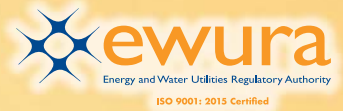




UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER
Energy and Water Utilities
Regulatory Authority
(EWURA)



ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE 2020



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UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER
ENERGY AND WATER UTILITIES
REGULATORY AUTHORITY
(EWURA)



ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE 2020

December 2020

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ABBREVIATIONS AND ACRONYMS

AFUR	:	African Forum for Utility Regulators
BBL	:	Barrel
BOD	:	Biochemical Oxygen Demand
COD	:	Chemical Oxygen Demand
DTWSSA	:	District and Township Water Supply and Sanitation Authority
ESI	:	Electricity Sector Industry
EWURA	:	Energy and Water Utilities Regulatory Authority
FCT	:	Fair Competition Tribunal
FOB	:	Free On Board
GEPF	:	Government Employees Provident Fund
GIZ	:	Deutsche Gesellschaft für Internationale Zusammenarbeit
GPA	:	Group Personal Accident
GWh	:	Giga Watt hour
HIV/AIDS	:	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HFO	:	Heavy Fuel Oil
HTM	:	Handeni Trunk Main
IAS	:	International Accounting Standards
ICT	:	Information and Communication Technology
IDA	:	International Development Association
IFRIC	:	International Financial Reporting Interpretation Committee
IPP	:	Independent Power Producer
ISA	:	International Standards on Auditing
ISO	:	International Organisation for Standardization
KASHWASA	:	Kahama Shinyanga Water Supply and Sanitation Authority
LAPF	:	Local Authorities Pensions Fund
LOIS	:	Licensing and Order Information System
Majls	:	Water Utilities Information System
ME	:	Ministry of Energy
MT	:	Metric Tonnes
MTEF	:	Medium Term Expenditure Framework
MW	:	Mega Watt
NPWSSA	:	National Project Water Supply and Sanitation Authority
NARUC	:	National Association of Regulatory Utility Commissioners
NSSF	:	National Social Security Fund
PPF	:	Parastatal Pensions Fund
PPP	:	Public Private Partnership
PSSSF	:	Public Service Social Security Fund



PSPF	:	Public Service Pensions Fund
RERA	:	Regional Electricity Regulators Association
RNPWSSA	:	Regional and National Projects Water Supply and Sanitation Authority
RUWASA	:	Rural Water Supply and Sanitation Agency
SPP	:	Small Power Producer
TANESCO	:	Tanzania Electric Supply Company
TBS	:	Tanzania Bureau of Standards
TZS	:	Tanzania Shillings
URT	:	United Republic of Tanzania
WSSA	:	Water Supply and Sanitation Authority
ZECO	:	Zanzibar Electric Company

LETTER OF TRANSMITTAL



Hon. Jumaa Hamidu Aweso (MP),
Minister for Water,
Government City,
Maji Street,
P.O. Box 456,
DODOMA.

Honourable Minister,

Pursuant to section 48(1) of the Energy and Water Utilities Regulatory Authority Act, Cap. 414, I am humbled and honoured to submit to you the Annual Report of the Energy and Water Utilities Regulatory Authority (EWURA) for the year ended 30th June 2020.

The Annual Report, which includes the Audited Financial Statements, summarizes the Authority's activities carried out during the year under review, achievements made and challenges facing the Authority.
I submit.



.....
Ahmad S.K. Kilima
Deputy Chairman

EWURA Board of Directors
December 2020



VISION

To be a world class regulator for sustainable energy and water services

To regulate energy and water utilities in a transparent, effective and efficient manner that ensures their quality, availability and affordability

MISSION

MOTTO

Fair Regulation
for Positive
IMPACT



CORE VALUES



Impartiality

EWURA staff shall treat all stakeholders with fairness. The duty of EWURA as a regulator is to set a level playing field and balance interests of all stakeholders.



Morality

EWURA staff shall ensure they uphold standards of right and good conduct.



Professionalism

EWURA staff shall attend to their duties with the highest degree of competence and skills.



Accountability

EWURA staff shall conduct their duties in a manner that shows readiness to take full liability and responsibility for their actions.



Consistency

EWURA ensures consistency and coherence in its regulatory practices and work.



Transparency

EWURA staff shall operate in an open manner. All their decisions shall be conducted without prejudice, with respect for the interests of all stakeholders and in a fair and completely transparent manner.

STRATEGIC OBJECTIVES

The Energy and Water Utilities Regulatory Authority (EWURA) is determined to be one of the government's institutions that make major contributions to the national economic development and improve the welfare of the Tanzanian society through delivery of best-regulated services.

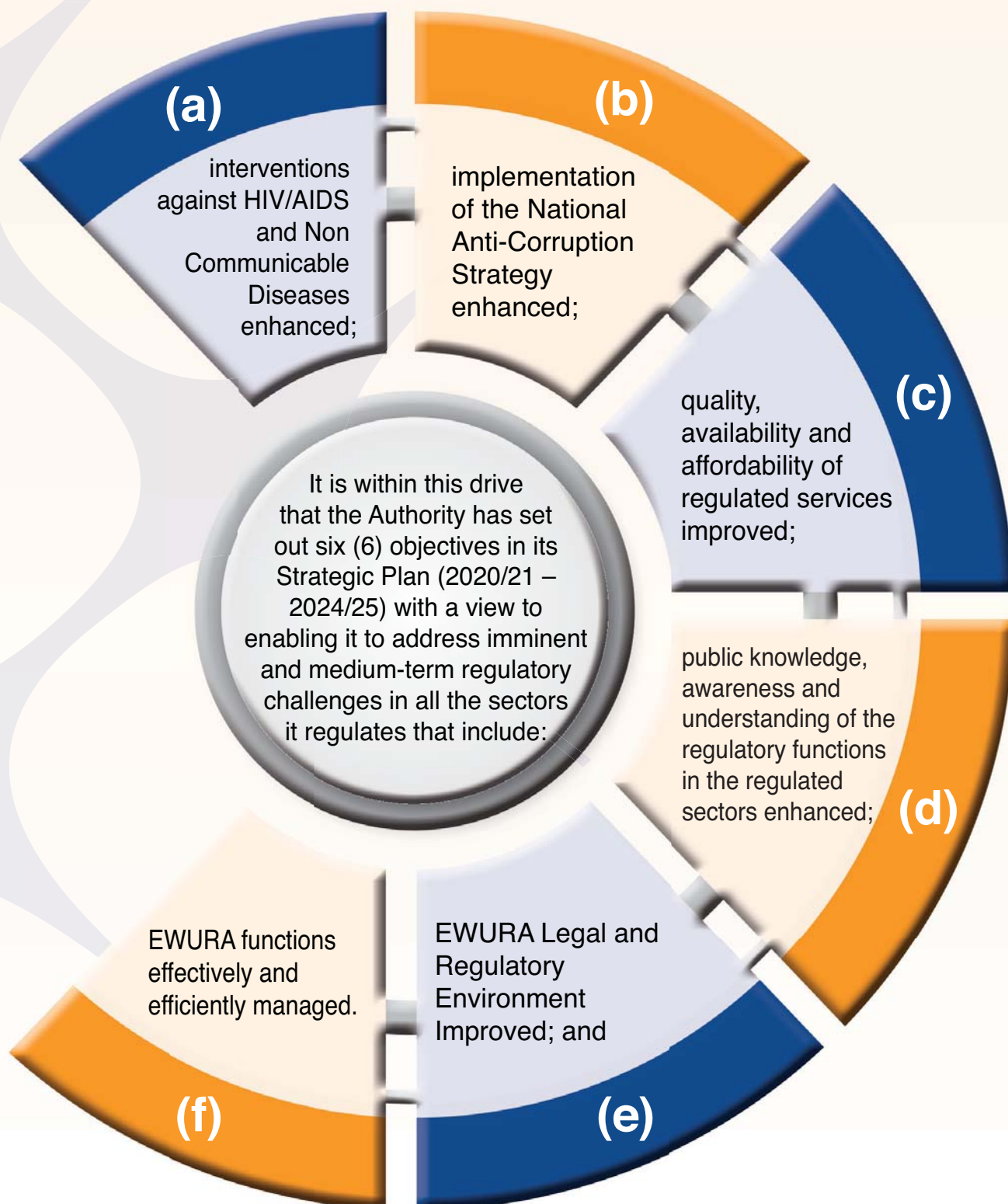


TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	i
LETTER OF TRANSMITTAL	iii
INTRODUCTION	x
Objectives of the Report	x
CHAIRMAN'S STATEMENT	xi
BOARD AND MANAGEMENT STRUCTURE	xii
BOARD OF DIRECTORS	xiv
MANAGEMENT TEAM	xv
DIRECTOR GENERAL'S STATEMENT	xvi
1. CORPORATE GOVERNANCE	1
1.1 Board of Directors	1
1.2 Board Committees	1
1.3 Litigation	1
1.4 Complaints and Resolutions	1
1.5 Finance and Budget Administration	4
1.6 Procurement Management	4
1.7 Code of Conduct	4
1.8 Internal Audit	4
Internal Monitoring System	4
Risk Management and Control	5
2. GENERAL INSTITUTIONAL PERFORMANCE	6
2.1 Staffing and Institutional Capacity Building	6
2.2 Regional Co-operation and Collaboration	7
2.3 Regulatory and Management Information Systems	7
2.4 Public Access Register	8
2.5 Registry Operations	8
2.6 Financial Performance	8
3. ELECTRICITY SUB-SECTOR REGULATION	10
3.1 Licencing	10
3.2 Performance Monitoring	11
3.3 Awareness Seminars	12
3.4 Generation Capacity	13
3.5 Regulatory Tools	14
3.6 Health, Safety and Environmental Matters	14



4. THE MID AND DOWNSTREAM PETROLEUM SUB-SECTOR REGULATION	15
4.1 Petroleum Products Supply and Stock Monitoring	15
4.2 Petroleum Products Prices	21
4.3 Compliance Monitoring	25
4.4 Licensing Activities	27
4.5 Regulatory Tools	28
5. NATURAL GAS SUB-SECTOR	29
5.1 Compliance Monitoring	29
5.2 Natural Gas Availability and Production	32
5.3 Trend of Cost of Services	33
5.4 Natural Gas Quality and Standard of Services	35
5.5 Level of Investment in Natural Gas Sub-Sector	36
5.6 Health, Safety and Environment	37
5.7 Local Content Implementation	38
5.8 Licensing	38
5.9 Legislative Matters	38
5.10 Disputes and Complaints	39
5.11 Litigation	39
6. WATER SECTOR REGULATION	40
6.1 Compliance Monitoring	40
6.2 Review of WSSAs' Business Plans	41
6.3 Review and Approval of WSSAs' Customer Service Charters	41
6.4 Water Utilities Performance Review Report	41
6.5 Health, Safety and Environmental Matters	42
6.6 Development of Regulatory Tools	42
6.7 Licensing	42
6.8 Capacity Building	43
6.9 Collaboration with Regional Regulatory Associations	43
7. ECONOMIC REGULATION	44
7.1 Tariff Application Reviews	44
7.2 Public Hearings	44
7.3 Approved Rates and Charges	45
8. COMMUNICATIONS AND PUBLIC RELATIONS	46
8.1 Overview	46
8.2 Public Awareness	46
9. KEY ACHIEVEMENTS, CHALLENGES AND WAY FORWARD	48
9.1 Key Achievements	48
9.2 Key Challenges and Way Forward	49

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON
THE FINANCIAL STATEMENTS OF ENERGY AND WATER
UTILITIES REGULATORY AUTHORITY (EWURA) FOR
THE FINANCIAL YEAR ENDED 30TH JUNE, 2020**



INTRODUCTION

The Energy and Water Utilities Regulatory Authority (EWURA) presents the 14th Annual Report that highlights its performance for the year ended 30th June 2020. The report summarizes the executed activities, challenges encountered; and achievements attained during the period under review.

The Authority, which was established under the EWURA Act, Cap. 414 of the Laws of Tanzania, started its operations on 1st September 2006 as a multi-sectoral regulatory Authority. The Authority carries out technical and economic regulation of the Energy (electricity, mid and downstream petroleum and natural gas sub-sectors) and Water (water supply and sanitation) sectors.

The functions of the Authority as spelt out in the EWURA Act and sector legislations are to:

- (a) issue, renew and cancel licences;
- (b) establish standards for goods and services;
- (c) establish standards for terms and conditions of supply of goods and services;
- (d) regulate rates and charges;
- (e) make rules;
- (f) monitor performance of regulated sectors in relation to availability, quality, standards of services, cost of services, efficiency of production, investment levels and distribution of services;
- (g) facilitate resolution of complaints and disputes; and
- (h) disseminate information about matters relevant to its functions.

In discharging its functions, Section 6 of the EWURA Act obliges the Authority to

- (a) promote effective competition and economic efficiency in the regulated sectors;
- (b) promote the interests of consumers;
- (c) protect the financial viability of efficient suppliers;
- (d) promote the availability of regulated services to all consumers, including low income, rural and disadvantaged consumers;
- (e) enhance public knowledge, awareness and understanding of the regulated sectors including the rights and obligations of consumers and regulated suppliers, the ways in which complaints and disputes may be initiated and resolved, and the duties, functions and activities of the Authority; and
- (f) protect and preserve the environment.

Objectives of the Report

This Annual Report for 2019/20 fulfils the following objectives:

- (a) to comply with the requirements of Section 48(1) of EWURA Act, Cap. 414;
- (b) to inform stakeholders and the general public on the Authority's performance in regulating the energy and water sectors;
- (c) to educate stakeholders of regulated sectors and the general public on regulatory matters; and
- (d) to provide a source of reliable information on the regulated sectors.

CHAIRMAN'S STATEMENT



I have the pleasure to give an overview of EWURA's performance for the Financial Year ending on 30th June 2020. This is the 14th report since EWURA started its operations way back on 1st September 2006.

During the period under review, the Authority successfully implemented its annual planned activities in accordance with the performance agreement between the Board of Directors and the Treasury Registrar with the overall annual performance of 84.5%. The Performance was based on four criteria namely: People Management; Customer Service; Good Governance and Control; and Financial Performance.


The main challenges during the year included inadequate understanding of regulatory activities among the public and other key stakeholders; and delay in the finalization of the PPP national institutional frameworks which affected implementation of specific sector guidelines.

Furthermore, some of the scheduled Authority's activities were affected by the outbreak of COVID-19 pandemic that affected activities such as launching of water utilities performance reports; public hearing meetings and awareness programmes; stakeholders' consultative meetings for preparation of regulatory tools; regional meetings and conferences; and staff trainings.

My sincere appreciation goes to the Government of the United Republic of Tanzania; and specifically to His Excellency, President, Dr. John Pombe Joseph Magufuli for creating a conducive environment, which enabled EWURA to conduct its functions effectively and efficiently.

I also highly appreciate the Minister for Water, Hon. Jumaa Hamidu Aweso (MP); and the Minister for Energy, Hon. Dr. Medard Kalemani (MP) for their leadership and continued support to EWURA in achieving its intended goals.

I finally, take this opportunity to congratulate my colleagues, the Board members, the Management, all Staff and other stakeholders for their undivided commitment, dedication and hard work during the year under review that contributed to the Authority's good performance.



.....
Ahmad S.K. Kilima
Deputy Chairman

BOARD AND MANAGEMENT STRUCTURE

EWURA maintains an organisation structure that facilitates efficient regulation of the Energy (electricity, petroleum, natural gas) and Water (water supply and sanitation) sectors; good corporate governance; and efficient provision of cross-cutting services. The structure has the Board of Directors as the top decision-making and oversight body, the Director General as the overall overseer of the day-to-day activities of the Authority and assisted by eight (8) Directors. There are also heads of units who report directly to the Director General, namely: Manager Communications and Public Relations; Manager Procurement Management; and Information and Technology Communication Manager. There are also five zonal offices headed by Zonal Managers who report to the Director General. The organisation structure is as shown in Figure 1.

Board of Directors

The Board of Directors governs the Authority; and is the highest decision-making organ established under section 8 of the EWURA Act. The Board consists of the non-executive Chairman appointed by the President of the United Republic of Tanzania, five (5) non-executive members and the Director General, all appointed by the Minister responsible for EWURA after consultation with Sector Ministers and after a successful recruitment process.

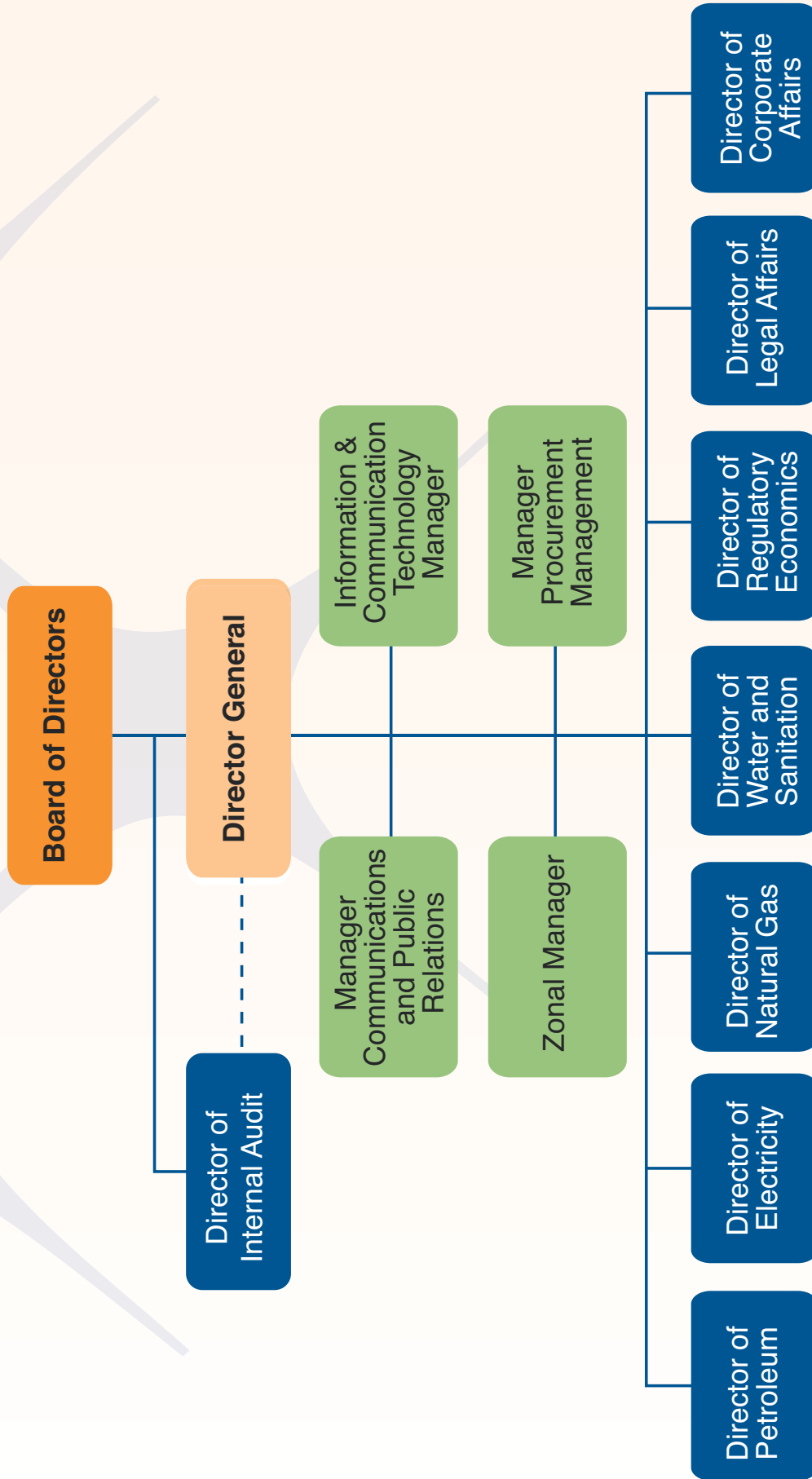
To fulfil its oversight responsibilities effectively, the Board has established four (4) Board Committees based on sectoral and crosscutting issues. These are Energy; Water; Audit and Risk; and Legal and Corporate Affairs Board Committees.

Management

The Director General is in charge of day-to-day management of the Authority and he is assisted by divisional directors and heads of units reporting to the Director General. The Director General is appointed under section 14 of the EWURA Act.

The Director General oversees eight directorates namely: Electricity, Petroleum, Natural Gas, Water and Sanitation, Regulatory Economics, Legal Affairs, Corporate Affairs and Internal Audit. The Director of Internal Audit reports to the Board on audit functions and to the Director General on administrative matters. The Director General also oversees zonal functions and three units namely: Communications and Public Relations; Procurement Management; and Information and Technology Communication. The units are headed by Managers.

Figure 1: Organisation Structure



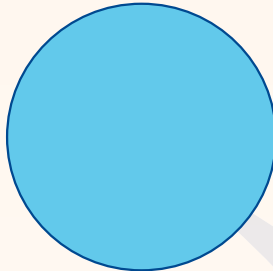
BOARD OF DIRECTORS



Eng. Prof Jamidu H.Y. Katima
Chairman (up to 23rd August 2019)



Mr. Ahmad S.K. Kilima
Deputy Chairman



VACANT



Mr. Richard Kayombo
Member



Mr. Fadhili Manongi
Member



Ms. Victoria Elangwa
Member



Mr. Nzinyangwa E. Mchany
Member (up to 15th April 2020)



Eng. Godfrey H. Chibulunje
Member (from 16th April 2020)

MANAGEMENT TEAM



Mr. Nzinyangwa E. Mchany
Ag. Director General
(up to 15th April 2020)



Eng. Godfrey H. Chibulunje
Ag. Director General
(from 16th April 2020)



CPA Stanley Mahembe
Director of Corporate Affairs



Ms. Kapwete John
Director of Legal Affairs



Mr. Nzinyangwa E. Mchany
Director of Regulatory Economics



Eng. Godfrey H. Chibulunje
Director of Electricity



Mr. Gerald Maganga
Director of Petroleum



Eng. Charles Omujuni
Director of Natural Gas



Eng. Exaud Fatael
Director of Water & Sanitation



Mr. Baptister Mgaya
Director of Internal Audit



Mr. Titus Kaguo
Manager Communications and
Public Relations



Mr. Absalom Nnko
Manager Procurement Unit



Mr. Mtumwa Simba
Information & Communication
Technology Manager

DIRECTOR GENERAL'S STATEMENT



I am honoured and pleased to present the 14th Annual Report of the Energy and Water Utilities Regulatory Authority (EWURA) for the period covering 1st July 2019 to 30th June 2020. This report includes the Audited Financial Statements, which summarizes the Authority's activities carried out during the year under review, including achievements made and challenges faced by the Authority.

EWURA, with the role of overseeing economic and technical regulation of Energy (Electricity, Petroleum and Natural Gas) and Water sectors, has successfully undertaken various regulatory activities, with a clean audit record for the past 14 years of its operations since 1st September 2006.

During the year under review, EWURA continued to maintain Quality Management Systems (QMS) with a view to enhancing the Authority's operational procedures thereby qualifying for re-certification to internationally recognised standards (ISO 9001:2015).

Notably, in the natural gas sub-sector, the commencement in licensing of Compressed Natural Gas (CNG) operators and publishing of several Rules related to CNG Supply and Marketing Services and Natural Gas Processing; the Natural Gas Service Providers Client Service Charter Guidelines; and Local Content Guidelines, have facilitated the growth of the natural gas sub-sector.

During the period under review, EWURA recorded various achievements, notably, in the electricity sub-sector; EWURA increased the level of monitoring and compliance inspections and also created awareness to electrical installation contractors. Furthermore, in the petroleum sub-sector, the Authority continued to maintain its high standard of monitoring compliance of regulated activities.

In efforts to enhance performance of regulated water utilities, EWURA participated in reforms of the water sector whilst conducting detailed trainings on preparation of Business Plans to district and regional WSSAs with a view to improving availability and quality of water supply and sanitation service to all Tanzanians.

Finally, I would like to thank the EWURA Board of Directors, Management, staff and all our stakeholders in general for their commitment and continued support rendered to the Authority in fostering the social and economic welfare of our society.



Eng. Godfrey H. Chibulunje
Ag. Director General

1.0 CORPORATE GOVERNANCE

1.1 Board of Directors

The Board of Directors of EWURA as the highest decision-making organ, consists of six non-executive members including the Chairman and one executive member who is also the Director General. During the year under review, a total of 17 Board Meetings were conducted, out of which 12 were ordinary and five were extraordinary.

1.2. Board Committees

The committees of the Board of Directors are established in accordance with Section 21 of the EWURA Act, Cap. 414 to fulfil its oversight responsibilities. The Board has four Committees based on sectoral and cross-cutting issues. These are Risk and Audit, Legal and Corporate Affairs, Energy; and Water Committees. During the period under review, 27 meetings were conducted by these Committees as shown in Table 1.

Table 1: Board Committees Meetings

S/N	Board Committee	Number of Meetings
1	Risk and Audit	9
2	Legal and Corporate Affairs	8
3	Energy	5
4	Water	5
	Total	27

1.3 Litigation

During the year under review, the Authority was a party to 33 legal suits of which 17 cases were determined to finality, 16 of them equal to 94% being in favour of the Authority. By end of the year under review, 16 cases were still pending at various registries of the High Court of Tanzania, and the Fair Competition Tribunal.

1.4 Complaints and Resolutions

The Authority attended to complaints against suppliers of regulated goods and services in relation to any matter connected with the supply, possible supply or proposed supply of goods or services. During the Financial Year 2019/2020, the Authority received 243 complaints, 37 in the petroleum sub-sector, 122 in the electricity sub-sector and 84 in the water sector were resolved. At the end of the year, 197 complaints were resolved and 45 complaints were at various stages of mediation and hearing. Table 2 details the status of complaints by zones as at 30th June 2020.

Table 2: EWURA Complaints Status in FY 2019/20

Zones	Electricity			Water			Petroleum		
	Received	Resolved	In progress	Received	Resolved	In progress	Received	Resolved	In progress
Southern Highlands Zone	17	17	0	5	5	0	1	1	0
Central Zone	9	9	0	14	14	0	9	9	0
Lake Zone	43	30	13	17	15	2	5	4	1
Eastern Zone	33	24	9	18	11	7	18	15	3
North Zone	30	23	7	30	22	8	4	3	1
Total	122	103	29	84	67	17	37	32	5

Table 3: Number of Mediation and Hearing Sessions Held for each zone

Zones	Electricity			Water			Petroleum		
	Mediation	Hearings	Mediation	Mediation	Hearings	Hearings	Mediation	Hearings	Total
Southern Highlands Zone	11	0	3	0	0	0	1	0	15
Central Zone	11	0	8	0	0	0	2	0	21
Lake Zone	21	0	10	0	0	0	0	0	31
Eastern Zone	62	0	31	0	0	0	7	0	100
North Zone	22	0	21	0	0	0	7	0	50
Total	127	0	73	0	0	0	17	0	217

Table 4: Number of Award Issued for each zone

Zones	Electricity			Water			Petroleum			Total
	Mediation	Hearing	Hearings	Mediation	Hearing	Hearings	Mediation	Hearing	Hearings	
SH Zone	3		2	2		2	1		0	10
Central Zone	6		2	6		0	0		0	14
Lake Zone	22		2	4		2	3		0	33
Eastern Zone	6		9	8		5	1		1	30
North Zone	10		5	8		5	1		1	30
Total	47		20	28		14	6		2	117

Table 5: Number of Complaint Resolved for each zone

	Electricity			Water			Petroleum			Total
	Mediation	Hearing	Amicably	Mediation	Hearing	Amicably	Mediation	Hearing	Amicably	
SH Zone	3	2	3	2	2	4	1	0	1	18
Central Zone	6	2	5	6	0	8	0	0	5	32
Lake Zone	22	2	11	4	2	4	3	0	1	49
Eastern Zone	6	9	10	8	5	6	1	1	4	50
North Zone	10	5	10	8	5	6	1	1	2	48
Total	47	20	39	28	14	28	6	2	13	197

1.5 Finance and Budget Administration

The Public Finance Act, 2002 and international financial best practices govern the Authority's financial matters. The Authority's Annual Plan and Budget were prepared in accordance with the Five Year Rolling Strategic and Operational Plan of 2019/20 – 2023/24 of the Authority and were based on Medium Term Expenditure Framework (MTEF).

1.6 Procurement Management

The Authority has a Tender Board and Procurement Management Unit (PMU) established in accordance with the Public Procurement Act Cap. 410. During the year under review, the Authority managed all procurements and disposals by Tender in accordance with Public Procurement Act 2011 as amended in 2016 whereby the Authority implemented 27 tenders from 2019-20 Annual Procurement Plan compared to 28 tenders in Financial Year 2018/2019.

1.7 Code of Conduct

The Authority's Code of Conduct binds both Members of the Board of Directors and Staff. The Code of Conduct explicitly underlines that the Authority has zero tolerance to fraud and corruption. In order to observe the code of conduct, the Authority has the Integrity Management Committee whose function is to deal with matters related to corruption and conduct within the Authority.

1.8 Internal Audit

Internal Monitoring System

The Authority has established an Internal Monitoring System in line with relevant public-sector legislation and procedures. During the year under view, the internal administrative monitoring system was realised through, among other things, financial controls and the code of conduct and Internal Audit functions.

During the year under review, Internal Audit functions that entail providing assurance on risk management, control and governance processes were carried out in accordance with the Internal Audit Charter, Annual Audit Plan and International Standards for Professional Practices of Internal Auditing.

The Authority witnessed a smooth running of various processes under the guidance of the Board of Directors. The Internal Audit directorate continued to provide assurance and consulting services to the Board and Management on the effectiveness of risk management, control and governance processes.

Risk Management and Control

The Authority continued to implement risk management activities by ensuring that risk mitigation measures and internal controls are efficient and effective in safeguarding assets, enhancing compliance with the laws and protecting the organizational image to the public.

During the year, EWURA identified, assessed and managed operational and strategic risks to which the Authority was exposed. Emerging risks that were identified include ICT security violation, vulnerability to network infrastructure attacks, and inadequate mechanism for managing Public Access Register (PAR). In addition, COVID19 and petroleum products shortages in the market place were challenges encountered during the period under review. Risk register was updated, risk mitigation action plan was developed and implemented and fraud risk assessment was conducted. The Authority conducted the first fraud risk assessment with the objective of identifying potential frauds to which the Authority's operations are exposed, developing mitigation measures and improving the effectiveness of the fraud detection, deterrence and response programmes.

The Authority developed and implemented mitigation measures to manage the identified operational and fraud risks and continued to monitor significant risks in order to minimize the possibility of occurrence and the potential consequences in the event risks materialise.

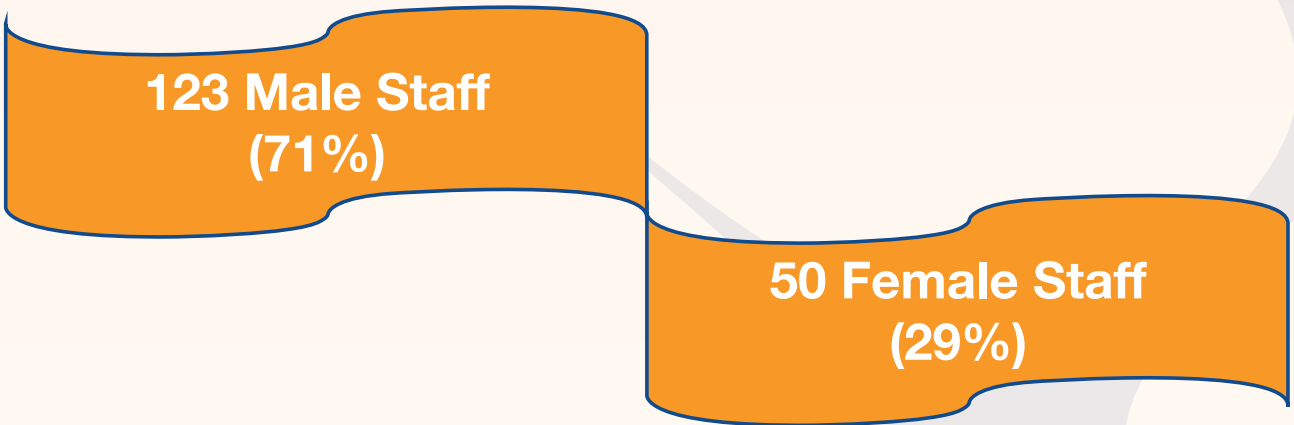
The Board of Directors continued to assume final oversight role on risk management and internal control system of the Authority by ensuring that adequate internal financial and operational control systems are developed, implemented, improved and maintained.

2. GENERAL INSTITUTIONAL PERFORMANCE

During the period under review, the Authority implemented all the planned activities in line with the annual action plans. The performed activities are summarised below:

2.1 Staffing and Institutional Capacity Building

The Authority, at all times, aims to have dedicated, competent and adequate staff through competitive recruitment procedures and the provision of various capacity building programmes.



**123 Male Staff
(71%)**

**50 Female Staff
(29%)**

2.1.1 Recruitment

During the year under review, the Authority maintained its recruitment policy by providing equal opportunity to all. In so doing, the Authority recruited the most appropriate candidates available in the market in a competitive and transparent manner to ensure that the functions and duties of the Authority were performed efficiently and effectively.

The approved staff establishment was 184 staff, whereas at the beginning of FY 2019/20, the Authority had 159 staff. During the period under review, the Authority recruited 13 staff compared to 38 staff during the FY 2018/19.

2.1.2 Capacity Building

In capacity building, the Authority enhanced knowledge of its staff in relation to regulatory, managerial and operational competencies of which 148 staff attended local training on general management, professional, secretarial practices, advanced drivers' courses and office attendants' courses to improve their performance.

3.2 Regional Co-operation and Collaboration

The Authority participated in activities of four Regional Associations namely, the Regional Energy Regulators Association (RERA), the African Forum for Utility Regulators (AFUR), the Energy Regulators Association of East Africa (EREA) and the Eastern and Southern Africa Water and Sanitation Regulators Association (ESAWAS). The main objective was to exchange regulatory experience within the International and Regional setting, and allow the Authority to have access to information necessary for regulation and performance benchmarking. In addition, the Authority, as a member of the Independent Regulatory Board (IRB) of the Eastern Africa Power Pool (EAPP), participated in the preparation of its Ten-Year Strategic Plan (2021-2030) and in other activities.

3.3 Regulatory and Management Information Systems

The Authority's Information Communication and Technology (ICT) System continued to support regulatory and management functions. It is the Authority's policy to ensure that the public is provided with timely and accurate information. The Authority's website provides access to regulatory information including publications of all decisions made by the Board.

Licence and Order Information System (LOIS) has registered many applicants who submit online licence and tariff applications. Applicants can now view the status of applications they have made for licenses and tariffs. Applicants also received alerts and notifications via e-mail and SMS regarding necessary processing or compliance actions. LOIS has enhanced transparency by providing a level of convenient accessibility to applicants, licensees, and complainants by following up the status of their submission.

Pursuant to the Petroleum Act, 2015, the Authority continued with development of the National Petroleum and Gas Information System (NPGIS). The system consists of an integrated and centralized information system using modern data processing technology and covering all Petroleum and Natural Gas supply operations and installations, the principal market activities and statistics of the country as well as international reference data. The Authority also developed and installed the Common Qualification System (CQS) for local service providers and suppliers. In ensuring that the system works well and meets expectations of all users, the Authority conducted several meetings with Oil Marketing Companies (OMCs) and Natural Gas services providers on the requirements of NPGIS and CQS.

The Authority continued to monitor the performance of Water Supply and Sanitation Authorities (WSSA) by using the Water Utilities Information System (Majls). Majls serves to improve accessibility to data and information for monitoring, planning and decision-making.

Finance and accounting activities of the Authority are managed through EPICOR accounting software, which provide accurate data and timely reporting. The system was upgraded from version 9 to 10.2. EPICOR is now integrated with LOIS and government electronic payment gateway (GePG). Likewise, the Authority is using electronic Document Management System (eDMS) to manage documents effectively. Currently, about 90% of the file movement and document management is through electronic system.

The Authority also maintains the system that enables the public to access petroleum prices at any point in Tanzania through mobile phones by dialling number ***152*00#**. The monthly fuel prices are also available in the website (www.ewura.go.tz) for public consumption.

2.4 Public Access Register

The Authority has established a Public Access Register, accessed by the public during office hours. The public register provides information for researchers and the public. Some of the information from the public register can also be obtained from the Authority's website.

2.5 Registry Operations

The registry continued to support the Authority's functions whereby both active and semi-active records were maintained by the Authority. An Electronic Document Management System (DMS) has significantly transformed registry operations.

2.6 Financial Performance

The Authority's operations were mainly financed through levy collected from regulated service providers. Other sources of financing included: licence fees, application fees and penalties. During the period under review, the Authority earned a total revenue of TZS 49.8 billion compared to TZS 48.1 billion in year 2018/19 indicating an increase of 3.6%. The Authority spent TZS 49.9 billion compared to TZS 46.0 billion in the year 2018/19. The increase in expenditure was attributed to increase in capital expenditure resulting from financing of construction of EWURA House, as detailed in **Table 6** and **7** below:

Table 6: Revenue Performance

Description	30.06.2020 TZS'000	30.06.2019 TZS'000	Increase/ (Decrease)
Income from Regulatory Levy and Licenses	48,900,844	47,181,283	3.6%
Penalties	932,527	925,821	0.7%
Other Income	4,965	-	0%
Total Revenue	49,838,336	48,107,104	3.6%

Table 7: Expenditure Performance

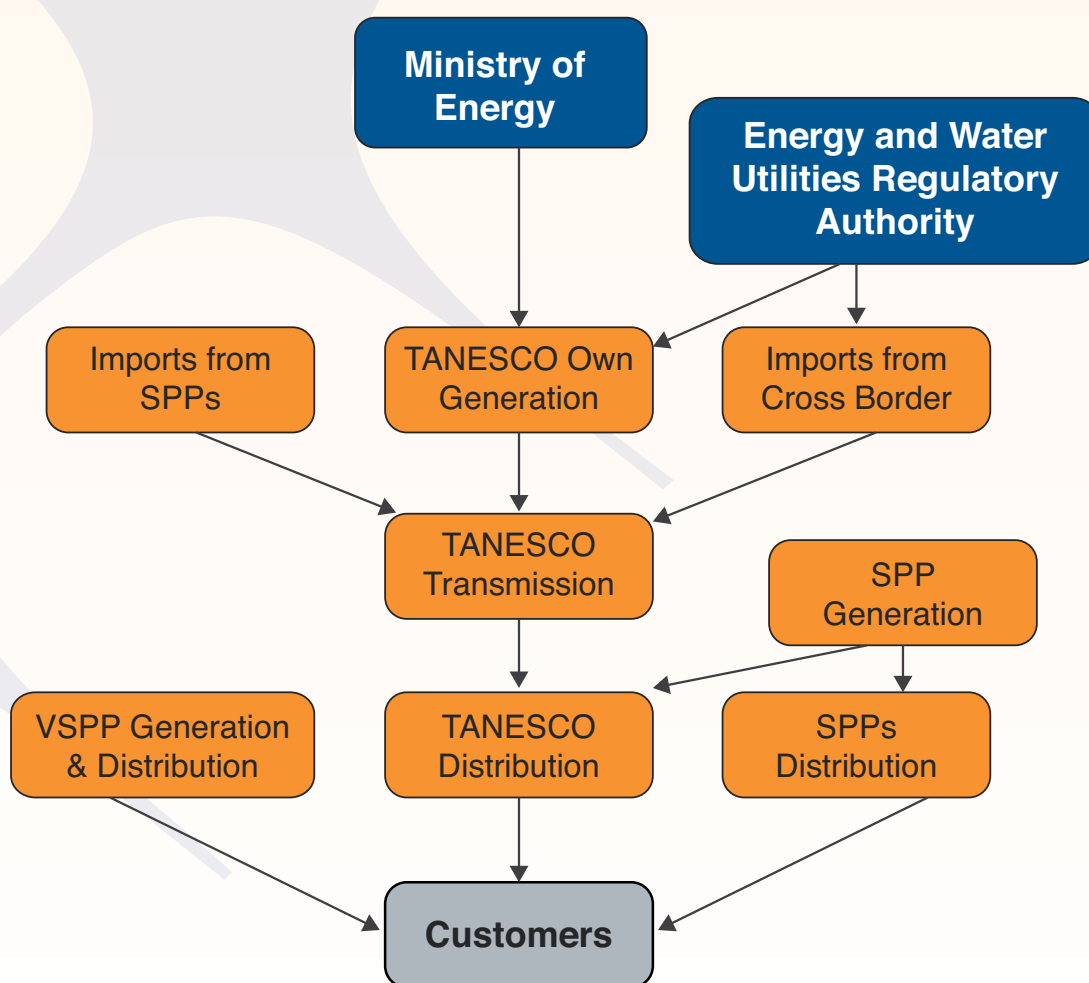
Description	30.06.2020 TZS '000	30.06.2019 TZS '000	% Increase/ (Decrease)
Recurrent Expenditure	34,351,780	35,411,595	-3%
Contribution to TR and Other Government Entities	11,295,769	10,234,533	11%
Capital Expenditure	4,254,712	394,944	975%
Total Expenditure	49,902,261	46,041,072	8.4%

3. ELECTRICITY SUB-SECTOR REGULATION

Regulatory activities performed by EWURA in the electricity supply industry include issuing licences; approval of initiation of procurement of power projects; approving Power Purchase Agreements (PPA); tariff setting; and compliance monitoring of operations and infrastructure of regulated entities to ensure quality and reliability of services. The infrastructure of regulated entities include power generating plants, power transmission lines, distribution substations and lines.

The electricity supply industry in Tanzania is currently dominated by the Tanzania Electric Supply Company Limited (TANESCO), which is a vertically integrated state-owned company. TANESCO owns and carries out generation, transmission and distribution of electricity up to the final consumers. It also sells electricity in bulk to Zanzibar Electricity Corporation (ZECO) through submarine cables¹ to Unguja and Pemba Islands. Other players include Independent Power Producers (IPPs), Small Power Producers (SPPs) and Very Small Power Producers as shown in **Figure 2**.

Figure 2: Current Electricity Supply Industry Structure



¹ Two 132 kV cables to Zanzibar and one 33kV to Pemba

Currently, 10 entities are actively carrying out power generation activities. These are TANESCO Limited, Songas Tanzania Limited, Mwenga Hydropower Limited (MHL), Tanzania Wattle Company (TANWAT), Tanganyika Planting Company Limited (TPC), Andoya Hydro Electric Power Company Limited, Tulila Hydroelectric Power Company Limited, Yovi Hydropower Company Limited, Darakuta Hydropower Development Company Limited and Matembwe Village Company Limited. In addition, there are 50 registered VSPPs which are generating and distributing power for isolated min-grids. Service providers actively carrying out distribution and supply activities are TANESCO Limited, Andoya Hydro Electric Power Company Limited, Mwenga Power Services Limited and Solar Photovoltaic Mini Grid operators. The power transmission services are still being undertaken by TANESCO only.

3.1 Licencing

3.1.1 Power Supply Licencing

During the period under review, the Authority approved five generation licences with a total potential generation capacity of 12.10 MW of which one was for operational generation for own use 4.0 MW; two provisional generation 5.2 MW; and two operational licences of 2.9 MW compared to the eight licences issued in the last financial year with a 153.892 MW potential generation capacity. The Authority did not issue transmission and distribution licences during the period under review.

3.1.2 Power Supply Registration

Service providers of electricity services conducting generation, distribution and supply with capacity below 1 MW are not required by the law to be licensed, but, they are required to be registered by the Authority. During the period under review, the Authority registered 23 electricity projects to three (3) service providers to conduct generation and distribution activities at different rural sites within the Mainland Tanzania with total installed capacity of 902.78kW from solar. Out of the 23 projects, four sites with total installed capacity of 113.28kW owned by PowerGen Renewable Energy Limited, eight sites with total installed capacity of 204.5kW owned by PowerCorner Tanzania Limited and 11 sites with total installed capacity of 585kW owned by Jumeme Rural Power Supply Limited were registered.

3.1.3 Electrical Installation Licences

During the year under review, the Authority received a total of 965 licence applications for electrical installations personnel as compared to 659 licence applications received in the last financial year, an increase of 46%. The increase is due to awareness seminars conducted by the Authority to electrical installation personnel. During the period under review, 963 licences were issued to successful applicants while two were not approved for failure to meet minimum qualifications. Details of various classes of licence issued are shown in **Table 8**.

Table 8: Electrical Installation Classes Issued

S/N	Licence Class	Issued Licences 2018/19	Issued Licences 2019/20
1.	A	15	36
2.	B	59	82
3.	C	289	559
4.	D	233	235
5.	W	52	45
6.	S1	0	0
7.	S2	1	2
8.	S3	3	4
9.	L	2	0
TOTAL	LICENCES ISSUED	654	963

3.2 Performance Monitoring

3.2.1 Reporting System

Pursuant to Section 15(4) of the Electricity Act, 2008, every electricity service provider is required to submit to the Authority, data and information relating to performance of its functions. During the period under review, the Authority continued to receive and maintain periodic data and reports submitted by licensed power utilities.

3.2.2 Compliance Monitoring

During the year under review, the Authority conducted 17 routine inspections of TANESCO's electricity transmission and distribution infrastructure in the TANESCO regions of Lindi, Dodoma, Iringa, Morogoro, Arusha, Geita, Simiyu, Kinondoni North, Rukwa, Kinondoni South, Temeke, Kilimanjaro, Singida, Mwanza, Mara, Ruvuma, and Katavi. Inspection reports were submitted to TANESCO for corrective actions on the observed anomalies. Major non-compliance observations found were unreliable supply, inadequate documentation of outages and energy dispatched to the districts as a result of non-availability of boundary meters; use of unlicensed electrical installations personnel to endorse service line forms; and existence of rotten poles.

Among the defects found during inspection were incomplete customer data collection and verification exercise; lack of boundary energy meters for determining the amount of energy sent to a specific District/ Region; unavailable and unrealistic data for calculating reliability indices; energy meters installed at secondary distribution substations found to be off circuit (not working); none adherence to customer service charter which include delays in new customers connections; lack of single line diagram for power distribution network; and accepting works carried out by electricians with expired electrical installation licence.

Furthermore, seven generation infrastructure were inspected as follows: 68MW New Pangani Falls Power Plant; 21MW Hale Power Plant; 17MW TPC Power Plant; 8MW Nyumba ya Mungu Power Plant; 48kW Watu na Umeme Limited Solar Power Plant (a VSPP) in Tanga Region; 5MW Sumbawanga Power Plant; and Andoya Hydro Power Plant. Inspection reports were submitted to the licensees for corrective actions on the observed non-compliances.

The Authority continued to monitor quality of service through the set standards with a focus on system disturbances such as low frequency, high frequency, low voltage, power outages and load shedding. It was revealed that frequent voltages and frequency fluctuations are caused by aged equipment and lack of adequate maintenance.

3.2.3 Pre- Licence and Pre- Registration Inspections

The Authority conducted five pre-licence inspections for Luisenga Hydro Power Project, 2.5 MW (owned by Mwenga Hydro Limited); ALAF Limited 4.0 MW, Jacana (Resources) Tanzania Limited 2.7 MW, Luponde Hydro Limited 1.06 MW and Madope Hydro Company Limited 1.84 MW. Furthermore, pre-registration inspections were conducted and completed registration for four solar micro grid sites for provision of generation and distribution services with total installed capacity of 113.28kW owned by PowerGen Renewable Energy Limited, eight (8) sites with total installed capacity of 204.5kW owned by PowerCorner Tanzania Limited and 11 sites with total installed capacity of 585kW owned by Jumeme Rural Power Supply Limited. The areas supplied with electricity by the registered mini-grid operators facilitated to promote socio-economic activities. In addition, it contributed to increase electricity access and connectivity.

3.3 Awareness Seminars

Three seminars for electrical installation licensees were conducted in Dodoma, Mwanza and Dar es Salaam regions where electrical installation teachers and students from VETA; TANESCO staff; Electrical installation personnel; and contractors participated. The awareness seminars had the following impact:

- (a) increased number of licenced electrical installation personnel from 654 in the FY 2018 /2019 to 963 in the FY 2019/2020. The increased number of licenced electrical installation personnel's ensures electrical work is done pursuant to standards and ensures safety to human beings and their properties;
- (b) enabled the participants to understand the applicable laws and Standards hence increased compliance; and
- (c) helped the participants to understand the Licensing and Ordering Information System (LOIS) for licence application and processing.

3.4 Generation Capacity

The generation installed capacity of the Main Grid has not changed from 1,565.72 MW reported in the previous financial year. The Isolated off-grid generation installed capacity is 34.606 MW compared to the previous year of 34.198MW

The Peak Maximum Demand attained was 1,151.66 MW, recorded on 27th February 2020. The country's Peak Maximum Demand has increased by 35 MW due to the current industrialization policy which has resulted into construction of new industries, as well as rural electrification by the Rural Energy Agency (REA). During the period under review, a total of 7,705.65 GWh were generated and imported, of which 6,154.47 GWh were generated by TANESCO, IPP (Songas) – 1,369.97 GWh, imports from neighbouring countries (Kenya, Uganda and Zambia) – 111.33 GWh, and Small Power Producers generated 69.89 GWh, as shown in Table 9, The imports implies a 7.6% increase as compared to 7,132 % reported during the previous financial year.

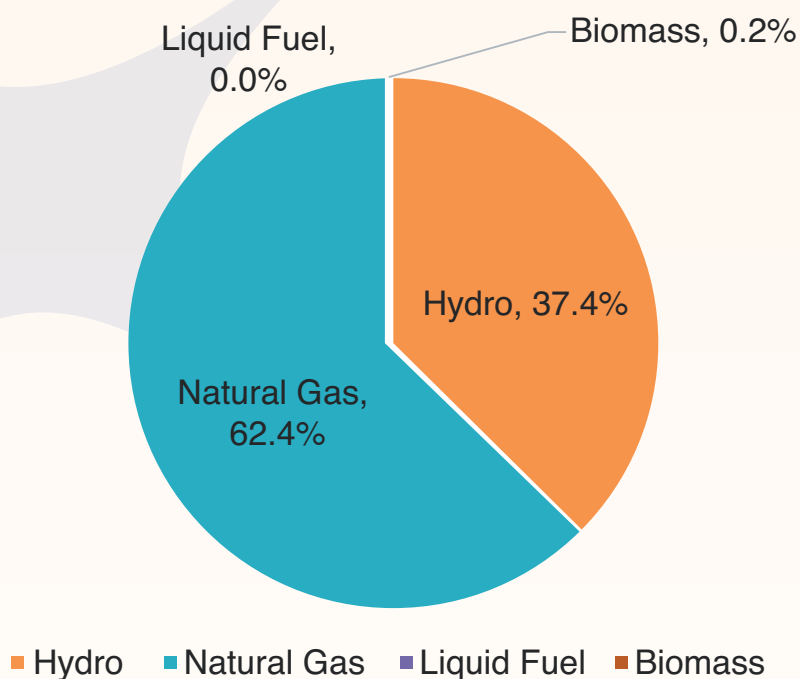
Table 9: Electricity Generation and Imports

S/N	Utility	Electricity Generation and Imports [GWh]	Percentage of Contribution
1.	TANESCO	6,154.47	79.87%
2.	Songas	1,369.97	17.78%
3.	Cross Border Imports	111.33	1.44%
4.	Small Power Producers	69.89	0.91%
	Total	7,705.65	100%

Source: EWURA

3.4.1 Generation Mix

During the reporting period, the contribution of natural gas in the electricity generation mix was the highest at 62.41% followed by hydropower at 37.39%, and biomass contributed 0.2%; respectively, as shown in **Figure 3**.

Figure 3: Generation Mix

3.4.2 Approval for Initiation of Procurement of Power Projects and Power Purchase Agreements

During the year under review, EWURA did not receive any application for approval of initiation of procurement of power projects or application for approval of Power Purchase Agreement.

3.5 Regulatory Tools

During the period under review, EWURA reviewed and updated three (3) regulatory tools namely: the Electricity (Electrical Installation Services) (Amendments) Rules, 2019, GN. No. 844, published on 15th November 2019; Electricity (Development of Small Power Projects) Rules, 2020; and Energy and Water Utilities Regulatory Authority (Electricity and Natural Gas) (Tariff Application and Rate Setting) Rules, 2020.

In addition, EWURA participated in reviewing two (2) other tools namely; the Amendment of Electricity (Written Laws Miscellaneous Amendments) Act No. 2; and the Electricity (General) Regulations, 2020.

3.6 Health, Safety and Environmental Matters

EWURA continued to sensitize electricity service providers on the need to keep their power supply facilities and workplaces at highest level of safety. The service providers were reminded to disseminate information to the public on the safe use of electricity and abide with HSE when conducting their operations. To ensure compliance to HSE, EWURA carried out inspections of power supply facilities, including power stations, substations, and distribution lines. During inspections, the Authority noted one fatal and 17 non-fatal accidents.

4. THE MID AND DOWNSTREAM PETROLEUM SUB-SECTOR REGULATION

During the period under review, the Authority continued to oversee the implementation of the Bulk Procurement System (BPS), ensuring that, at all times there was availability of supply of petroleum products country wide at the prices set by EWURA with right quality specifications. Also, the Authority continued to foster competition in the sub-sector and ensure that petroleum handling infrastructure and petroleum operations are compliant to the applicable laws, approved standards and the best petroleum industry practices.

During the period under review, there was shortage of petroleum products in some parts of the country due to COVID-19 outbreak. Some Oil Marketing Companies (OMCs) had reduced imported volumes, anticipating a continued shut down of economic activities. Petroleum operators continued to sell or offer for sale petroleum products within the cap prices set by the Authority. The products offered in the market were of TBS specifications and most the petroleum infrastructure and operations complied with applicable laws, approved standards and the best petroleum industry practices.

4.1 Petroleum Products Supply and Stock Monitoring

4.1.1 Petroleum Products Imports

During the period under review, a total of 5,767,911,282 litres of petroleum products were imported through Dar es Salaam, Tanga and Mtwara ports. The importation increased by 0.3% when compared to 5,753,118,081 litres of petroleum products that were imported in the previous year. The volume imported for local market was 3,458,124,442 litres (equivalent to 60% of the total imports) while the volume transited to neighbouring countries was 2,309,786,841 litres (equivalent to 40% of the total imports). **Table 10** and **Table 11** provide the volumes imported in each month during the period under review.

Table 10: Petroleum Products Imports for the Local Market in FY 2019/20

	Diesel	Petrol	Kerosene	Jet A-1	HFO	TOTAL
Jul-19	156,915,925	98,840,307	6,872,312	19,357,559	9,046,851	291,032,955
Aug-19	167,784,459	98,129,488	1,905,888	18,971,736	--	286,791,570
Sep-19	151,994,286	84,436,914	1,423,603	20,942,981	2,590,494	261,388,278
Oct-19	186,090,508	127,072,547	1,832,803	23,005,874	--	338,001,732
Nov-19	205,912,788	139,336,380	3,345,270	23,049,707	--	371,644,145
Dec-19	157,632,234	88,370,932	--	--	--	246,003,166
Jan-20	187,029,091	150,119,727	4,278,317	29,300,084	--	370,727,219
Feb-20	144,502,056	84,954,954	2,580,658	16,263,788	4,527,903	252,829,359
Mar-20	71,104,865	96,293,221	7,295,989	15,772,347		190,466,422
Apr-20	136,529,687	123,034,254	3,622,106	15,318,957	4,001,259	282,506,263
May-20	149,426,486	82,451,690	250,000	--	3,861,501	235,989,677
Jun-20	76,228,966	50,594,426	500,000	--	--	127,323,391
Add Localized products	116,965,117	79,862,644	4,568,161	396,166	1,628,176	203,420,264
Total	1,908,116,467	1,303,497,485	38,475,107	182,379,198	25,656,184	3,458,124,442
FY 2018/19	1,888,158,907	1,132,372,023	41,798,650	201,788,526	16,197,000	3,280,315,105
% Change	1.1%	15.1%	-8%	-9.6%	58.4%	5.4%

Source: EWURA

Table 11: Petroleum Products Imported for transiting to Neighbouring Countries in FY 2019/20

MONTH	Diesel	Petrol	Jet A-1 / IK	HFO	TOTAL
Jul-19	105,487,114	63,041,340	11,005,880	1,030,754	180,565,088
Aug-19	122,609,760	79,948,342	12,066,008	--	214,624,110
Sep-19	127,332,458	70,482,203	14,737,061	--	212,551,722
Oct-19	181,925,996	89,546,564	18,086,301	--	289,558,861
Nov-19	154,278,440	89,992,812	15,268,937	--	259,540,189
Dec-19	159,888,697	68,901,108	--	--	228,789,805
Jan-20	160,290,915	100,921,091	26,710,288	--	287,922,294
Feb-20	108,371,069	71,359,796	14,354,233	--	194,085,098
Mar-20	59,496,322	74,628,332	20,529,254	--	154,653,908
Apr-20	124,857,394	86,740,199	14,923,100	--	226,520,693
May-20	102,194,099	51,209,478	--	4,190,926	157,594,503
Jun-20	66,273,410	40,527,425	--	--	106,800,836
Less: Localized Products	(116,965,117)	(79,862,644)	(4,964,326)	(1,628,176)	(203,420,264)
Total	1,356,040,557	807,436,045	142,716,736	3,593,504	2,309,786,841
FY 2018/19	1,486,511,863	785,870,800	189,444,178	10,976,135	2,472,802,976
% Change	-9%	3%	-25%	-67%	-7%

Source: EWURA

4.1.2 Petroleum Products Stock Monitoring

During the period under review, the Authority continued to monitor stock levels of petroleum products to ensure that at all times the country has adequate supply of petroleum products. However, there was a decline in stock levels of petrol and diesel and shortage of Petrol in some parts of the country at the end of June 2020 due to COVID-19 outbreak.

4.1.3 Liquefied Petroleum Gas (LPG) Imports

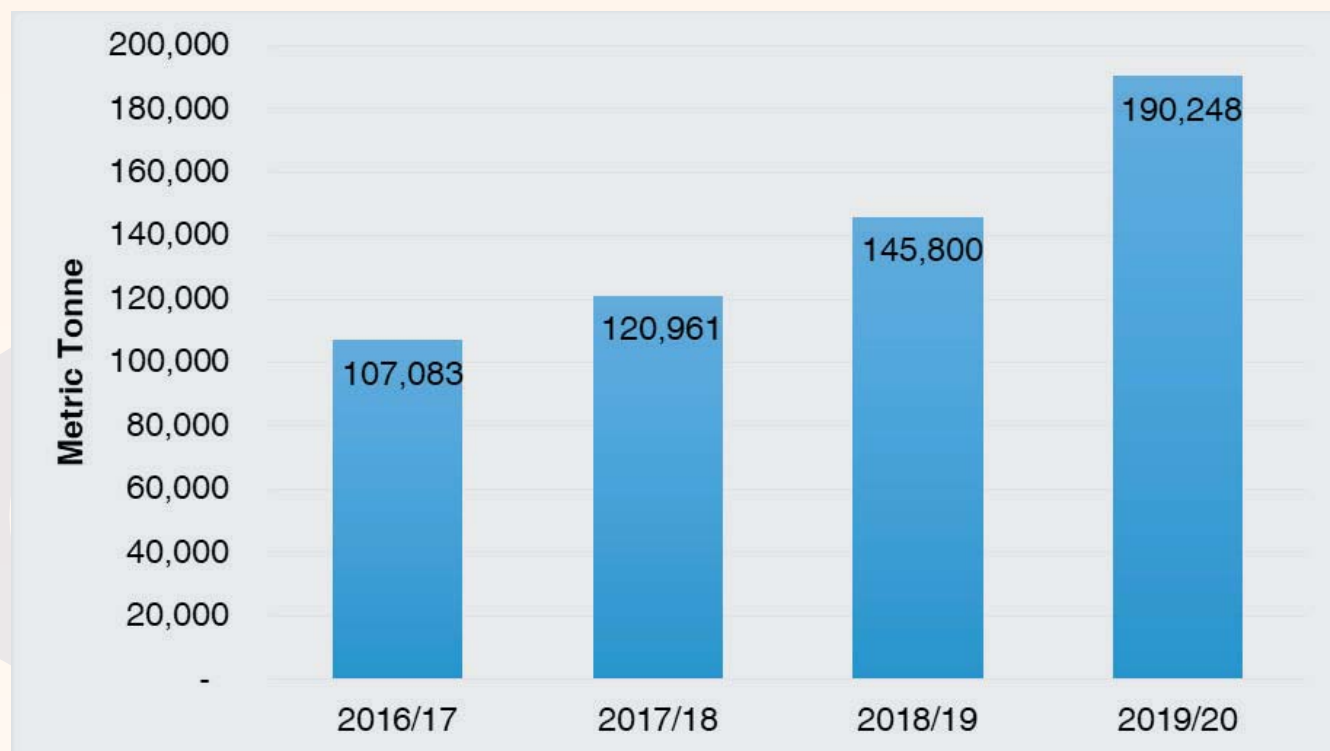
During the period under review, the Authority continued to monitor imports of LPG in the country. In between July 2019 and June 2020, a total of 189,509 MT of LPG were imported by LPG Marketing Companies (LMCs) compared to 145,800 MT imported in the previous year, reflecting an increase of 30%. This indicates that, there is a continuous increase of LPG market in the country. Table 12 presents the quantity of LPG imported in the period under review.

Table 12: LPG Imports in the year 2018/19 and 2019/20

	2018/19 MT	2019/20 MT
Jul	12,125	20,088
Aug	10,043	16,988
Sep	12,856	17,067
Oct	13,818	21,274
Nov	6,126	8,978
Dec	21,746	12,954
Jan	13,850	9,335
Feb	11,868	18,681
Mar	5,092	10,736
Apr	14,008	18,796
May	15,395	18,330
Jun	8,874	17,020
Total	145,800	190,248
% Change		30%

Source: EWURA

The consumption of LPG continues to increase each year. Figure 4 shows the LPG imports between FY 2016/17 to FY 2019/20.

Figure 4: LPG imports between FY 2016/17 to FY 2019/20

4.1.4 OMCs Sales Performance and Market Shares

During the period under review, the Authority continued to monitor OMCs' sales in order to establish the level of competition in the industry. OMCs sales in the period under review was 3,472,194,836 litres which is an increase of 2.5% compared to 3,386,642,738 litres sold in the previous financial year. The figures show that, consumption of diesel and petrol, which are the main fuel for economic activities such as transportation, increased by 0.02% and 11 %, respectively; compared to the figure in the previous FY. The consumption of Heavy Fuel Oil (HFO) and Kerosene continued to decrease because the demand of HFO for power generation has decreased. Likewise, due to availability of alternative source of lighting, Kerosene is not much used even in areas where there is no electricity. **Table 13** shows the petroleum products consumptions based on the OMCs sales performance.

The petroleum market in the country remained competitive and fairly distributed among various oil marketing companies. The market has oligopoly structure with eight OMCs (Puma (13.7%), Total (12.9%), Oryx (11.6%), GBP (9.2%), MOIL (7.4%), Camel Oil (7.0%), Oilcom 6.6% and Lake Oil 5.5%). These companies dominated 74% of the market. Although few firms dominate, there are other firms which operate in the market as well. **Table 14** shows the sales figures and market share of each OMCs.

Annual sales for diesel remained the highest (55%), followed by petrol (38%), Jet A1 (5%), HFO (1%) and Kerosene (1%).

Table 13: Petroleum Products Consumption in the FY 2019/20 and FY 2018/19

	Diesel Litres	Petrol Litres	Kerosene Litres	HFO Litres	Jet A-1 Litres	IDO Litres	TOTAL Litres
FY 2018/19	1,902,623,101	1,186,643,718	42,571,466	37,753,397	216,475,117	575,939	3,386,642,738
FY 2019/20	1,903,087,249	1,321,352,521	35,875,050	31,653,702	179,857,637	368,677	3,472,194,836
% Change	0.02%	11%	-16%	-16%	-17%	-36%	2.5%

Source: EWURA

Table 14: Petroleum Sales Market Shares in FY 2019/20

NAME OF OMC	Diesel Litres	Petrol Litres	Kerosene Litres	HFO Litres	Jet A-1 Litres	IDO Litres	TOTAL Litres	Market Share
PUMA	256,649,346	96,021,100	6,000	6,906,621	125,933,203	-	485,516,270	13.72%
TOTAL	230,466,540	178,340,000	8,806,050	15,823,200	26,474,165	20,000	459,929,955	12.99%
ORYX	253,146,443	145,269,291	1,812,950	8,923,881	-	348,677	409,501,242	11.57%
GBP	170,328,001	148,117,200	6,611,500	-	-	-	325,056,701	9.18%
MOIL	138,719,396	123,707,550	87,500	-	-	-	262,514,446	7.42%
CAMEL OIL	149,490,800	97,984,982	-	-	-	-	247,475,782	6.99%
OILCOM	98,195,119	91,507,200	18,067,550	-	27,308,269	-	235,078,138	6.64%
LAKEOIL	95,609,550	99,966,903	-	-	-	-	195,576,453	5.53%
MT. MERU	84,887,320	72,195,000	-	-	-	-	157,082,320	4.44%
ACER	65,558,450	69,949,400	10,000	-	-	-	135,517,850	3.83%
STAR OIL	75,701,077	53,483,695	-	-	-	-	129,184,772	3.65%
OLYMPIC	47,511,200	36,347,500	2,000	-	-	-	83,860,700	2.37%
ENGEN	41,050,500	20,946,500	-	-	-	-	61,997,000	1.75%
BARREL PETRO ENERGY	34,360,500	21,586,500	-	-	-	-	55,947,000	1.58%
MOGAS	32,546,830	20,514,894	-	-	-	-	53,061,724	1.50%
GAPCO	21,669,000	29,645,500	437,500	-	142,000	-	51,894,000	1.47%
HASS	21,241,928	7,120,556	-	-	-	-	28,362,484	0.80%
DALBIT	19,953,546	8,040,750	10,000	-	-	-	28,004,296	0.79%
AFROIL INVESTMENT	17,127,000	8,629,500	-	-	-	-	25,756,500	0.73%
PETROFUEL	17,988,000	218,500	24,000	-	-	-	18,230,500	0.52%
UNITED GROUP	14,342,703	-	-	-	-	-	14,342,703	0.41%
PETROAFRICA	13,380,000	194,500	-	-	-	-	13,574,500	0.38%
APEL	1,582,000	97,500	-	-	-	-	1,679,500	0.05%
OTHERS	47,089,638	13,467,500	-	-	-	-	60,557,138	1.71%
TOTAL	1,948,594,887	1,343,352,021	35,875,050	31,653,702	179,857,637	368,677	3,539,701,974	100.0%

Source: EWURA

4.2 Petroleum Products Prices

4.2.1 Crude Oil Prices

During the year under review, the Authority continued to monitor closely the world market prices for both crude oil and refined petroleum products as published by Platt's Oilgram. Mediterranean (MED) market continued to be a source for petrol world oil prices whereas Arabian Gulf (AG) market was a source of diesel and Jet A1/Kerosene oil prices. In between July 2019 and June 2020, prices of crude oil in the world market continued to fluctuate. The average crude oil price was 52 USD/BBL compared to 69 USD/BBL scored in the previous year, which is equivalent to a decrease by 24.6%. **Table 15** shows the monthly average crude oil prices in the period under review. Due to the overall fall of crude oil prices in the world market, local market prices in the country also fell because the country is a net importer of refined petroleum products. In this regard, lower oil prices contributed positively to increase in purchasing power, lower production costs and to lower inflation in country.

Table 15: Monthly Average Crude Oil World Market Price Trends in FY 2018/19 and FY 2019/20

	Crude Oil Price, Brent Blend (USD/BBL)
Jul-19	64
Aug-19	60
Sep-19	62
Oct-19	60
Nov-19	63
Dec-19	65
Jan-20	64
Feb-20	55
Mar-20	34
Apr-20	27
May-20	32
Jun-20	41
FY 2019/20	52
FY 2018/19	69
% Change	-24.6%

Source: EWURA

4.2.2 Refined Petroleum Products Prices in the World Market

The Authority continued to monitor movement of refined petroleum products prices in the world market. In the period under review, average Freight on Board (FOB) prices for refined petroleum products in the world market stood at 544 USD/MT for Petrol, 518 USD/MT for Diesel and 530 USD/MT for Jet A-1/IK. The FOB prices in the previous financial year were 646 USD/MT for Petrol, 622 USD/MT for Diesel and 635 USD/MT for Jet A-1/IK indicating a decrease of 16%, 17% and 17% for Petrol, Diesel and Jet A-1/IK as shown in **Table 16**.

Table 16: Refined Petroleum Products World Market Prices in FY 2019/20

Month	Petrol (USD/MT)	Diesel (USD/MT)	Kerosene (USD/MT)
Jul-19	658	610	634
Aug-19	597	546	570
Sep-19	639	576	601
Oct-19	576	552	584
Nov-19	596	572	602
Dec-19	574	560	574
Jan-20	592	552	574
Feb-20	580	571	585
Mar-20	578	551	572
Apr-20	529	475	484
May-20	397	402	291
Jun-20	214	249	291
Average FY 2019/20	544	518	530
Average FY 2018/19	646	622	635
% Change	-16%	-17%	-17%

Source: EWURA

4.2.3 Petroleum Products Local Market Prices

Pursuant to the Energy and Water Utilities Regulatory Authority (Petroleum Products Price Setting) Rules, 2020 GN 74, the Authority continued to set and publish monthly cap prices for the three main petroleum products; petrol, diesel and kerosene in the period under review. The prices published are Wholesale cap Prices ex-Dar es Salaam, Tanga and Mtwara ports and retail pump prices in all districts and major towns in Tanzania Mainland. In the period under review, there was a decrease of prices in the local market compared to local pump prices in the previous year. The decrease of pump prices in the local market is a reflection of the petroleum products prices in the world market. **Table 17** shows the cap retail prices for Dar es Salaam region.

Table 17: Dar es Salaam Pump Prices Trend in FY 2019/20

Month	Petrol (Tsh/Litre)	Diesel (Tsh/Litre)	Kerosene (Tsh/Litre)
Jul-19	2,312	2,210	2,167
Aug-19	2,153	2,107	2,086
Sep-19	2,236	2,168	2,132
Oct-19	2,094	2,109	2,056
Nov-19	2,192	2,158	2,117
Dec-19	2,161	2,125	2,075
Jan-20	2,206	2,121	2,075
Feb-20	2,226	2,195	2,119
Mar-20	2,204	2,153	2,116
Apr-20	2,087	1,989	1,923
May-20	1,868	1,846	1,568
Jun-20	1,520	1,546	1,568
FY2019/20	2,105	2,061	2,000
FY2018/19	2,301	2,254	2,195
% Change	-9%	-9%	-9%

Source: EWURA

4.2.4 Exchange Rates

The strength of Tanzania Shilling against US Dollar has a direct influence on the petroleum products local market prices. The Bank of Tanzania (BOT) continued to provide the Authority in each month with the USD exchange rates that OMCs used to buy dollars for importing products. Based on that, the Authority established average exchange rate for each month. As seen in the **Table 18** the Tanzania Shilling in the period under review against US Dollar appreciated by 0.43% compared to the previous year.

Table 18: Monthly Exchange Rates Trend for the FY 2019/20 and FY 2018/19

FY 2018/19	Applicable Exchange rate (TZS/USD)	FY 2018/19	Applicable Exchange rate (TZS/USD)
Jul-19	2,293	Jul-18	2,294
Aug-19	2,298	Aug-18	2,287
Sep-19	2,303	Sep-18	2,289
Oct-19	2,301	Oct-18	2,294
Nov-19	2,309	Nov-18	2,300
Dec-19	2,319	Dec-18	2,312
Jan-20	2,308	Jan-19	2,334
Feb-20	2,316	Feb-19	2,378
Mar-20	2,324	Mar-19	2,437
Apr-20	2,304	Apr-19	2,349
May-20	2,342	May-19	2,270
Jun-20	2,359	Jun-19	2,270
Average Exchange Rate	2,315		2,318
% Change	-0.43%		

Source: EWURA

4.2.5 Petroleum Bulk Procurement System

During the period under review, the Authority continued to oversee implementation of Bulk Procurement System (BPS) in order to ensure compliance to BPS Regulations, sufficient volumes of petroleum products to be procured and transparency in all floated BPS tenders to foster competition.

A total of 85 contracts were awarded to the winning suppliers as shown in the **Table 19**.

Table 19: BPS Tenders Winners and Number of Tenders Won in FY 2019/20

S/N	BPS Tender Winner	No. of Tenders Won	%
1	Sahara Energy Resources	28	33%
2	Totsal Total Oil Trading SA	23	27%
3	Addax Energy Sa	21	25%
4	Trafigura Pte Ltd	5	6%
5	Vitol Bahrain	5	6%
6	GBP Tanzania Ltd	1	1%
7	Galana Petroleum Ltd	2	2%
	Total BBP Tenders	85	100%

Source: EWURA

The average premiums for the financial year under review were significantly lower than the premiums in the FY 2018/2019 as shown in **Table 20**.

Table 20: Average Premiums in FY 2019/20

	Diesel USD/MT	Petrol USD/MT	Jet A-1 / Kerosene USD/MT
FY2019/20	32.27	29.84	48.00
FY2018/19	66.06	61.98	75.84
% Change	-51%	-52%	-37%

Source: EWURA

4.3 Compliance Monitoring

During the year under review, the Authority continued to undertake monitoring programmes to ensure operations in the mid and downstream petroleum subsector comply with applicable laws, licensing conditions, standards, Health, Safety and Environment (HSE) requirements and the petroleum industry best practices. The following sections provide highlights of the compliance monitoring activities conducted in the period under review.

4.3.1 Inspections to Monitor Compliance

During the period under review, the Authority inspected 811 petroleum facilities to check compliance with applicable laws, licensing conditions, standards, Health, Safety and Environment (HSE) requirements and the petroleum industry best practices. Out of the inspected facilities, 609 facilities equivalent to 75.09% complied with requirements. In the previous financial year, out of 695 facilities that were operating, 498 facilities equivalent to 71.65% complied with requirements. This indicates that, compliance has increased compared to the previous financial year. In the same period, 60 petroleum facilities were constructed without approvals from the Authority. EWURA took punitive measures against operators of facilities that did not meet the requirements, which included closure of the facilities and payment of fines.

The Authority will continue to intensify regular and surprise inspections as well as continue to conduct awareness programmes to educate operators in order to ensure that they upgrade their facilities to meet the requirements.

4.3.2 Inspections to Monitor Petroleum Products Quality

During the year under review, the Authority collected 434 petroleum product samples from various facilities including petrol stations, storage depots and road tankers. Out of 434 samples, 57 samples, equivalent to 13.13% did not conform to TBS specifications. In the previous financial year, the Authority collected and tested 285 samples, where 15 samples equivalent to 5.26% were non-conforming. Compared to the previous year, the level of compliance in the period review has decreased. Generally, the level of compliance has significantly improved if compared to the period before introduction of fuel marking project and raising Kerosene taxes. The Authority will continue to collect samples and check quality of petroleum products offered for sale in the market.

4.3.3 Fuel Marking Programme

The Authority continued to implement the fuel-marking programme. The objective of the programme was to curb dumping of untaxed petroleum products (transit, tax-exempted or smuggled petroleum products) into the local market and fuel adulteration malpractices. In addition, the programme helps Government to collect rightful tax revenue from petroleum products and create a level playing field amongst operators.

During the period under review, 3.07 billion litres of diesel, petrol and kerosene were marked compared to 3.12 litres marked in the previous financial year which is a decrease of 1.6%.

Table 21 presents quantities of petroleum products marked during the period under review.

Table 21: Marked Volume of Petroleum Products from July 2019 – June 2020

Month	Petrol (Litres)	Diesel (Litres)	Kerosene (Litres)
Jul-19	120,474,907	174,078,262	3,252,300
Aug-19	117,661,253	171,229,349	3,288,900
Sep-19	114,378,400	156,804,588	2,762,000
Oct-19	118,623,700	166,245,376	3,299,950
Nov-19	117,959,300	163,191,070	2,707,150
Dec-19	119,233,750	158,990,354	2,469,850
Jan-20	113,619,750	153,032,351	2,554,500
Feb-20	102,310,500	146,608,334	2,488,700
Mar-20	106,791,500	143,373,632	2,922,100
Apr-20	99,270,587	131,285,569	3,503,900
May-20	104,892,700	132,041,189	3,628,100
Jun-20	110,495,843	148,127,168	3,048,100
TOTAL	1,345,712,190	1,845,007,242	35,925,550

Source: EWURA

4.3.4 Marker Detection Monitoring Inspection

The Authority continued to carry out inspection and collect samples from petroleum facilities to check whether the products in the market have right level of marker concentration. During the period under review, the Authority collected and tested samples of petroleum products from 777 facilities of which 35 (equivalent to 4.5%) were found with non-conforming products. In the previous financial year, the level of non-conformity was 6.5%, slightly higher than the current one. In the previous financial year, the Authority collected and tested samples from 639 facilities, where 44 were found with non-conforming products.

The Authority took appropriate punitive measures in accordance with the Petroleum (Marking and Quality Control) Rules, 2010, including fining operators whose facilities were found with non-conforming products. In addition, the Authority referred the offenders to Tanzania Revenue Authority (TRA) for respective tax administration.

4.3.5 Monitoring Compliance to the Price Setting Rules

The Authority continued to monitor compliance to the Petroleum Products Price Setting Rules. In the period under review, the Authority inspected 960 petroleum facilities out of which one petroleum Wholesaler namely Petroleum Tanzania Limited located at Kurasini area in Dar es Salaam was found selling or offering for sale petroleum products above the cap price. Therefore, the compliance level was 99.90%. In the previous financial year, the Authority inspected 940 out of which two (2) petrol stations were found selling above the cap price, equivalent to 99.79% compliance level. Punitive measure was taken against the non-compliant operator.

4.4 Licensing Activities

During the period under review, the Authority conducted pre-licensing inspections to 663 applicants, out of which 383 applicants equivalent to 57.77% met requirements at the time of inspections. Applicants who did not meet licensing requirements were directed to rectify the shortfalls. The Authority issued 425 operating licences to applicants who met licensing requirements. **Table 22** shows the type of operating Licences that the Authority issued. In the same period, the Authority granted 186 construction approvals to proponents intending to construct petroleum installations.

Table 22: Petroleum Products Licenses issued by the Authority in FY 2019/20

License Type	Number of Licenses issued		
	New	Renewal	Total
Petroleum Wholesale	7	5	12
Petroleum Retail	176	198	374
Lubricants Wholesale	14	1	15
Consumer Installation	5	0	5
LPG Wholesale	0	4	4
LPG Distribution	3	0	3
Petroleum Storage Business	11	0	11
Lubricants Blending	0	0	0
Lubricants Distribution	1	0	1
Pipeline Transportation	0	0	0
Total	217	208	425

4.5 Regulatory Tools

During the period under review, EWURA reviewed and developed twelve (12) regulatory tools namely, the:

- a) Petroleum (Lubricants Operations) Rules, GN. No. 50/2020 published on 31st January 2020;
- b) Petroleum (Retail Operations in Townships and Villages) Rules, 2020;
- c) Petroleum (Bitumen Operations) Rules, 2020;
- d) Petroleum (Marine Loading and Offloading Operations) Rules, 2020;
- e) Petroleum (Wholesale, Storage, Retail and Consumer Installation Operations) Rules, 2020;
- f) Petroleum (LPG Operations) Rules, 2020;
- g) Petroleum (Licensing Fees) Rules 2020;
- h) Petroleum Price Setting Rules Indexation of Margins 2020;
- i) Petroleum (General) Regulations, 2020;
- j) Petroleum (Condensate Operations) Rules, 2020; and
- k) Petroleum (Mobile Petrol Station Operations) Rules, 2020.

5. NATURAL GAS SUB - SECTOR

The Authority is responsible for regulating midstream and downstream natural gas regulated activities that include processing, transmission, storage and distribution of natural gas in the Mainland Tanzania. The regulated infrastructure comprised of processing plants, transmission and distribution pipelines facilities, which are of a natural monopoly hence.

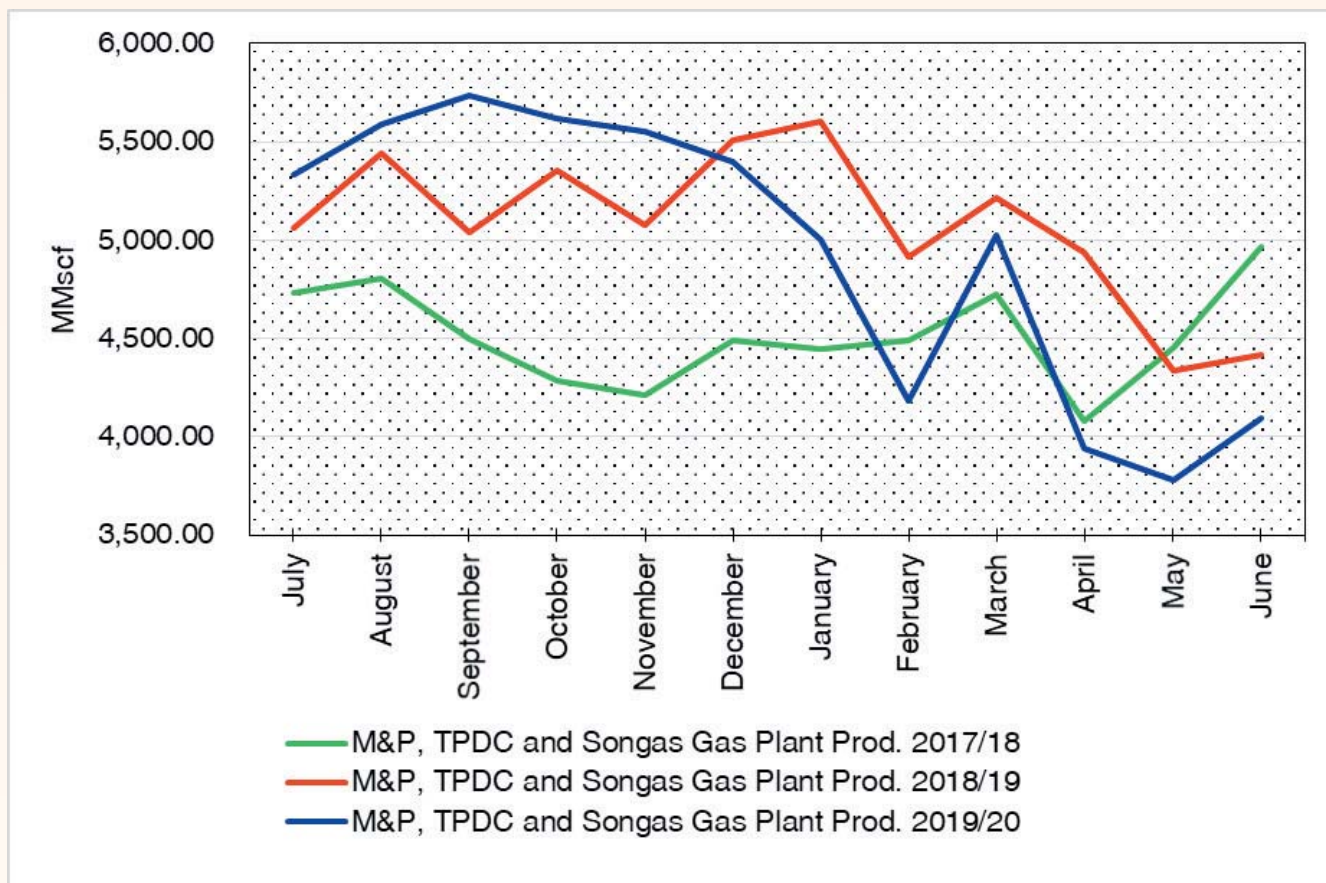
As of 30th June 2020, the regulated infrastructure comprised of four processing plants, two at Songo Songo Island (SSI) in Lindi Region owned by Songas and Tanzania Petroleum Development Corporation (TPDC) and two in Mtwara Region at Mnazi Bay and Madimba, owned by Maurel & Prom (M&P) and TPDC respectively. The total length for gas transmission pipeline is 842 kilometres owned by Songas and TPDC. The total length of distribution network for industrial customers in Dar es Salaam amount to 58 kilometres under PAET and total distribution network for TPDC in Dar es Salaam, Pwani and Mtwara is 49.5km.

5.1 Compliance Monitoring

During the review period, the Authority monitored the integrity of gas processing plants, high-pressure pipelines and low-pressure distribution network facilities including households, virtual pipelines and compressed natural gas (CNG) for vehicles. Further, the Authority continued to promote the registration of local suppliers and services providers by registering 470 Local Suppliers and Service Providers (LSSP).

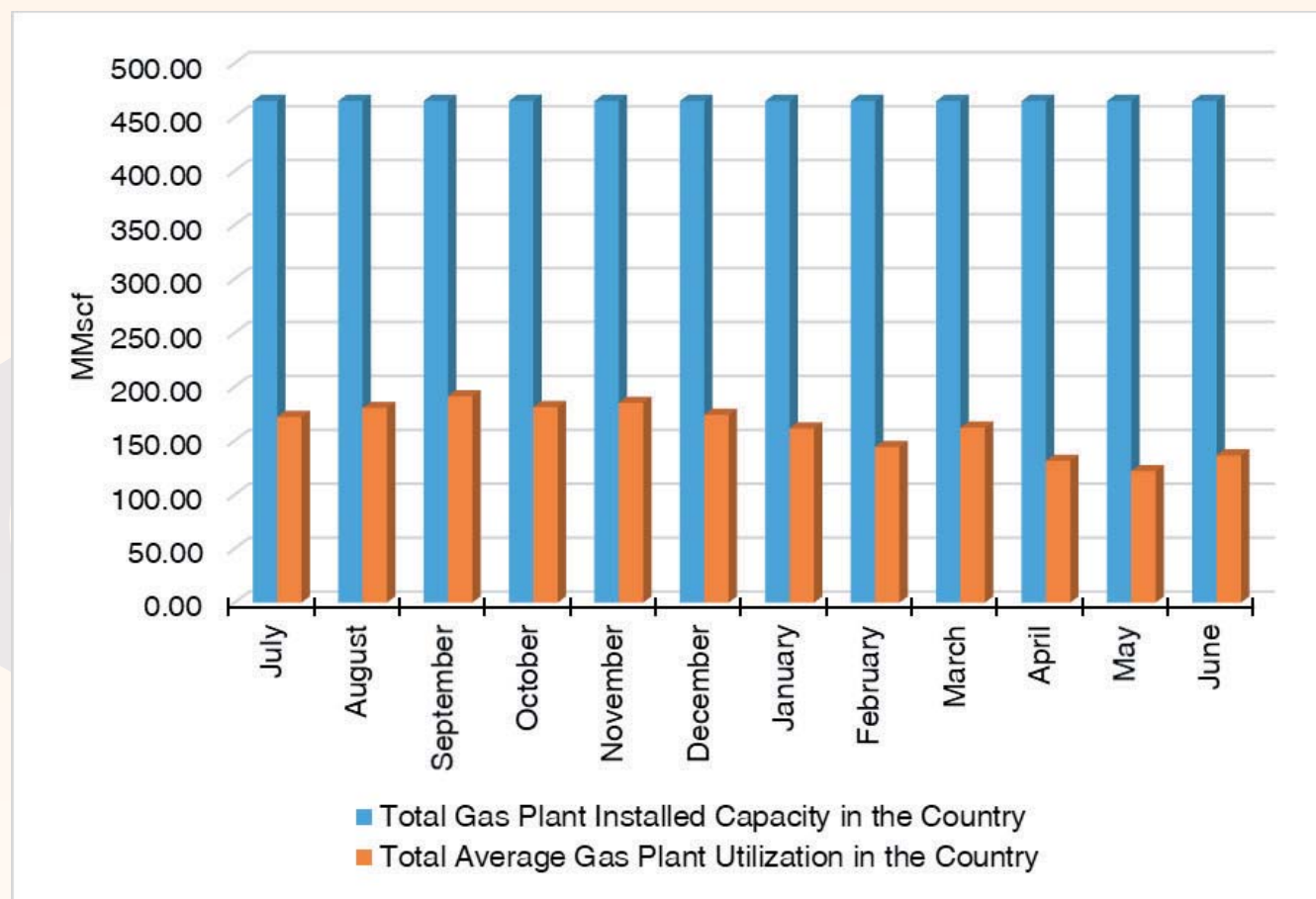
The overall gas production from both gas fields Songo Songo Island in Lindi and Mnazi Bay in Mtwara was 59,253.81 MMscf, compared with gas production of 60,911.87 MMscf in 2018/19 as indicated in **Figure 5**. The decrease in gas production was due to good hydrology in year 2019/20 of which TANESCO generated more power through hydro power plants.

Figure 5: Songas, TPDC and M&P Gas Production 2019/20



Source: PAET, TPDC and M&P

The total natural gas processing plants capacity in the country is 465 MMscfd, whereby the reported average daily gas production was 161.79 equivalent to 34.79% utilization capacity for the FY 2019/20 compared to average daily gas production of 166.90 equivalent to 35.89% utilization capacity in FY 2018/19 as indicated in **Figure 6**.

Figure 6: Total Plant Installed vs Utilization Capacity for FY 2019/20

Source: PAET, TPDC and M&P

5.1.1 Processing Plants

EWURA monitors the integrity of the natural gas infrastructure to ensure that the services to customers are maintained throughout the year. Corrosion status for the natural gas processing plant skids/equipment and instrumentation was in good condition. There was no rust from atmospheric corrosion. The whole natural gas processing plants were maintained to arrest all initial corrosion signs. The painting is a continuous activity at natural gas processing plants as the gas plants are located where moisture from the sea affects steel structures of the facility.

5.1.2 Integrity of the Natural Gas Transmission Pipelines and Wayleaves Management

During the period under review, the eight (8) Main Line Valve Stations (MLVs) for Songas and 16 Block Valve Stations (BVS) for TPDC along the transmission pipelines were monitored to ensure that the integrity of the pipeline is maintained. The monitoring revealed that all Songas, TPDC and M&P transmission pipelines and MLVs and BVS's were operated and maintained as required. The wayleaves were cleared and there was no encroachment by third parties. The basic HSE training and skills was provided to security guards with regards to fire and safety at MLVs, and BVS.

On security issues, the export pipeline from Madimba via Somanga Fungu to Dar es Salaam has been taken care of by involving village governments to protect the pipeline infrastructure in their respective villages and Police Force (Field Force Unit -FFU). Villagers are assigned to clear the wayleave from time to time.

5.1.3 Distribution Network

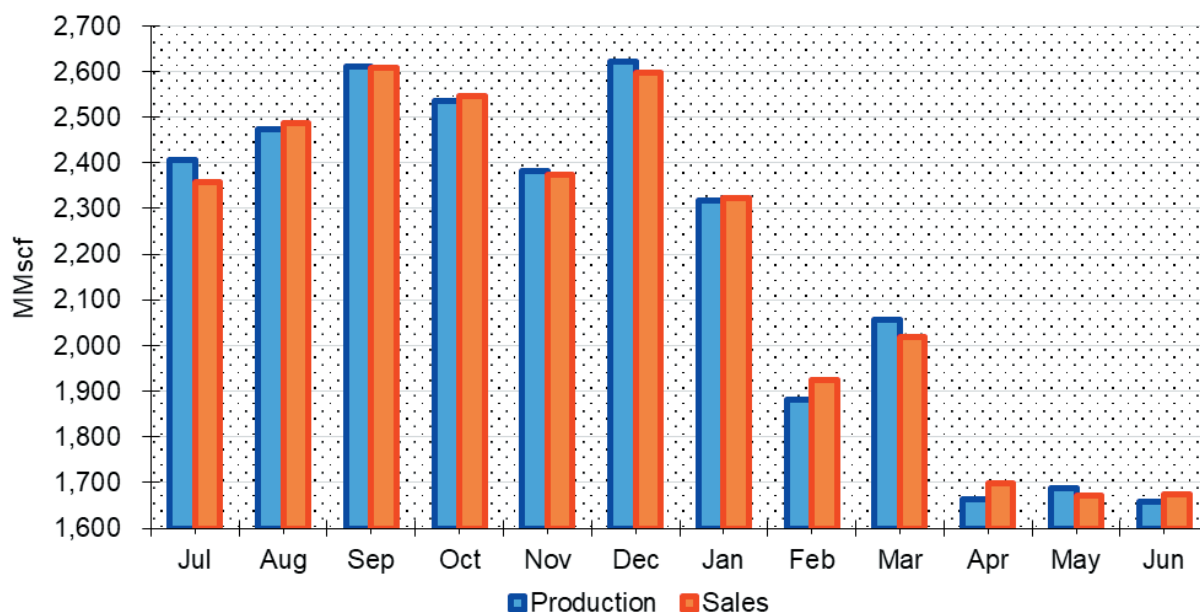
Gas distribution and supply network in general complied with all standards and industry best practice with exceptional of encroachments in areas with high risk of explosion due to economic activities carried out by the public, including cooking along the pipeline. Areas affected by encroachments include Chang'ombe Toyota, Buguruni and Mabibo, where used tires are burnt, petty traders and gardeners are normally found conducting their activities within gas distribution mains operated by PAET. Other encroached areas were Mwenge, Mikocheni, Ubungo Kibuku, Ubungo Bridge, and Bidco factory operated by TPDC. The Authority communicated with operators for corrective measures.

In addition, the Authority coordinated institutions such as TANROADS, TARURA, TRC, TPDC, DAWASA, SONGAS, PAET, M&P, TAZAMA and TAZARA, to develop and sign the Memorandum of Understanding (MoU) for the protection of underground infrastructure in shared way leave. The MoU is expected to enhance public safety, protect vital underground infrastructure and ensuring public safety during excavation activities conducted in the vicinity of existing underground facilities in the shared way leave. This will increase the integrity and reliability of Tanzania's underground utilities infrastructure, through the development and implementation of effective and efficient damage prevention practices across Tanzania to be championed by parties to this MoU in collaboration with EWURA.

5.2 Natural Gas Availability and Production

During the period under review, overall gas production reported from all gas fields was 59,253.81MMscf compared to 60,611.87 MMscf produced in previous year. The decrease in consumption was attributed to good hydrology conditions in Financial Year 2019-20 which compelled TANESCO to optimally generate on hydropower plants.

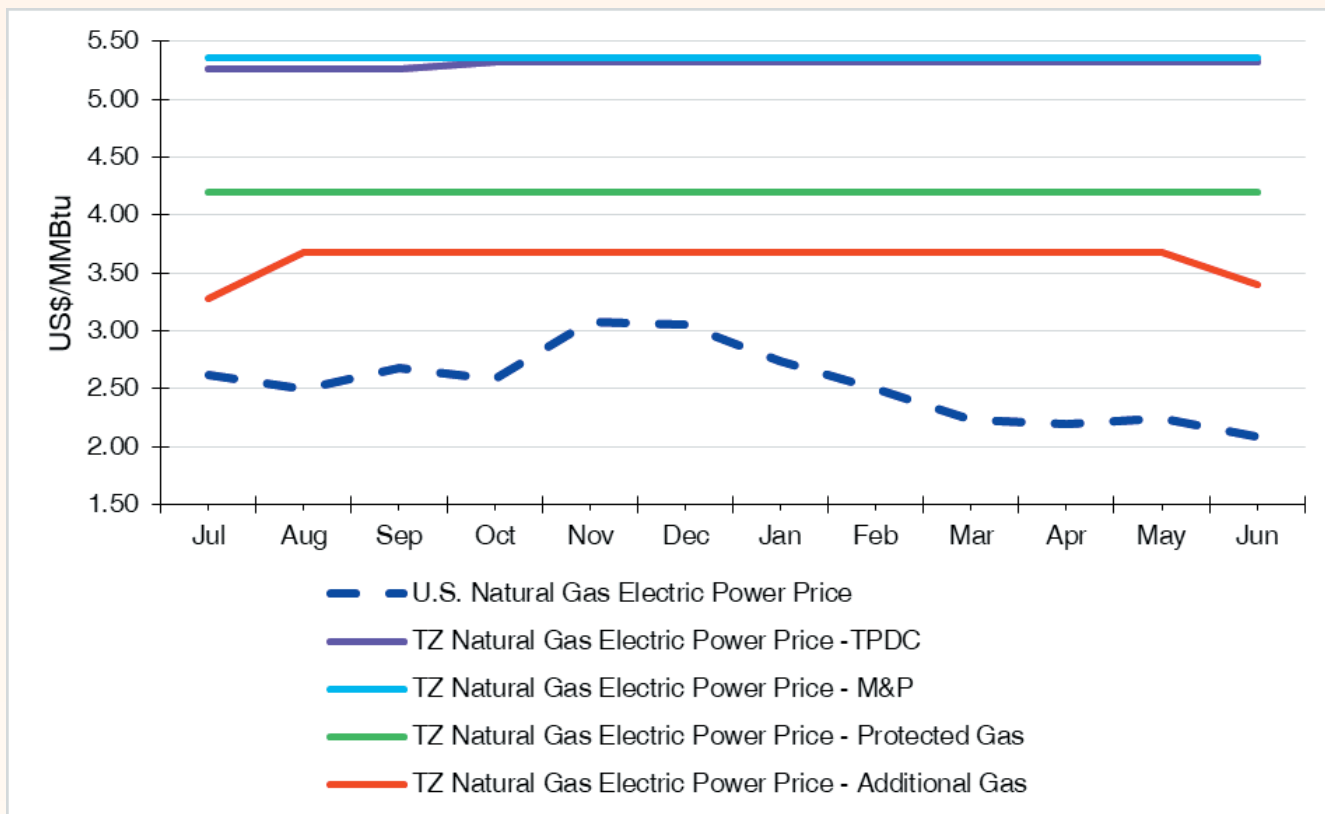
During the period under review, the natural gas production and sales were analysed to determine the gas that is unaccounted. The analysis of the gas that was unaccounted for was based on monthly Songo Songo gas production and Sales gas volumes in Dar es Salaam as shown in **Figure 7**.

Figure 7: Monthly Gas Production Vs Sales from SSI gas field in FY 2019/20

Source: PAET

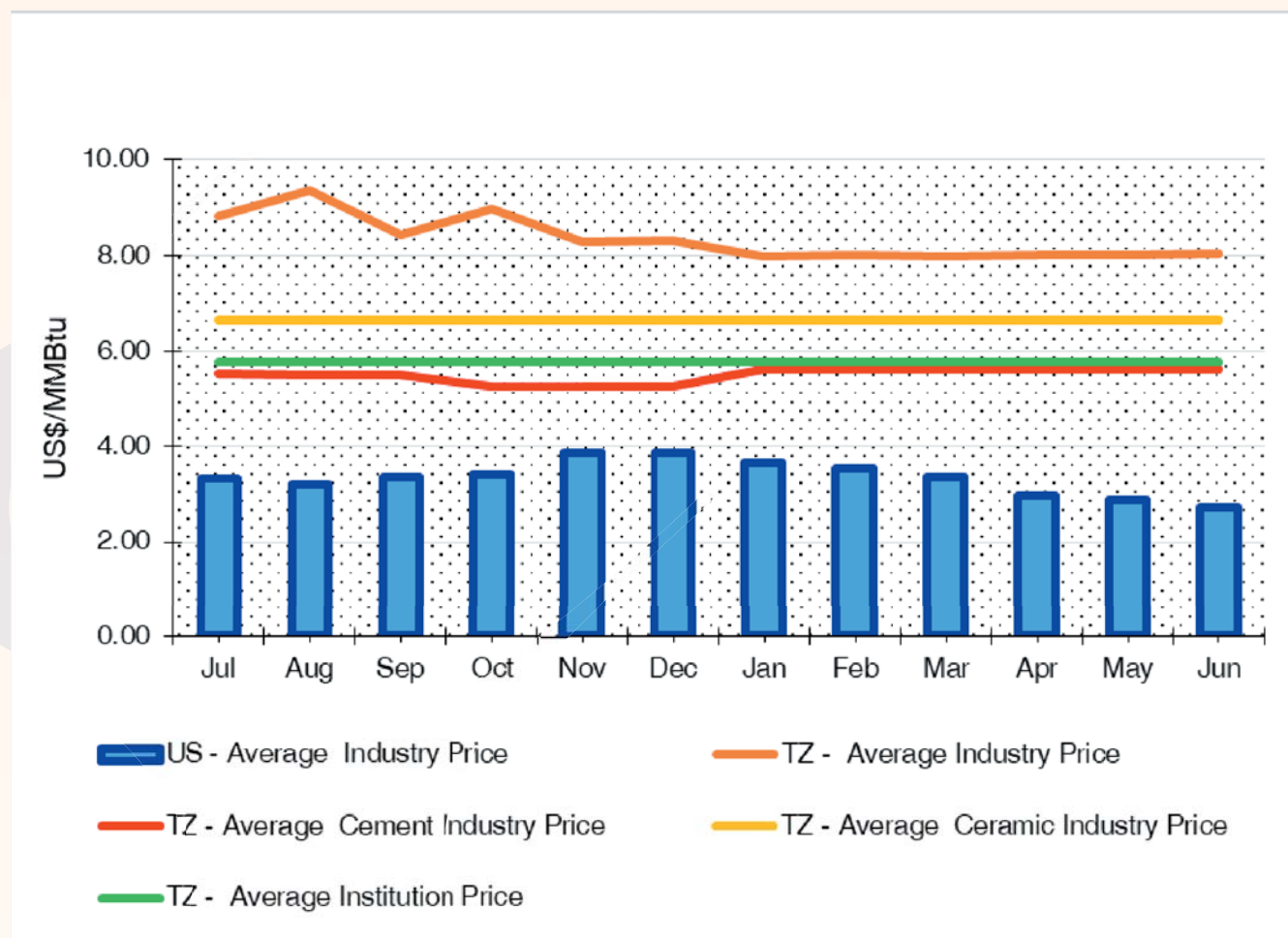
5.3 Trend of Cost of Services

During the period under review, the average monthly natural gas price for thermal power plants supplied as protected gas was 4.2U\$/MMBtu while the prices for thermal power plants supplied as additional gas, remained at an average of 3.62U\$/MMBtu. Other gas prices include the price for Mnazi Bay gas sold to TANESCO Mtwara was 5.36U\$/MMBtu and average price for TPDC gas sold to TANESCO at 5.31U\$/MMBtu. The Authority benchmarked the natural gas prices for thermal power generation and industrial use in Tanzanian market to the US market as shown in **Figure 8** and **9**. The average USA prices for power generation and industrial use were 2.54U\$/MMBtu and 3.35U\$/MMBtu respectively.

Figure 8: Natural Gas Price Trends for Thermal Power Generation in 2019/20


Source: TPDC and PAET

The average natural gas price for industrial customers during the period under review was 8.35\$/MMBtu. The average price during the review period for cement industries was 5.50\$/MMBtu, ceramic industry was 6.64\$/MMBtu and institutions such as Tanzania Prison Services was 5.76\$/MMBtu which was benchmarked with USA's price as per **Figure 8**. The average gas price in the country for small gas consumer industries is too high compared to the large gas consumers industries, which in one way or the other contribute to high-energy cost hindering their growth in comparison to the larger ones. The Authority has initiated a review of the natural gas pricing methodology with a view to advise the Government on appropriate methodology.

Figure 9: Natural Gas Price Trends of Industrial Customers for FY 2019/20

Source: TPDC, PAET

5.4 Natural Gas Quality and Standard of Services

During the review period, the Authority continued to monitor compliance by service providers on quality and standards of natural gas. The principal components of natural gas are methane and ethane with varying amounts of heavier hydrocarbons including propane, butane, pentane, hexane, heptane and octane as well as carbon dioxide, oxygen and water vapour as shown in **Table 23**. This table shows the Chromatography reading from the processing plants on 9th April 2020 which was taken as a sample for reference. Most parameters monitored by the Authority were confirmed to be within the required range.

During the period under review, TPDC supplied unmonitored natural gas from both processing plants at Songo Songo and Madimba due to malfunctioning of gas chromatography units (GCU). The natural gas processed is dry gas with no existence of Hydrogen Sulphide or a significant volume of Carbon Dioxide or substantial volumes of condensate. No significant changes in gas composition were observed and reported during the period under review. Most parameters monitored by the Authority were confirmed to be within the required range.

Table 23: Songo Songo, Madimba and Mnazi Bay Gas Composition (in % Mole)

Natural Gas Component	Reference Quality of Natural Gas	Quality of Natural Gas			
		Songas Songo Songo	TPDC Songo Songo	TPDC Madimba	M&P Mnazi Bay
Methane (CH ₄)	87.0 - 97.0	97.1959	97.9606	98.6488	98.0457
Ethane (C ₂ H ₆)	1.5 - 9.0	1.0106	0.9615	0.9618	1.0808
Propane (C ₃ H ₈)	0.1 - 1.5	0.2851	0.1352	0.1306	0.2654
iso-Butane (C ₄ H ₁₀)	0.01 - 0.3	0.0623	0.0233	0.0173	0.0962
n-Butane (C ₄ H ₁₀)	0.01 - 0.3	0.0790	0.0292	0.0210	-
iso-Pentane (C ₅ H ₁₂)	trace - 0.04	0.0280	0.0040	0.00217	-
normal-Pentane (C ₅ H ₁₂)	trace - 0.04	0.0242	0.0033	0.0000	0.0191
Hexanes (C ₆ H ₁₄)	trace - 0.06	0.0269	0.0025	0.0151	0.0165
Carbon Dioxide (CO ₂)	0.05 - 1.0	0.4819	0.3570	0.2032	0.2988
Nitrogen (N ₂)	0.2 - 5.5	0.7233	0.5586	0.0000	0.1775
Hydrogen Sulphide (H ₂ S)	trace to 0.02	0.0000	0.0000	0.0000	0.0000
Total	100	100	100	100	100
Moisture (ppm)	trace to 5.00				
Specific Gravity	0.57 to 0.62	0.5850	0.5701	0.5637	0.56
Gross Heating Value (MJ/m ³)	36.0 to 40.2	38.0604	39.7500	38.1100	38.1107

Source: www.uniongas.com, Songas, TPDC and M&P

5.5 Level of Investment in Natural Gas Sub-Sector

During the period under review, the following construction approvals were granted:

- extension of phase one households gas supply construction project in Mtwara to connect 125 households and four institutions by TPDC;
- construction project in Dar es Salaam to connect 57 households and 3 institutions at UDSM and Mlalakuwa by TPDC;
- the Odorant unit at Gas Receiving Facility Mtwara (M&P) for supplying odorized gas to Mtwara Households by TPDC;
- compressed natural gas facility at Mikoani Edible Oil in Mbagala - Temeke by compressed natural gas (CNG), delivered to the factory through virtual pipeline (truck and trailer) from the CNG Mother Station at Ubungu, by PAET;
- construction project for distribution gas supply line to Tanzania Pasta Industries at Vingunguti areas in Ilala by PAET; and
- construction project for CNG Facility at Dangote Cement Factory in Mtwara, shown in **Figure 10**.

Figure 10: Construction of CNG Facility at Dangote Cement Factory in Mtwara



5.6 Health, Safety and Environment

During the review period, the Authority continued to carry out health, safety and environmental monitoring of processing, transmission and distribution activities in the natural gas sub-sector. The activity involved monitoring of natural gas infrastructure on the following:

- a) the critical pipeline valves on both Songas, TPDC Madimba and M&P pipelines, corrosion, leakage survey, damage prevention, compaction and restoration of degraded land falls;
- b) the integrity of gas pipelines and way leave between the landfall areas to the market with great emphasis on security of facilities along the pipelines;
- c) the physical appearance of gas processing plants and gas wells;
- d) the status of pressure reducing facilities installed at Namera and Ubungo as well as CNG mother and daughter stations at Ubungo and city centre respectively;
- e) the status of pressure reducing facilities installed in Mtwara and Dar es Salaam for various customers in natural gas distribution under TPDC.
- f) the status of the Dar es Salaam ring main serving about 37 industries, two power plants, CNG vehicles and 58 connected households out of 70;
- g) the status of way leave operated by PAET from Ubungo to Kurasini, Kariakoo, Chang'ombe, METL, Mabibo road junction, SilAfrica, Kamal Steel and Namera and TPDC from Ubungo to Mikocheni light industries and TPDC estate; and
- h) processing plants at Songo Songo operated by Songas, Mnazi Bay operated by M&P and Madimba and Songo Songo operated by TPDC. All plants achieved no Lost Time Injuries (LTI) and there was no "Near Miss Accident" or Major Accident to be reported.

5.7 Local Content Implementation

Local Content in Mid and Downstream Petroleum Industry in Tanzania is the development of local skills, oil and gas technology transfer and use of local manpower and local manufacturing. Pursuant to Petroleum Act 2015 and the subsequent Petroleum (Local Content) Regulations 2017, regulated service providers have to ensure compliance with local content requirements. The scope of local content compliance includes procurement of goods, materials and services; employment; training and succession; research and development; technology transfer; legal services; financial services; and local insurance services.

Regulation 38 of the Petroleum (Local Content) Regulations, 2017 requires EWURA to establish and maintain a register of the Tanzanian Local Suppliers and Service Providers (LSSP) through which, petroleum operators for reference in the provision of goods and services in the petroleum activities obtain local suppliers. EWURA registered 470 local suppliers and service providers by 30th June, 2020. The list of local suppliers is obtained in EWURA website (<https://www.ewura.go.tz>).

5.8 Licensing

The Authority finalized the development of regulatory tools to enable commencement of licensing of natural gas operations for new service providers. The service providers existed before the enactment of the Petroleum Act 2015 deemed to have licence pursuant to section 260(4) of the Petroleum Act 2015. By virtue of section 260(6), the current participants in the supply chain shall, whether licensed or not and within one year from the commencement of the Act, adjust operations and facilities in order to comply with the provisions of this Act.

5.9 Regulatory Tools

Legislative matters include enactment or amendment of principal laws by the Parliament, review of Energy Policy and Regulations by the Minister responsible for natural gas sub-sector, and making rules by the Authority. The Authority participated in developing Regulations that include:

- i) The Petroleum (Natural Gas Midstream and Downstream) General Regulations, 2020 published on 17/04/2020 (GN 270);
- ii) The Petroleum (Natural Gas Pricing) Regulations, 2020, GN 353 of 15/5/2020;
- iii) The-Petroleum (Natural Gas Midstream and Downstream) General Regulations 2020-GN 270; and
- iv) The Petroleum (Corporate Integrity Pledge) Regulations 2019 GN 782.

Furthermore, pursuant to Section 258(a), of the Petroleum Act, Authority has developed comprehensive Rules that include:

- i) The Petroleum (Natural Gas) (Licencing Fees) Rules, 2020 -GN 301;
- ii) The Petroleum (Natural Gas) (Processing) Rules 2019- GN 221;
- iii) The Petroleum (Compressed Natural Gas) (Supply and Marketing Services) Rules 2019- GN 220;
- iv) The Petroleum (Natural Gas) (Supply and Marketing Services) Rules 2019-GN 219;
- v) The National (Petroleum and Natural Gas) (Information System) Rules 2019-GN 184;
- vi) The Petroleum (Natural Gas) (Regulatory Accounting and Reporting Standards) Rules 2019-GN 183; and
- vii) The Petroleum (Natural Gas) (Storage) Rules, 2019- GN 182.

5.10 Disputes and Complaints

There were no disputes or complaints involving the Authority that was brought to the attention of the Authority during the review period.

5.11 Litigation

During the review period, there was no litigation involving the Authority, the service providers, or other stakeholders of natural gas sub-sector.

6. WATER SECTOR REGULATION

The Authority is responsible for regulating water sector in accordance to Section 28 of the Water Supply and Sanitation Act, 2019. During the period under review, EWURA was regulating 25 Regional Water Supply and Sanitation Authorities (RWSSAs), 61 District and Township Water Supply and Sanitation Authorities (DTWSSAs) and 7 National Projects Water Supply and Sanitation Authorities (NPWSSAs). WSSAs are responsible for the provision of Water and Sanitation Services in their designated areas pursuant to the terms and conditions of licences issued by EWURA.

6.1 Compliance Monitoring

6.1.1 Data Reporting

Regulated water and sanitation utilities are obliged to submit electronically their monthly and annual performance data through a web-based software for reporting namely Water Utilities Information System (Majls). During the period under review, the regulated WSSAs continued reporting through Majls. Data submitted by the utilities were used by EWURA to monitor and evaluate the performance of the water utilities.

6.1.2 Site Inspections and Data Verification

During the year under review, routine inspections were conducted to 65 WSSAs namely; Arusha, Mbeya, Sumbawanga, Tabora, Manyoni, Misungwi, Kishapu, Maswa, Maganzo, Mwanhuizi, Bariadi Chalinze, Morogoro, Mtwara Singida, Nzega, Mpwapwa, Itumba-Isongole, Vwawa-Mlowo, Ngudu, Wanging'ombe and Arusha.

Routine inspections were also conducted to Kigoma, Mwanza, Shinyanga, Kahama, Geita, Dodoma, Iringa, Mafinga, Mpwapwa, DAWASA, Igunga, Tabora, Mpwapwa. Moshi, Tanga, Pangani, Muheza, Babati, Mbulu, Katesh, Monduli, Bunda, Musoma, Mugumu, Sengerema, Tarime, Bukoba and Kahama – Shinyanga. The Authority also inspected WSSAs of Handeni, HTM, Korogwe, DAWASA, Lindi, Makonde, MANAWASA, Mpanda, Chunya, Njombe, Makambako, Tukuyu, Songea, Tunduru and Mbinga. Also, special inspections were conducted to six WSSAs namely Vwawa-Mlowo, Ifakara, Makonde, Maswa, Babati and Karatu WSSAs.

Major findings observed include non-compliance to water quality standards TZS 789:2018 – EAS 12:2018, dilapidated water supply and sanitation infrastructure, and among DTWSSAs, weak, managerial, financial and technical capabilities. Further, WSSAs were directed to rectify the anomalies and follow up on implementation were made on quarterly basis.

6.2 Review of WSSAs' Business Plans

WSSAs are required to prepare business plans according to EWURA Guidelines for Preparing a Business Plan for Regulated Water Utilities, 2016 and submit them to the Authority for review. A business plan serves as a planning document for a water utility which include strategies, performance targets and corresponding activities as well as financial projections for achieving its mission. The business plans are also among the key documents used by the Authority to set tariffs and to measure and monitor the performance of the WSSAs.

During the year under review, the Authority revised business plans from 14 WSSAs of Vwawa-Mlowo, Bariadi, Dodoma, Sumbawanga, Ifakara, Karatu, Mpanda, Morogoro, Tanga, Muleba, Mwanhuzi, Same, Bariadi, and Tarime WSSAs.

The Authority ensured that the Key Performance Indicators (KPIs) are included in the WSSAs' Business Plans and follow up is regularly made to ensure their implementation. The implementation of KPIs is monitored monthly through the Majlis and Annual Performance Reports.

6.3 Review and Approval of WSSAs' Customer Service Charters

During the year under review, the Authority reviewed Customer Service Charters of 12 WSSAs of Vwawa-Mlowo, Sumbawanga, DAWASA, Lindi, Makonde, Geita, Musoma, Bariadi, Chato, KASHWASA, Ngara and Mwanhuzi WSSAs. The review was conducted to ensure that, among other things, the quality of service targets included in the charters meet the minimum requirements as specified in the Water Supply and Sanitation (Quality of Service) Rules, GN 176, of 2016. The Authority approved customer service charters for DAWASA, Lindi, Vwawa-Mlowo and Musoma WSSAs, while the remaining charters were referred back to the WSSAs for improvement to comply with the Rules and guidelines for preparing customer service charters.

6.4 Water Utilities Performance Review Report

The Authority also prepared two Water Utilities Performance Review Reports for Financial year 2018/19 for Regional and National Projects water utilities; and District and Township Water Supply and Sanitation Authorities. The Reports covered, among other things, technical, commercial and financial performance of WSSAs by considering key performance data and indicators. The Reports were published, and the best performing utilities were recognized by awarding them with certificates and trophies.

6.5 Health, Safety and Environmental Matters

6.5.1 Water Quality Tests

Water quality monitoring was also conducted to 60 water utilities. The Authority carried out water quality monitoring in order to establish whether water supplied to customers complied with TBS Standards.

EWURA conducted water quality monitoring at DAWASA, Dodoma, Morogoro, Chalinze, Mtwara, Lindi, MANAWASA, Makonde, Ruangwa, Songea, Mbeya, Makambako, Njombe, Wanging'ombe, Chunya, Rujewa, Kasumulu, Kyela, Vwawa-Mlowo, Tunduma, Sumbawanga, Mpanda, Kongwa, Chamwino, Mpwapwa and Kibaigwa. Others are Singida, Manyoni, Igunga, Tabora, Arusha, Moshi, Babati, Mbulu, Kateshi, Loliondo, Orkesumet, Iringa, Ilula, Kilolo, Tanga, Pangani, Korogwe, Handeni, HTM, Kigoma, Mwanza, Misungwi, Magu, Chato, Bukoba, Geita, Shinyanga, Bariadi, Maswa, Kahama, KASHWASA, Musoma, Mugango-Kiabakari and Mugumu. Further, Dodoma WSSA was inspected in each quarter and DAWASA was inspected in two quarters (First and Third Quarter).

6.5.2 Wastewater Quality Tests

Wastewater quality monitoring was conducted to 12 utilities in order to establish whether effluent from waste water treatment systems complied with TBS Standards. The WSSAs where wastewater quality monitoring was conducted included DAWASA, Dodoma, Morogoro, Songea, Mbeya, Arusha, Moshi, Iringa, Mwanza, Geita, Kahama and Musoma.

6.6 Regulatory Tools

During the year under review, the Authority developed Onsite Sanitation (OSS) and Faecal Sludge Management (FSM) Guidelines for WSSAs. The main objective of the Guidelines is to provide guidance for the provision and regulation of OSS and FSM in an environmentally sound manner and focusing on the mandate of WSSAs and EWURA as stipulated in the Water Supply and Sanitation and EWURA Acts. Also, the Authority revised the Water and Wastewater Quality Monitoring Guidelines (2014) and issued the Water and Wastewater Quality Monitoring Guidelines for WSSAs, Second Edition (2020). Further, the Authority revised the Inspection Manual for Water Utilities (2015) and issued Inspection Manual for Water Utilities, Second Edition (2020).

6.7 Licensing

During the year under review, the Authority upgraded licences of three (3) Water Supply and Sanitation Authorities namely Dodoma Water Supply and Sanitation Authority (DUWASA), Arusha Water Supply and Sanitation Authority (AUWSA) and Iringa Water Supply and Sanitation Authority (IRUWASA) from class III to class II.

6.8 Capacity Building

In an effort to improve performance of regulated water utilities, EWURA continued to implement capacity building measures to water utilities of which 18 WSSAs were trained on preparation of business plans. The 18 WSSAs that benefited from such training included Same-Mwanga, Korogwe, Mbulu, Katesh MANAWASA, Handeni, Ifakara Singida, Sumbawanga, Tukuyu, Chunya, Nzega, Manyoni, Igunga Tarime, Mwanhunzi, Muleba and Mtwara.

6.9 Collaboration with Regional Regulatory Associations

EWURA participated in the Eastern and Southern Africa Water and Sanitation Regulators Association (ESAWAS) meetings and technical sessions for review of three regulatory guidelines for Sanitation Service Provision, Tariff Setting, and City-Wide Inclusive Sanitation Planning.

7. ECONOMIC REGULATION

EWURA is responsible for the technical and economic regulation of electricity, mid and downstream petroleum and natural gas sub-sectors, and the water and sanitation sector. Pursuant to Section 6 of EWURA Act, Cap 414, one of the duties of EWURA is to regulate tariffs of regulated services so as to protect the financial viability of efficient suppliers by, among other things, ensuring that, the service providers get fair return on their investments and set them on the path to full cost recovery; and ensuring that consumers get affordable services. This section provides a report on review of tariff applications and rate setting for electricity and water supply and sanitation services. Since the mechanism for determining petroleum cap prices is different from that of determining tariffs of services in other regulated sectors, petroleum product prices have been reported in the petroleum regulation section.

7.1 Tariff Application Reviews

The Authority reviewed 22 tariff applications filed by regulated service providers. A summary of the tariff reviews conducted during the period is shown in **Table 24**.

Table 24: Tariff Reviews

Regulated Sectors	Matters brought Forward from previous year	Matters Received during the year	Total Matters Reviewed	Approved	Referred Back	With-drawn	Under Review as at 30 th June 2020
Electricity	0	5	5	0	0	0	5
Water Supply & Sanitation	12	5	17	16	0	0	1
Natural Gas	0	0	0	0	0	0	0
Total	12	10	22	16	0	0	6

7.2 Public Hearings

Pursuant to section 19(2)(b) of the EWURA Act, Cap 414, the Authority is required to conduct an inquiry before exercising its power to regulate any rate or charge. Except for multiyear tariff applications from Tabora, Igunga, Nzega and Mwanza WSSAs and the review of VSPP tariff, the Authority conducted public hearings for all other tariff and pricing matters as summarized in **Table 25**.

Public hearing meetings for Tabora, Nzega and Igunga WSSA were postponed due to the global outbreak of COVID-19 in the second half of the financial year 2019/20. On the other hand, the review of VSPP tariffs did not involve public hearing meeting due to urgency of the matters. Instead of the meetings, public notices were circulated in the areas of service to notify customers and other stakeholders of the tariff applications and requesting for comments to be submitted to the Authority in written form.

Table 25: Public Hearings for Tariff Reviews

Regulated Sectors	Number of Public Inquiry Meetings	Number of Matters Determined
Electricity	0	0
Natural Gas	0	0
Water Supply and Sanitation	12	16
Total	12	16

7.3 Approved Rates and Charges

7.3.1 Water Supply and Sanitation Sector

During the period under review, EWURA reviewed and approved 16 tariff applications from Water Supply and Sanitation Authorities (WSSAs) as has shown here under, in **Table 26** and **27**.

Table 26: Water Supply Tariff Approvals for Regional and National WSSAs in 2019/20

S/N	WSSA	Previous Average Tariff 2018/19	Approved Weighted Average Tariff (TZS/M ³)		
			2019/20	2020/21	2021/22
1.	Mwanza	1,060	1,534	1,534	1,709
2.	Morogoro	1,070	1,800	1,800	1,800
3.	Mpanda	976	1,113	1,236	1,359
4.	Sumbawanga	925	1,221	1,221	1,221
5.	Tabora	1,318	1,621	1,945	2,246
6.	Mugango Kiabakari	407	1,310	1,520	1,570

Table 27: Water Supply Tariff Approvals for Districts and Township WSSAs in 2019/20

S/N	WSSA	Previous Average Tariff 2018/19	Approved Weighted Average Tariff (TZS/M ³)		
			2019/20	2020/21	2021/22
1.	Kilindoni	317	1,041	1,141	1,221
2.	Chamwino	636	953	1080	1159
3.	Namtumbo	634	1,028	1,051	1,092
4.	Igunga	1,041	1,244	1,248	1,251
5.	Nansio	831	1,325	1,381	1,466
6.	Tunduru	613	886	1,028	1,248
7.	Biharamulo	1,200	1,300	1,300	1,400
8.	Mugumu	540	825	1,073	1,180
9.	Nzega	1,223	1,450	1,480	1,480
10.	Igunga (Extraordinary)	1244	1,586	1,648	1,709

7.3.2 Electricity Subsector

During financial year 2019/20, the Authority did not receive major tariff applications from electricity service providers. EWURA reviewed tariff applications from five Very Small Power Projects (VSPPs) including PowerGen Renewable Energy Limited, Redavia Solar Power, Husk Power Systems, Jumeme Rural Power Supply and PowerCorner Tanzania Limited.

8. COMMUNICATIONS AND PUBLIC RELATIONS

8.1 Overview

Section 6(e) of the Energy and Water Utilities Regulatory Act, Cap. 414, stipulates that, it is the duty of the Authority to enhance public knowledge, awareness and understanding of regulated sectors including the rights and obligations; ways in which complaints and disputes may be initiated and resolved; and the duties and functions of EWURA.

During the Financial year 2019/20, EWURA used its revised Communications Policy as well as a Communication Strategy to placing the Authority much closer to the people in its efforts to raise public awareness on regulated services.

8.2 Public Awareness

As a way of providing feed back to the public on EWURA performance, a public awareness and relations programme is implemented through a comprehensive communication strategy as an integral part of the Authority's functions focusing on public knowledge, awareness and understanding of the regulated sectors.

During the year under review, EWURA implemented successfully activities related to Communications and Public Relations as per Communication Strategy and Action plan. The implementation of the plan was made through various media outlets such as electronic and print media, meetings, public hearings and consultations. Some activities that were implemented during the year have been highlighted here under:

8.2.1 EWURA na UCHUMI

During the year under review, EWURA designed and recorded 105 television programmes as compared to 92 programmes that were aired during the previous financial year. Under the same period, EWURA also aired 41 radio programmes as compared to 30 programmes that were planned to be aired in the financial year. The Authority also published 50 feature articles in various print and electronic media as compared to 43 feature articles published during the previous financial year. During the same period under review, EWURA was mentioned many times in news bulletins on various TV stations including TBC1, ITV, Channel 10, Azam UTV, Star TV, Clouds TV, E-TV and various online TVs and blogs. Further, in implementation of the revised strategic plan, EWURA opened social media accounts (<https://www.facebook.com/ewuranews>, [EWURA TV \(m.youtube.com/channel/ewuratv\)](https://www.youtube.com/channel/ewuratv) and <https://mobile.twitter.com/ewuratanzania>) to which various TV and Radio Programmes are uploaded for access by the public.

8.2.2 Advertisements

During the year, the Authority published 81 batches of various advertisements which is the same number of advertisements published in the previous year. The advertisements were mainly traditional ones of petroleum prices, public notices, job vacancies, pre-inspection monitoring and licensing notices and tenders.

8.2.3 Publicity Materials

During the year, the Authority distributed EWURA's promotional materials for education and information to the Government and the general public through various events such as Saba Saba and Nane Nane exhibitions, public inquiry meetings and stakeholders' meetings. Such publicity materials included EWURA Annual report, water sector reports, electricity performance report, the mid and downstream petroleum subsector performance report and brochures and EWURA Newsletters.

8.2.4 Corporate Social Responsibility

As part of EWURA efforts to contribute to the social welfare of its stakeholders, EWURA donated and contributed to a number of institutions to support activities of national interest in line with its policy. This strengthens a positive image and values to the public. During the year, the Authority supported various institutions with a total of TZS 208 million as compared to TZS 138 million that was contributed in the previous period.

8.2.5 Exhibitions

Exhibitions form an important forum to meet the public on one-to-one, for public awareness campaigns and to respond on matters that need immediate attention. During the year under review, the Authority participated at the 43rd Dar es Salaam International Trade Fair (DITF) and Nane Nane Exhibitions (Simiyu, Dodoma, Arusha, Morogoro and Mbeya). In such events, the Authority conducted public awareness, responded to various inquiries and distributed to the public various publications such as brochures, newsletters and EWURA reports.

8.2.6 Publications

Documenting regulatory activities for various stakeholders' consumption is a pre-requisite in any functioning public awareness programme. In the financial year 2019/20, EWURA published EWURA Annual Report, Water Sector Reports Volume I and II, Downstream Petroleum Subsector Performance Report, Electricity Performance Report, brochures, and quarterly EWURA Newsletters.

9. KEY ACHIEVEMENTS, CHALLENGES AND WAY FORWARD

9.1 Key Achievements

- a) Reviewed various regulatory tools and developed new ones, in total the Authority reviewed and developed 15 regulatory tools that improved compliance;
- b) The Authority continued to conduct monitoring of the Bulk Procurement System of petroleum products and facilitated its operations;
- c) The Authority continued to conduct monitoring and inspection of its regulated sectors. This has improved the quality of regulated products, services, and standards of infrastructure;
- d) Increased level of awareness to electrical installation licensees due to the awareness programmes, inspections and meetings with stakeholders conducted by the Authority which resulted into increase in number of people applying for electricity installation licences;
- e) Network reliability and losses have continued to improve and declined respectively as a result of continuous monitoring and inspection of electricity infrastructures;
- f) The Authority continued to cooperate with other Government institutions such as Tanzania Bureau of Standards (TBS), National Environment Management Council (NEMC), Tanzania Revenue Authority (TRA), Tanzania Ports Authority (TPA), Weight and Measures Agency (WMA), Government Printers, Attorney General, and Police Force on matters that required EWURA's cooperation or intervention, or vice versa, for the country's interest;
- g) The Authority revised business plans of 14 WSSAs; namely Vwawa-Mlowo, Bariadi, Dodoma, Sumbawanga, Ifakara, Karatu, Mpanda, Morogoro, Tanga, Muleba, Mwanhuzi, Same, Bariadi, and Tarime WSSAs;
- h) The Authority continued with licensing activities on the regulated sectors where 640 (2018/19: 1,218) licences were issued to regulated suppliers. In the Petroleum sector 612 licenses were issued (New 216, renewals 210, 186 construction approvals for retail outlet and 2 construction approvals for natural gas facilities). In the Electricity sub-sector a total of five licences were issued (3 were Electricity Generation Licenses, 2 were Provisional Electricity Generation licenses (Own Use) and 23 electricity projects below 1MW were registered;
- i) The Authority attended to complaints against suppliers of regulated goods or services in relation to any matter connected with the supply, possible supply or proposed supply of goods or services. During the year 178 (2018/19: 186) complaints were resolved whereby 20 complaints were in the petroleum sub-sector, 90 in the electricity sub-sector and 68 in the water and sanitation sector were resolved. At the end of the year 245 complaints were at various stages of mediation and hearing;
- j) The Authority successfully continued to conduct public awareness campaigns and seminars on the roles and responsibilities of the Authority, rights and obligations of the service providers and consumers and complaints handling mechanism;

- k) The Authority reviewed 34 (2018/19: 59) tariff applications from regulated suppliers of Water and Sanitation sector (17), Natural Gas (0), Petroleum (12) and Electricity subsector (5). Out of those reviewed, 28 were approved and 6 were under review during the year end;
- l) The Authority made disbursements to EWURA Consumer Consultative Council (CCC) TZS 2.44 billion (2018/19: TZS 2.06 billion), Fair Competition Tribunal (FCT) TZS 541.0 million (2018/19: TZS 416.69 million), Fair Competition Commission (FCC) TZS 644.07 million (2018/19: TZS 507.46 million), Government Consultative Council (GCC) TZS 67.06 million (2018/19: TZS 35.90 million) and the Treasury Registrar TZS 7.62 billion (2018/19: TZS 7.21 billion) as required by the law;
- m) During the year under review, the Authority recruited 13 staff to fill vacant positions;
- n) The Authority paid annual subscriptions and attended to various professional forums including Platts/McGraw Hill, African Refineries Association (ARA), Eastern and Southern Africa Water and Sanitation Regulators Association (ESAWAS), Regional Electricity Regulators Association (RERA), Independent Regulatory Board - East African Power Pool (IRB-EAPP), African Forum of Utility Regulators (AFUR), Institute of Internal Auditors (IIA), Tanganyika Law Society (TLS), National Board of Accountants and Auditors (NBAA), Public Procurement Regulatory Authority (PPRA) and Tanganyika Library Association;
- o) The Authority continued to finance construction of its Head Quarter offices in Dodoma whereas at 30th June 2020, the works were 88% completed;
- p) The Authority shifted to its new office building at the end of financial year, as a result enabled the Authority to provide adequate office space to its staff and reduce operational expenditure on rental fees;
- q) Integration of regulatory information management systems (EPICOR, GePG, LOIS, eDMS and CQS) which has increased efficiency in service provision; and
- r) Established Online Public Access Register for providing information to the public on decisions made by the Authority.

9.2 Key Challenges and Way Forward

The Authority encountered various challenges in the course of discharging its functions during the year under review. Key challenges encountered included the following:

- a) Continued smuggling of kerosene into Tanzania from neighbouring countries. EWURA will continue to conduct frequent marker detection exercises, especially in border areas and continue cooperating with TRA and other law enforcing organs in conducting joint inspections. EWURA will also increase awareness campaigns on the matter;
- b) Continued sale of adulterated and tax exempted petroleum products despite efforts to curb the malpractice. Nevertheless, the current measures are bearing good results. EWURA will continue to conduct periodic petroleum quality monitoring exercises and take legal actions to the defaulters. EWURA will also continue to cooperate with TRA and other law enforcing organs in conducting joint inspections and increase awareness campaigns on the matter;
- c) None compliance to regulatory requirements by some operators in the petroleum industry especially retailers due to lack of knowledge and expertise in the petroleum downstream operations. Therefore, EWURA will intensify awareness and education campaigns to operators and the public so as to address this challenge;

- d) Limited number of petrol stations in rural areas resulting in challenges in service delivery of products in those areas. Petroleum products are stored and sold by vendors in rural areas in a manner that is detrimental to Health, Safety and Environment (HSE). On the other hand, the volume of sales in these areas is small to attract investments of standard petrol stations. EWURA has published rules that allow low cost petroleum facilities in rural areas to address the challenge;
- e) Low private sector investments in the electricity sub-sector. The Authority in collaboration with other stakeholders will continue to conduct regular review of the existing regulatory tools and develop new ones when deemed necessary;
- f) The inability of some service providers to meet the electricity supply reliability indices set by Tanzania Bureau of Standards (TBS). According to the Tanzania Standards, TZS 1374:2011, System Average Interruption Frequency Index (SAIFI) should be less than 3 interruptions per customer per year; System Average Interruption Duration Index (SAIDI) should be less than 650 minutes per customer per year; and Customer Average Interruption Duration Index (CAIDI) should be less than 4 minutes per interruption event per year. The Authority will continue to intensify compliance monitoring to ensure investments are made to align with the standards;
- g) Low consumption of natural gas due to limited natural gas distribution infrastructure. Natural gas infrastructure is not widely distributed in the country as there is low level of investment from the TPDC either through own funding or in collaboration with the private sector. With low investments that have been made, natural gas distribution networks is limited to Dar es Salaam, Coast and Mtwara regions;
- h) Low utilization of natural gas processing and transportation infrastructure. Only 11% capacity of the national natural gas pipeline between Madimba and Dar es Salaam was utilised. EWURA in collaboration with other stakeholders will continue creating awareness on opportunities that will increase utilization of natural gas. EWURA is also finalizing the draft PPP Guidelines with the aim of attracting private sector to participation. EWURA will continue to engage the Ministry of Energy, TPDC and other key stakeholders so as to promote investments in the natural gas infrastructure;
- i) The risk posed by third party damage and encroachment to the underground natural gas infrastructure on the shared and common right-of-way are among the serious problems that occurred in Dar es Salaam. Currently, the Government is advocating industrialisation and therefore, the demand for natural gas infrastructure is expected to increase, hence more risks are anticipated if third party activities will not be well addressed and controlled;
- j) Limited investment in Compressed Natural Gas (CNG) dispensing units which have resulted into very low rate of vehicle conversion to natural gas usage among prospective car owners. Conversion of urban fleet to run on dual-fuel systems (petrol/CNG or diesel/CNG) call for investment in infrastructure, awareness to the society, capacity building for technical expertise, institutional framework development, and incentivised schemes;
- k) Weak managerial, financial and technical capacity of about 25% of district and township Water Supply and Sanitation Authorities (WSSAs). The Authority will continue to utilize its available resources to conduct capacity building to WSSAs, carry out inspections as well as compliance and performance monitoring. Further, the Authority will continue to work with the Ministry of Water and the Rural Water Supply and Sanitation Agency (RUWASA) on ways of improving capacity of the weak WSSAs which are under the supervision of the latter;

- l) Inadequate capacity of the WSSAs to prepare Business Plans that are compliant to the EWURA Business Plan Guidelines. The Authority will continue to build capacity of WSSAs and is committed to set aside funds for capacity building in future budgets;
- m) Low investments in Water Supply Services which result into a slow pace towards attaining service coverage targets set in the National Five-Year Development Plan (2016/17 – 2020/21). The current urban water supply coverage is around 85% in Regional water utilities service areas, 71% in National Project water utilities service areas and 62% in District headquarters and Township water utilities service areas. In addition, EWURA has been collaborating with the Ministry of Water and Development Partners to put in place incentives for WSSAs to involve PPPs and to acquire loans for investments; and
- n) Low investment and awareness on sanitation services to WSSAs and the public. The Authority will continue to develop Guidelines for sanitation, particularly for onsite sanitation and faecal sludge management. The Authority will also carry out data collection, inspections and monitoring at WSSAs in order improve sanitation services.



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



**REPORT OF THE CONTROLLER AND
AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF ENERGY AND WATER
UTILITIES REGULATORY AUTHORITY
(EWURA) FOR THE FINANCIAL YEAR
ENDED 30TH JUNE, 2020**

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December, 2020

AR/PA/EWURA/2019/20

Mandate

The statutory mandate and responsibilities of the Controller and Auditor General are provided for under Article 143 of the Constitution of the URT of 1977 (as amended from time to time) and in Section 10 (1) of the Public Audit Act, 2008.

Vision

To be a highly regarded Institution that excels in Public Sector Auditing.

Mission

To provide high quality audit services that improves public sector performance, accountability, and transparency in the management of public resources.

Core values

In providing quality services NAO is guided by the following Core Values:

Objectivity	We are an impartial organization, offering services to our clients in an objectives and unbiased manner.
Excellence	We are professionals providing high quality audit services based on standards and best practices.
Integrity	We observe and maintain high standards of ethical behaviour, rule of law and strong sense of purpose.
People focus	We value, respect, and recognize interest of our stakeholders.
Innovation	We are a learning and creative public institution that promotes value added ideas within and outside the institution.
Results Oriented	We are an organization that focuses on achievement based on performance targets.
Teamwork spirit	We work together as a team, interact professionally, and share knowledge, ideas, and experiences.

We do this by:

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

© This audit report is intended to be used by Energy and Water Utilities Regulatory Authority (EWURA) and may form part of the annual general report which once tabled to National Assembly, becomes a public document hence, its distribution may not be limited.

TABLE OF CONTENTS

ABBREVIATIONS

55

1.0 REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2020

57

1.1 INTRODUCTION	57
1.2 ESTABLISHMENT	57
1.3 VISION	57
1.4 MISSION	57
1.5 CORE VALUES	57
1.6 PRINCIPAL ACTIVITIES	57
1.7 DUTIES OF THE AUTHORITY	58
1.8 FUNCTIONS OF THE AUTHORITY	58
1.9 COMPOSITION OF THE BOARD OF DIRECTORS	59
1.10 CORPORATE GOVERNANCE	59
1.11 BOARD COMMITTEES	60
1.12 RELATED PARTY TRANSACTIONS	61
1.13 MANAGEMENT	61
1.14 KEY STRENGTHS AND RESOURCES	61
1.15 OPERATIONAL AND FINANCIAL PERFORMANCE	63
1.16 RECRUITMENT	75
1.17 RISK MANAGEMENT AND CONTROL	75
1.18 STAFF WELFARE	76
1.19 GENDER PARITY	77
1.20 POLITICAL DONATIONS	77
1.21 CORPORATE SOCIAL RESPONSIBILITIES	77
1.22 RELATED PARTY	77
1.23 ENVIRONMENTAL CONTROL PROGRAMME	78
1.24 PERSONS WITH DISABILITIES	78
1.25 KEY CHALLENGES AND THE WAY FORWARD	78
1.26 EVENTS AFTER THE REPORTING PERIOD	80
1.27 SOLVENCY	80
1.28 AUDIT MANDATE	81
1.29 STATEMENT OF DIRECTORS' RESPONSIBILITIES	81
1.30 DECLARATION OF HEAD OF FINANCE OF ENERGY AND WATER UTILITIES REGULATORY AUTHORITY	82

2.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

83

2.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS	83
2.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS	86

3.0	FINANCIAL STATEMENTS	87
3.1	STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 2020	87
3.2	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 TH JUNE 2020	88
3.3	STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 TH JUNE 2020	89
3.4	STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 TH JUNE 2020	90
3.5	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2020	91
4.0	NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020	92
	NOTE 1.0: GENERAL INFORMATION	92
	NOTE 2.0: BASIS OF PREPARATION OF FINANCIAL STATEMENTS	92
	NOTE 3.0: STATEMENT OF COMPLIANCE WITH IPSAS AND LAWS	93
	NOTE 4.0: IPSAS ISSUED NOT YET EFFECTIVE AND IMPACT	93
	NOTE 5.0: SIGNIFICANT ACCOUNTING POLICIES	93
	NOTE 6.0: INFORMATION ON BUDGET PERFORMANCE	100
	NOTE 7.0: CASH AND CASH EQUIVALENTS	102
	NOTE 8.0: TRADE AND OTHER RECEIVABLES	103
	NOTE 9.0: INVENTORIES	104
	NOTE 10: PREPAYMENTS	104
	NOTE 11: PROPERTY AND EQUIPMENT	105
	NOTE 12: INTANGIBLE ASSETS – SOFTWARE COSTS	107
	NOTE 13: TRADE AND OTHER PAYABLES	107
	NOTE 14: GRATUITY PAYABLE	108
	NOTE 15: REVENUE	108
	NOTE 16: STAFF COSTS	109
	NOTE 17: OPERATING EXPENSES	111
	NOTE 18: CONTRIBUTION TO TREASURY AND GOVERNMENT ENTITIES	112
	NOTE 19: ADMINISTRATION COSTS	112
	NOTE 20: FINANCE COSTS AND OTHER CHARGES	113
	NOTE 21: BUDGET PERFORMANCE RECONCILIATION	113
	NOTE 22: RELATED PARTY TRANSACTIONS	114
	NOTE 23 A: EXCESS CAPITAL	116
	NOTE 23 B: CAPITAL EXPENDITURE COMMITMENTS	116
	NOTE 24: FINANCIAL RISK MANAGEMENT	116
	NOTE 25: OPERATING LEASE COMMITMENTS	118
	NOTE 26: CONTROLLING ENTITY	118
	NOTE 27: FUNCTIONAL AND PRESENTATION CURRENCY	118
	NOTE 28: CONTINGENT ASSETS AND LIABILITIES	118
	NOTE 29: COMPARATIVE FIGURES	119
	NOTE 30: EVENTS AFTER REPORTING DATE	119

ABBREVIATIONS

AFUR	African Forum for Utility Regulators
ARA	African Refiners Association
CAG	Controller and Auditor General
CAG	Controller and Auditor General
DTWSSA	District and Township Water Supply Sanitation Authority
EREA	Energy Regulators Association of East Africa
ESAWAS	Eastern and Southern Africa Water and Sanitation Regulators Association
FCT	Fair Competition Tribunal
GIZ	Deutsche Gesellschaft für International Zusammenarbeit
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
LAAC	Local Authorities Accounts Committee
NAO	National Audit Office
NARUC	National Association of Regulatory Utility Commissioners
NSSF	National Social Security Fund
PAA	Public Audit Act No.11 of 2008
PAC	Public Accounts Committee
PAR	Public Audit Regulation, 2009
PFA	Public Finance Regulations, 2009
PPA	Public Procurement Act, 2011 (as amended in 2016)
PSSSF	Public Service Social Security Fund
RERA	Regional Energy Regulators Association
TBS	Tanzania Bureau of Standards
WSSAs	Water Supply and Sanitation Authorities

1.0 REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2020

1.1 INTRODUCTION

The Directors hereby submit their report together with the financial statements for the year ended 30th June 2020 which disclose the state of affairs of the Energy and Water Utilities Regulatory Authority.

1.2 ESTABLISHMENT

The Energy and Water Utilities Regulatory Authority (EWURA) is an autonomous statutory body established under the Energy and Water Utilities Regulatory Authority Act, Cap 414 of the Laws of Tanzania (EWURA Act). EWURA became operational in June 2006 when the Board of Directors was fully constituted.

1.3 VISION

To be a World Class Regulator for Sustainable Energy and Water Services.

1.4 MISSION

To regulate energy and water utilities in a transparent, effective, and efficient manner that ensures their quality, availability, and affordability.

1.5 CORE VALUES

The EWURAs core values are:

- (a) Impartiality;
- (b) Morality;
- (c) Professionalism;
- (d) Accountability;
- (e) Consistency; and
- (f) Transparency.

Motto: Fair Regulation for Positive IMPACT

1.6 PRINCIPAL ACTIVITIES

The Authority is responsible for the technical and economic regulation of the energy (electricity, downstream petroleum, natural gas) and water and sanitation sectors in Tanzania. The functions of the Authority include, among others, licensing, tariff review, monitoring performance and standards regarding to quality, safety, health, and environmental issues of the regulated suppliers.

1.7 DUTIES OF THE AUTHORITY

In carrying out its functions the Authority shall strive to enhance the welfare of Tanzania society by–

- a) promoting effective competition and economic efficiency;
- b) protecting the interests of consumers;
- c) protecting the financial viability of efficient suppliers;
- d) promoting the availability of regulated services to all consumers including, low income, rural and disadvantaged consumers;
- e) enhancing public knowledge, awareness and understanding of the regulated sectors including;
 - i. the rights and obligations of consumers and regulated suppliers;
 - ii. the ways in which complaints and disputes may be initiated and resolved; and
 - iii. the duties, functions, and activities of the Authority; considering the need to protect and preserve the environment.

1.8 FUNCTIONS OF THE AUTHORITY

The functions of the Authority shall be–

- a) to perform the functions conferred on the Authority by sector legislation;
- b) subject to sector legislation–
 - i. to issue, renew and cancel licences;
 - ii. to establish standards for goods and services;
 - iii. to establish standards for the terms and conditions of supply of goods and services;
 - iv. to regulate rates and charges;
 - v. to make rules;
- c) to monitor the performance of the regulated sectors in relation to–
 - i. levels of investment;
 - ii. availability, quantity, and standard of services;
 - iii. the cost of services;
 - iv. the efficiency of production and distribution of services; and
 - v. other matters relevant to the Authority;
- d) in the case of petroleum and natural gas, to regulate transmission and natural gas distribution;
- e) to facilitate the resolution of complaints and disputes;
- f) to disseminate information about matters relevant to its functions;
- g) to consult with other regulatory Authorities;
- h) to perform such other functions as are conferred on the Authority;
- i) to administer this Act.

1.9 COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors consists of seven members; six of them are non-executive Directors and one Executive Director who is the Director General.

The Board members, who served the Authority during the year ended 30th June 2020, are as follows: -

S/N	Name	Position	Qualification	Nationality	Date of Appointment	Date of End of Tenure	Age
1.	**Eng. Prof. Jamidu H.Y. Katima	Chairman	PhD (Chemical and Process Engineering)	Tanzanian	24 th August 2015	23rd August 2019	64
2.	Mr. Ahmad S.K. Kilima	Deputy Chairman	MBA (Marketing)	Tanzanian	20 th October 2018	19th October 2022	66
3.	Mr. Richard M. Kayombo	Member	MBA (Marketing)	Tanzanian	20 th October 2018	19th October 2022	50
4.	Mr. Fadhili J. Manongi	Member	MA. (Dev. Economics)	Tanzanian	17 th May 2018	16th May 2022	65
5.	Ms. Victoria M. Elangwa	Member	MBA. (Finance)	Tanzanian	17 th May 2018	16th May 2022	42
6.	Eng. Godfrey H. Chibulunje	Member and Ag. Director General	MSc. Engineering Management	Tanzanian	16 th April 2020		47

** Eng. Prof. Jamidu H.Y. Katima who was a Board Chairman his first tenure expired on 23rd August 2019 and EWURA submitted request for his reappointment to the Ministry of Water.

1.10 CORPORATE GOVERNANCE

The overall responsibilities of the Board of Directors, among other things, include general oversight of the Authority's operations, identifying key risk areas, monitoring investment decisions, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that comprehensive system of internal control policies and procedures are operative and are in compliance with sound corporate governance principles.

The Board is required to meet at least once a month for ordinary meetings and may call for extra meetings when there is business to transact. The Board delegates the day to day management of the Authority to the Director General assisted by Senior Management members.

The Authority is committed to the principles of effective corporate governance which are integrity, transparency, and accountability. During the year ended 30th June 2020, 12 Ordinary Meetings and four Extra-Ordinary Board Meetings were held.

1.11 BOARD COMMITTEES

In streamlining business transactions, the Board has constituted sector specific and cross-cutting issues Board Committees. During the year ended 30th June 2020, the Audit and Risk Committee, Legal and Corporate Affairs Committee, Energy Committee and Water Committee, met regularly pursuant to section 21 of the EWURA Act, Cap.414 of 2019 as amended. During the period under review a total of 27 meetings were conducted by these committees as shown below.

1.11.1 Board Committee Meetings

S/N	Board Committee	Number of Meetings
1.	Audit and Risk	9
2.	Legal and Corporate Affairs	8
3.	Energy Committee	5
5.	Water and Sanitation	5
	Total	27

Constitution of Board Committees is as follows: -

1.11.2 Board's Audit and Risk Committee

S/N	Name	Position	Qualification	Nationality
1.	Mr. Fadhili J. Manongi	Chairman	MA. (Dev. Economics)	Tanzanian
2.	Mr. Richard M. Kayombo	Member	MBA (Marketing)	Tanzanian
3.	Mr. Godfrey Ngonyani	Co-opted member	MBA-Finance- CPA(T), CISA-ISACA	Tanzanian

1.11.3 Board's Legal and Corporate Affairs Committee

S/N	Name	Position	Qualification	Nationality
1.	Mr. Richard M. Kayombo	Chairman	MBA (Marketing)	Tanzanian
2.	Mr. Ahmad S.K. Kilima	Member	MBA (Marketing)	Tanzanian
3.	Ms Victoria M. Elangwa	Member	MBA. (Finance)	Tanzanian
4.	Eng. Godfrey H. Chibulunje	Acting Director General and Member	MSc. (Engineering Management)	Tanzanian

1.11.4 Board's Energy Committee

S/N	Name	Position	Qualification	Nationality
1.	Ms Victoria M. Elangwa	Chairperson	MBA. (Finance)	Tanzanian
2.	Mr. Fadhili J. Manongi	Member	M.A. (Dev. Economics)	Tanzanian
3.	Mr. Ahmad S.K. Kilima	Member	MBA (Marketing)	Tanzanian
4.	Eng. Godfrey H. Chibulunje	Acting Director General and Member	MSc. (Engineering Management)	Tanzanian

1.11.5 Board's Water Committee

S/N	Name	Position	Qualification	Nationality
1.	Mr. Fadhili J. Manongi	Chairman	M.A. (Dev. Economics)	Tanzanian
2.	Mr. Ahmad S.K. Kilima	Member	MBA (Marketing)	Tanzanian
3.	Eng. Godfrey H. Chibulunje	Acting Director General and Member	MSc. (Engineering Management)	Tanzanian

1.12 RELATED PARTY TRANSACTIONS

The related party transactions during the year ended 30th June 2020 is disclosed in Note 22 of these financial statements.

1.13 MANAGEMENT

The Management of the Authority is under the Director General and is structured in the following eight Directorates and three Units:-

- i. Directorate of Corporate Affairs;
- ii. Directorate of Legal Affairs;
- iii. Directorate of Internal Audit;
- iv. Directorate of Natural Gas;
- v. Directorate of Water and Sanitation;
- vi. Directorate of Petroleum;
- vii. Directorate of Electricity;
- viii. Directorate of Regulatory Economics;
- ix. Information and Communication Technology Unit;
- x. Communications and Public Relations Unit; and
- xi. Procurement Management Unit.

1.14 KEY STRENGTHS AND RESOURCES

The Authority continues to give its top priority to key resources which are people, tangible and intangible resources such as state of the art technology which contribute in strengthening service delivery, productivity, and financial sustainability. These strengths and resources are explained briefly in the following paragraphs.

(i) Human Resources and Customer Care

Customer satisfaction is mostly anchored on people and hence employees continue to be the most important assets. Their zeal, hardworking and commitments have made the Authority to perform professionally well during the year. The Authority has skilled, motivated, and experienced employees who are considered as key resources in pursuing its objectives. The Authority encourages and supports capacity building programmes to impart the required knowledge to employees to give them an edge in performing their activities.

During the financial year ended 30th June 2020, the Authority sponsored some of its staff to attend various trainings within and outside the country. However due to the outbreak of Covid-19, the number of staff attended trainings was lower than what was planned.

The Authority also encourages employee participation in decision making processes and encourages open and honest communications.

(ii) Co-operation and Support from various Stakeholders

The Authority has internal and external stakeholders and has been encouraging harmonious relationship with them. Their support and involvement in EWURA activities makes a significant impact and contribution to service delivery to the public. The Authority has continued receiving enormous support from the Office of the President, Prime Minister's Office, Ministry of Water, Ministry of Energy, EWURA Consumer Consultative Council (EWURA CCC), Government Consultative Council, Tanzania Oil Marketing Companies (TAOMAC), Association of Tanzania Water Suppliers (ATAWAS), Tanzania Revenue Authority (TRA), Ministry of Finance and Planning, Treasury Registrar, Police and other Regulatory Authorities in the country.

The Authority has strong ties and working relationships with relevant International organizations such as AFUR, ESAWAS, EREA, RERA, NARUC and GIZ.

(iii) Legal Framework

In discharging its duties and functions, the Authority is guided by its establishing Act and Subsidiary legislations in the Electricity, Petroleum and Water and Sanitation. EWURA Act, Cap. 414 of 2019 amended together with sector legislation govern the conduct of the activities of the Authority. The sector legislation includes the Electricity Act, Cap. 131, Water and Sanitation Act, Cap. 272, DAWASA Act, Cap. 273 and the Petroleum Act, Cap.392. These tools were key and useful during the financial year under review.

(iv) Financial Performance and Sustainability

The Authority's sources of revenue are provided under Section 43(1) of the establishing Act Cap 414 of 2020. The funds and resources of the Authority consist of: -

- a) fees collected by the Authority including, fees payable for the grant and renewal of licenses;
- b) levies collected from regulated suppliers;
- c) all other payments or property due to the Authority in respect of any matter incidental to its functions; and
- d) any grants, donations, bequest, or other contributions made to the Authority.

During the year under review, the Authority earned total revenue of TZS. 49.84 billion (2018/2019: TZS. 48.10 billion). The total expenditure was TZS. 45.65 billion (2018/2019: TZS. 45.7 billion), whereby TZS 34.35 billion (2018/2019: TZS. 35.40 billion) was on recurrent expenditure, inclusive of depreciation and TZS. 7.62 billion (2018/2019: TZS. 7.21 billion) was for contributions made to the Treasury Registrar and TZS 3.68 billion (2018/2019: TZS 3.20 billion) was disbursed to other Government Institutions (EWURACCC, FCC, FCT and GCC). During the same period, the Authority incurred TZS 4.2 billion (2018/2019: TZS 394.9 million) on capital expenditure. The level of revenue and the instituted internal controls have enabled the Authority to discharge its regulatory functions and meet its customers, stakeholders and the public expectations.

1.15 OPERATIONAL AND FINANCIAL PERFORMANCE

During the year, EWURA focused on the implementation of its strategic objectives which guided the Authority in achieving its vision and mission, championing good governance and facilitating the attainment of vibrant and thriving energy and water sectors in Tanzania.

The Authority continued implementing its five years Rolling Strategic Plan for 2019/20 – 2023/24 which guides operations in five years' period. The year 2019/20 was the first year of implementation of the 2019/20 – 2023/24 Rolling Strategic Plan. The following were the Strategic Objectives: -

- A: Interventions against HIV/AIDS enhanced;
- B: Implementation of the National Anti-Corruption Strategy enhanced;
- C: Quality, Availability and Affordability of Regulated Services improved.
- D: Public Knowledge, Awareness and Understanding of Regulatory Functions in the Regulated Sectors enhanced;
- E: EWURA Enabling Legislation improved;
- F: EWURA's Contribution to Strategic National Development Agendas enhanced; and
- G: EWURA functions effectively and efficiently managed.

1.15.1 Achievements

During the year, the Authority witnessed significant achievements as follows: -

- a) Reviewed various regulatory tools and developed new ones, in total the Authority reviewed and developed 15 (2018/19: 19) regulatory tools;
- b) The Authority continued to conduct monitoring of the Bulk Procurement System of petroleum products and facilitated its operations;
- c) The Authority continued to conduct monitoring and inspection of its regulated sectors. This has improved the quality of regulated products, services and standards of infrastructure;
- d) The Authority continued to cooperate with other Government institutions such as Tanzania Bureau of Standards (TBS), National Environment Management Council (NEMC), Tanzania Revenue Authority (TRA), Tanzania Ports Authority (TPA), Weight and Measures Agency (WMA), Government Printers, Attorney General, and Police Force on matters that required EWURA's cooperation or intervention, or vice versa, for the country's interest;
- e) The Authority revised business plans to 14 WSSAs of Vwawa-Mlowo, Bariadi, Dodoma, Sumbawanga, Ifakara, Karatu, Mpanda, Morogoro, Tanga, Muleba, Mwanhuzi, Same, Bariadi, and Tarime;
- f) The Authority continued with licensing activities on the regulated sectors where 640 (2018/19: 1,218) licences were issued to regulated suppliers. In the Petroleum sector 612 licenses were issued (New 216, renewals 210, 186 construction approvals for retail outlet and two construction approvals for natural gas facilities). In the Electricity subsector a total of 28 licenses were issued (3 were Electricity Generation Licenses, two were Provisional Electricity Generation licenses (Own Use) and 23 electricity projects below 1MW were registered);

- g) The Authority attended to complaints against suppliers of regulated goods or services in relation to matters connected with the supply, possible supply or proposed supply of goods or services. During the year, 178 (2018/19: 186) complaints were resolved whereby 20 complaints were in the petroleum sub-sector, 90 in the electricity sub-sector and 68 in the water and sanitation sector were resolved. At the end of the year 245 complaints were at various stages of mediation and hearing;
- h) The Authority continued to conduct public awareness campaigns and seminars on the roles and responsibilities of the Authority, rights and obligations of the service providers and consumers and complaints handling mechanism;
- i) The Authority reviewed 34 (2018/19: 59) tariff applications from regulated suppliers of Water and Sanitation sector (17), Natural Gas (0), Petroleum (12) and Electricity subsector (5). Out of those reviewed, 28 were approved and 6 were under review during the year end;
- j) The Authority made disbursements to EWURA Consumer Consultative Council (CCC) TZS 2.44 billion (2018/19: TZS 2.06 billion), Fair Competition Tribunal (FCT) TZS 541.0 million (2018/19: TZS 416.69 million), Fair Competition Commission (FCC) TZS 644.07 million (2018/19: TZS 507.46 million), Government Consultative Council (GCC) TZS 51.62 million (2018/19: TZS 35.90 million) and the Treasury Registrar TZS 7.62 billion (2018/19: TZS 7.21 billion) as required by the law;
- k) The Authority conducted recruitment to fill 13 (2018/19: 6) vacant positions;
- l) The Authority paid annual subscriptions and attended to various professional forums including Platts/McGraw Hill, African Refineries Association (ARA), Eastern and Southern Africa Water and Sanitation Regulators Association (ESAWAS), Regional Electricity Regulators Association (RERA), Independent Regulatory Board - East African Power Pool (IRB-EAPP), African Forum of Utility Regulators (AFUR), Institute of Internal Auditors (IIA), Tanganyika Law Society (TLS), National Board of Accountants and Auditors (NBAA), Public Procurement Regulatory Authority (PPRA) and Tanganyika Library Association; and
- m) The Authority continued to finance construction of its Head Quarter offices in Dodoma, up to 30th June 2020 was 88% (2018/19: 62%) completed. The amount spent up to 30th June 2020 was TZS 5.41 billion (2018/19 TZS 2.0 billion).

1.15.2 Financing

The Authority's operations are financed mainly through levies collected from regulated service providers in the energy sector (electricity, petroleum, natural gas) and water and sanitation sector. Other sources of financing include license fees and application fees.

During the year, total revenue amounting to TZS 49.84 billion (2018/2019: TZS 48.11 billion) was earned indicating an increase of 3.5% compared to the previous year as shown in Table 1a. Also, The Authority incurred total expenditure of TZS. 45.65 billion (2018/2019: TZS. 45.66 billion) marking a decrease by 0.04% as compared to previous year as shown in Table 1b. Details on revenue earned and expenditure incurred are given in Note 7 to 22.

Table 1(a): Revenue Performance

Description	30.06.2020 TZS'000	30.06.2019 TZS'000	Increase/ (Decrease) %
Income from Regulatory Levy and Licenses	48,900,844	47,181,283	3.5
Penalties	932,527	925,821	0.7
Other Income	4,965	-	-
Total Revenue	49,838,336	48,107,104	3.5

Table 1(b): Expenditure Performance

Description	30.06.2020 TZS'000	30.06.2019 TZS'000	Increase/ (Decrease) %
Staff Costs	17,603,271	18,629,262	(5.8)
Operating Expenditure	11,452,915	10,651,120	7.0
Contribution to TR and Other Government Entities	11,295,769	10,234,533	9.4
Administration Costs	4,462,149	4,832,477	(8.3)
Finance costs	26,882	26,330	2.1
Depreciation and Amortization	806,564	1,291,005	(60.0)
Total Expenditure	45,647,550	45,664,727	(0.04)

1.15.3 Licensing

During the year, the Authority prepared and issued 640 licenses (2018/2019: 1,218) to various regulated suppliers as shown below: -

- In the Petroleum sector 614 licenses were issued (New 216, renewals 210, 186 construction approvals for retail outlet and 2 construction approvals for natural gas facilities);
- In the Electricity subsector a total of 28 licenses were issued (3 were Electricity Generation Licenses, 2 were Provisional Electricity Generation licenses (Own Use) and 23 electricity projects below 1MW were registered).

1.15.4 Development of Regulatory Tools

The Authority finalized the preparation and issuing of the regulatory tools initiated during the previous year and developed new ones. The process of developing regulatory tools is governed by principles of good governance which require the collection of comments from interested stakeholders and holding hearings and workshops. The process of developing regulatory tools and procedures is an ongoing one. During the year, the following Regulatory tools were developed: -

- (a) The Energy and Water Utilities Regulatory Authority (Electricity and Natural Gas) (Tariff Application and Rate Setting) Rules, 2020;
- (b) The Energy and Water Utilities Regulatory Authority (Water Tariff Application and Rate Setting) Rules, 2020;
- (c) The Water Supply and Sanitation (Licensing and Quality of Service) Rules, 2020;
- (d) The Petroleum (Condensate Operations) Rules, 2020;
- (e) The Petroleum (Bitumen Operations) Rules, 2020;
- (f) The Petroleum (Mobile Petrol Station Operations) Rules, 2020;
- (g) The Petroleum (Retail Outlet Operations in Townships and Villages) Rules, 2020;
- (h) The Petroleum (Wholesale, Storage, Retail and Consumer Installation Operations) Rules, 2020;
- (i) The Petroleum (Licensing Fees) Rules, 2020;
- (j) The Petroleum (Marine Loading and Offloading Operations) Rules, 2020; and
- (k) Revised Petroleum Licence Templates.
- (l) The Electricity (Development of Small Power Projects) Rules, 2020;
- (m) The Petroleum (Natural Gas) (Licensing Fees) Rules, 2020;
- (n) EWURA (Compounding of Offences) Regulations, 2020; and
- (o) The Petroleum (General) Regulations, 2020.

1.15.5 Standards and Codes

The Authority develops new codes and standards by taking into consideration the existing local and international standards applicable to regulated sectors. In this regard EWURA developed Tanzania Electricity Distribution Code in collaboration with other sector stakeholders.

1.15.6 Tariff and Pricing Formula Reviews

The Authority reviewed several tariff applications by regulated suppliers, particularly on petroleum pricing that was initiated by the Authority. Summary of the tariff and petroleum pricing formula reviews conducted during the period is shown in Table 2.

Table 2: Tariff and Pricing Formula Reviews

Regulated Sectors	Matters brought Forward from previous year	Matters Received during the year	Total Matters Reviewed	Approved	Referred Back	With-drawn	Under Review as at 30 th June 2020
Electricity	0	5	5	0	0	0	5
Petroleum	NA	12	12	12	NA	NA	NA
Water Supply & Sanitation	12	5	17	16	0	0	1
Natural Gas	0	0	0	0	0	0	0
Total	12	22	34	28	0	0	6

In all cases, the legal requirement (EWURA Act, Cap 414, Sect. 19(2)(b)) of taking the views of stakeholders into account was observed when determining the new rates and formulas. Except for multiyear tariff applications from Tabora, Igunga, Nzega and Mwanza WSSAs, the review of VSPP tariff and the petroleum cap prices, the Authority conducted public hearings to all other tariff and pricing matters as summarized in Table 3.

Public hearing meetings for Tabora, Nzega and Igunga WSSA were postponed due to the global outbreak of COVID-19 in the second half of the financial year 2019/20. On the other hand, the review of VSPP tariffs did not involve public hearing meeting due to urgency of the matters and the outbreak of COVID-19. In both cases, stakeholders' comments were solicited through written submissions.

Table 3: Public Hearings for Tariff and Pricing Formula Reviews

Regulated Sectors	Number of Public Inquiry Meetings	Number of Matters Determined
Electricity	0	0
Natural Gas	0	0
Petroleum	0	12
Water Supply and Sanitation	12	16
Total	12	28

1.15.7 Sector Monitoring and Inspection

During the year, the Authority continued to monitor performance of regulated service providers. Key objectives for sector monitoring were to promote effective competition and economic efficiency, protect the interest of the consumers and financial viability of efficient service providers, promote the availability of regulated services to all consumers including low income, rural and disadvantaged consumers and protect and preserve the environment.

(a) Petroleum Sub Sector

In the financial year 2019/20, the Authority continued to conduct compliance monitoring and inspection activities to ensure that the mid and downstream petroleum operations in Tanzania are conducted in a manner that is compliant to the applicable laws, licence terms and conditions, standards and the petroleum industry best practices. During the period under review, the Authority conducted compliance monitoring and inspection activities to 2,615 petroleum facilities (2018/19: 2,085). The number of petroleum facilities or entities as of 30th June 2020 was 1,848. The set target was to conduct compliance monitoring and inspection activities to 1,450 facilities. The detailed annual performance is as shown below:

- (i) Conducted pre-licensing inspection to 663 petroleum facilities/entities (2018/19: 369 petroleum facilities). The inspection was conducted to 516 retail outlets, 53 LPG operators, 30 consumer installation facilities, 25 Lubricants operators, 24 Petroleum Storage depots, 13 Petroleum Wholesale entities and 2 facilities for handling condensate. Out of these, 383 facilities (57.77%) met licensing requirements at the time of inspection and hence were recommended for further licensing processes. Nevertheless, the proponents of non-compliant facilities were ordered to rectify the observed anomalies and ultimately most of them met requirements.
- (ii) On the other hand, the Authority continued to conduct evaluation of all applications received and the applicants complying with the licensing requirements were granted licences. During the period under review, the Authority issued a total of 427 licences (2018/19: 542).
- (iii) Inspections were conducted to 806 petroleum facilities (2018/19: 776 petroleum facilities) to monitor compliance to the applicable laws, licence conditions and the petroleum industry best practices. Out of the 806 petroleum facilities, 671 petroleum facilities which is equivalent to 83.25% were found to be compliant with the applicable laws, licence terms and conditions, standards, and the petroleum industry best practices. Legal actions including closure and fines were taken against the facilities that failed to meet requirements.
- (iv) Inspections were conducted to 960 petrol stations (2018/19: 940 petrol stations) to monitor compliance to the Price Setting Rules. Three (3) petrol stations (0.3%) were found defaulting the Rules. The requisite legal actions were taken against the petrol stations and the respective operators paid fines;
- (v) During the period under review, the Authority granted construction approvals to 186 applicants for construction of petroleum facilities.

Quality monitoring of fuel and lubricants

During the FY 2019/20, a total of 434 samples of petroleum products were taken from petroleum facilities to monitor compliance to the quality specifications. The annual target was to take 400 samples. Therefore, the performance in the period under review is 109% of the set annual target. Out of 434 samples taken, 412 samples were taken from petroleum storage depots and stations. The remaining 22 samples were taken at the request of Police Force to assist in investigations. Out of these samples, 31 samples equivalent to 7.52% did not conform to TBS specifications. Appropriate legal actions were taken against facilities found with non-conforming petroleum products. On the other hand, out of the 22 samples taken to assist police investigations, 12 samples failed the quality specifications.

Monitoring compliance to marker concentration requirement

The Authority continued to conduct periodic and ad hoc marker detection in order to curb adulteration and dumping of transit, tax exempted and smuggled petroleum products into local market. In the period under review, fuel marker tests were conducted to 619 petroleum facilities. The annual target was to conduct fuel marker tests to 600 petroleum facilities. Therefore, the performance in the period under review is 103% of the set annual target. Out of the 619 facilities tested, samples that were taken from 22 facilities equivalent to 3.55% failed marker tests. Legal actions were taken against the facilities that failed marker tests. Further, such facilities were reported to TRA for appropriate actions. Facilities that failed marker tests were closed until the respective operators paid the EWURA fines and TRA duties and penalties.

Generally, the Authority performance in the period under review is above the annual set targets as compliance levels continued to improve. EWURA will continue striving to ensure 100% compliance levels are attained.

(b) Electricity Subsector

During the Financial Year 2019/20, the Authority conducted compliance Audit inspections on TANESCO's Distribution infrastructure in 23 Regions namely; Kilimanjaro, Arusha, Manyara, Tanga, Simiyu, Dodoma, Singida, Iringa, Songwe, Ruvuma, Mbeya, Rukwa, Kinondoni North, Kinondoni South, Mara, Mwanza, Geita, Temeke, Ilala, Pwani, Morogoro, Katavi and Lindi. Inspections were also conducted in generation power plants at Hale, Nyumba ya Mungu, Pangani, TPC, Loliondo, Mpale, Nyakato, Rukwa.

Follow up inspections indicated that TANESCO had attended to the previous inspection's findings by an average of 66% which is higher than previous year 2018/19 by 6%. However, it was observed that TANESCO's network still had non-compliance issues which includes technical defects and deficiencies. Noncompliance issues observed includes missing boundary energy meters to determine the energy losses, rotten poles, missing data for calculating reliability indices, missing customer service data in TANESCO data management system (SDM), defective energy loss management metres, high unplanned outage hours, and missing distribution drawings.

During the audit inspection of TANESCO's distribution infrastructure, the Authority's evaluation concentrated on Customer Service Charter related issues of which performance compliance level was at an average of 79% from a target of 100%, which indicates an improvement in comparison to last financial year data by 1%. The assessment conducted on Customer Service Charter was based on performance targets such as service line connections, breakdowns handling and response to customer queries, request and complaints.

At the end of all inspections, the Authority submitted detailed report on anomalies found to TANESCO with instructions to rectify them and report implementation status.

In additional to distribution infrastructure inspection, the Authority also conducted five (5) pre-licensing inspection to generation infrastructures at Luisenga Hydro power project, 2.5MW; ALAF Limited 4.0MW; Jacana (Resources) Tanzania Limited 2.7MW; Luponde Hydro Ltd. 1.06MW and Madope Hydro Co. Ltd. 1.84MW.

Pre-registration inspection were conducted to 17 solar mini grids for Kiegei (Nachingwea), 16kW, solar; Matekwe (Nachingwea), 12kW, solar; Lukumbule (Tunduru), 40.5kW, solar; Holola (Nanyumbu), 16kw, solar; Kalya (Uvinza), 28kw, solar; Kagerankanda (Kasulu), 28kW, solar and Madope Hydro Co. Ltd., 300kW for Distribution at Lugarawa Village, Ludewa District, Njombe Region and 11 sites for Jumeme Rural Power Supply Ltd's Minigrids for Generation and Distribution using solar PV, in Kagera and Mwanza regions were inspected.

Inspections were also conducted to other Independent power producers such as 17MW) TPC Power Plants (1MW) Andoya and (48KW) Watu na Umeme Limited Solar PV in Tanga. Generally, inspected generation power plants were found to be in good condition. The Compliance Audit and inspections aimed at ensuring that all licensees comply with existing legal and regulatory requirements.

(c) Water Supply and Sanitation

During the financial year 2019/20, the Authority embarked on various activities including inspections for monitoring and verification of data and information reported by WSSAs. The main objective of the inspections was to check compliance of the WSSAs' infrastructure and services to licensing conditions, approved standards, business plans, tariff conditions and other legal and regulatory requirements.

Routine inspection was conducted to 65 WSSAs namely; Arusha, Mbeya, Sumbawanga, Tabora, Manyoni, Misungwi, Kishapu, Maswa, Maganzo, Mwanhuzi, Bariadi Chalinze, Morogoro, Mtwara Singida, Nzega, Mpwapwa, Itumba-Isongole, Vwawa-Mlowo, Ngudu, Wanging'ombe and Arusha. Other inspections were conducted to Kigoma, Mwanza, Shinyanga, Kahama, Geita, Dodoma, Iringa, Mafinga, Mpwapwa, DAWASA, Igunga, Tabora, Mpwapwa. Moshi, Tanga, Pangani, Muheza, Babati, Mbulu, Katesh, Monduli, Bunda, Musoma, Mugumu, Sengerema, Tarime, Bukoba, Kahama – Shinyanga.

The Authority inspected WSSAs of Handeni, HTM, Korogwe, DAWASA, Lindi, Makonde, MANAWASA, Mpanda, Chunya, Njombe, Makambako, Tukuyu, Songea, Tunduru and Mbinga. Also, special inspections were conducted to six WSSAs namely Vwawa-Mlowo, Ifakara, Makonde, Maswa, Babati and Karatu WSSAs. Further, pre-licensing inspections were conducted in Karatu and Vwawa – Mlowo WSSAs.

Water quality monitoring was conducted to 60 water utilities in order to establish whether water supplied to customers complied with TBS Standards. The WSSAs in which water quality monitoring was conducted included DAWASA, Dodoma, Morogoro, Chalinze, Mtwara, Lindi, MANAWASA, Makonde, Ruangwa, Songea, Mbeya, Makambako, Njombe, Wanging'ombe, Chunya, Rujewa, Kasumulu, Kyela, Vwawa-Mlowo, Tunduma, Sumbawanga, Mpanda, Kongwa, Chamwino, Mpwapwa and Kibaigwa. Others are Singida, Manyoni, Igunga, Tabora, Arusha, Moshi, Babati, Mbulu, Kateshi, Loliondo, Orkesumet, Iringa, Ilula, Kilolo, Tanga, Pangani, Korogwe, Handeni, HTM, Kigoma, Mwanza, Misungwi, Magu, Chato, Bukoba, Geita, Shinyanga, Bariadi, Maswa, Kahama, KASHWASA, Musoma, Mugango-Kiabakari and Mugumu. Further, Dodoma WSSA was inspected in each quarter and DAWASA was inspected in two quarters (First and Third Quarter).

Moreover, wastewater quality monitoring was conducted to 12 utilities, to establish whether effluent from wastewater treatment systems complied with TBS Standards. The WSSAs in which wastewater quality monitoring was conducted by EWURA included DAWASA, Dodoma, Morogoro, Songea, Mbeya, Arusha, Moshi, Iringa, Mwanza, Geita, Kahama and Musoma.

The Authority also prepared two Water Utilities Performance Review Reports for Financial year 2018/19 for Regional and National Projects water utilities; and District and Township Water Supply and Sanitation Authorities respectively. The reports covered, among other things, the technical, commercial, and financial performance of WSSAs by considering key performance data and indicators. The report was published, the best performing utilities were recognized by awarding them with certificates and trophies.

During the year under review, the Authority revised business plans to 14 WSSAs of Vwawa-Mlowo, Bariadi, Dodoma, Sumbawanga, Ifakara, Karatu, Mpanda, Morogoro, Tanga, Muleba, Mwanhuzi, Same, Bariadi, and Tarime WSSAs. The Authority ensured that the Key Performance Indicators are included in the WSSAs' Business Plans and follow up is regularly made to ensure their implementation. The implementation of KPIs is monitored monthly through the Water Utilities Information System (Majls) and Annual Performance Reports.

In an effort to improve performance of regulated water utilities, the Authority continued to implement capacity building measures to water utilities of which 18 WSSAs were trained on preparation of business plans. The 18 WSSAs that benefited from such training included Same- Mwanga, Korogwe, Mbulu, Katesh MANAWASA, Handeni, Ifakara Singida, Sumbawanga, Tukuyu, Chunya, Nzega, Manyoni Igunga Tarime, Mwanhunzi, Muleba and Mtwara WSSAs.

During the year under review, the Authority also reviewed Customer Service Charters from 12 WSSAs of Vwawa-Mlowo, Sumbawanga, DAWASA, Lindi, Makonde, Geita, Musoma, Bariadi, Chato, KASHWASA, Ngara and Mwanhuzi. The review was conducted to ensure that, among other things, the quality of service targets included in the charters meet the minimum requirements as specified in the Water Supply and Sanitation (Quality of Service) Rules, GN 176, Published on 13th May 2016. The Authority approved customer service charters for DAWASA, Lindi, Vwawa-Mlowo and Musoma WSSAs, while the remaining customer service charters were referred back to the WSSAs for them to be improved so as to comply with the Rules and guidelines for preparing customer service charters

(d) Natural Gas Subsector

The Authority carried out quarterly field compliance monitoring inspections to the natural gas infrastructure operated by Songas Ltd, Pan African Energy, TPDC/GASCO, M & P Exploration Production Ltd. These facilities include natural gas processing plants, high-pressure transmission pipelines and natural gas distribution network to ascertain the infrastructure technical integrity and safety aspects. During the field inspections, the Authority verified information received from the regulated service providers based on daily, weekly, and monthly reports, which form part of the basis of performance monitoring in the natural gas sub sector.

During the period under review, the Authority performed desk monitoring only by reviewing daily, weekly and monthly reports from Service Providers with respect to integrity of gas processing plants, high-pressure pipelines and low-pressure distribution network facilities including households, virtual pipelines and compressed natural gas (CNG) for vehicles due to outbreak of Covid-19.

The Authority conducted two pre-construction approval inspections and one existing project was granted extension approval as follows: -

- (i) Mikoani Edible Oil CNG daughter station at Mbagala;
- (ii) Tanzania PASTA industries Ltd gas supply line at Vingunguti Industrial area; and
- (iii) The gas supply project for households and government institutions in Mtwara was extended for connection to other 300 households.

During the period under review, EWURA in collaboration with the Ministry of Energy (MoE) reviewed several regulations, which include the draft Petroleum (Compressed Natural Gas) (Supply and Marketing Services) Regulations, 2019; the draft Petroleum (Natural Gas Midstream and Downstream) (General) Regulations, 2019; the Petroleum (Natural Gas Pricing) Regulations, 2016; the draft Petroleum (Third Party Access) Regulations, 2019; and the draft Petroleum (Corporate Integrity Pledge) regulations, 2019).

Moreover, a guideline and three rules were developed and reviewed respectively. These are the Petroleum (Natural Gas Public-Private-Partnership (PPP)) Guideline , 2020; the Petroleum (Natural Gas) (Licencing Fees) Rules, 2020; the Petroleum (Compressed Natural Gas) (Supply and Marketing Services) Rules, 2019; and the Draft Energy and Water Utilities Regulatory Authority (Electricity and Natural Gas) (Tariff Application and Rate Setting) Rules, 2017.

During the same period two regulations and one rule were published as follows:- Petroleum (Natural Gas Midstream and Downstream) General Regulations, 2020 (GN No. 270) published on 17th April 2020; the Petroleum (Corporate Integrity Pledge) Regulations, 2019 (GN 782), published on 1st November 2019; and the Petroleum (Natural Gas) (Licencing Fees) Rules, 2020 (GN 301) Published on 1st May 2020).

On the other hand, the Authority prepared the work items for natural gas standards, which then submitted to TBS for adoption and development to cater the need for natural gas project developers to ensure safety for the people and properties.

1.15.8 Public Awareness

The Energy and Water Utilities Regulatory Act, Cap. 414, 2019 amended section 6 (e) stipulates that it is a duty of the Authority to enhance public knowledge, awareness and understanding of regulated sectors including the rights and obligations, ways in which complaints and disputes may be initiated and resolved; and the duties and functions of EWURA.

As a way of providing feedback to the public on EWURA performance, a public awareness and relations programme is implemented through a comprehensive communication strategy as an integral part of the Authority's functions to enhance public knowledge, awareness and understanding of the regulated sectors.

During the Financial Year under review, EWURA implemented successfully activities related to Communications and Public Relations functions as per Communication Strategy and Action plan for the year 2019/20. The implementation of the plan was made through various media outlets such as electronic and print media, meetings, public hearings and consultations. Some activities that were implemented during the year have been highlighted here under:-

1.15.9 Public Awareness Programmes

During the Financial year 2019/20, EWURA designed and recorded 105 television programmes as compared to 92 similar programmes that were aired during the previous financial year. Under the same period, EWURA also aired 41 radio programmes as compared to 30 programmes that were planned to be aired during the financial year. The Authority also published 50 feature articles in various print media as compared to 43 feature articles published during the previous financial year. During the same period under review EWURA was mentioned many times in news bulletins on various TV stations including TBC1, ITV, Channel 10, Azam UTV, Star TV, Clouds TV, E-TV and various online Television stations and and blogs.

1.15.9.1 Advertisements

During the year, the Authority published 81 batches (2018/2019: 81) of various advertisements. The advertisements were mainly traditional ones of Petroleum Price, Public Notices, Job Vacancies, Pre-inspection monitoring and licensing notices and Tenders.

1.15.9.2 Exhibitions

The Authority participated at the 44th Dar es Salaam International Trade Fair (DITF) and Nane Nane. During the fair, EWURA conducted public awareness, by providing information and education on regulatory matters, whereby various publications such as brochures, Newsletter and EWURA reports were distributed to the public. At the end of 13 days' exhibitions, the Authority had served more than 400 visitors at its booth; and emerged the third Winner of Energy Exhibitors' category.

1.15.9.3 Publicity Materials

During the year, the Authority distributed EWURA's education and information materials to the Government and the general public through various events such as Saba Saba and Nane Nane exhibitions, Public inquiry meetings and in stakeholders' meetings.

Such publicity reports included EWURA Annual report, Water sector reports Volume I and II, Electricity Performance Report for the year 2019; and brochures and EWURA Newsletters.

1.15.10 Complaints and Disputes

The Authority attended to complaints against suppliers of regulated goods or services in relation to any matter connected with the supply, possible supply or proposed supply of goods or services. A summary of complaints received and settled in each sector is shown in Table 4.

Table 4: Complaints and Disputes Attended

Regulated Sector	Pending Complaints Brought forward	Complaints Received During the Year	Complaints Resolved	Complaints in Progress
Petroleum	47	38	20	65
Electricity	85	137	90	132
Water Supply and Sanitation	25	91	68	48
Natural Gas	0	0	0	0
Total	157	266	178	245

At the end of the year a total of 178 complaints (2018/2019: 186) complaints were resolved while 245 complaints (2018/2019: 157) were at various stages of mediation and hearing.

1.15.11 Regional Cooperation Meetings

The main objective of regional cooperation is to provide regulatory inputs to Government delegation during regional and international meetings. Furthermore, exchange regulatory experiences within the International and Regional settings, and allow EWURA to access information necessary for regulation and performance benchmarking. The Authority participated in two SADC Energy Ministers meetings, EAC Energy Sectoral Council meeting and the activities of five Regional Associations namely; RERA, AFUR, EREA, ARA and ESAWAS.

1.16 RECRUITMENT

During the year, the Authority recruited 13 new staff thus bringing the total number of staff to 171 (2018/19:161). The number of staff planned (approved establishment) was 184. Staff gender structure was as indicated in Table 5:

Table 5: Staff Complement

Item	Male	Female	Total
Staff Complement	123	50	173
Percentage	71	29	100

The Authority has a staff complement of highly qualified and motivated professionals who bring with them their diverse experience in their area of professionalism.

1.17 RISK MANAGEMENT AND CONTROL

The Authority continued to implement risk management activities ensuring that risk mitigation measures and internal controls are efficient and effective in safeguarding assets, enhancing compliance with the laws, and protecting the organizational image to the public.

During the year, EWURA identified, assessed, and managed operational and strategic risks to which the Authority was exposed. Risk register was updated, risk mitigation action plan was developed and implemented, and fraud risk assessment was conducted.

The key risks that were identified during the reporting period include potential in leakage of internal information, corruption allegations, absence of internal control on compliance enforcement and limited participation of stakeholders in development of regulatory tools. Others were threats, hatred and grievances by operators in petroleum sub sector against the Authority's inspectors and variation in petroleum products prices between regions served by different ports of deliveries.

During the reporting period, the Authority conducted the first fraud risk assessment with the objective of identifying potential frauds to which the Authority's operations are exposed, developing mitigation measures and improving the effectiveness of the fraud detection, deterrence and response programmes. Potential fraud risks identified during the period include divulging of confidential information to outsiders for personal gain, attempt by licensees, service providers and other customers to bribe the Authority staff as well as theft and misuse of the Authority's assets.

Management developed and implemented mitigation measures to manage identified operational and fraud risks and continue to monitor significant risks in order to minimize the possibility of occurrence and the potential consequences in event the risks materialize.

The Board of Directors continued to assume final responsibility for overseeing risk management and internal control system of the Authority by ensuring that adequate internal financial and operational control systems are developed, implemented, improved, and maintained

1.18 STAFF WELFARE

1.18.1 Staff Relations

Good relationship between employees and Management was observed and maintained during the year under review.

1.18.2 Capacity Building

The Authority's policy is to equip its staff with relevant regulatory, managerial, and operational competencies to enhance their service delivery to the public. During the year, 148 staff (2018/19: 107) attended short course training on general management, secretarial and management practices.

1.18.3 Medical Services

The Authority provides medical insurance cover through National Health Insurance Fund (NHIF) to all staff, spouses and up to four legally recognized children not exceeding 18 years of age.

1.18.4 Health and Safety

The Authority takes all reasonable and practicable steps to safeguard health, safety, and welfare of its employees. A safe and comfortable working environment is maintained for all employees by providing adequate and proper protective gears (during field work), training and supervision as necessary. The Authority observes the Safety and Health Administration (OSHA) guidelines and ensured full compliance. During the year, there were no health safety and environmental incidences reported.

1.18.5 HIV/AIDS Intervention

During the year, the Authority planned to conduct a seminar to all staff on HIV/AIDS. However, the planned seminar was postponed due to outbreak of Covid-19 pandemic disease.

1.18.6 EMPLOYEE BENEFIT PLAN

The Authority pays contributions to publicly administered Pension Fund (PSSSF) as required by law. During the year, the Authority remitted TZS 1.19 billion to the Fund (2018/19: TZS 1.05 billion).

1.19 GENDER PARITY

During the year, the Authority had 171 (2018/2019:167) employees, out of whom 121 (71%) were male and 50 (29%) were female. The Authority is an equal opportunity employer. During the same period, 17 staff (10%) were under contract terms while 154 (90%) were under permanent and pensionable terms.

1.20 POLITICAL DONATIONS

The Authority does not make donations towards political activities.

1.21 CORPORATE SOCIAL RESPONSIBILITIES

As part of EWURA efforts to contribute to the social welfare of its stakeholders, it donated and contributed to several institutions to support activities of national interest in line with its policy. This creates a positive image and values to the public. During the year, the Authority supported various institutions with a total of TZS 298.4 million (2018/19: TZS 138.0 million) whereby TZS 100 million was donated to the Government towards its efforts in fighting Covid-19.

1.22 RELATED PARTY

EWURA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority. Related parties comprise of members of the Board of Directors, the Director General, Divisional Directors and Head of Units.

1.23 ENVIRONMENTAL CONTROL PROGRAMME

The Authority, in collaboration with the National Environmental Management Council (NEMC) and other stakeholders, continued to participate in compliance monitoring on matters related to protection of environment. In considering any application for a license or construction approval, the authority takes into account the need to protect and preserve the environment as required by the Environmental Management Act, 2004.

1.24 PERSONS WITH DISABILITIES

The Authority believes in and provides equal opportunities to persons with disabilities.

1.25 KEY CHALLENGES AND THE WAY FORWARD

The Authority encountered various challenges while discharging its functions during the year under review. Key challenges encountered included the following: -

- a) The outbreak of Corona Virus in the second half of the Financial Year 2019/20 which necessitated the Authority to suspend some of the planned activities including public hearing meetings for tariff review applications;
- b) Capital investment required for construction of retail outlets in rural areas is higher while the demand of petroleum products is low, hence low return on investment. This discourages investors, resulting into few petrol stations in such areas. EWURA has developed and gazetted the Petroleum (Village and Township Retail Operations) Rules with simplified requirements specific for rural and township areas to stimulate investment of low-cost petrol station to address the challenge. The Ministry of Energy and EWURA are working on a proposal for reducing costs of investments especially the fees and levies by Government Authorities to attract investment of low-cost petrol stations in rural areas.
- c) Lack of knowledge and public awareness related to HSE on petroleum products risks has resulted into the public collecting such products from road tankers involved in accidents, storing fuel in residential houses, while others selling the products in unauthorized containers such as plastic bottles and drums. These malpractices have caused fire incidents, loss of lives, health problems and environmental pollution. The Authority will continue to conduct public awareness on HSE related issues to mitigate this challenge;
- d) Some petrol station operators, Liquefied Petroleum Gas (LPG) sellers and Lubricants distributors fail to comply with regulatory requirements due to lack of knowledge and expertise in the petroleum downstream operations. EWURA will continue to provide awareness and education campaigns to operators through organized workshops, the media, brochures and public seminars in order to address this challenge;
- e) Inadequate natural gas infrastructures; hence low consumption of natural gas; distribution infrastructure is restricted to Dar es Salaam, Pwani, Lindi and Mtwara. In addition, the existing natural gas infrastructure (Mtwara - Dar es Salaam pipeline) was operating at approximately 11.41%, which is underutilization of the infrastructure. EWURA continues to engage with the Ministry of Energy, TPDC and other key stakeholders to promote investments in the natural gas infrastructure;
- f) Inadequate Compressed Natural Gas (CNG) dispensing stations to attract people to convert their vehicles into natural gas usage. EWURA will continue to work closely with TPDC to accelerate investment on CNG dispensing stations;
- g) Inadequate CNG Fuel System certifiers and CNG Installation workshops as the number of interested CNG systems users are increasing from day to day. The Authority will continue bringing together the key stakeholders such as TBS, technical intuitions, service providers and other participants to explore the opportunities;

- h) No designated corridor for passing natural gas supply lines especially in urban areas due to poor town planning; The Memorandum of Understanding (MoU) for shared wayleave will sort out the challenges once signed by all parties;
- i) Natural gas business is still low due to lack of appropriate policy on attracting private investors especially after the Petroleum Act 2015 being in force, which gives more power to national oil company to drive the business; The PPP arrangement will guide on how to attract the natural gas business;
- j) About 25% of districts and township Water Supply and Sanitation Authorities have weak managerial, financial and technical capacity. The Authority will continue to utilize its available resources to conduct capacity building to WSSAs, carry out inspections and monitoring. Further, the Authority will continue to work with the Ministry of Water and Rural Water Supply and Sanitation Agency (RUWASA) on ways of improving capacity of the weak WSSAs which are under supervision of RUWASA;
- k) Inadequate capacity of the WSSAs to prepare Business Plans which are compliant to the EWURA Business Plan Guidelines continue to be a challenge. The Authority will continue to build capacity to WSSAs and is committed to set aside funds for this purpose in the future budgets;
- l) Low investment and awareness on sanitation services to WSSAs and the public. The Authority will continue developing Guidelines for Sanitation, particularly for onsite sanitation and faecal sludge management. The Authority will also carry out data collection, inspections and monitoring at WSSAs in order improve sanitation services;
- m) TANESCO has not been able to meet the electricity Supply Reliability indices set by Tanzania Bureau of Standards. According to TBS Standards, TZS 1374:2011, Section 7, requires SAIFI to be less than 3 interruptions per customer per year, SAIDI be less than 650 minutes per customer per year, and CAIDI be less than 4 minutes per interruption event per year. The Authority will continue to intensify monitoring to ensure utilities invests to comply with the standards;
- n) Stakeholders' denial of approved tariffs due to minimal understanding of the tariff review process and the claim that most approved tariffs are too high;
- o) Enforcement of regulatory decisions such as tariff and standards due to inadequate awareness of regulatory functions to some influential stakeholders. EWURA will continue to engage key stakeholders such as Government and political leaders to strengthen their awareness on regulatory matters;
- p) Challenges in licensing mid and downstream natural gas operators whose activities started before the Petroleum Act, Cap. 392. These operators were conducting activities under the Production Sharing Agreement which the Petroleum Act, Cap.392 has recognised. EWURA has started to engage these operators and the Ministry of Energy to address this challenge;

- q) Entertainment of licensees' grievances by courts without jurisdiction. Under EWURA Act Cap. 414 and sector legislation, any grievances by a licensee against EWURA need to be referred to the Fair Competition Tribunal. However, some licensees opt to file the grievances to conversional courts which entertain such disputes. EWURA shall continue to invoke the jurisdiction of the higher courts to challenge such trial courts to entertain disputes between EWURA and its licensees.

The Authority is committed to continue addressing these challenges for improved performance in the years ahead.

1.26 EVENTS AFTER THE REPORTING PERIOD

There were no material events, adjusting or non-adjusting, which had occurred between the reporting date and the date when the Financial Statements are authorized for issue.

1.27 SOLVENCY

Since its establishment, the Authority has managed to finance its operations through sources specified under the EWURA Act. The Directors consider the Authority to be solvent on the strength of its financial position as at 30th June 2020 as set in these financial statements and the Notes thereon.

1.28 AUDIT MANDATE

The Controller and Auditor General is the Statutory Auditor of the Energy and Water Utilities Regulatory Authority by virtue of Article 143 of the Constitution of the United Republic of Tanzania and as amplified in Section 10 of the Public Audit Act No. 11 of 2008. In that regard, the CAG has carried out audit of the Authority's financial statements for the year ended 30th June 2020.



Ahmad S.K. Kilima
Deputy Chairman
30th December, 2020



Eng. Godfrey H. Chibulunje
Ag. Director General
30th December, 2020

1.30 STATEMENT OF DIRECTORS' RESPONSIBILITIES

These financial statements have been prepared by the management of the Energy and Water Utilities Regulatory Authority in accordance with the provisions of section 46 of the EWURA Act, Cap. 414 of 2019 amended and section 25(4) of the Public Finance Act, Cap 348 of 2008.

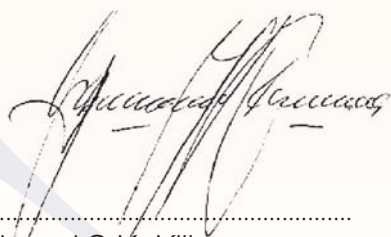
The Directors of EWURA are responsible for establishing and maintaining a system of effective internal control designed to give reasonable assurance that the transactions recorded in the financial statements are within the statutory requirement and that they contain the receipts and use of resources by the Authority.

The Directors of EWURA are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority, and which enable them to ensure that the financial statements comply with the EWURA Act. They are also responsible for safeguarding the assets of EWURA and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgment and estimates have been made in the preparation of the financial statements for the year ended 30th June 2020. The Directors also confirm that International Public Sector Accounting Standards have been followed and that the financial statements have been prepared on the going concern basis to the best of the Directors knowledge, the internal control system has operated adequately throughout the reporting period and the accounting and underlying records provide a reasonable basis for the preparation of the financial statements for the year ended 30th June 2020.

Directors accept responsibility for the integrity of the Financial Statements, the information they contain and their compliance with International Public Sector Accounting Standards. Nothing has come to the attention of the Directors to indicate that EWURA will not remain a going concern for at least the next twelve months from the date of the Statement.

Approved by the Board of Directors 30th December, 2020 and signed on its behalf by:



.....
Ahmad S.K. Kilima
Deputy Chairman
30th December, 2020



.....
Eng. Godfrey H. Chibulunje
Ag. Director General
30th December, 2020

1.31 DECLARATION OF HEAD OF FINANCE OF ENERGY AND WATER UTILITIES REGULATORY AUTHORITY

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Accountants and Auditors (Registration) Act. No. 33 of 1972, as amended by Act No.2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors/ Governing Body/ Management to discharge the responsibility of preparing financial Statements of an entity showing the true and fair view of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors/ Governing Body as under Directors Responsibility statement on an earlier page.

I, Stanley Paul Mahembe, being the Director of Corporate Affairs of the Energy and Water Utilities Regulatory Authority hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 30th June 2020 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that, the Financial Statements give a true and fair view position of Energy and Water Utilities Regulatory Authority as on that date and they have been prepared based on properly maintained financial records.

Signed by 

Position: Director of Corporate Affairs

NBAA Membership No.: FCPA1515

Date: 30th December, 2020

2.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board of Directors,
Energy and Water Utilities Regulatory Authority (EWURA),
P.O. Box 2857,
Dodoma.

2.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of Energy and Water Utilities Regulatory Authority (EWURA), which comprise the statement of financial position as at 30th June, 2020, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Energy and Water Utilities Regulatory Authority (EWURA) as at 30th June, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and in the manner required by the Public Finance Act, 2001 (Revised 2004).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled “Responsibilities of the Controller and Auditor General for the audit of the financial statements”. I am independent of Energy and Water Utilities Regulatory Authority (EWURA) in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Note 28.2 of the financial statements indicate that EWURA has pending legal cases filed by various suppliers of which, preliminary hearings are in progress. The ultimate outcome of the cases cannot presently be determined, and no provision for any liability that may arise has been made in the financial statements. The initial estimates indicate that EWURA may be obliged to pay a sum of TZS 992,504,043.25 if the cases will be ruled in favour of the plaintiff.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements

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

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

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

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

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

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

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

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

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

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

In addition, Section 10 (2) of the Public Audit Act, 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

2.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Compliance with the Public Procurement Act, No.7 of 2011 (as amended in 2016)

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, EWURA procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011(as amended in 2016) and its underlying Regulations of 2013 (as amended in 2016).



.....
CPA Charles Edward Kichere,
CONTROLLER AND AUDITOR GENERAL
National Audit Office
31st December, 2020



3.0 FINANCIAL STATEMENTS

3.1 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

	NOTES	30.06.2020 TZS'000	30.06.2019 TZS'000
ASSETS			
Current Assets			
Cash and Bank Balances	7	3,750,180	2,901,427
Trade and Other Receivables	8	13,246,068	13,987,701
Inventory	9	183,562	125,417
Prepayments	10	1,471,268	1,107,510
Total Current Assets		18,651,078	18,122,055
Non-Current Assets			
Property and Equipment	11	7,876,998	4,365,460
Intangible Assets	12	254,918	173,045
Total Non-Current Assets		8,131,916	4,538,505
TOTAL ASSETS		26,782,994	22,660,560
EQUITY AND LIABILITIES			
Current Liabilities			
Trade and Other Payables	13	2,281,615	1,673,493
Gratuity payable	14	271,986	275,882
Total Current Liabilities		2,553,601	1,949,375
Non-Current Liabilities			
Gratuity payable	14	177,748	-
Total Non-current Liabilities		177,748	-
Total Liabilities		2,731,349	1,949,375
Net Assets		24,051,645	20,711,185
Net Assets/Equity			
Accumulated Surplus/(Deficit)		24,051,645	20,711,185
Total Net Assets/Equity		24,051,645	20,711,185

The financial statements were approved for issue by the Board of Directors on 30th December, 2020 and signed on its behalf by:


 Ahmad S.K. Kilima
Deputy Chairman
 30th December, 2020


 Eng. Godfrey H. Chibulunje
Ag. Director General
 30th December, 2020

3.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2020

	NOTES	30.06.2020 TZS'000	30.06.2019 TZS'000
Revenue from Non-Exchange Transactions:			
Regulatory levy, License Fees and Penalties	15.1	49,833,371	48,107,103
Revenue from Exchange Transactions:			
Finance Income	15.2.1	3,565	-
Other Income	15.2.2	1,400	-
Total Revenue		49,838,336	48,107,103
Expenses			
Staff Costs	16	17,603,271	18,629,262
Operating Expenditure	17	11,452,915	10,651,120
Contribution to TR and Other Government Entities	18	11,295,769	10,234,533
Administration Costs	19	4,462,149	4,832,477
Finance costs	20.1	26,882	26,330
Depreciation on Property and Equipment	11	743,172	1,219,178
Amortization of Intangible Assets	12	63,391	71,827
Total Expenses		45,647,549	45,664,727
Surplus/(Deficit) for the Period		4,190,787	2,442,377

The financial statements were approved for issue by the Board of Directors on 30th December, 2020 and signed on its behalf by:



.....
 Ahmad S.K. Kilima
Deputy Chairman
 30th December, 2020



.....
 Eng. Godfrey H. Chibulunje
Ag. Director General
 30th December, 2020

3.3 STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH JUNE 2020

	Notes	30.06.2020 TZS '000	30.06.2019 TZS '000
Operating activities			
Receipts:			
Regulator Levy	15.1	47,849,021	46,114,132
Licence Fees	15.1	814,957	936,328
Application Fees	15.1	414,057	375,945
Penalties	15.1	932,527	925,820
Other Income	15.2.2	1,400	-
Payments:			
Staff Expenses	16.2	(17,577,238)	(18,629,262)
Operating Expenses	17.1	(9,446,964)	(10,440,224)
Contribution to Government Entities	18.1	(10,429,384)	(10,234,533)
Administration Expenses	19.1	(4,263,776)	(4,661,758)
Other Charges	20.2	(3,045,870)	(2,035,741)
Net cash generated from operating activities		5,248,730	2,350,707
Investing activities			
Purchase of Property and equipment	11	(4,254,712)	(394,944)
Purchase of Intangible Assets	12	(145,265)	(130,655)
Net cash used in investing activities		(4,399,977)	(525,599)
Financing activities			
Net cash generated from financing activities		-	-
Decrease (Increase) in cash and cash equivalents		848,753	1,825,108
Cash and cash equivalents at the beginning of the year		2,901,427	1,076,319
At the end of the year		3,750,180	2,901,427

The financial statements were approved for issue by the Board of Directors on 30th December, 2020 and signed on its behalf by:


 Ahmad S.K. Kilima
Deputy Chairman
 30th December, 2020


 Eng. Godfrey H. Chibulunje
Ag. Director General
 30th December, 2020

3.4 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2020

	Accumulated Surplus	Total
	TZS'000	TZS'000
Opening Balance at 1st July 2019	20,711,185	20,711,185
Adjustment- Excess capital (23A)	(500,000)	(500,000)
Prior year adjustment (Note 8B)	(314,017)	(314,017)
Prior year adjustment (Note 8)	(36,310)	(36,310)
Net Operating surplus for the Year	4,190,787	4,190,787
Balance at 30th June 2020	24,051,645	24,051,645
Opening Balance at 1st July 2018	16,793,293	16,793,293
Adjustments for written back Provision – GPA	382,089	382,089
Prior Year Adjustment on Revenue - (Note 9)	1,093,427	1,093,427
Net Operating Surplus for the Year	2,442,376	2,442,376
Balance as at 30 June 2019	20,711,185	20,711,185

The financial statements were approved for issue by the Board of Directors on 30th December, 2020 and signed on its behalf by:



.....
 Ahmad S.K. Kilima
Deputy Chairman
 30th December, 2020



.....
 Eng. Godfrey H. Chibulunjie
Ag. Director General
 30th December, 2020

3.8 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2020

	Original Budget TZS '000	Mid-Year Review (Adjustments) TZS '000	Final Budget TZS '000	Actual on Comparable Basis TZS '000	Performance Difference TZS '000	Performance %	Notes
Revenue							
Non-exchange Transactions:							
Regulatory Levy	49,077,983	-	49,077,983	47,849,021	(1,228,962)	97%	6.4.1
Licence Fees	814,975	-	814,975	814,957	(18)	100%	
Application Fees	303,212	-	303,212	414,057	110,845	137%	6.4.2
Penalties	600,000	-	600,000	932,527	332,527	155%	6.4.3
Exchange Transactions:							
Sales of Tender Documents	2,000	-	2,000	1,400	(600)	70%	6.4.4
Total Revenue	50,798,170	-	50,798,170	50,020,568	(777,602)	98%	
Expenses							
Staff Costs	18,983,278	(125,958)	18,857,319	17,577,237	1,280,082	93%	
Operating Expenditure	12,022,636	(268,066)	11,754,569	9,446,964	2,307,605	80%	6.4.5
Contribution to other Government Entities	11,342,093	-	11,342,093	10,429,384	912,708	92%	
Administration Costs	4,021,660	394,024	4,415,684	4,263,776	151,908	97%	
Financial and Other Charges	139,157	-	139,157	3,045,870	(2,906,713)		20.2
Total Expenses	46,508,823	-	46,508,823	44,763,232	1,745,591	96%	
Surplus/(Deficit) for the year	4,289,347	-	4,289,347	5,248,730	(959,383)	122%	
Attributable to:							
Surplus attributable to owners	4,289,347	-	4,289,347	5,248,730	(959,383)		



Ahmad S.K. Kilima
Deputy Chairman
30th December, 2020



Eng. Godfrey H. Chibulunje
Ag. Director General
30th December, 2020

4.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

NOTE 1.0: GENERAL INFORMATION

The Energy and Water Utilities Regulatory Authority (EWURA) was established under the Energy and Water Utilities Regulatory Authority Act Cap 414 of the Laws of Tanzania (EWURA Act, Cap. 414). The commencement notice and Ewura Act was published in November 2005. But it became fully operational after appointment of the Board of Directors in the year 2006.

The address of its registered office is: -
EWURA House,
Medeli West,
P O Box 2857,
Dodoma, Tanzania.

NOTE 2.0: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 The financial statements have been prepared on IPSAS accrual and going concern basis of accounting

2.2 Functional, presentation, currency translation and rounding off

2.2.1 Functional and presentation currency

Items included in the financial statements of the Authority are presented using the currency of the primary economic environment in which the Authority operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings, which is the Authority functional and presentation currency and all values are rounded to the nearest thousand (TZS'000) except where otherwise indicated.

2.2.2 Foreign Currencies Translation

Transactions in foreign currencies during the year are converted into Tanzania Shillings (functional currency), at rates ruling at the transaction dates. Monetary assets and liabilities at the Statement of Financial Position date which are expressed in foreign currencies are translated into Tanzania Shillings (TZS) at rates ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The resulting differences from conversion and translation are dealt with in the Statement of financial performance in the period in which they arise.

2.3 The measurement basis used is the historical cost basis

2.4 The Statement of cash flows is prepared using direct method

NOTE 3.0: STATEMENT OF COMPLIANCE WITH IPSAS AND LAWS

The financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting as issued by the International Public Sector Accounting Standards Board (IPSASB) and other applicable laws of United Republic of Tanzania.

NOTE 4.0: IPSAS ISSUED NOT YET EFFECTIVE AND IMPACT

The Authority has continued to adopt the newly published International Public Sector Accounting Standards (IPSASs) as of 1 July 2016. IPSAS 42, Social Benefits, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits.

The standard requires an entity to recognize an expense and a liability for the next social benefit payment. The standard has no impact in the financial statements of the Authority.

NOTE 5.0: SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Revenue Recognition

Revenue comprises of inflows of economic benefits received and receivable by the reporting entity, which represents an increase in net assets/equity, other than increases relating to contributions from owners.

The amount of revenue is not considered to be reliably measured until all contingencies relating to the levy have been resolved. The Authority bases its estimates on historical results, taking into consideration the type of regulated supplier, type of transaction and specifics of each arrangement.

5.1.1 Revenue from Non-Exchange Transactions

The Authority recognizes revenues from levy, licenses, and fines/penalties when the event occurs, the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

5.1.2 Revenue from Levies

Revenue is recognized upon regulated supplier's acceptance of demand note.

5.1.3 Donor and Government Funds

Funds from the Donors and Government are reported as Deferred Revenue and recognized as revenue when there is reasonable assurance that the Authority will comply with the conditions attached to them.

5.1.4 Revenue from Exchange Transactions

Revenue from exchange transactions is recognized to the extent that it is probable that the economic benefits will flow to the Authority and the amount for which can be reliably measured.

5.1.4.1 Interest income:

Is accounted for in the period in which it is earned. For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as other income in the Statement of Financial Performance.

5.1.4.2 Other sources of revenue are recognized and accounted for as income to the Authority in the period in which it is earned.

5.2 Property and Equipment

All property, plant and equipment are initially measured and recorded at cost less accumulated depreciation and any impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent expenditures are capitalized only when they increase the current economic benefits or service potential and meet the recognition criteria. Expenditure incurred to replace a component of item of property and equipment is accounted for separately and capitalized while the major replaced component is derecognized. All other expenditure items, which do not meet recognition criteria, are recognized in the Statement of Financial Performance as expenses as they are incurred.

Depreciation on assets is calculated on the straight-line basis to write down the cost of each asset, to its residual value over their estimated useful lives. The authority is charging depreciation when the asset is available for use irrespective of the date of acquisition. The depreciation ceases when the asset is derecognized.

The following annual rates are applied: -

Category of Assets	Rate (%)
Leasehold Improvement	20
Technical Equipment	12.5
Motor Vehicles	20
Furniture and Fittings	12.5
Office Equipment	12.5
Computers	33.33

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining surplus or deficit.

5.3 Intangible Assets

Intangible assets consist of computer software licenses which are capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives which are estimated to be 3 years. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets are amortized over the useful economic life and assessed at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset. Generally, costs associated with developing computer software programmes are recognized as an expense when incurred. Intangible assets acquired are measured on initial recognition at cost. Internally generated intangible assets are not capitalized, and expenditure is charged against profits in the year in which the expenditure is incurred.

5.4 Financial Instruments

5.4.1 Classification

The Authority classifies financial assets and financial liabilities into the following categories: -

- (i) Held-to-maturity investment.
- (ii) Loans and receivables.
- (iii) Financial liabilities measured at amortized cost.

Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition.

5.4.2 Initial Recognition and Measurement

Financial instruments are recognized initially when the Authority becomes a party to the contractual provisions of the instruments.

The Authority classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognized in the Statement of Financial Performance.

5.4.3 Subsequent Measurement

Loans and receivables are subsequently measured at amortized cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortized cost, using the effective interest method, less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognized in Statement of Financial Performance and accumulated in equity until the asset is disposed of or determined to be impaired.

Financial liabilities at amortized cost are subsequently measured at amortized cost, using the effective interest method.

5.4.4 De-recognition

Financial assets are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership.

5.5 Impairment of Financial Assets

At each reporting date the Authority assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Authority, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered to be indicators of impairment. Impairment losses are recognized in Statement of Financial Performance.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognized.

Reversals of impairment losses are recognized in Statement of Financial Performance except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognized in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

5.6 Loans to Staff

These financial assets are classified as loans and receivables.

5.7 Trade and Other Receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in surplus or deficit when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in statement of financial performance within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit. Trade and other receivables are classified as loans and receivables.

5.8 Trade and Other Payables

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

5.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

5.10 Held to Maturity

These financial assets are initially measured at fair value plus transaction costs.

At subsequent reporting dates these are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts. An impairment loss is recognized in surplus or deficit when there is objective evidence that the asset is impaired and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortized cost would have been had the impairment not been recognized. Financial assets that the Authority has the positive intention and ability to hold to maturity are classified as held to maturity.

5.11 Inventories

There were no Inventories held for sale. Inventories for consumption (Stocks and Consumables), i.e. stationeries, are measured at cost upon initial recognition. After initial recognition inventories are measured at the lower of cost and current replacement cost.

Cost is determined by the First-In-First-Out (FIFO) method. Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

5.12 Provision

Provisions are recognized when the Authority has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

5.13 Employee Entitlements

Employee entitlements to gratuity and long-term service awards are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as result of services rendered by employees up to the Statement of Financial Position date. The estimated monetary liability for employees accrued annual leave entitlement at the Statement of Financial Position date is recognized as an expense accrual.

5.14 Retirement Benefit Obligation

5.14.1 Approved Pension Scheme

The Authority contributes to statutory defined benefits for its employees under the Permanent and Pensionable term of employment at the rate of 15% of basic salary to the Public Service Social Security Fund (PSSSF).

5.14.2 Gratuity

The Authority sets aside 25% of employee's last basic salary as gratuity payable at the end of the contract for all staff under Contract terms of Employment. The contract period is normally five (5) years renewable upon successful performance. A provision is made on monthly basis for the estimated gratuity liability because of service rendered by the employees up to the Statement of Financial Position date.

5.15 Accounting for Leases

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

5.16 Comparatives

Comparative figures have been adjusted to conform to changes in presentation in the current year where necessary.

5.17 Work in Progress

Work in progress is in respect of the cost of work done at the end of the year but had not been capitalized. It is stated at the lower of cost and net realizable value. Costs incurred comprise of the cost of direct labour based on normal capacity. Net realizable value is the estimated amount to be received as current cost of project during the period.

NOTE 6.0: INFORMATION ON BUDGET PERFORMANCE

IPSAS 24 requires a public sector entity that is required or elect to make publicly available its approved budget to present budgetary information covering classification and basis adopted in the approved budget, budget period covered, explanation of changes between approved original and final budget because of reallocations within budget and material difference (variances) between the final budget amounts and actual amounts during the year for both revenue and expenditure.

6.1 Budgetary basis

The budget for financial year 2019/20 was prepared on cash basis (see note 21) based on the requirements of the law, EWURA's Rolling Strategic Plan (2019/20-2023/24), operational policies and relevant Government Circulars. It was also prepared in line with the Medium-Term Expenditure Framework (MTEF) as one of the requirements of the Government Budget Guidelines for Preparation of 2019/20 budget.

6.2 Budget period covered

The budget for the financial year 2019/2020 covered a twelve (12) months period starting 1st July 2019 to 30th June 2020.

6.3 Changes between approved original and final budget

During the end of first six months' period of financial year 2019/2020, the Authority revised its budget to take into account the projections for the remaining period of six months that ended 30th June 2020. Generally, re-allocation proposal covered expenditure only, and indicated no increase in total expenditure. The proposed reallocation was considered among expenditure line items.

6.4 Explanation for Material Variances

During implementation of the approved budget for financial year 2019/20, the Authority noted some material variances (below or above 10%) against its revenue and expenditure budget. Explanation on such variances is given below;

6.4.1 Regulatory Levy

During the year ended 30th June 2020 the Authority earned TZS 47.8 billion comparing to TZS 49.1 billion regulatory levy budgeted during the period equivalent to 97%. The authority anticipated a significant drop in revenue from regulatory levy especially in quarter four of the period under review due to the outbreak of Covid 19. However, there was no a significant impact on authority revenue due to effective measures taken by the Government to fight the disease without affecting economic activities in the country.

6.4.2 Application and Licence Fees

During the year, the Authority earned TZS 1.2 billion on application and licence fees compared to TZS 1.1 million budgeted equivalent to 110%. This performance was due to a bigger number of license fees from electricity, natural gas and petroleum sub-sectors than it was anticipated. The awareness campaigns carried out during the year together with field inspections and monitoring especially in the petroleum subsector conducted during the period under review contributed to big collection of licence fees.

6.4.3 Penalties

During the year, the Authority earned TZS 932.5 million from penalties as compared to TZS 600 million budgeted equivalent to 155%. The performance was due to intensified field inspections and monitoring activities carried out during the year especially in the petroleum subsector to assess compliance to the laid down laws, rules and regulations. Also, growth in the petroleum subsector industry which has resulted into increase in petroleum facilities.

6.4.4 Other income

During the financial year ended 30th June 2020 the Authority projected to earn TZS 2 million as sale of tender documents. At the year end TZS 1.4 million was earned from sale of Tender Documents equivalent to 70%. The reason for this performance was that the Authority mostly used the services of Government Procurement Services Agency (GPSA) in its procurement transactions and where appropriate Single Source Method.

6.4.5 Operating Expenditure

During the financial year ended 30th June 2020 the Authority incurred TZS 9.5 billion as Operating expenses equivalent to 80% of the budgeted amount of TZS 11.8 billion. The level of performance is lower due to decreased implementation of operating activities (i.e. field monitoring, inspections, and public inquiries) in quarter four of the period under review as a result of the outbreak of Covid-19.

NOTE 7: CASH AND CASH EQUIVALENTS

This statement is for the purpose of the cash flow statement, in this respect, the year-end cash and cash equivalents comprise of the following: -

	30.06.2020 TZS '000	30.06.2019 TZS '000
Cash and Bank Balances (Note 7.1)	3,750,180	2,901,427
TOTAL	3,750,180	2,901,427

The Authority is not exposed to credit risk on cash and bank balances because these are held with sound financial institutions.

At the end of the year the Authority had a total of TZS 3.1 billion (2019: TZS 2.5 billion) and USD 0.263 million (2019: USD 0.155 million) held in different bank accounts as indicated hereunder.

The carrying amounts of the Authority's cash and cash equivalents were denominated in the respective currencies as shown in Note 7.1 below: -

NOTE 7.1: CASH AND CASH EQUIVALENTS (CONT'D)

Financial assets maturing within 91 days

	30.06.2020 TZS'000	30.06.2019 TZS'000
CRDB Main Account	26,313	105,017
CRDB Revolving Fund Account	2,231,122	16,017
CRDB Mwanza	59,680	734
NMB ARUSHA	61,200	51,768
NMB MBEYA	37,265	1,734
NMB DODOMA	66,814	31,145
CRDB DSM	40,384	53,363
BOT-Revenue and Collection Account-USD	608,769	355,770
BOT-Revenue and Collection Account – TZS	511,818	1,265,564
CRDB USD	232	215
NMB EWURA Collection (TZS)	28,939	61
NBC EWURA Collection (TZS)	75,893	-
TIB EWURA Collection (TZS)	1,751	1,020,250
TPB EWURA Collection (TZS)	-	210
TOTAL	3,750,180	2,901,427

NOTE 7.2: CASH FLOW RECONCILIATION – CASH FLOWS GENERATED FROM OPERATIONS

Reconciliation of Surplus for the year to cash generated from operations:

	30.06.2020 TZS '000	30.06.2019 TZS '000
Surplus/(Deficit) for the year	4,190,786	2,442,376
Adjustments for:		
Non-cash items including Depreciation and Amortization	806,564	1,291,005
Cash Generated from Operations Before Working Capital Changes	4,997,350	3,733,381
Changes in Working Capital:		
(Increase)/Decrease in Stocks and Consumables	51,706	69,799
(Increase)/Decrease in Trade and Other Receivables	741,632	(38,765)
Increase/(Decrease) in Trade and Other Payables	(736,405)	(1,423,709)
Net changes in Working Capital	56,933	(1,392,675)
Net Cash Generated from Operations	5,054,283	2,350,706

NOTE 8: TRADE AND OTHER RECEIVABLES

	30.06.2020 TZS '000	30.06.2019 TZS '000
Trade Receivables	12,926,621	13,136,230
Provision for Impairment (Note 8A)	(2,340,420)	(1,415,937)
Other Receivables	-	*36,310
Bank Fund Transfer	237,228	19,789
Staff Loans and Advances (Note 8B)	2,422,639	2,211,308
TOTAL	13,246,068	13,987,700

*During the year, other receivables with a value of TZS 36.3 million were adjusted against accumulated surplus. The amount could not qualify for other receivables category rather they were system demand notes that were generated while issuing system receipts during financial year 2018/19.

NOTE 8A: Movement in Provision for Impairment

	30.06.2020 TZS '000	30.06.2019 TZS '000
Balance at the beginning of the Year	1,415,936	1,361,425
Charge for the Year	1,450,134	374,600
Recoveries (Released provision during the year)	(525,650)	(320,089)
TOTAL	2,340,420	1,415,936

Note 8B: Staff Loan and Advances

	30.06.2020 TZS '000	30.06.2019 TZS '000
Staff Revolving Loans	1,742,625	1,475,864
Salary Advances	565,736	407,630
Staff Imprest	114,277	**327,815
Total Prepayments	2,422,639	2,211,309

**During the year, TZS 314 million for staff imprest recorded during the financial year 2018/19 were adjusted against accumulated surplus. These imprest were retired during the financial year 2019/20 while financial statements for the financial year 2018/19 were already audited and the Financial management system (Epicor) was upgraded from version 9.0 to version 10.2. The adjustment was for recording expenses for the retired imprest during the financial year 2019/20.

NOTE 9: INVENTORIES

	30.06.2020 TZS '000	30.06.2019 TZS '000
Inventory balance	217,349	159,204
Provision for Obsolete Stock	(33,787)	(33,787)
Inventories at the lower of cost and current replacement value	183,562	125,417

As at 30th June 2020, the amounts of Inventories recognized as an expense during the year were TZS 177,579 (2018/19: TZS 412,098). Also, obsolete stock valued TZS 33.8 million has been provided during the year. The identified stock consists of tonners whose printers are no longer in use. During the current or prior financial year there were no inventory items pledged as security.

NOTE 10: Prepayments

	30.06.2020 TZS '000	30.06.2019 TZS '000
Prepaid Office Rent	170,670	178,880
Purchase of Motor Vehicles-GPSA	302,704	314,575
Prepayments – Others	997,894	614,055
Total Prepayments	1,471,268	1,107,510

Prepayments for other expenses comprise of Membership subscription (TZS 126.64 million); Security key deposit and Service Charge for rented offices in Zones (TZS 450.16 million); Air tickets (TZS 118.2 million) and Part of software development and upgrade cost yet to be completed (TZS 298.6 million).

NOTE 11: PROPERTY AND EQUIPMENT

	WIP EWURA House	Leasehold Improvement	Technical Equipment	Motor Vehicles	Furniture and Fittings	Office Equipment	Computers	Total
	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000
Cost:								
At 1 July, 2019	2,000,000	574,497	6,190	3,398,666	815,213	1,033,899	2,148,129	9,976,594
Additions	3,412,987	-	-	623,535	55,086	19,448	143,657	4,254,712
Adjustment on assets reclassification					33,892	436,442	(470,334)	-
At 30 June, 2020	5,412,987	574,497	6,190	4,022,201	904,191	1,489,789	1,821,452	14,231,306
Depreciation:								
At 1 July, 2019	-	574,497	6,190	2,552,869	341,757	510,518	1,625,305	5,611,136
Charges for the Year	-	-	-	314,407	102,470	102,902	223,393	743,172
Adjustment on assets reclassification					22,644	227,716	(250,360)	-
At 30 June, 2020	-	574,497	6,190	2,867,276	466,871	841,137	1,598,338	6,354,308
Net Book Value 30 June 2020	5,412,987	-	-	1,154,925	437,321	648,652	223,114	7,876,998

Fully depreciated assets at an original cost of TZS 3.5 Billion (i.e. Motor Vehicles TZS 1.96 billion, Computers Hardware TZS 1.3 billion, Furniture TZS 42.2 million and Office equipment TZS 214.0 million) are still in use. The net book value of each assets is carried at TZS 1. During the current financial year there were no assets pledged as security.

NOTE 11: PROPERTY AND EQUIPMENT (Continued)

	WIP EWURA House	Leasehold Improvement	Technical Equipment	Motor Vehicles	Furniture and Fittings	Office Equipment	Computers	Total
	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000
Cost:								
At 1 July 2018	2,000,000	574,497	6,190	3,398,666	730,243	944,599	1,927,455	9,581,650
Additions	-	-	-	-	84,970	89,300	220,674	394,944
At 30 June 2019	2,000,000	574,497	6,190	3,398,666	815,213	1,033,899	2,148,129	9,976,594
Depreciation:								
At 1 July 2018	-	567,996	6,190	2,032,834	242,779	397,823	1,144,336	4,391,958
Charges for the Year	-	6,501	-	520,035	98,977	112,695	480,968	1,219,178
At 30 June 2019	-	574,497	6,190	2,552,869	341,756	510,518	1,625,304	5,611,136
Net Book Value 30 June 2019	2,000,000	-	-	845,797	473,457	523,381	522,825	4,365,460

NOTE 12: INTANGIBLE ASSETS – SOFTWARE COSTS

	30.06.2020 TZS '000	30.06.2019 TZS '000
Cost		
At Start of Year	907,970	777,316
Additions during the year	145,265	130,654
At End of Year	1,053,235	907,970
Amortization		
At Start of Year	734,925	663,098
Charge for the Year	63,392	71,827
At End of Year	798,317	734,925
Net Book Value as at 30th June, 2020	254,918	173,045

NOTE 13: TRADE AND OTHER PAYABLES

Trade Payables	287,119	250,368
Audit Fees	112,500	125,000
Withholding Tax	15,390	32,662
PAYE	124,243	31,476
Salary Payable	-	25
Pensions Payable	-	2,129
ESAWAS Fund**	28,802	-
Accruals	1,713,561	1,231,833
TOTAL	2,281,615	1,673,493

**During the year, the Authority received USD 23,810 accessed through ESAWAS after receipt of funds from the Bill and Melinda Gates Foundation to support the increase access to safely managed sanitation services for an estimated 50 million people particularly the urban poor in East and Southern African countries by improving non-sewered sanitation service delivery through regulation. Activities earmarked for implementation by EWURA include Establishment of coordination team and sanitation task team; Development of Onsite Sanitation and Faecal Sludge Management Guidelines; and Development of Onsite Sanitation Business Model.

In the opinion of the directors, the carrying amount of Trade and other Payables is approximate to their fair value.

NOTE 14: GRATUITY PAYABLE

The Authority released TZS 98.1 Million provisions for gratuity during the year relating to staff whose contracts came to an end. The current gratuity provision made amounting to TZS 272 million relates to 17 staff who were in contract terms during the period. The analysis is given below: -

	30.06.2020 TZS '000	30.06.2019 TZS '000
At start of the year	275,882	64,719
Charge for the Year	271,986	234,049
Released During the Year	(98,134)	(22,886)
At End of Year	449,734	275,882
Less: Balance Reclassified as Current Liabilities	271,986	275,882
Non-Current Liabilities as at 30th June 2020	177,748	-

NOTE 15: REVENUE

NOTE 15.1: Revenue from Non-Exchange Transactions

	30.06.2020 TZS '000	30.06.2019 TZS '000
Regulatory Levy		
Electricity	15,808,118	15,157,532
Petroleum	23,405,717	20,135,715
Natural Gas	5,125,933	7,721,798
Water and Sewerage	3,332,062	2,853,966
Total Regulatory Levy Revenue	47,671,830	45,869,011
Regulatory Levy Collected		
Electricity	15,954,954	15,631,498
Petroleum	24,225,896	19,720,325
Natural Gas	5,634,145	7,205,762
Water and Sewerage	2,034,026	3,556,547
Total Regulatory Levy Collected	47,849,021	46,114,132
License Fees		
Electricity	72,294	44,723
Natural Gas	2,300	21,373
Water and Sanitation	344	1,008
Electricity Contractors and Wiremen	4,669	37,395
Petroleum	735,350	831,829
Total License Fees Revenue	814,957	936,328

NOTE 15.1: Revenue from Non-Exchange Transactions (Continued)**Application Fees**

Electricity	18,214	5,440
Natural Gas	7,015	13,500
Petroleum	388,808	356,865
Water and Sanitation	20	140
Total Application fees revenue	414,057	375,945
Penalties from Petroleum Adulterations	932,527	925,820
Total Revenue from Non-Exchange Transactions	49,833,371	48,107,103

NOTE 15.2 Revenue from Exchange Transactions**NOTE 15.2.1: FINANCE INCOME**

Foreign Exchange Gain	3,565	-
Total Finance Income/(Cost)	3,565	-

NOTE 15.2.2: OTHER INCOME

Sale of Tender Documents	1,400	-
Total Revenue from Exchange Transactions	4,965	-
Total Revenue from exchange and non-transactions	49,838,336	48,107,104

NOTE 16: STAFF COSTS

	30.06.2020	30.06.2019
	TZS '000	TZS '000
Salaries	10,629,605	10,173,538
Gratuity Expenses	557,057	525,004
Pension Employer's Contribution	1,188,073	1,050,772
Skills and Development Levy	626,421	581,196
Medical Expenses	673,492	577,063
Other Staff Costs (Note 16.1)	3,928,623	5,721,689
TOTAL	17,603,271	18,629,262

NOTE 16.1: Other Staff Costs

	30.06.2020 TZS '000	30.06.2019 TZS '000
Staff Insurance – WCF	64,909	61,147
Transport Allowances	776,316	787,918
Annual Leave Package	252,919	400,295
Acting Allowance	68,635	65,371
Outfit Allowance	9,267	10,519
Funeral Expenses	17,800	6,403
Recruitment Costs	68,577	115,114
Compensation Allowance	213,255	139,396
Staff Relocation Costs	156,032	1,266,886
Staff Welfare Expenses	22,110	195,656
Housing Allowance	1,358,111	1,314,393
Utility Allowance	897,192	870,591
Security Allowance	23,500	24,000
Furniture Allowance	-	464,000
TOTAL	3,928,623	5,721,689

NOTE 16.2: PAID STAFF EXPENSES

	30.06.2020 TZS'000	30.06.2019 TZS'000
Total Staff Costs	17,603,271	18,629,262
Less: Accrued Staff Costs	(26,033)	-
Total Staff expenses paid	17,577,238	18,629,262

NOTE 17: OPERATING EXPENSES

	30.06.2020	30.06.2019
	TZS'000	TZS'000
Capacity Building	959,556	903,602
Regulatory Tools Development Expenses	1,088,098	1,068,042
Field and Inspection Expenses	2,723,033	2,455,730
Public Inquiries	221,044	626,892
Complaints, Mediation and Dispute Resolution	434,435	394,485
Government Delegation Participation costs	14,466	14,691
Public Awareness Programmes	1,276,085	1,522,811
Advertisement Expenses	382,880	478,400
Consultancy Expenses	449,882	425,502
Membership Contribution, Books and Periodicals	371,233	425,913
Library General Expenses	67,178	25,764
Regional Cooperation Meetings	360,054	408,155
Local Travel and Conference Expenses	559,928	413,541
Stakeholders Consultative Meetings	113,850	123,520
Bad Debt Provision	924,484	54,512
Motor Vehicle Fuel Expenses	72,226	80,329
Motor Vehicle Repairs and Maintenance	377,693	375,410
Car Hiring Expenses	23,098	31,010
Maintenance of Computer Hardware	115,099	150,710
Maintenance of Computer Software	181,923	389,284
Maintenance of Other Office Equipment	11,571	16,928
Wiremen Licensing Activities	97,446	97,825
Directors Fees	59,500	82,150
Board Expenses	568,155	85,914
TOTAL OPERATING EXPENSES	11,452,915	10,651,120

NOTE 17.1: OPERATING EXPENSES PAID

	30.06.2020	30.06.2019
	TZS'000	TZS'000
Total Operating Expenses	11,452,915	10,651,120
Less: Accrued Operating Expenses	(2,005,951)	(210,896)
Total Operating Expenses Paid	9,446,964	10,440,224

NOTE 18: CONTRIBUTION TO TREASURY AND GOVERNMENT ENTITIES

	30.06.2020 TZS'000	30.06.2019 TZS'000
Government Consultative Council Expenses	51,619	35,896
Consumer Consultative Council Expenses	2,439,350	2,061,925
Fair Competition Tribunal	541,006	416,690
Fair Competition Commission	644,069	507,459
Treasury Contribution	7,619,725	7,212,563
TOTAL CONTRIBUTIONS	11,295,769	10,234,533

NOTE 18.1: PAID CONTRIBUTION TO TREASURY AND GOVERNMENT ENTITIES

	30.06.2020 TZS'000	30.06.2019 TZS'000
Total Contribution	11,295,769	10,234,533
Less: Accrued Contribution	(866,385)	-
Total contribution to TR and Government Entities Paid	10,429,384	10,234,533

NOTE 19.1: ADMINISTRATION COSTS

	30.06.2020 TZS'000	30.06.2019 TZS'000
Office Rent	2,675,450	3,112,087
Telephone, Fax, and Internet	533,601	627,031
Stamps and Postages	67,585	45,006
Printing and Stationery	317,358	373,407
Maintenance of Leasehold Property	6,290	34,369
Office General Expenses	268,096	158,628
Entertainment Expenses	7,881	39,743
Donations and Contributions	300,117	138,040
Audit Fees	112,500	125,000
Data Storage Charges	47,501	36,293
Insurance Charges	22,974	9,426
Tender Board Expenses	102,796	133,447
TOTAL	4,462,149	4,832,477

NOTE 19.1: ADMINISTRATION COSTS PAID

	30.06.2020 TZS'000	30.06.2019 TZS'000
Total Administration Costs	4,462,149	4,832,477
Less: Accrued Administration Costs	(198,373)	(170,719)
Total Administration Costs Paid	4,263,776	4,661,758

NOTE 20: FINANCE COSTS AND OTHER CHARGES

NOTE 20.1: FINANCE COSTS

	30.06.2020 TZS'000	30.06.2019 TZS'000
Bank Charges	26,882	24,323
Foreign Exchange Loss	-	2,007
TOTAL	26,882	26,330

NOTE 20.2: OTHER CHARGES

Other charges indicated in cash flow statements relates to payments effected during the financial year for items that were accrued during the financial year 2018/19 as shown below;

	30.06.2020 TZS '000	30.06.2019 TZS '000
Staff costs	130,132	112,330
Operating Expenditure	1,329,556	1,234,567
Administrative Expenditure	275,512	116,675
Contribution to TR and other Government entities	1,310,670	572,169
Total Other Charges	3,045,870	2,035,741

NOTE 21: BUDGET PERFORMANCE RECONCILIATION

	30.06.2020 TZS '000
Surplus for the year as per Statement of Financial Performance	4,190,786
Surplus for the year as per Statement of Budget and Actual Amount	5,248,730
Difference	(1,057,944)

The accompanying financial statements have been presented on an accrual basis of accounting, while the budget has been prepared using cash basis of accounting. Reconciliation of the difference is shown below;

	30.06.2020
	TZS '000
Reconciliation of Difference	
Depreciation and Amortization	(806,564)
Bad debt Provision	(924,484)
Accrued Expenses	(2,342,319)
Increase in Other expenses	3,018,988
Forex Gain/(loss)	(3,565)
Sub Total	(1,057,944)

NOTE 22: RELATED PARTY TRANSACTIONS

EWURA reports to the Ministry of Water and works closely with the Ministry on all issues related to Water and Sanitation. The Authority also works hand in hand with the Ministry of Energy on issues related to energy. Other related parties are members of the Board of Directors, Head of Divisions and Units who have significant influence over the Authority Affairs.

Related Party Transactions

The following transactions were carried out with related parties: -

NOTE 22A: Key Management Compensation

	30.06.2020	30.06.2019
	TZS '000	TZS '000
Salaries and Other Emoluments	2,161,765	2,072,698
Total Key Management Compensation	2,161,765	2,072,698
Employees Post-Employment Benefits:		
- Pension - Employer's Contribution	49,801	46,799
- Gratuity paid during the year	59,913	-
Total Employee Post – employment Benefits	109,714	46,799

NOTE 22B: Directors

The annual Directors Fees were paid to six members of the Board of Directors at the approved rates as follows: Chairman TZS. 13,000,000 and other members of the Board TZS. 12,000,000 for each member for the period up to February 2020. From March 2020 to June 2020 rates used were TZS 12,000,000 for Chairman and TZS 10,000,000 to other members of the Board. The total amount of Directors' fees paid during the year under review is TZS. 59,500,000 (2018/19: TZS 82,150,000).

NOTE 22C: Management Composition

The Management of EWURA is made up of the following members: -

- i. Director General
- ii. Director of Natural Gas
- iii. Director of Water and Sanitation
- iv. Director of Legal Affairs
- v. Director of Internal Audit
- vi. Director of Petroleum
- vii. Director of Electricity
- viii. Director of Corporate Affairs
- ix. Manager, Information and Communication Technology
- x. Manager, Communications and Public Relations
- xi. Manager, Procurement Management Unit

NOTE 22D: Employees Post-Employment Benefits

The Authority contributes to the defined benefit plans for its employees to Public Service Social Security Fund (PSSSF). The Authority's contribution during the year ended 30th June 2020 amounted to TZS. 1.2 billion (2018/19: TZS. 1.050 billion). The Authority also contributed a total of TZS 64.9 million (2018/19: TZS. 61.1 million) to the Workers Compensation Fund. Contributions to these funds are recognized as an expense in the period the employees render services to the Authority.

The Authority also charges gratuity expense of employee's last basic monthly salary on statement of financial performance and maintains gratuity payable account for future payment to staff. For the year ended 30th June 2020 TZS 98.1 million were released to staff whose contract came to an end.

NOTE 22E: Staff Loans and Advances (Note 8B)

Staff Revolving Loans
Salary Advances
Imprest
TOTAL

30.06.2020	30.06.2019
TZS '000	TZS '000
1,742,625	1,475,864
565,736	407,630
114,277	327,814
2,422,639	2,211,308

The Authority set up the Staff Revolving Loans Fund to extending loans to staff for the purchase of motor vehicles and other amenities. These loans are interest free, repayable within a period of three years and are taxed in accordance with the requirements of the Income Tax Act of 2004. For the year ended 30th June 2020 loans amounting to TZS. 1.742 billion (2018/19 TZS. 1.476 billion) were outstanding.

NOTE 23A: EXCESS CAPITAL

During the year, the Authority paid TZS 500 million to the consolidated fund as an excess capital. The amount was derived by the Office of Treasury Registrar after assessing the Authority's revenue earned and expenses incurred together with commitments remained outstanding during the financial year 2018/19. Payment of this amount i.e. TZS 500million was made against the accumulated surplus.

NOTE 23 B: CAPITAL EXPENDITURE COMMITMENTS

Capital commitments

Capital expenditure contracted for or tenders are in progress at the statement of financial position date is as follows: -

	30.06.2020 TZS '000	30.06.2019 TZS '000
Property and Equipment	4,367,823	6,551,734
Software Development	525,035	665,969
Subtotal	4,892,858	7,217,703
Other Commitments		
Consultancy Services	257,806	404,584
Local Purchase Orders	150,536	41,281
Total Commitments	408,342	445,865

Commitment relates to the contracts entered into but goods or services had not been delivered. In some other cases contracts have not been entered into but respective tenders were in progress in accordance with the requirement of the Public Procurement Act No. 7 of 2011. The above amount represent value of work committed but not yet paid.

NOTE 24: FINANCIAL RISK MANAGEMENT

The Authority's activities potentially expose it to a variety of financial risks. These risks include interest rate risks, credit risks, liquidity risks and foreign exchange risks. The authority has instituted a number of measures to minimize potential adverse effects on its financial performance as follows:

24.1 Credit Risk

The Authority's regulatory levy which is the main source of its income is not tied to a single regulated supplier. This mitigates credit risk associated with its operations. Also, effective follow up efforts minimizes default.

24.2 Liquidity Risk

The Authority ensures sufficient liquidity is maintained to meet short-term maturing obligations and it also ensures that all excess cash is invested in less risky investments.

24.3 Foreign Exchange Risk

The Authority minimizes foreign exchange risk by maintaining foreign currency account. The Authority does not engage in foreign currency swaps or speculations. The risks are also managed by ensuring that the services value is negotiated and fixed in the local currency whenever possible.

NOTE 25: OPERATING LEASE COMMITMENTS

The Authority had operating leases for offices in which it carries out its operations. These leases were with PSSSF (for EWURA Eastern zone office and Head Office in Dodoma, EWURA Zonal office in Mwanza and Northern Zonal Office in Arusha), National Health Insurance for Southern Highlands zonal office in Mbeya. The commitments are expected to significantly decrease during the next financial year after the Authority's shift its HQ offices to EWURA House. Expected future payments for the existing lease agreements were as follows: -

	30.06.2020 TZS '000	30.06.2019 TZS '000
Within One Year	1,138,968	1,345,603
Later Than One Year	-	1,004,448
TOTAL	1,138,968	2,350,051

NOTE 26: CONTROLLING ENTITY

EWURA by virtue of its formation is controlled by the Government of the United Republic of Tanzania.

NOTE 27: FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of EWURA which is also the presentation currency is the Tanzanian Shilling (TZS). The values in this report have been rounded up to the nearest thousand.

NOTE 28: CONTINGENT ASSETS AND LIABILITIES

NOTE 28.1: CONTINGENT ASSETS

During the year under review the Energy and Water Utilities Regulatory Authority (EWURA) had a total of 27 cases in various courts and tribunals at different stages of hearing in which the Authority is the applicant in 9 cases involving TZS 83,772,750.78 as shown below;

	30.06.2020 TZS '000
EWURA Vs Sonda Machibya T/A Sojem Oil Investment	15
EWURA vs TANESCO	5,498
EWURA vs Paulo Mtete	1,294
EWURA vs Mohamed Twalib Petrol Station	49,634
EWURA vs WOCCO Petrol Station	2,174
EWURA vs Mohamed Ngauje Wenya	1,396
EWURA vs TANESCO	2,050
EWURA vs TANESCO	1,870
EWURA vs Onassis Elishilia Lema	19,842
Total	83,773

NOTE 28.2: CONTINGENT LIABILITIES

There are pending Court cases to which EWURA is a party at various registries of the High Court, Fair Competition Tribunal, Commission for Mediation and Arbitration and Resident Magistrate Courts. In the opinion of the directors, the outcome of these cases may not give rise to any significant loss and therefore, no provisions have been made in these financial statements. However, there is case pending Revision No. 712/2019 between Ms Naiungishu Soikhan Mollel against EWURA at the High Court of Tanzania, Labour Division in which she is claiming for reinstatement as the Director of Corporate Affairs or payment of TZS 992,504,043.25. As at the reporting date, the Authority had Seventeen (17) (2018/19: 23) pending law suits out of which no case had contingent claims against the Authority as of the year end: -

Naingishu Soikan Mollel Vs. EWURA

TOTAL

30.06.2020 TZS '000	30.06.2019 TZS '000
992,504	-
992,504	-

NOTE 29: COMPARATIVE FIGURES

Comparative figures have been regrouped or adjusted necessary to conform to changes in presentation in the current year.

NOTE 30: EVENTS AFTER REPORTING DATE

There were no material events, adjusting or non-adjusting, which had occurred between the reporting date and the dated on 27th August 2020 when the Financial Statements are authorized for issue by the Board of Directors.



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