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REPUBLIC  
OF CYPRUS

# INVESTIGATION OF COMPLAINTS CONCERNING THE PROVISION OF IRRIGATION WATER TO A COMPANY

## Executive Summary



**AUDIT OFFICE OF THE REPUBLIC  
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## **Executive Summary**

### **AUDITED ENTITIES**

**Ministry of Agriculture, Rural Development and Environment**

**Water Development Department**

## Executive Summary

The Water Development Department (WDD) is responsible for the protection and sustainable development, as well as the rational management of the water resources of Cyprus, in accordance with European and national legislation and within the framework of the Government water policy in force from time to time. The Department is invited to fulfil a number of objectives covering a wide spectrum of actions, the main of them is to ensure the maximum possible satisfaction of water requirements for all uses and to encourage the effective use of water resources and secure the quality and protection of water sources and the water environment.

Realizing the importance of the rational management of the water resources of Cyprus, our Office decided to investigate complaints submitted during the years 2017 and 2018 regarding the significant exceedances of the maximum approved quantity of water pumping from private boreholes as well as the illegal conveyance of water, by a specific Company (hereinafter the Company), from one area to another, in the area of Monagrouli, the approval granted, by the WDD, for the conveyance of water from Lefkara dam to the water tanks of the Company in Kornos and the irrigation of a plot, on a farm managed by the Company in Delikipos, through an illegal connection from the aforementioned dam.

We also examined the procedures followed in relation to hierarchical appeals and requests submitted by the Company to former and ex Ministers of Agriculture, Rural Development and Environment (ARDE), as well as the decisions taken by them, on a case-by-case basis.

The most important findings that emerged from the investigation of the matter are summarized in the following points:

1. Significant exceedance of the maximum approved quantity of water pumping from boreholes and conveyance of water from one plot of the Company to another, in the area of Monagrouli.

- ◆ The WDD failed to submit complete evidence and information to our Office, in relation to findings from investigations carried out by the Department itself, regarding the Company's activity in Monagrouli, in a way that may raise questions regarding its compliance with the provisions of article 4 of the Law on the Provision of Evidence and Information to the Auditor General (Law 113(I)/2002). We pointed out that, in the event that evidence of the illegal activity of the Company in Monagrouli did not come to the attention of our Office, in the context of further audit, then our Office, based on incomplete or incorrect information provided by the WDD, would express a wrong opinion on the matter.

Our Office asked the Permanent Secretary's of the Ministry of ARDE views on the above matter and based on them will decide accordingly whether would bring concerns to the attention of the Attorney General of the Republic.

- ◆ According to records of water meter readings from WDD, the Company, during periods 7/2014-7/2015, 7/2015-8/2016, 8/2016-8/2017 and 8/2017-8/2018, significantly exceeded the maximum approved quantity of water from its legal boreholes in Monagrouli, by 15, 26, 19 and 12 times, respectively, thus endangering the condition of the aquifer of the area, based to an assessment study about the sustainable performance of the aforementioned boreholes.

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- ◆ We also observed that the Company illegally conveyed water from these boreholes, for irrigation of its new plantations in Monagrouli, in violation of the groundwater abstraction permit terms of these boreholes.
- ◆ Despite the fact that the Department was aware that the Company was violating the groundwater abstraction permit terms, it promoted actions for taking legal measures against the Company, with a significant delay of almost two years, which were then suspended, within ten days, following instructions from the former Minister of ARDE in the context of examining a request of the Company regarding the above issue. As a condition, the Company undertook the obligation to prepare an assessment of the sustainable performance of its boreholes. In the meantime, the Company continued drilling significant amount of water in excess of the maximum approved quantity from the boreholes in Monagrouli.
- ◆ In regards to this, we also mentioned that the former Minister of ARDE approved, with a delay of one year, the hierarchical appeal of the Company against a decision of the WDD and granted his approval to the Company for drilling in an area that the aquifer had been designated as over-pumped or/and being in risk based on studies of the WDD, without however justifying the reasons why his decision was contrary to the WDD's suggestion, in violation of the provisions of the General Principles of Administrative Law.

Due to the scope of the Company's activities, which implies the pumping of large quantities of water for irrigation of its plantations, **we suggested that the Department should conduct regular**



**inspections of its boreholes and apply the compliance measures provided by the relevant legislation for all cases of illegalities identified.**

2. Granting of an approval in 2012, by the WDD and the then Minister of ARDE, for water conveyance up to 200.000 cub.m. annually from the Lefkara dam, in the tanks of the Company in Kornos.

- ◆ The exceptional approval for the conveyance of large quantities of water, beyond the irrigation area covered by the aforementioned dam, raises serious concerns.
- ◆ Although WDD initially expressed a negative opinion on Company's request for the conveyance of water from the Lefkara dam, mainly because it would provoke the reaction of the residents of the area, as this would affect the available quantities of water for the irrigation of their own plots, it then became clear that, after consultation with the then Minister of ARDE, WDD changed its views.

We also noticed that the maximum annual approved quantity of water, amounting to 200.000 cub.m., was not mentioned in the request of the Company, but was calculated by WDD and was included in the relevant permission granted.

- ◆ The approved quantities of water for irrigation, which were granted to the Company during the years 2014-2016, are considered excessive and it is not possible to draw appropriate conclusions about the reasonableness of the calculation, since according to WDD data, in 2014, 2015 and 2016 the Company pumped only 38%, 9% and 47%, respectively, of the maximum approved quantity.

We expressed the view that the Department should investigate the reasons for the material variance between the approved and the quantity of water actually drilled during the years under reference.

**We suggested that the Department promotes actions to verify the actual amount of water needed by the Company to irrigate its plantations in Kornos, taking into account both the water level of the dam and the other requests by interested farmers.**

**3.** Irrigation of a plot of land on a farm managed by the Company in Delikipos, through an illegal connection from the Lefkara dam.

- ◆ In an on-site inspection carried out by the Department on 9.8.2016, it was found out that the Company conveyed water to a specific farm in Delikipos, for the irrigation of its plantations, through an illegal connection of an additional hose to an existing pipeline. However, apart from sending warning letters, the Department did not apply any other measures against the Company, either in the form of sanctions or to remove the illegality, which continued until 4.7.2017, when it finally approved Company' request for the water conveyance.
- ◆ The former Minister of ARDE approved the request of the Company for the conveyance of water from the Lefkara dam for irrigation of its plantations to the abovementioned farm, which was submitted after the WDD identified the relevant illegality. We expressed the view that this action is considered as legalization of the illegal act of the Company. We pointed out that, according to the relevant legislation, the Minister of ARDE may consider written appeals from interested parties against decisions of the

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WDD, which in this case did not happen, since the Company did not submit a written appeal. Therefore, our Office has reservations regarding the legality of the action of the former Minister of ARDE. We have also pointed out that this action is contrary to the provisions of Articles 17(6) and 44(2) of the General Principles of Administrative Law , which stipulate that the administrative competence must be exercised by the body to which it has been delegated by the Law and that it is not permissible for the competent administrative body to be substituted or directed in the exercise of its discretionary power by another body. We also drew attention to the fact that the approval of the former Minister of ARDE was not justified, contrary to the provisions of articles 26(1) and 28(1) of the abovementioned Law.

We point out that, based on data we found on the internet, it appears that one of the two shareholders of the Company was Vice President of an agricultural organization, which shares political views with the former Minister of ARDE.