the MPA is proceeding with the implementation of a new CCTV and Access Control System which would

comprise intelligent HD cameras which are able to analyse live CCTV footages through advanced analytics and generate alarms accordingly. The new system will consist of around 300 HD intelligent cameras of various types which will be deployed to cover the port area.

A centralised Access Control System consisting of a number of electronic raise arm barriers and turnstiles will also be installed to monitor access to security areas, including MPA buildings. The project is expected for completion by mid of 2021.

10. Vessel Traffic System

The MPA is also proceeding with the replacement of its Vessel Traffic System (VTS) by a more modern and state of the art VTS System. The system will consist of 2 radars and an Automatic Identification System.

The main purpose of the VTS is to regulate traffic of vessels in the port area and ensure safety and security in the Port area from incoming and outgoing vessels and to monitor shipping movements in the port. The project is expected to be completed by September 2020.

11. Maritime Single Window (MSW)

Currently, a significant amount of paperwork is required before clearance is granted to a ship to enter Port Louis Harbour which renders the process tedious and protracted. Since most of the information provided by agents to the relevant Authorities are being unnecessarily duplicated, it has been decided to develop a single electronic platform whereby all agents can apply for the clearance of their vessels online. The project is planned to be completed by the end of 2021.



Key Events

During the period 01 July 2019 to 30 June 2020, the MPA organised a series of events and activities,

01 July 2019 - APIOI Seminar sur le theme- Créer des opportunités pour les femmes dans la filière Maritime et portuaire. The objective of this seminar was to encourage more women to opt for a career in the marine sector.



25 July 2019 - Signature of the contract between PAIOI and Inchcape Shipping Services Mauritius Ltd, on the pre-feasibility study of the cruise development in the Indian ocean islands, in Seychelles, in the office of the Minister of Tourism, Civil Aviation, Ports and Marine, Mr. Didier Dogley, also President of the Vanilla Islands Association.

03 August 2019 – Football match organized at Bagatelle Mall footfive for MPA staff. The Chairman rewarding the winner of the match.



Key Events



27 September 2019 -
Meeting with APIOI
group members



04 October 2019 - Mauritius
being recognized as an Africa's
Hot spot *according to Forbes
Africa.*

09 October 2019 - Mr Maistry
Ramalingum (MPA Chairman) Signing
of the Memorandum of
Understanding during the Mauritius
Maritime Week.



Key Events

25 October 2019 – Mr Maistry Ramalingum (Chairman) and Mr Dawoodarry (Director of Legal Administrative Services) meeting cabin crew member of Costa Mediterranean on its arrival at the harbor.



11 November 2019- Shield Ceremony of 'MSC Orchestra' on the occasion of her maiden call at Port Louis Harbour

10 December 2019 - Annual religious ceremony-The theme for the year being- 'Libérer le potentiel'



10 December 2019 - On the same day of the annual Religious Ceremony, the arrival of the newly purchased firefighting truck was celebrated.



20 January 2020 - Visit of member of Changzhou Delegation at the MPA



Key Events

11 March 2020 - 52nd Independence day of Mauritius Celebration.

On this special day 3 major events were organized:

- **Flag raising ceremony**



- **International Women's Day**

- **Presentation of certificates and gifts to employees having completed 25 years of service at the MPA.**



OPERATIONS REPORT



OPERATIONS REPORT

PORT TRADE PERFORMANCE

The COVID-19 pandemic has impacted on the global economy resulting in a lockdown from 20 March to 31 May 2020 in Mauritius, which had a heavy impact on port traffic.

During the financial year (FY2019/2020), total cargo traffic stood at 7.7 million tonnes as compared to 8.5 million tonnes recorded in FY2018/2019, representing a drop 8.7%.

Similarly, total container traffic registered a decrease of 11.0%, with 429,525 TEUs registered in FY2019/2020 as compared to 482,695 TEUs in FY2018/2019. For the period under review, both captive and transshipment container traffic recorded a contraction of 9.2% and 13.5% respectively.

Likewise, the port witnessed a decline of 2.5% in the total vessels calls, from 3,411 in FY2018/2019 as opposed to 3,326 recorded in FY2019/2020.

Total Cargo Traffic

Total Cargo tonnage handled in the port stood at 7,732,322 tonnes in FY2019/2020 as compared to 8,470,079 tonnes in FY2018/2019, representing a decrease of 8.7%, equivalent to 737,757 tonnes, as summarised in Table 1.

Table 1
Total Cargo Traffic – FY2018/2019 v/s FY2019/2020 (tonnes)

	FY18/19	FY19/20	Difference	% Change
Total Imports	5,369,059	4,834,153	-534,906	-10.0
Total Exports	1,295,316	1,384,656	89,340	6.9
Total Containerised Transshipment Inwards	1,805,704	1,513,513	-292,191	-16.2
Total	8,470,079	7,732,322	-737,757	-8.7

Total Imports

Total imports declined by 10.0%, with 4,834,153 tonnes in FY2019/2020 as compared to 5,369,059 tonnes in FY2018/2019. With the exception of general cargo imports, all remaining imports registered contractions for the financial year under review.

Table 2 illustrates the breakdown of Total imports.

Table 2
Breakdown of Total Imports FY2018/2019 v/s FY2019/2020 (tonnes)

Imports	FY18/19	FY19/20	Difference	% Change
Solid Bulk	1,817,475	1,626,195	-191,280	-10.5
Liquid Bulk	1,724,099	1,584,317	-139,782	-8.1
Containerised	1,646,053	1,444,791	-201,262	-12.2
Fish	148,893	135,351	-13,542	-9.1
General cargo	32,539	43,499	10,960	33.7
Total	5,369,059	4,834,153	-534,906	-10.0

Total Export

Total exports grew by 6.9% and stood at 1,384,656 tonnes in FY2019/2020 as compared to 1,295,316 tonnes in FY2018/2019.

Table 3
Breakdown of Total Bulk Exports – FY2018/2019 v/s FY2019/2020 (tonnes)

Exports	FY18/19	FY19/20	Difference	% Change
Containerised	636,915	647,277	10,362	1.6
Liquid Bulk	633,174	718,039	84,865	13.4
Dry Bulk	2,953	0	-2,953	100.0
General cargo	15,209	15,085	-124	-0.8
Fish	7,065	4,255	-2,810	-39.8
Total	1,295,316	1,384,656	89,340	6.9

Total Container Traffic

Total Container Traffic (excluding paid restows) witnessed a decline of 11.0%, equivalent to 53,170 TEUs from 482,695 TEUs in FY2018/2019 to 429,525 TEUs in FY2019/2020.

It is worth noting that both captive container traffic and transshipment container traffic registered a contraction of 9.2% and 13.5%, respectively. Details are summarised in Table 4.

Table 4
Total Container Traffic – FY2018/2019 v/s FY2019/2020 (TEUs)

	FY18/19	FY19/20	Difference	% Change
Captive	281,408	255,468	-25,940	-9.2%
Transshipment	201,287	174,057	-27,230	-13.5%
Total	482,695	429,525	-53,170	-11.0%

Total Transshipment Inwards Container Traffic

Following the outbreak of the COVID-19 pandemic, global transshipment activities went on the low side and shipping lines had rerouted their transshipment activities to fewer ports with a view to optimising their activities.

During the lockdown period, the transshipment activities of MSC switched from Port Louis to Colombo, in particular, its Europe to Australia & Indian Ocean Islands Services.

Similarly, Maersk PROTEA service (under a VSA with CMA CGM MIDAS service) was diverted to Salalah owing to low volume of container traffic in South Africa. As a result, transshipment container traffic had witnessed a drop of 13.5 % with 174,057 TEUs in FY 2019/2020 as compared to 201,287 TEUs in FY 2018/2019.

The comparative monthly transshipment container traffic is summarised in Table 5.

Table 5
Total Transshipment Inwards Container Traffic – FY2018/2019 v/s FY2019/2020 (TEUs)

	FY18/19	FY19/20	Difference	% Change
Jul	17,062	14,355	-2,707	-15.9
Aug	19,541	18,651	-890	-4.6
Sep	17,650	15,610	-2,040	-11.6
Oct	21,982	15,324	-6,658	-30.3
Nov	17,269	21,741	4,472	25.9
Dec	15,585	14,985	-600	-3.9
Jan	13,284	14,608	1,324	10.0
Feb	15,779	16,283	504	3.2
Mar	16,700	15,331	-1,369	-8.2
Apr	15,609	8,237	-7,372	-47.2
May	15,289	8,883	-6,406	-41.9
Jun	15,537	10,049	-5,488	-35.3
Total	201,287	174,057	-27,230	-13.5

Containerised Cargo Imports/Exports

Total containerised imports decreased by 12.2%. The breakdown of this traffic in Table 6 reveals that captive containerised cargo imports contracted by 12.4% whilst inter-island containerised imports expanded by 16.2%.

Table 6
Containerised Cargo Imports – FY2018/2019 v/s FY2019/2020 (tonnes)

	FY18/19	FY19/20	Difference	% Change
Captive	1,635,943	1,433,047	-202,896	-12.4
Inter-Island	10,110	11,744	1,634	16.2
Total	1,646,053	1,444,791	-201,262	-12.2

Total containerised cargo exports registered a growth of 1.6% from 636,915 tonnes in FY2018/2019 to 647,277 tonnes in FY2019/2020. The breakdown of this traffic reveals that both captive and inter-island containerised exports noted expansions of 1.5% and 2.9%, respectively.

Table 7
Containerised Exports – FY2018/2019 v/s FY2019/2020 (tonnes)

	FY18/19	FY19/20	Difference	% Change
Captive	564,027	572,287	8,260	1.5
Inter-Island	72,888	74,990	2,102	2.9
Total	636,915	647,277	10,362	1.6

General Cargo Imports

Total General Cargo Imports witnessed an increase of 33.7%. The breakdown of this traffic in Table 8 shows that unitized break bulk witnessed a growth of 16.3% and inter-island general cargo imports grew by 629.5%. The increase in the latter is attributed to the ongoing infrastructural works at Agalega.

Table 8
General Cargo Imports – FY2018/2019 v/s FY2019/2020 (tonnes)

	FY18/19	FY19/20	Difference	% Change
Unitized Break Bulk	31,615	36,758	5,143	16.3
Inter-Island	924	6,741	5,817	629.5
Total	32,539	43,499	10,960	33.7

Fish Traffic Imports

Total fish imports posted a drop of 9.1%, with 135,351 tonnes in FY2019/2020 as compared to 148,893 tonnes in FY2018/19 owing to the lockdown. At the same time, it is worth noting that the total number of fishing vessels calling at Port Louis have decreased from 1,108 calls in FY2018/2019 to 972 calls recorded in FY2019/2020, representing a drop of 12.2%.

Table 9
Fish Traffic Imports – FY2018/2019 v/s FY2019/2020 (tonnes)

	Volume (tonnes)				Vessel Calls			
	FY18/19	FY19/20	Difference	% Change	FY18/19	FY19/20	Difference	% Change
Tuna/ Loin Processing	85,117	77,453	-7,664	-9.0	26	32	6	23.1
Local Market	2,349	2,661	312	13.2	366	279	-87	-23.8
Transshipment Inwards	54,362	50,979	-3,383	-6.2	625	608	-17	-2.7
Direct Transshipment Inwards	7,065	4,258	-2,807	-39.7	91	53	-38	-41.8
Total	148,893	135,351	-13,542	-9.1	1,108	972	-136	-12.2

- Imports of Tuna as raw materials by Princess Tuna and Thon des Mascareignes decreased by 9.0% from 85,117 tonnes in FY2018/2019 to 77,453 tonnes in FY2019/2020, reflecting the supply chain disruption owing to the COVID-19 pandemic.
- Conversely, fish production in our oceanic banks, mainly meant for the local market, has gone up by 13.2% from 2,349 tonnes in FY2018/2019 to 2,661 tonnes in FY2019/2020. The number of fishing calls noted a decrease of 23.8% during the current financial year owing to the lockdown.
- Fish transshipment activity has decreased by 6.2%, with 50,979 tonnes in FY2019/2020 against 54,362 tonnes recorded in FY2018/2019.
- Along the same lines, direct ship to ship transshipment has gone down from 7,065 tonnes in FY2018/2019 to 4,258 tonnes recorded during the current financial year, representing a drop of 39.7%.

Fish Traffic Exports

For the year FY2019/2020, direct transshipment outwards of fish stood at 4,255 tonnes as opposed to 7,065 tonnes in FY2018/2019, representing a decline of 39.8%. Similarly, a contraction of 40.6% has been noted in the number of vessel calls for the financial year under review.

Table 10
Fish Exports – FY2018/2019 v/s FY2019/2020 (tonnes)

	Volume in Tonnes				No of vessel Calls			
	FY18/19	FY19/20	Difference	% Change	FY18/19	FY19/20	Difference	% Change
Direct Transshipment outwards (ship to ship)	7,065	4,255	-2,810	-39.8	32	19	-13	-40.6

Cruise Traffic

During the FY2019/2020, the number of cruise calls stood at 34 against 45 in FY2018/2019, representing a decline of 24.4%. Out of the 34 calls recorded in FY2019/2020, the number of Homeporting (HMPT) and Round The World Cruises (RTWC) calls accounted to 20 and 14 respectively.

Cruise Passengers Arrivals

Similarly, cruise passenger arrivals contracted by 13.9%, with 53,151 in FY2019/2020 as compared to 61,759 passengers in FY2018/2019. This dismal performance is attributed to the COVID-19 pandemic as cruise ships were denied access to the port as from 13 March 2020.

Details of passengers arriving on Homeporting and Round The World Cruises vessels are provided in the table 11.

Table 11

	Total Cruise Passengers				Total Cruise Calls			
	FY18/19	FY19/20	Difference	% Change	FY18/19	FY19/20	Difference	% Change
HMPT	25	20	-5	-20.0	42,751	40,860	-1,891	-4.4
RTWC	20	14	-6	-30.0	19,008	12,291	-6,717	-35.3
TOTAL	45	34	-11	-24.4	61,759	53,151	-8,568	-13.9

Solid (Dry) Bulk Imports

Solid bulk imports have witnessed a decline of 10.5 %, equivalent to 191,280 tonnes, from 1,817,475 tonnes in FY2018/2019 to 1,626,195 tonnes in FY2019/2020 as detailed in Table 12.

Table 12
Solid Bulk Imports – FY2018/2019 v/s FY2019/2020 (tonnes)

	FY18/19	FY19/20	Difference	% Change
Coal	743,067	632,942	-110,125	-14.8
Cement	700,794	649,732	-51,062	-7.3
Wheat	146,480	125,636	-20,844	-14.2
Sugar	41,060	42,000	940	2.3
Maize	119,875	121,807	1,932	1.6
Soya Bean Meal	56,199	54,078	-2,121	-3.8
Fertilizer	10,000	0	-10,000	-100
Total	1,817,475	1,626,195	-191,280	-10.5

- Coal imports showed a decrease of 14.8%, with 632,942 tonnes in FY2019/2020 as compared to 743,067 tonnes in FY2018/2019, reflecting the impact of Covid-19 on the energy sector. According to Central Electricity Board, the demand for electricity had gone down by almost one third during the lockdown period.
- Bulk Cement imports decreased by 7.3% to reach 649,732 tonnes in FY2019/2020 as compared to 700,794 tonnes. This could be attributed to stock level built up during the lockdown period and storage capacity constraint. It is worth noting that according to the National Accounts Estimates (June 2020), the construction sector is projected to contract by 20% in 2020.
- For the year under review, imports of wheat noted a decline of 14.2%, with 125,636 tonnes in FY2019/2020 as compared to 146,480 tonnes in FY2018/2019, reflecting the impact of COVID-19 on the tourism sector which is badly impacted following the travel restriction as well as restrictions imposed by wheat exporting countries following the outbreak of the pandemic.
- Bulk sugar import has remained practically at par, i.e. around 42,000 for the FY2019/2020. It is worth noting that this traffic is driven by the production mix which favours the production of a larger quantity of special sugar from the raw sugar produced locally. As a result, less raw sugar is available for refinery (Mauritius Sugar Syndicate's report –FY2018/2019) and raw sugar has to be imported.
- Maize and soya bean meal imports are mainly used in the production of animal feed. For the year under review, Maize imports have registered an expansion of 1.6% whilst Soya Bean Meal contracted by 3.8%. However, it is to be noted that the combined maize and soya bean meal imports have practically witnessed no change, reflecting the inelasticity of food items, which is almost non-responsive to changes in price and income.
- No import of fertilizer was effected during FY2019/2020 as compared to 10,000 tonnes in FY2018/2019. However, it is important to note that bulk fertilizer is being imported in containers.

Liquid Bulk Imports

Total imports of liquid bulk decreased by 8.1%, representing 139,782 tonnes, i.e. from 1,724,099 tonnes in FY2018/2019 to 1,584,317 tonnes in FY2019/2020 as summarised in table 13.

Table 13
Liquid Bulk Imports – FY2018/2019 v/s FY2019/2020 (tonnes)

	FY18/19	FY19/20	Difference	% Change
White oil	820,496	687,147	-133,349	-16.2
Black oil	763,540	771,411	7,871	1.0
LPG	117,363	100,811	-16,552	-14.1
Edible oil	15,500	19,500	4,000	25.8
Bitumen	7,200	5,448	-1,752	-24.3
Total	1,724,099	1,584,317	-139,782	-8.1

- Imports of White oil noted a fall of 16.2% from 820,496 tonnes in FY2018/2019 to 687,147 tonnes in FY2019/2020, reflecting the disruptions caused by the COVID-19 pandemic. Domestic transportation was badly hit owing to the lockdown, whilst the aviation sector is still bearing the brunt of the travel restriction since March 2020.
- Imports of Black oil increased slightly from 763,540 tonnes in FY2018/2019 to 771,411 tonnes in FY2019/2020, representing an increase of 1.0%. In spite of a fall in the demand for electricity during the lockdown, this traffic has remained resilient owing to growing demand for marine fuel oil as bunkers has witnessed a growth of 16.7% for the financial year under review.
- Imports of LPG dropped by 14.1% from 117,363 tonnes in FY2018/2019 to 100,811 tonnes in FY2019/2020, reflecting the impact of the COVID-19 on the hospitality industry as well as the fall in the export of LPG. The decision to lease the Petredec LPG facility to STC implies that priority will be given to imports for domestic market which hovers around 78,000 tonnes annually and exports of LPG are likely to be phased out in the short term.
- For the year under review, imports of Edible Oil expanded by 25.8 % from 15,500 tonnes to 19,500 tonnes. This could be attributed to a shift in consumer preference for locally refined oil owing to a decline in the purchasing power in the wake of the COVID-19 pandemic. The locally refined edible oil is relatively cheaper compared to containerised higher grade oil.
- Bitumen imports have noted a drop of 24.3% for the financial year under review. This fall could be attributed to the stock built up during the lockdown as delays in road construction could have resulted to the postponement of shipments.

Bunkering Activities (New Record)

Total volume of bunker increased by 16.7% from 593,229 tonnes in FY2018/2019 to reach a new record level of 692,503 tonnes in FY2019/2020 as outlined in Table 14.

Amid the coronavirus pandemic, this segment has maintained its resilience owing to the fiscal incentives provided in the budget 2019/2020 as well as the financial scheme in place by MPA since 2016.

Table 14
Total Bunker Exports – FY2018/2019 v/s FY2019/2020

	Volume in Tonnes				Vessel Calls			
	FY18/19	FY19/20	Difference	% Change	FY18/19	FY19/20	Difference	% Change
Bunker by pipeline	111,062	96,970	-14,092	-12.7	1,355	1,197	-158	-11.7
Bunker by barge	482,167	595,533	113,366	23.5	966	1,162	196	20.3
TOTAL	593,229	692,503	99,274	16.7	2,321	2,359	38	1.6

Bunker Volume

- Table 14 shows that volume of bunker by pipeline has noted a fall of 12.7% and stood at 96,970 tonnes in FY2019/2020 against 111,062 tonnes in FY2018/2019 as lesser vessels were accommodated at quay during the lockdown period.
- On the other hand, the exports of Bunker by barge which accounts for the bulk of total bunkers has increased from 482,167 tonnes in FY2018/2019 to 595,533 tonnes in FY2019/2020, representing a double- digit growth of 23.5%.

Bunker Calls

The number of vessels refuelling at Port Louis has increased from 2,321 calls in FY2018/2019 to 2,359 calls in FY2019/2020, posting a growth of 1.6%.

It is worth noting that the no. of vessel calls for bunker by pipeline dropped by 11.7% whilst by barge recorded a growth to the tune of 20.3%, for the period under review.



The MPA has achieved a comfortable net surplus of Rs 514.7 million for Financial Year (FY) 2019/2020 as compared to the last year figure of Rs 377.4 million, representing an increase of 36.4%. The Operating Revenue realised for FY 2019/2020 has been to the order of Rs 1.49 billion compared to Rs 1.46 billion achieved for FY 2018/2019.

The major financial performance indicators for the FY 2019/2020 as per the Financial Statements and comparative figures for the FY 2018/2019 are shown hereunder: -

Items	FY 2019/2020	FY 2018/2019	% Change
	Rs' M	Rs' M	
Operating Revenue	1,488.7	1,464.5	1.7%
Other Income	200.0	169.1	18.3%
Total Revenue	1,688.7	1,633.6	3.4%
Operating Expenses	(1,384.7)	(1,344.8)	3.0%
Finance Income	81.4	65.9	23.5%
Operating Surplus	385.3	354.7	8.6%
Foreign Exchange Gain	129.3	22.7	
Net Surplus	514.7	377.4	36.4%

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

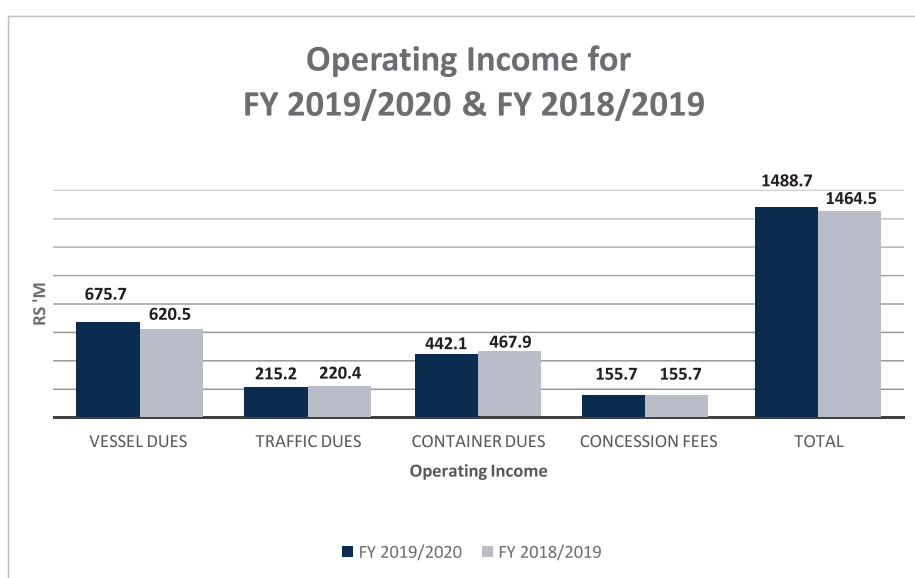
Items	FY 2019/2020	FY 2018/2019
Profitability Ratios		
Operating Profit ratio	25.9%	24.2%
Net Surplus Margin	30.5%	23.1%
Solvency Ratios		
Gearing ratio	3.8	4.2
Liquidity ratio		
Current ratio	6.4	3.1
Operating figures		
Cargo traffic (Million tonnes)	7.7	8.5
Captive Container Traffic (TEUs)	255,468	281,408
Container Transshipment Traffic (TEUs)	174,057	201,287
Total Container Traffic	429,525	482,695
Vessel Traffic	3,326	3,411

Despite the fact that operational performances as well as vessel traffic have been lower for this financial year as compared to the previous one, yet the MPA has derived higher operating revenue as shown above. This has been mainly attributed to the increase in vessel dues derived from vessels calling at outer anchorage for operations

such as bunkering, crew change, lifting of ship stores, hull cleaning, repairs amongst others. Moreover, the appreciation of the USD against the MUR as illustrated further in the report has enabled the MPA to sustain its comfortable financial performance for the financial year under review largely.

Operating Revenue

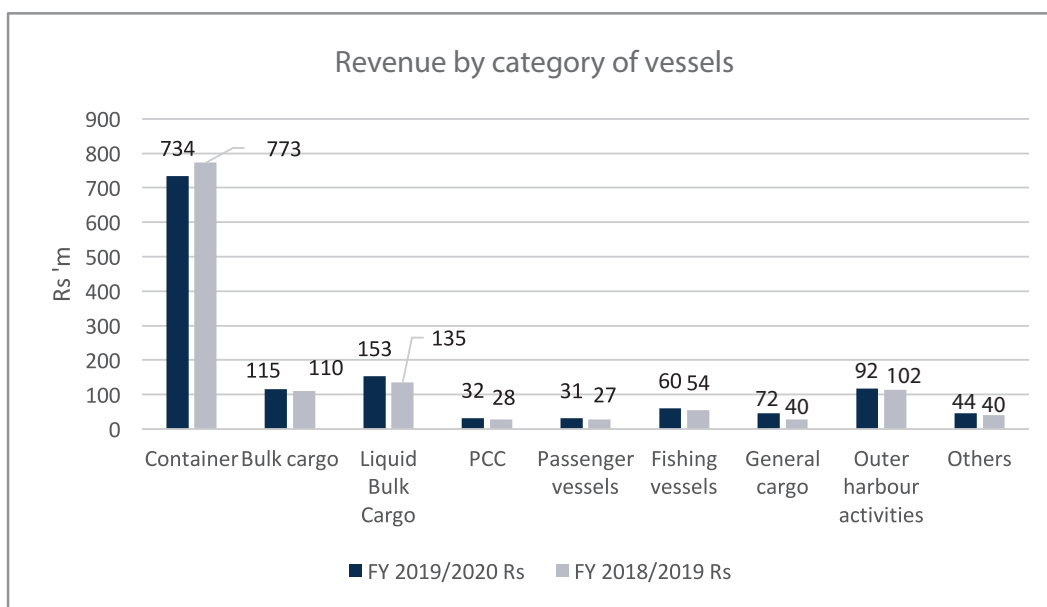
The MPA reported a total operating revenue to the tune of Rs 1,488.7 million for FY 2019/2020 compared to Rs. 1,464.5 million for FY 2018/2019. The chart below illustrates the different components of operating income together with the comparative figures for FY 2018/2019.



The COVID-19 pandemic seriously impacted on the various port sector activities especially during the lockdown period for period 20 March to 31 May 2020 in the country. Moreover, the world economy has also been hit by the pandemic effect which has had a major bearing on port operations and consequently on the financial results of the MPA.

On the other hand, the Government implemented several key measures to support the economy under its 'Plan De Soutien' to the local manufacturing sector and Small Enterprises. The MPA participated accordingly to the plan through a waiver of quay fees on laden export containers from 23 March 2020 to 31 December 2020, which had a bearing on the financial performance during Financial Year 2019/2020. The MPA worked out another scheme for the application of anchorage dues which was based on the number of moves on container vessels, so as not to penalise them for any delay as a result of the sanitary restrictions.

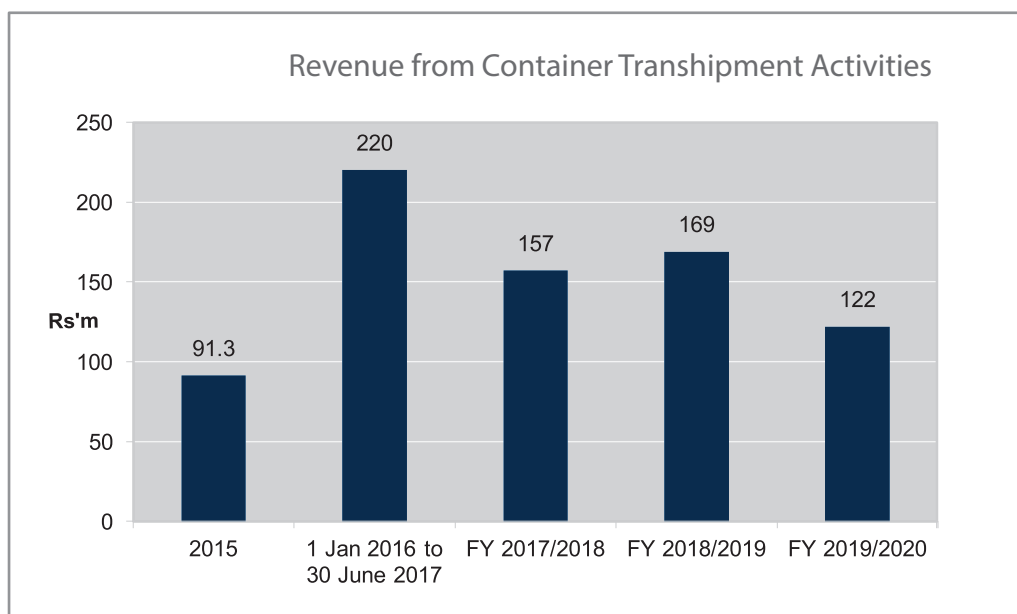
The chart below shows the composition of total operating revenue (excluding concession fees) generated from the handling of different categories of vessels operating in the port for the FY 2019/2020 with comparison figures for FY 2018/2019



As regards transshipment activities, same were affected globally and shipping lines have been re-routing their transshipment activities to fewer ports for cost saving purposes. During the confinement period, two main shipping lines, namely the Mediterranean Shipping SA and Maersk Ltd., calling at Port Louis with regular calls decided to re-route temporarily part of their container transshipment activities to other ports, namely Colombo and Salalah respectively, which at the same time affected the captive container traffic at Port Louis.

However, a noticeable decrease of 13.5% was witnessed in FY 2019/2020 whereby the total transshipment containers handled stood at 174,057 TEUs compared to 201,287 TEUs for FY 2018/2019.

The operating revenue derived from the container transshipment business segment over the last four reporting periods together with that derived in this financial year is shown hereunder:-



Non-Operating Income

The Authority has derived non-operating income, comprising Rental Income, Investment Income, and Finance Income to the tune of Rs 281.4 million in FY 2019/2020 as compared to Rs 234.9 million for the FY 2018/2019.

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

Rental Income

The rental income for the FY 2019/2020 has been higher than the last year figure due to the fact that rentals of several leases have been adjusted as per the terms of the lease agreements during this financial year.

Investment Income

During FY 2019/2020, the MPA received investment income to the order of Rs. 39.2 million compared to Rs 24.1 million for the FY 2018/2019. The higher investment income in FY 2019/2020 is explained by the fact that higher dividends have been received from investee companies in MPA's investment portfolio due to better performances.

Finance Income

The Authority has derived finance income for an amount of Rs 81.4 million compared to Rs 65.9 million for the last financial year.

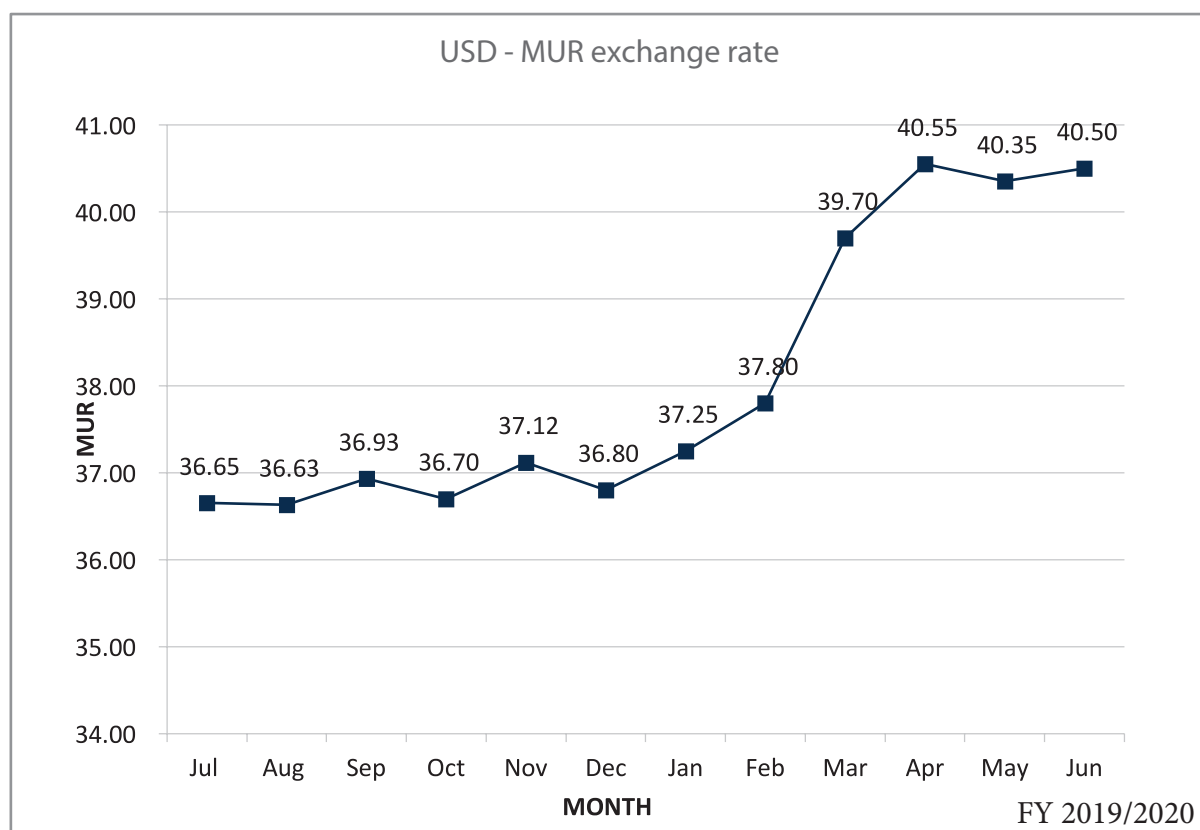
Following the completion of the major capital projects such as the Upgrading and Extension of Berths at the MCT in the year 2017, the Authority has accumulated cash balances which have been earmarked to finance major projects like the procurement of new tugs, construction of Cruise Terminal Building, Fishing Port at Fort William amongst others. In the meantime, these reserves have been invested temporarily in fixed deposit accounts and Government of Mauritius Treasury Bills/Certificates to derive finance income.

Operating Expenses

The Authority incurred operating expenses for a total amount of Rs 1,384.7 million for FY 2019/2020 compared to Rs 1,344.8 million for FY 2018/2019, representing an increase of about 3.0% mainly in the category of repairs and maintenance of equipment, employee benefit and administrative expenses. The MPA tugs have undergone major maintenance works during the year under review to ensure that they are in good condition to handle vessels calling at Port Louis. The MPA has been recruiting additional staff to ensure an adequate workforce for provision of efficient services in its different field of operations.

Foreign Exchange Difference

For FY 2019/2020, a net foreign exchange gain to the order of some Rs 129.3 million has been recognised as compared to Rs 22.7 million for the last financial year. The graph shown overleaf shows the movement of the exchange rate between the two currencies over FY 2019/2020.



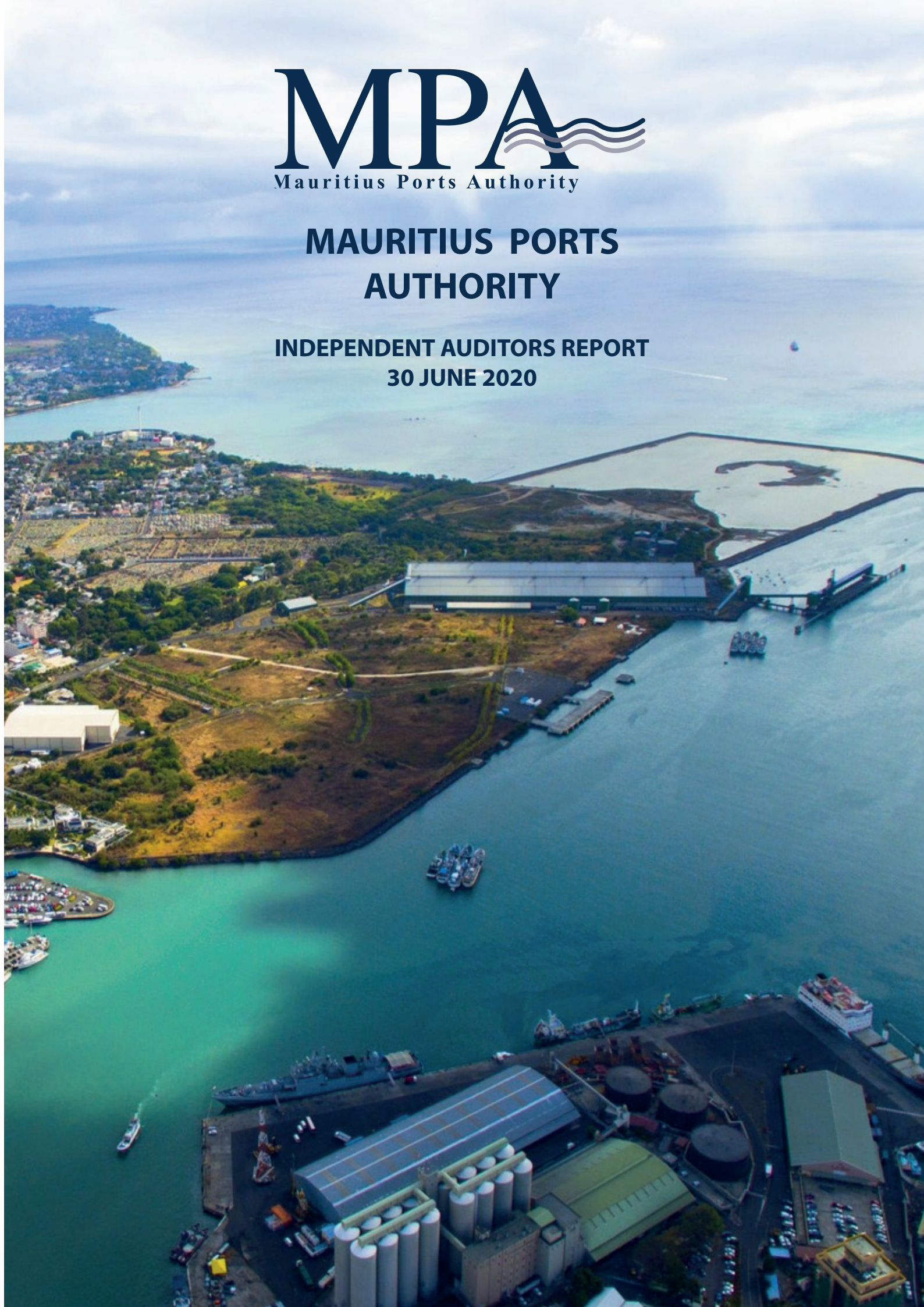
Net Surplus

The Authority has realised a net surplus of Rs 514.7 million for the FY 2019/2020 compared to Rs 377.4 million for the FY 2018/2019, i.e. a 36.4% increase. The main factors that have contributed to the rise of the Net Surplus is the appreciation of the USD against the Mauritian Rupee and rise in the number of calls of some categories of vessels. The increase in non-operating income has also largely contributed to the comfortable financial performance of the Authority for the financial year.



MAURITIUS PORTS AUTHORITY

**INDEPENDENT AUDITORS REPORT
30 JUNE 2020**





INDEPENDENT AUDITOR'S REPORT
To the member of Mauritius Ports Authority

Report on the audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Mauritius Ports Authority ("the Authority"), on pages 41 to 92 which comprise the statement of financial position as at June 30, 2020, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements on pages 41 to 92 give a true and fair view of the financial position of the Authority as at June 30, 2020, 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 Qualified Opinion

As stated in Notes 11(d) and 12(c), Infrastructure, Plant and Equipment, Land and Buildings and Investment Properties respectively, a valuation exercise was carried out subsequent to the reporting period and which is being reviewed by the Directors. The carrying values of Infrastructure, Plant and Equipment, Land and Building and Investment Properties at June 30, 2020 are those of the previous valuation exercise carried out in December 2014, adjusted for additions, disposals and depreciation during the period from December 2014 to reporting date.

At the date of our report, we have not been able to obtain sufficient audit evidence in respect of the revaluation and fair value adjustments for Infrastructure, Plant and Equipment, Land and Buildings and Investment Properties.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter relating to Comparative Information

The financial statements of Mauritius Ports Authority for the year ended June 30, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on October 16, 2019.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the member of Mauritius Ports Authority

Other information

The Directors are 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 auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Authority, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation 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 the Directors determine 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, the Directors are 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 the Directors either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the member of Mauritius Ports Authority

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Directors.
- Conclude on the appropriateness of Directors' 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements***Statutory Bodies (Accounts and Audit) Act 1972***

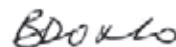
We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the member of Mauritius Ports Authority

Other Matter

This report is made solely to the member of Mauritius Ports 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 them in an auditor's 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 opinions we have formed.

**BDO & CO***Chartered Accountants***Ameenah Ramdin, CCA, ACA**

Licensed by FRC

Port Louis,
Mauritius.
May 12, 2021


FINANCIAL STATEMENTS


STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Notes	2020 Rs'000	2019 Rs'000
ASSETS			
Current			
Cash and cash equivalents	5	441,098	276,729
Trade and other receivables	6	259,930	253,234
Loans receivable	7	30,780	49,997
Other financial assets	8	2,345,139	1,902,133
Inventories	9	24,370	29,548
Current assets		3,101,317	2,511,641
Non-current			
Intangible assets	10	4,251	1,863
Infrastructure, plant and equipment	11	13,138,502	13,558,418
Land and buildings	11	651,287	663,322
Investment properties	12	7,554,000	7,554,000
Assets under construction	13	315,530	145,865
Available-for-sale financial assets	14	566,883	566,201
Loans receivable	7	71,450	90,810
Other financial assets	8	-	203,173
Non-current assets		22,301,903	22,783,652
Total assets		25,403,220	25,295,293
LIABILITIES			
Current			
Trade and other payables	15	194,381	250,759
Dividends payable to Government of Mauritius	16	-	300,000
Borrowings	17	199,056	178,574
Provisions for other liabilities	18	92,773	87,911
Current liabilities		486,210	817,244
Non-current			
Borrowings	17	670,269	766,448
Retirement benefit obligations	19	1,158,010	890,094
Capital grant	20	101,697	106,320
Non-current liabilities		1,929,976	1,762,862
Total liabilities		2,416,186	2,580,106
Net assets		22,987,034	22,715,187
NET ASSETS/EQUITY			
Republic of Mauritius capital account		48,059	48,059
Capital reserve	21	10,255,376	10,255,376
Reserve fund	21	4,749,300	4,482,491
Revaluation surplus	21	7,579,667	7,584,914
Investment fair value reserve	21	327,180	326,796
Accumulated surplus		27,452	17,551
Total net assets/equity		22,987,034	22,715,187

These financial statements have been approved for issue by the directors on: May 12, 2021


 Chairperson
 Name: R. MAISTRY


 Director-General
 Name: S. SUNTAH


 Director - FINANCE
 Name: S. GANGA

The notes on pages 82 to 129 form an integral part of these financial statements.

STATEMENT OF FINANCIAL PERFORMANCE - YEAR ENDED JUNE 30, 2020

	Notes	2020 Rs'000	2019 Rs'000
OPERATING REVENUE			
Vessel dues	22	675,660	620,452
Traffic dues	23	215,223	220,392
Container dues	24	442,105	467,896
Concession fees	35(iv)	155,751	155,751
		1,488,739	1,464,491
NON-OPERATING REVENUE			
Investment income	25	39,214	24,084
Finance income	26	81,345	65,868
Rental income	12(d), 27	152,104	136,563
Gain on disposal of plant and equipment	11(c)	2,082	2,170
Other non-operating revenue	28	6,637	6,240
		281,382	234,925
OPERATING EXPENSES			
Employee benefit expenses	29	(578,155)	(548,121)
Sundry operating expenses		(15,789)	(17,879)
Running and repairs of equipment expenses		(82,034)	(80,067)
Administrative expenses	30	(60,490)	(48,002)
Finance costs	17(b)	(37,656)	(40,471)
Depreciation and amortisation	10 & 11	(610,623)	(610,214)
		(1,384,747)	(1,344,754)
Operating surplus		385,374	354,662
Net foreign exchange gain		129,280	22,704
SURPLUS FOR THE YEAR	31	514,654	377,366
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to surplus or deficit:</i>			
Actuarial (losses)/gains recognised	32	(243,191)	17,321
<i>Items that will be reclassified subsequently to surplus or deficit:</i>			
Increase/(decrease) in fair value of available-for-sale financial assets	32	384	(7,174)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(242,807)	10,147
TOTAL SURPLUS FOR THE YEAR		271,847	387,513

The notes on pages 82 to 129 form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS/EQUITY - YEAR ENDED JUNE 30, 2020

	Republic of Mauritius	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	Rs'000
At July 1, 2019	48,059	10,255,376	4,482,491	7,584,914	326,796	17,551	22,715,187	
Release on disposal of infrastructure, plant and equipment (Note 11(c))	-	-	-	(5,247)	-	5,247	-	-
Surplus for the year	-	-	-	-	-	514,654	514,654	514,654
Transfer from accumulated surplus to reserve fund (note 21(b))	-	-	510,000	-	-	(510,000)	-	-
Other comprehensive income	-	-	(243,191)	-	384	-	(242,807)	(242,807)
At June 30, 2020	48,059	10,255,376	4,749,300	7,579,667	327,180	27,452	22,987,034	
At July 1, 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 11(c))	-	-	-	(4,367)	-	4,367	-	-
Surplus for the year	-	-	-	-	-	377,366	377,366	377,366
Transfer from accumulated surplus to reserve fund (note 21(b))	-	-	225,000	-	-	(225,000)	-	-
Other comprehensive income	-	-	17,321	-	(7,174)	-	10,147	10,147
Dividends	-	-	-	-	-	(200,000)	(200,000)	(200,000)
At June 30, 2019	48,059	10,255,376	4,482,491	7,584,914	326,796	17,551	22,715,187	

The notes on pages 82 to 129 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Notes	2020 Rs'000	Restated 2019 Rs'000
Cash flows from operating activities			
Cash from operations	34(a)	1,106,063	469,389
Interest received		69,907	51,446
Interest paid		(38,358)	(41,759)
Net cash from operating activities		1,137,612	479,076
Cash flows from investing activities			
Purchase of property, plant and equipment, net of assets under construction		(336,960)	(235,332)
Proceeds from sale of property, plant and equipment		2,082	5,720
Investments in available-for-sale financial assets		(298)	(1,293)
Capital reduction		-	8,460
Loan repayments received		49,231	47,218
Dividends received		21,876	23,807
Net movement on other financial assets		(227,834)	(288,241)
Net cash used in investing activities		(491,903)	(439,661)
Cash flows from financing activities			
Long term borrowing		(181,340)	(156,514)
Dividends paid		(300,000)	(150,000)
Net cash used in financing activities		(481,340)	(306,514)
Net increase/(decrease) in cash and cash equivalents		164,369	(267,099)
Cash and cash equivalents, beginning of year		276,729	543,828
Cash and cash equivalents, end of year	34(b)	441,098	276,729

The statement of cash flows for the year ended June 30, 2019, has been restated to reclassify fixed deposits of an amount of Rs.2,105.306 million with a maturity period of more than 90 days from cash and cash equivalents to investing activities.

The notes on pages 82 to 129 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 Standards ("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 that:

- (i) land and buildings are carried at revalued amounts;
- (ii) infrastructure, plant and equipment (excluding furniture and equipment) are carried at revalued amounts;
- (iii) investment properties are stated at fair value;
- (iv) available-for-sale financial assets and relevant financial assets and liabilities are stated at their fair value.

Application of new and revised IPSAS

In the current financial year, the following revised standards issued by IPSASB became mandatory for the first time for the financial year beginning July 1, 2019. The Authority has taken into consideration the following amendments, where applicable, in the preparation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Application of new and revised IPSAS (cont'd)*Impairment of Revalued Assets (Amendments to IPSASs 21 and 26)*

This amends the scope of PBE IPSAS 21 Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets to include property, plant and equipment and intangible assets measured at revalued amounts and also amends PBE 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 has also been incorporated into IPSAS 35, with minimal adjustment.

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

This Standard applies to entities that have an interest in controlled entities, joint arrangements, associates or unconsolidated structured entities. It establishes disclosure objectives and specifies minimum disclosures that an entity must provide to meet those objectives.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

Interest Rate Benchmark Reform (Amendments to IPSAS 41, IFRS 9, IPSAS 29 and IPSAS 30)

The amendments are similar to the recent amendments to IFRS and affect PBEs that apply the hedge accounting requirements of IPSAS 29 Financial Instruments: Recognition and Measurement (the current standard) or IPSAS 41/IFRS 9 Financial Instruments to hedging relationships directly affected by the interest rate benchmark reform.

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 40 PBE Combinations

The new standard, when applied, supersedes PBE IFRS 3 Business Combinations. IPSAS 40 has a broader scope than PBE IFRS 3 since it establishes requirements for accounting for both acquisitions and amalgamations. PBE combination is the bringing together of separate operations into one public benefit entity, which might occur by mutual agreement or by compulsion (for example by legislation).

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.

Where relevant, the Authority is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 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 indicate 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.

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 lives.

The annual rates are as follows:

	% p.a
Buildings and Infrastructure	2.5 - 100
Navigational Aids	1.7 - 20
Tugs and Floating Crafts	5 - 100
Quays	1.4 - 4.76
Furniture and Equipment	20

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Property, plant and equipment (cont'd)

	<u>% p.a</u>
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'.

2.3 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.

2.4 Investment properties

All of the Authority's property interests, held to earn rentals or for capital appreciation purposes or both and not occupied by the Authority, are accounted for as investment properties and are measured using the fair value model. Investment properties are 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 Investment properties (cont'd)**

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.

2.5 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.5 Financial assets (cont'd)****(b) Recognition and measurement (cont'd)**

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.5 Financial assets (cont'd)****(c) Impairment of financial assets (cont'd)**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.5 Financial assets (cont'd)****(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.

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.

2.6 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 occurred, same is recognised in surplus or deficit. Long term receivables without fixed maturity terms are measured at cost.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.8 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.

2.9 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'.

2.10 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'.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.12 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.

2.13 Employment 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 January 01, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.13 Employment benefits (cont'd)***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.

2.14 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.

2.15 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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.15 Impairment of assets (cont'd)**

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.

2.16 Revenue recognition

Revenue comprises of 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.16 Revenue recognition (cont'd)**

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.

2.17 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.

2.18 Funds and reserves*Capital account*

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

Other reserves

Other reserves include the following:

- Capital reserve - Comprises of gains & losses on revaluation on investment properties 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.19 Surpluses and deficits**

Accumulated surpluses include all current and prior years' results.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.23 Grants (cont'd)**

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.

2.24 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.

2.25 Operating expenses

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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:

	2020			2019		
	MUR	USD	EUR	MUR	USD	EUR
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
Cash and cash equivalents	134,382	305,298	1,418	33,354	232,963	10,412
Other financial assets	614,351	1,730,788	-	801,181	1,304,125	-
Loans receivable	11,474	90,756	-	12,917	127,890	-
Available-for-sale financial assets	566,883	-	-	566,201	-	-
Trade and other receivables	246,175	-	-	243,449	-	-
	1,573,265	2,126,842	1,418	1,657,102	1,664,978	10,412

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

Foreign exchange risk (cont'd)

	2020			2019		
	MUR	USD	EUR	MUR	USD	EUR
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities						
Borrowings	-	869,325	-	-	945,022	-
Trade and other payables	181,173	13,208	-	224,318	26,441	-
Provision for other liabilities	92,773	-	-	87,911	-	-
	273,946	882,533	-	312,229	971,463	-

At June 30, 2020, if the rupee had weakened/strengthened by 3% (2019: 3%) against the USD/EUR with all other variables held constant, surplus income for the year would have reduced/increased by Rs.37.372 million (2019: Rs.21.118 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.

	2020	2019
	Rs'000	Rs'000
Maersk Mauritius Ltd	30,432	22,624
Cargo Handling Corporation Limited	14,164	14,999
Mediterranean Shipping & Co. Ltd	12,778	22,678
Total Mauritius Limited	10,634	10,215
CMA CGM (Mauritius) Ltd	10,103	7,651
Mauritius Shipping Corporation Ltd	4,350	14,631
	82,461	92,798

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

Credit risk (cont'd)

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.

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	
	2020	2019
	Rs'000	Rs'000
Available-for-sale financial assets	7,559	8,380

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

Liquidity risk (cont'd)	6 months or less Rs'000	6-12 months Rs'000	2 - 5 years Rs'000	Over 5 years Rs'000	Total Rs'000
June 30, 2020					
Trade and other payables	194,381	-	-	-	194,381
Provisions for other liabilities	92,773	-	-	-	92,773
Borrowings	99,528	99,528	670,269	-	869,325
Total	386,682	99,528	670,269	-	1,156,479
June 30, 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

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 June 30, 2020, the Authority's interest bearing financial instruments included cash at bank amounting to Rs.441.098 million (2019: Rs.276.729 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.2.205 million (2019: Rs.1.384 million) for the Authority.

Interests rates between 0.74% to 2.92% p.a. are receivable on MUR treasury bills, treasury certificates and government bonds while interest rates between 1.60 % to 3.75 % 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

Legal risk (cont'd)

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

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 June 30, 2020 and June 30, 2019:

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
At June 30, 2020				
Available-for-sale financial assets	<u>151,175</u>	<u>32,945</u>	<u>382,763</u>	<u>566,883</u>
At June 30, 2019				
Available-for-sale financial assets	<u>167,603</u>	<u>36,008</u>	<u>362,590</u>	<u>566,201</u>

There were no transfers between Level 1 and Level 2 during the year ended June 30, 2020 and June 30, 2019.

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:

	2020 Rs'000	2019 Rs'000
At July 1,	362,590	356,916
Additions during the year	-	987
Capital reduction	-	(8,460)
Fair value gains for the year	20,173	13,147
At June 30,	<u>382,763</u>	<u>362,590</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

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 year ended June 30, 2020, the Authority's strategy, which was unchanged from the year ended June 30, 2019, was to maintain the least amount of debt. The gearing ratios as at June 30, 2020 and June 30, 2019 were as follows:

	2020	2019
	Rs'000	Rs'000
Total debt	869,325	945,022
Less: cash and cash equivalents (<i>including other financial assets</i>)	(2,786,237)	(2,382,035)
Net debt	(1,916,912)	(1,437,013)
Total net assets/equity	22,987,034	22,715,187
Net debt-to-adjusted capital ratio	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**4.1 Critical accounting estimates and assumptions (cont'd)****(c) Revaluation of land and buildings and investment properties**

The Authority carries its investment properties 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 properties, 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 properties 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 properties, are further explained in Note 12.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**4.1 Critical accounting estimates and assumptions (cont'd)****(f) Depreciation policies (cont'd)**

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.

(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.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND CASH EQUIVALENTS

	2020	2019
	Rs'000	Rs'000
Cash in hand in:		
MUR	95	95
Cash at bank in:		
MUR	134,287	33,259
EUR	1,418	10,412
USD	305,298	232,963
	441,098	276,729

- (i) Cash at bank also includes deposits and bills with an original maturity period of up to three months.

6. TRADE AND OTHER RECEIVABLES

	2020	2019
	Rs'000	Rs'000
Trade receivables	102,724	109,032
Amount owed by related party:		
Cargo Handling Corporation Ltd (note 35)	13,255	14,091
Receivable from lessees of the Authority	72,759	63,751
	188,738	186,874
Allowance for credit losses (note (d))	(16,088)	(12,078)
	172,650	174,796
Accrued revenue	43,262	37,316
Advances to employees	29,968	31,042
Prepayments	13,755	9,785
Other receivables	295	295
	259,930	253,234

- (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.16.088 million is adequate and no additional provision is required at June 30, 2020.
- (c) As of June 30, 2020, trade receivables of Rs.26.587 million (2019: Rs.18.415 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:

	2020	2019
	Rs'000	Rs'000
Over 3 months	26,587	18,415

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	2020	2019
	Rs'000	Rs'000
At July 1,	12,078	13,344
Impairment losses	4,010	-
Amounts written off (uncollectible)	-	(1,266)
At June 30,	16,088	12,078

(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.

7. LOANS RECEIVABLE

	2020	2019
	Rs'000	Rs'000
Non-current		
Loans to Cargo Handling Corporation Limited (Note (a))	60,596	79,669
Loans to Mauritius Housing Company Ltd (Note (b))	10,854	11,141
	71,450	90,810
Current		
Loans to Cargo Handling Corporation Limited (Note (a))	30,160	48,221
Loans to Mauritius Housing Company Ltd (Note (b))	620	1,776
	30,780	49,997
Total loans receivable	102,230	140,807

(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:

	2020	2019
	Rs'000	Rs'000
After one year and before five years		
- Cargo Handling Corporation Limited	60,596	79,669
- Mauritius Housing Company Ltd	1,355	3,616
	61,951	83,285
After five years		
- Mauritius Housing Company Ltd	9,499	7,525
Total non-current loans receivable	71,450	90,810

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

8. OTHER FINANCIAL ASSETS

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

	2020 Rs'000	2019 Rs'000
Current		
Fixed deposits with initial maturity more than 3 months but less than 12 months:		
- Between 3 to 6 months	562,711	158,334
- Between 6 to 12 months	1,782,428	1,743,799
	2,345,139	1,902,133
Non-current		
Fixed deposits with initial maturity more than 12 months	-	203,173
Total	2,345,139	2,105,306

9. INVENTORIES

	2020 Rs'000	2019 Rs'000
Oil, lubricants and spare parts	28,677	30,136
Office supplies	1,158	1,180
Operating supplies	458	398
Uniforms	153	178
Goods in transit	818	824
	31,264	32,716
Provision for damaged and obsolete items	(6,894)	(3,168)
	24,370	29,548

The cost of inventories recognised as expense during the year under review amounted to Rs.74.970 million (2019:Rs.80.546 million) and are included in running and repairs of equipment expenses.

10. INTANGIBLE ASSETS

	2020 Rs'000	2019 Rs'000
Cost		
At July 1,	33,316	30,987
Additions during the year	3,230	2,329
At June 30,	36,546	33,316
Amortisation		
At July 1,	31,453	27,888
Amortisation during the year	842	3,565
At June 30,	32,295	31,453
Carrying amount at June 30,	4,251	1,863

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

11. INFRASTRUCTURE, PLANT AND EQUIPMENT, LAND AND BUILDINGS

(a) 2020	COST/VALUATION				DEPRECIATION			NET BOOK VALUES	
	At July 1, 2019	At June 30, 2020	At July 1, 2019	At June 30, 2020	Charge for the year	Disposal adjustments	At June 30, 2020	At June 30, 2020	At June 30, 2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Infrastructure & Equip									
Infrastructure	491,897	-	-	491,897	26,414	-	186,078	305,819	
Navigational aids	18,376	3,392	-	21,768	934	-	9,106	12,662	
Tugs and floating crafts	906,332	59,348	(1,500)	964,180	66,477	(1,500)	325,195	638,985	
Quays	13,883,028	4,784	-	13,887,812	465,971	-	2,057,560	11,830,252	
Furniture and equipment	51,967	1,209	-	53,176	3,158	-	46,762	6,414	
Plant and equipment	53,328	2,180	-	55,508	3,993	-	31,612	23,896	
Cargo handling equipment	2,894	668	-	3,562	301	-	1,742	1,820	
Marine radio equipment	7,949	887	-	8,836	169	-	7,485	1,351	
Mooring buoys and ancillary equipment	216,100	-	-	216,100	3,639	-	23,656	192,444	
Motor vehicles and fire fighting equipment	48,900	22,496	(4,225)	67,171	10,757	(4,225)	38,385	28,786	
Electrical installation	47,120	-	-	47,120	3,447	-	35,327	11,793	
Computer and security equipment	94,735	1,855	-	96,590	3,330	-	84,165	12,425	
Fencing port area	5,930	74,997	-	80,927	3,142	-	9,072	71,855	
Sub Total	15,828,556	171,816	(5,725)	15,994,647	591,732	(5,725)	2,856,145	13,138,502	
Land and buildings									
Land	332,550	-	-	332,550	-	-	-	332,550	
Buildings	487,889	6,014	-	493,903	18,049	-	175,166	318,737	
Sub Total	820,439	6,014	-	826,453	18,049	-	175,166	651,287	
Total	16,648,995	177,830	(5,725)	16,821,100	609,781	(5,725)	3,031,311	13,789,789	

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

11. INFRASTRUCTURE, PLANT AND EQUIPMENT, LAND AND BUILDINGS (CONT'D)

(b) 2019	COST/VALUATION			DEPRECIATION			NET BOOK VALUES	
	At July 1, 2018	Additions	Disposals	At June 30, 2019	At July 1, 2018	Charge for the year	Disposal adjustments	At June 30, 2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Infrastructure & Equipment								
Infrastructure	489,953	1,944	-	491,897	135,693	23,974	-	159,667
Navigational aids	18,376	-	-	18,376	7,039	1,133	-	8,172
Tugs and floating crafts	906,332	-	-	906,332	204,631	55,587	-	260,218
Quays	13,801,423	81,605	-	13,883,028	1,125,759	465,830	-	1,591,589
Furniture and equipment	50,383	2,624	(1,040)	51,967	41,421	3,207	(1,024)	43,604
Plant and equipment	52,465	1,030	(167)	53,328	23,474	4,312	(167)	27,619
Cargo handling equipment	2,894	-	-	2,894	1,179	261	-	1,440
Marine radio equipment	7,656	293	-	7,949	6,654	662	-	7,316
Mooring buoys and ancillary equipment	216,100	-	-	216,100	16,377	3,639	-	20,016
Motor vehicles and fire fighting equipment	58,264	6,444	(15,808)	48,900	36,372	7,754	(12,274)	31,852
Electrical installation	47,120	-	-	47,120	28,182	3,698	-	31,880
Computer and security equipment	92,304	2,431	-	94,735	75,880	4,955	-	80,835
Fencing port area	5,930	-	-	5,930	5,625	305	-	5,930
Sub Total	15,749,200	96,371	(17,015)	15,828,556	1,708,286	575,317	(13,465)	2,270,138
								13,558,418
Land and buildings								
Land	332,550	-	-	332,550	-	-	-	-
Buildings	473,870	14,019	-	487,889	125,785	31,332	-	157,117
Sub Total	806,420	14,019	-	820,439	125,785	31,332	-	157,117
								663,322
Total	16,555,620	110,390	(17,015)	16,648,995	1,834,071	606,649	(13,465)	2,427,255
								14,221,740

(c) During the year under review, assets having no net book value have been disposed for a total consideration of Rs.2.082 million resulting into a gain on disposal of Rs.2.082 million. Upon disposal, a corresponding amount of Rs.5.247 million (2019: Rs.4.367 million) was transferred from revaluation surplus to accumulated surplus.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

11. INFRASTRUCTURE, PLANT AND EQUIPMENT, LAND AND BUILDINGS (CONT'D)

(d) The accounting policy of the Authority is to revalue the Infrastructure, Plant and Equipment, Land and Building by external independent valuers once every 5 years or more frequently if market factors indicate a material change in fair value. The last valuation was carried out in 2014. Infrastructure, Plant and Equipment, Land and Building have been revalued subsequent to reporting period by Mega Design Ltd, Consulting Engineers/Project Managers. A signed valuation report was obtained on December 01, 2020, reflecting the values of the assets as at July 01, 2019. A revised report was subsequently submitted on February 26, 2021 to show the asset values as at June 30, 2020. The Directors have decided not to incorporate the valuation in these financial statements as they are still under review.

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

	Cost	Accumulated depreciation	Net book values
<u>June 30, 2020</u>	Rs'000	Rs'000	Rs'000
Buildings & infrastructure	1,032,069	950,500	81,569
Navigation aids	24,648	20,037	4,611
Tugs and floating crafts	1,135,219	608,249	526,970
Quays	9,702,111	2,525,105	7,177,006
Motor vehicles and fire-fighting equipment	82,897	44,013	38,884
Mooring buoys & other equipment	18,471	14,275	4,196
Fencing port area	141,492	70,245	71,247
	<u>12,136,907</u>	<u>4,232,424</u>	<u>7,904,483</u>

<u>June 30, 2019</u>			
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	-
	<u>12,030,949</u>	<u>3,675,924</u>	<u>8,355,025</u>

12. INVESTMENT PROPERTIES

	2020	2019
	Rs'000	Rs'000
(a) <i>Fair value model - Land</i>		
At July 1, and at June 30,	<u>7,554,000</u>	<u>7,554,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

12. INVESTMENT PROPERTIES (CONT'D)

- (b) The Authority has at June 30, 2017 recognised land to the extent of 236 hectares (ha) at its fair value in its financial statements. In the financial year ended June 30, 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 of land was determined on an open-market basis by reference to market evidence of transaction prices of similar properties at December 31, 2014.
- (c) The accounting policy of the Authority is to fair value its Investment Properties by external independent valuers once every 5 years or more frequently if market factors indicate a material change in fair value. The last valuation was carried out in 2014. Investment Properties have been fair valued subsequent to reporting period by Mega Design Ltd, Consulting Engineers/Project Managers. A signed valuation report was obtained on December 01, 2020, reflecting the values of the Investment Properties as at July 01, 2019. A revised report was subsequently submitted on February 26, 2021 to show the asset values as at June 30, 2020. An addendum to the revaluation report was submitted by Elevante Property Services Ltd, a sub contractor of Mega Design Ltd on February 10, 2021 for thirty-three plots of Investment Properties leased to Government Entities, which were valued on an Investment Approach method. The Directors have decided not to incorporate the valuation in these financial statements as they intend to reflect the values of thirty-three (33) plots of land leased to Government Entities under a different valuation method.
- (d) Rental income from investment properties amounted to Rs.152.104 million (2019: Rs.136.563 million). No operating expenses were incurred towards the investment properties during the reporting year.

13. ASSETS UNDER CONSTRUCTION

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

	2020	2019
	Rs'000	Rs'000
(i) Construction of a Cruise Terminal Building	211,152	30,814
(ii) Remedial Works to mech & elect install -oil Jetty	73,728	65,445
(iii) Retention monies (Note 15)	13,764	10,754
(iv) Installation of new Port Louis VTS	8,338	-
(v) Breakwater Structures at Fort William	4,932	-
(vi) Slabs over Tunnel at Terminal II	2,013	-
(vii) Construction of mini soccer pitch & cloakroom	1,603	-
(viii) High Security Fencing at Terminal II, MCT, HRB	-	38,852
	315,530	145,865

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

13. ASSETS UNDER CONSTRUCTION (CONT'D)

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

	2020	2019
	Rs'000	Rs'000
At July 1.	145,865	34,388
Additions	253,644	160,680
Transfer to property, plant and equipment (Note (i))	(97,743)	(59,957)
Retention monies	13,764	10,754
At June 30,	315,530	145,865

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

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	2020	2019
	Rs'000	Rs'000
At fair value		
Listed	56,675	71,753
Development & Enterprise Market	94,500	95,850
Unquoted	415,708	398,598
Total available-for-sale financial assets	566,883	566,201

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

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

	2020	2019
	Rs'000	Rs'000
At July 1,	566,201	580,542
Additions	298	1,293
Capital reduction	-	(8,460)
Increase/(decrease) in fair value	384	(7,174)
At June 30,	566,883	566,201

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

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*.

15. TRADE AND OTHER PAYABLES

	2020	2019
	Rs'000	Rs'000
Amounts owed to contractors for capital projects	12,580	14,225
Accrued expenses	125,433	193,629
Deposits received	798	1,649
Other payables	41,806	30,502
Retention monies (Note (i))	13,764	10,754
	194,381	250,759

- (i) Retention monies for the year ended June 30, 2020 represent amounts retained by the Authority on the construction contract awarded to System Building Contracting Ltd - Oil Jetty project, AWL Trading Ltd - Open Steel Shed at MCT and A.Jaufeerally - Mini soccer pitch and cloakroom.

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.

16. DIVIDENDS PAYABLE TO GOVERNMENT OF MAURITIUS

During the year under review, the Authority has not declared any dividend (2019: Rs.200.000 million) declared as dividend payable to the Government of Mauritius. The movement in dividend payable is as follows:

	2020	2019
	Rs'000	Rs'000
At July 1,	300,000	250,000
Dividend declared	-	200,000
Dividend paid	(300,000)	(150,000)
At June 30,	-	300,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

17. BORROWINGS	2020 Rs'000	2019 Rs'000
(a) Non-current		
Loan - Agence Française de Développement	670,269	766,448
Current		
Loan - Agence Française de Développement	199,056	178,574
Total borrowings	869,325	945,022

(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 December 31, 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 June 30, 2020, interest of Rs.37.656 million has been recognised in the statement of financial performance (2019: Rs.40.471 million). The loan is secured and guaranteed by the Government of Mauritius.

- (b) The exposure of the Authority's borrowings to interest rate changes and the contractual repricing dates are as follows:

	6 months or less Rs'000	6 - 12 months Rs'000	1 - 2 years Rs'000	3 - 5 years Rs'000	Total Rs'000
At June 30, 2020	99,528	99,528	191,506	478,763	869,325
At June 30, 2019	89,287	89,287	170,322	596,126	945,022

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

	2020 Rs'000	2019 Rs'000
After one year and before two years	191,506	170,322
After two years and before five years	478,763	596,126
Total non-current borrowings	670,269	766,448

- (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.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

18. PROVISIONS FOR OTHER LIABILITIES

	2020			2019
	Passage benefits	Sick leaves	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	27,867	60,044	87,911	88,563
Paid during the year	(8,546)	(13,311)	(21,857)	(27,173)
Charge to statement of financial performance	11,619	15,100	26,719	26,521
At June 30,	30,940	61,833	92,773	87,911

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 29).

19. RETIREMENT BENEFIT OBLIGATIONS

	2020	2019
	Rs'000	Rs'000
Pension benefits		
Amount recognised in the statement of financial position as non-current liabilities	1,158,010	890,094
Amount charged to statement of financial performance	61,822	78,613
Amount (charged)/credited to other comprehensive income	(243,191)	17,321

- (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").
- (iii) The amounts recognised in the statement of financial position are as follows:

	2020	2019
	Rs'000	Rs'000
Present value of funded obligations	1,988,374	1,711,158
Fair value of plan assets	(830,364)	(821,064)
Liability in the statement of financial position	1,158,010	890,094

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Pension benefits (cont'd)

(iv) The movements in the statement of financial position are as follows:

	2020	2019
	Rs'000	Rs'000
At July 1,	890,094	916,669
Total expenses charged in the statement of financial performance	61,822	78,613
Other comprehensive income charge	243,191	(17,321)
Past service liability contributions	-	(55,000)
Contributions paid	(37,097)	(32,867)
At June 30,	1,158,010	890,094

(v) The movement in the defined benefit obligations during the year is as follows:

	2020	2019
	Rs'000	Rs'000
At July 1,	1,711,158	1,714,023
Current service cost	42,558	34,972
Interest cost	59,891	99,413
Benefits paid	(107,186)	(108,951)
Liability gain/(loss)	281,953	(28,299)
At June 30,	1,988,374	1,711,158

(vi) The movement in the fair value of plan assets during the year is as follows:

	2020	2019
	Rs'000	Rs'000
At July 1,	821,064	797,353
Expected return on plan assets	27,737	44,371
Past service liability contribution	-	55,000
Actuarial gain/(loss)	38,762	(10,978)
Employer contributions	37,097	32,867
Employee contributions	13,844	12,190
Benefits paid	(108,140)	(109,739)
At June 30,	830,364	821,064

(vii) The amounts recognised in statement of financial performance are as follows:

	2020	2019
	Rs'000	Rs'000
Current service cost	42,558	34,972
Employee contributions	(13,844)	(12,190)
Fund expenses	954	789
Net interest expense	32,154	55,042
Total included in "employee benefit expenses"	61,822	78,613

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Pension benefits (cont'd)

(viii) The amounts recognised in other comprehensive income are as follows:

	2020	2019
	Rs'000	Rs'000
Liability (loss)/gain	(281,953)	28,299
Asset gain/(loss)	38,762	(10,978)
	(243,191)	17,321

(ix) The principal actuarial assumptions used for accounting purposes were:

	2020	2019
	%	%
Discount rate	3.5	5.8
Future salary increases	2.4	4.0
Future pension increases	1.4	3.0

(x) The assets in the plan and the expected rate of return were:

	2020		2019	
	Rs'000	%	Rs'000	%
Fixed interest securities and cash	512,335	61.7	481,965	58.7
Loans	24,911	3.0	27,916	3.4
Local equities	83,867	10.1	107,559	13.1
Overseas bonds and equities	204,269	24.6	198,697	24.2
Property	4,982	0.6	4,927	0.6
	830,364	100.0	821,064	100.0

(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 34.6 million in contribution to its post-employment benefit plans for the year ended June 30, 2021.

(xiv) The weighted average duration of the defined obligation is 11 years at the end of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

20. CAPITAL GRANT

Capital grant of USD 3,772,484 equivalent to Rs.115.6 million 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 June 30, 2018 with an expected life of 25 years. Therefore, 4% of the grant representing Rs.4.623 million (Note 28) has been credited to the statement of financial performance under 'Other non-operating revenue' during the year.

As at June 30, 2020, the amount of capital grant stood at Rs.101.698 million (2019: Rs.106.320 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

21. RESERVES

	Capital reserve	Reserve fund	Revaluation surplus	Investment fair value reserve	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2019	10,255,376	4,482,491	7,584,914	326,796	22,649,577
Transfer from accumulated surplus to reserve fund	-	510,000	-	-	510,000
Release on disposal of infrastructure, plant and equipment (Note 11(c))	-	-	(5,247)	-	(5,247)
Other comprehensive income (Note 32)	-	(243,191)	-	-	(243,191)
Increase in fair value of available-for-sale financial assets (Note 14(b))	-	-	-	384	384
At June 30, 2020	10,255,376	4,749,300	7,579,667	327,180	22,911,523
At July 1, 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
Release on disposal of infrastructure, plant and equipment (Note 11(c))	-	-	(4,367)	-	(4,367)
Other comprehensive income (Note 32)	-	17,321	-	-	17,321
Decrease in fair value of available-for-sale financial assets (Note 14(b))	-	-	-	(7,174)	(7,174)
At June 30, 2019	10,255,376	4,482,491	7,584,914	326,796	22,649,577

(a) Capital reserve

Capital reserve comprise of Rs. 7.554 billion representing initial fair value of investment properties as stated in Note 11(c), held to earn rentals.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

21. RESERVES (CONT'D)

(b) <u>Reserve fund</u>	2020	2019
	Rs'000	Rs'000
Port Development Reserve	2,408,713	2,153,713
General Reserve	1,110,345	1,200,536
Insurance Reserve	1,230,242	1,128,242
	4,749,300	4,482,491

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 arising on periodic revaluation of certain Infrastructure, Plant and Equipment, Land and Buildings.

(d) Investment fair value reserve

Investment fair value reserve represents the net surplus of fair value of investments over their costs.

22. VESSEL DUES

	2020	2019
	Rs'000	Rs'000
Tug services	265,777	267,879
Net anchorage fees	224,921	188,440
Port dues	96,467	78,397
Pilotage	63,295	62,845
Miscellaneous fees	20,802	19,963
Net removal of garbage fees	3,535	2,200
Net seamen's welfare dues	863	728
	675,660	620,452

23. TRAFFIC DUES

	2020	2019
	Rs'000	Rs'000
Bulk cargo/pipeline dues	161,776	167,082
Quay fees	48,080	43,329
Miscellaneous	5,367	9,981
	215,223	220,392

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

24. CONTAINER DUES

	2020	2019
	Rs'000	Rs'000
Quay Fees - Import	218,949	229,921
Quay Fees - Export	128,518	141,887
Transshipment	93,000	94,177
Repositioning of containers	1,638	1,911
	442,105	467,896

25. INVESTMENT INCOME

	2020	2019
	Rs'000	Rs'000
Investment income represents income from:		
Quoted investments	18,556	7,189
Unquoted investments	20,658	16,895
	39,214	24,084

26. FINANCE INCOME

	2020	2019
	Rs'000	Rs'000
Interest on:		
Fixed deposits	75,837	59,268
Advances to employees	1,168	1,180
Loans receivable	4,340	5,420
	81,345	65,868

27. RENTAL INCOME

	2020	2019
	Rs'000	Rs'000
Properties held to earn rentals	152,104	136,563

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 January 1, 2014.

28. OTHER NON-OPERATING INCOME

	2020	2019
	Rs'000	Rs'000
Insurance claims received	101	236
Pension contribution refunded by Cargo Handling Corporation Ltd	1,913	1,381
Release of capital grant (Note 20)	4,623	4,623
	6,637	6,240

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

29. EMPLOYEE BENEFIT EXPENSES

	2020	2019
	Rs'000	Rs'000
Salaries, wages and allowances	513,148	466,771
Pension costs - defined benefit plans	61,822	78,613
Social security costs	3,185	2,737
	578,155	548,121

30. ADMINISTRATIVE EXPENSES

	2020	2019
	Rs'000	Rs'000
Professional and legal fees	27,121	10,215
Office supplies	5,368	6,078
Other expenses	4,616	10,681
General overheads	4,264	7,232
Provision for bad debts	4,010	-
Employee welfare expenses	3,899	1,870
Insurance	3,239	2,782
Telephone and postage expenses	2,884	2,972
Overseas travelling	2,377	3,573
Subscription fees	1,732	1,284
Board member fees	980	1,315
	60,490	48,002

31. SURPLUS FOR THE YEAR

	2020	2019
	Rs'000	Rs'000
Surplus for the year is arrived at after charging:		
Depreciation and amortisation	610,623	610,214
Employee benefit expenses (Note 29)	578,155	548,121
Administrative expenses	60,490	48,002
Sundry operating expenses	15,789	17,879
Running and repairs of equipment expenses	82,034	80,067

32. OTHER COMPREHENSIVE INCOME

	Investment fair value reserve	Reserve fund
	Rs'000	Rs'000
June 30, 2020		
Increase in fair value of available-for-sale financial assets (Note 14(b))	384	-
Actuarial losses (Note 19 (viii))	-	(243,191)
	384	(243,191)
June 30, 2019		
Decrease in fair value of available-for-sale financial assets (Note 14(b))	(7,174)	-
Actuarial gains (Note 19 (viii))	-	17,321
	(7,174)	17,321

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

33. RECEIVABLE FROM CARGO HANDLING CORPORATION LTD ("CHCL")

At reporting date, the Authority had a receivable of Rs.104.011 million (2019: Rs.141.981 million) from CHCL (related party) analysed as follows:

	2020	2019
	Rs'000	Rs'000
Included in trade and other receivables (Note 6)	13,255	14,091
Current portion of loans receivable (Note 7)	30,160	48,221
Non-current portion of loans receivable (Note 7)	60,596	79,669
	104,011	141,981

34. NOTES TO STATEMENT OF CASH FLOWS

	2020	2019
	Rs'000	Rs'000
(a) Cash generated from operations		
Surplus for the year	514,654	377,366
Adjustments for:		
Finance costs	37,656	40,471
Depreciation and amortisation	610,623	610,214
Investment income	(39,214)	(24,084)
Interest income	(81,345)	(65,868)
Capital grant	(4,623)	(4,623)
Gain on disposal of property, plant and equipment	(2,082)	(2,170)
Increase/(decrease) in provision for retirement benefit obligations	24,723	9,255
Exchange loss/(gain) on borrowings	106,345	21,184
Exchange (gain)/loss on loans receivable	(11,215)	(2,172)
	1,155,522	959,573
Changes in working capital		
- Inventories	5,178	497
- Trade and other receivables	10,642	7,336
- Trade and other payables and provisions for other liabilities	(65,279)	(498,017)
Cash from operations	1,106,063	469,389
(b) Cash and cash equivalents		
	2020	2019
	Rs'000	Rs'000
Cash in hand and at bank	441,098	276,729

NOTES TO THE FINANCIAL STATEMENTS THE YEAR ENDED JUNE 30, 2020

35. RELATED PARTY TRANSACTIONS

(i)

Transactions - 2020

Cargo Handling Corporation Limited

Sales of services	Finance income	Repayment of loans receivable	Loans receivables from	Amount owed by related party
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
155,751	4,235	36,544	90,756	13,255

Transactions - 2019

Cargo Handling Corporation Limited

155,751	5,905	42,608	127,890	14,091
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(ii) **Key management personnel compensation**Salaries and short term employee benefits
Post-employment benefits

	2020	2019
Rs'000	Rs'000	Rs'000
13,647	13,647	13,506
1,204	1,204	1,385
14,851	14,851	14,891

(iii) Loan receivable from Cargo Handling Corporation Limited represents advance for the purchase of cargo handling equipment (rail mounted quay cranes). The loan is repayable in 8 equal yearly instalments. The rate of interest on this loan is 3% p.a.

(iv) 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 June 30, 2020. The total amount of concession fee recognised during the year has been to the order of Rs.155.751 million (2019: Rs.155.751 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR JUNE 30, 2020

36. FUTURE CAPITAL EXPENDITURE

The Board has approved capital expenditure for an aggregate amount of Rs.4.8 billion for the next five years for new projects and those which are in progress. The main projects are:

- (a) Cruise Terminal Building;
- (b) Procurement of Tugs & Floating Crafts;
- (c) Maritime Single Window System;
- (d) Construction of breakwater & Fishing Port at Fort William;
- (e) Implementation of a new CCTV System.

37. COMMITMENTS

- (i) The Authority has taken the commitment to pay up to 6 years of salaries, amounting to Rs.18.9 million to the families of those employees who have passed away during the accident involving 'Tug Sir Gaetan'.

- (ii) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	<u>2020</u>	<u>2019</u>
	Rs'000	Rs'000
Infrastructure, Plant and Equipment	<u>603,099</u>	<u>730,096</u>

38. CONTINGENCIES

- (i) No provision has been made for any liability that may arise for damages through negligence, if any.

- (ii) Legal claims

A lessee, Beta Cement Ltd, has commenced an action against the Authority on the ground that there has been breach of contract for failing to sign the deed for the grant of an industrial lease. The estimated pay-out is Rs.417.352 million, should the action be successful. The plaint has been lodged before the Supreme Court of Mauritius on September 9, 2015 and a trial date has been set for September 9, 2021. At this stage, it is not practicable to state the timing of the payment, if any.

The Authority has been advised by the legal counsel, the State Law Office, that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been recognised in these financial statements.

- (iii) Except for Pension Plans, no provision has been made in these financial statements for any liability that may arise under the Labour Act.

As at the date of our report, we are not aware of any other potential claims entered against Mauritius Ports Authority which should be disclosed as contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR JUNE 30, 2020

39. OPERATING LEASE ARRANGEMENTS

	2020	2019
	Rs'000	Rs'000
<u>The Authority as lessor</u>		
Rental income earned from leased properties	152,104	136,563

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.

40. EVENTS AFTER REPORTING DATE

(i) **'Tug Sir Gaetan'**

On August 31, 2020, the 'Tug Sir Gaetan', operated by the Authority sunk. The net book value of the tug as at June 30, 2020 amounted to Rs.34.612 million. The tug has been insured with SICOM General Insurance Ltd.

An amount of Rs.18.779 million representing repairs and maintenance has been capitalised for the year ended June 30, 2020.

Inventories, consisting mainly of spare parts, amounting to Rs.1.167 million was also present on the tug at the time of the accident, in respect of the above event.

Necessary adjustments will be brought in the financial statements for the year ending June 30, 2021.

(ii) **Dividend payable to Government of Mauritius**

On August 19, 2020, the Directors declared a dividend in respect of the year ended June 30, 2020 amounting to Rs. 100 million, payable to the Government of Mauritius. This dividend has not been recognised as a liability as at June 30, 2020 in accordance with IPSAS 14.

(iii) **COVID-19**

The MPA has carried out an analysis to determine the impact of the COVID-19 pandemic on its financial performance for FY 2019/2020. A decrease in Operating Surplus of the order of Rs. 128 Million has been noted in FY 2019/2020 resulting from decrease in cargo volume and waiver of quay fees on export laden containers. A further analysis has been carried out over the nine months' period from 01 July 2020 to 31 March 2021 whereby it has been noted that Operating Surplus has witnessed a decline of Rs. 119 Million compared to the same period for previous Financial Year. This decrease has been attributed to the COVID-19 effect.

(iv) **Revaluation of Infrastructure, Plant and Equipment, Land and Buildings and Investment Properties**

Revaluation of Infrastructure, Plant and Equipment, Land and Buildings and Investment properties were revalued subsequent to reporting period as disclosed in Note 11(d) and Note 12(c).