

PCWATER 150430



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

ANNUAL PERFORMANCE PLAN 2015/16

Presented by:

Thomas Gyedu-Ababio

Acting CEO

Inkomati-Usuthu CMA

Date: 30 April 2015

ANNUAL PERFORMANCE PLAN 2015/16
IUCMA STRATEGIC OBJECTIVES

- 1. Ensure Effective, Efficient and sustainable Management of Water Resources**
- 2. Ensure Collaborative and Coordinated IWRM for Wise Socio-Economic Development**
- 3. Promote and Pursue International Development Agenda**
- 4. Promote Knowledge Generation and Distribution**
- 5. Effective and efficient management of ICMA Resources**

ANNUAL PERFORMANCE PLAN 2015/16

SPENDING FOCUS

- **Prevent and remedy water resource pollution as enshrined in sections 19 & 20 (NWA)**
- **Water quality monitoring**
- **Water Use Authorisation & associated compliance**
- **Section 35(1) Validation & Verification of Existing Lawful Water Use**
- **Usuthu Water Availability Assessment**
- **River Operations**
 - i. Data collection & Maintenance of river operations
 - ii. Modelling and decision making
- **Billing of Water Users (Water Resource Management charges)**
- **Stakeholder Participation/Capacitation**
- **Employee related costs, e.g. filling of vacant positions**

ANNUAL PERFORMANCE PLAN 2015/16

PERFORMANCE INDICATORS

- No. of inspections and % notices and directives issued to non-compliant users
- Number of samples taken per annum to monitor the water quality
- Number of Water Quality related authorisations processed
- Percentage of pollution incidents attended to
- Percentage of water users verified (Inkomati)
- Percentage completion of the Usuthu Water Availability Assessment
- Percentage of Usuthu Validation
- Percentage of temporary transfer applications received (S25(1) NWA) finalised
- River Operations
 - i. No. DSS for sub-catchment ROR developed
 - ii. No. of river data loggers maintained⁴

ANNUAL PERFORMANCE PLAN 2015/16

PERFORMANCE INDICATORS

- **Percentage of advisory services/inputs provided (international forums/neighbours)**
- **Percentage of institutions in whose planning instruments advisory services/inputs provided (co-operative governance)**
- **River Health Status Report for Komati sub-catchments**
- **Approved Water Use charges for the Inkomati-Usuthu WMA**
- **No. of approved plans and no. of statutory reports submitted**
- **No. of publications produced and no. of projects advertised through electronic and print media**
- **No. of stakeholder empowerment workshops conducted for HDIs**
- **No. of IWRM related forums meetings organised (CMF)**

ANNUAL PERFORMANCE PLAN 2015/16

PERFORMANCE INDICATORS

- Percentage of EIAs Received Reviewed within Specified Timeframes
- Number of Water Quality Reports Disseminated
- Percentage Compliance to Audit Recommendations
- Number of Risk Assessment Reports
- Number of Tariff Proposals Developed and Submitted to DWS Pricing Strategy
- Percentage Compliance to MSP
- Percentage of Internal Bursaries Awarded
- Percentage of vacant posts filled
- Percentage of Grievances Handled according to Policy
- Percentage of Disciplinary Cases Handled according to Policy
- Number of planned International co-operation interactions undertaken
- % of factual expenditure on BBBEE suppliers/service providers

ANNUAL PERFORMANCE PLAN 2015/16

BASELINE BUDGET 14/15 & BUDGET 2015/16

	Audited 2013/14 including Rollovers	BUDGET 2014/15	BUDGET 2015/16	%	BUDGET 2016/17	BUDGET 2017/18
EMPLOYEE RELATED COST	24,307,774	31,780,776	45,998,320	60%	48,942,213	52,072,514
GOODS AND SERVICES	18,070,808	19,443,095	26,205,000	34%	25,513,268	26,895,462
REPAIRS AND MAINTENANCE	2,066,868	2,178,480	1,872,100	2%	1,975,066	2,073,819
CAPITAL OUTLAY	703,561	741,553	1,491,000	2%	567,475	595,849
BOARD RELATED COSTS	1,570,000	1,272,000	1,216,000	2%	1,289,603	1,365,210
TOTAL BUDGET	46,717,010	55,415,903	76,782,420	100%	78,287,624	83,004,854

ANNUAL PERFORMANCE PLAN 2015/16

JOBS CREATED 2014/15

DIVISION	NO OF POSTS
Office of the COO	1
Corporate Services	6
Institution and Participation	2
Resource Protection and Waste	4
River System Operations and Data Management	3
TOTAL	15

ANNUAL PERFORMANCE PLAN 2015/16

JOBS CREATED 2015/16

DIVISION	NO OF POSTS
Water Resource Protection and Waste	3
Resources Planning and Coordination	3
Marketing and Communication	1
River System Operations and Data Management	1
Corporate Services	2
TOTAL	10

THANK YOU





water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

BREEDE-GOURITZ ANNUAL PERFORMANCE PLAN

Presented by:

Phakamani Buthelezi
Chief Executive Officer

30 April 2015

STRATEGIC OBJECTIVES

Water Resources planning

Water Use Management

Institutional and Stakeholder Relations

Water Allocation Reform

Water Resources Protection

Information Systems

Strategic Support

Management and Governance



KEY PERFORMANCE INDICATORS

Water Resources Planning

- 50% of Catchment Management Strategy completed
- 100% of Land use planning and rezoning applications commented on
- 2 Water Quality Objective Reports completed

Water Use Management

- 70% Water registrations finalised
- 80% Licences finalised
- 100% General Authorisations confirmed
- 60 Audit reports completed
- 150 Validation and verification letters send

Water Resources Protection

- 2 Water Quality Monitoring Projects implemented
- 70 Water resources points monitored
- 4 River Rehabilitation Projects financially and technically supported
- 100% reported non-compliance cases dealt with

KEY PERFORMANCE INDICATORS

Institutional Stakeholder Relations

- 3000 learners reached during various water campaigns
- 4 Newsletters developed and circulated
- 10 Social responsibility projects supported
- 18 water related forums maintained

Water Allocation Reform

- 100% Resource Poor Farmers technically supported on water use
- 30 Resource Poor Farmers assisted with completing financial applications for Government Subsidies

Information Systems

- 30% of SAP implemented
- 100% Electronic document management system implemented

KEY PERFORMANCE INDICATORS

Strategic Support

- 100% of all financial prescripts reported on
- 1 proposed tariff report submitted complying with pricing strategy
- 2 Risk assessment reports submitted
- 100% audit recommendations complied with
- 1 internal and 1 external audit strategy developed
- 90% of approved posts occupied
- Personal development plans developed for 100% of staff

Management and Governance


- 1 Corporate Compliance report submitted
- 1 Stakeholder compact signed
- 100% Compliance with non-financial reporting prescripts
- 4 Social Responsibility initiatives / corporate social investment programmes
- 2 new partnerships established and maintained

Information Systems

- 30% of SAP implemented
- 100% Electronic document management system implemented

BASELINE BUDGET FOR 2014/15 AND 2015/16 BUDGET ALLOCATION

	BASELINE BUDGET 2014/15	BUDGET INCREASE %	BUDGET ALLOCATION 2015/16
Employee related cost	17 501 814	31%	22 863 312
Goods and services	12 492 532	13%	14 078 476
Repairs and maintenance	322 260	-22%	250 000
Capital outlay	9 489 534	40%	9 196 385
Board related costs	981 171	2%	1 000 000
Total budget: type	40 787 311	16%	47 388 173
• Capital outlay – Validation and Verification, CMS			



Thank you
Enkosi
Ke a leboga
Dankie



Magalies Water input to the 2015/16 APP Presentation

WATER IS LIFE. SANITATION IS DIGNITY



Customer and Stakeholder Perspective

SO: To provide sustainable bulk water services to bulk customers

SO: To manage customer relations

SO: To meet bulk supply agreement requirements

SO: To provide quality potable water

SO: To manager stakeholder relations

Finance Perspective

SO: To ensure business growth

SO: To achieve sustainable financial returns

SO: To manage financial risks

SO: To efficiently and effective conduct Section 30 business

Processes Perspective

SO: To contribute to an affordable tariff by managing production costs

SO: To develop business efficiency and effectiveness

SO: To contribute to the conservation of the natural environment

SO: To provide a safe and healthy working environment

Learning & Growth Perspective

SO: To improve the competency levels of staff and maintain staff retention

Transformation & Empowerment Perspective

SO: To contribute towards Governments' transformation and empowerment trajectory

Indicator	Measurement	Target
Compliance with the scheduled maintenance plan	Percentage compliance with maintenance plan	100%
Unplanned interruptions turnaround time	Reaction time	24 hours
Establish a customer contact centre	Adherence to project plan and deliverables	Functioning customer contact centre
Compliance with the requirements of the bulk supply agreement scorecard	Percentage compliance rating on the bulk supply agreement scorecard	100%
Compliance to quality requirements of SANS 241:2011 standards	Percentage compliance to SANS 241:2011 standards	Acute 1 ≥ 99% Acute 2 ≥ 100% Chronic ≥ 97% Aesthetic ≥ 95% Operational ≥ 95%
Compliance with the stakeholder engagement plan milestones	Percentage compliance	100%

Indicator	Measurement	Target
Increase in water sales volumes	Annual percentage increase	9% (from 2013/14 actual of 75 503 000 kilolitres)
Expand the infrastructure to grow the business	Percentage project completion milestones	100%
	Capital expansions expenditure/total capital expenditure budget	92%
Percentage EBITDA (operating surplus to sales)	Operating surplus ratio	17
Percentage net surplus to equity	Net surplus ratio	3%
Percentage return on investments	Return on investments	5%
Percentage costs to revenue	Working ratio	86

Indicator	Measurement	Target
Current assets to current liabilities ratio	Current ratio	2:1
Number of debtors days	Number of days	50
Number of creditors days	Number of days	30
Average return on Section 30 activities	Management fees earned/total costs to perform Section 30 business	6% (linked to national inflation target)
Compliance with service delivery requirements of Section 30 agreements	Percentage compliance with Section 30 agreements	100%

Indicator	Measurement	Target
Average unit cost of production	Total costs of production/Total sales volumes	R3.28/kl
Plant and equipment availability	Percentage average hours per day that critical plant and equipment is available for production	95%
Implement an integrated Information Communications Technology (ICT) solution across the value chain	Adherence to project plan and deliverables	100% implementation of phase 1
Average water loss	Average percentage water loss	5%
Implement the enterprise risk management plan	Number of implemented risk management activities	10 risk management activities
Audit opinion for the 2014/15 financial year	Audit opinion expressed by the Auditor-General	Unqualified and no repeat findings
Retention of ISO 14001 certification	Compliance with ISO 14001 standards	Retain ISO certification at all four operational sites

Indicator	Measurement	Target
Retention of ISO 14001 certification	Compliance with ISO 14001 standards	Retain ISO certification at all four operational sites
Disabling Injury Frequency Rate (DIFR) within the threshold	DIFR number	1
Obtain OHS18001 certification for the Vaalkop plant	Achievement of certification	OHS 18001 Certification at Vaalkop

Indicator	Measurement	Target
Training conducted as per the training plans	Number of employees	Employee levels P2 to P14
Extension of the Performance Management System implementation	Number of employees	Employee levels P2 to P14
Staff turnover	Percentage turnover	3%
Determine human resource requirements and alignment of the organisational structure	Organogram	Approved organogram
	Succession Plan	Approved Succession Plan

Indicator	Measurement	Target
Implemented empowerment projects	Number of empowerment projects	4
Goods and services procured from SMEs	Percentage SMEs expenditure to total operating expenditure	20%
Procurement spend on BBBEE against capital expenditure	Percentage BBBEE expenditure/total capital expenditure	50%
Number of jobs created	Number	Local labour employed through the capital expansions programme (500) Internship programme (10) Learnership programme (50) Graduate engineers capacity building programme (10)



Indicator	Measurement	Target
Sub-contracting to emerging black companies on the awarded capital projects	Percentage subcontract work awarded/total capital projects awarded	25%
Number of emerging black engineering professional service providers and contractors mentored	Empowered companies as an outcome of the mentoring process	5 companies

Government outcomes and NDP themes

Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship
NDP theme: Improving education, training and innovation
NDP theme: Building a capable and developmental state

- Customer and Stakeholder perspective**
- To manage customer relations
 - To manage stakeholder relations
- Learning and growth perspective**
- To improve competency levels of staff and maintain staff retention
- Finance perspective**
- To manage financial risks
 - To efficiently and effectively manage Section 30 business
- Processes perspective**
- To contribute to an affordable tariff by managing production costs
 - To develop business effectiveness and efficiency
- Transformation and empowerment perspective**
- To contribute towards Governments' transformation and empowerment trajectory

Magalies Water strategic objectives

Government outcomes and NDP themes

Outcome 6: An efficient, competitive and responsive infrastructure network

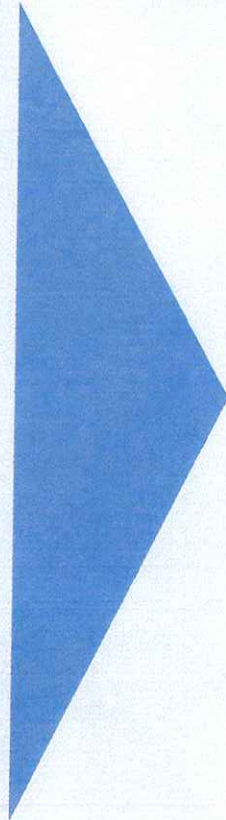
Outcome 9: Responsive, accountable, effective and efficient Local Government system

NDP theme: Economy and unemployment

NDP theme: Economic infrastructure

NDP theme: Inclusive rural economy

NDP theme: Transforming human settlements



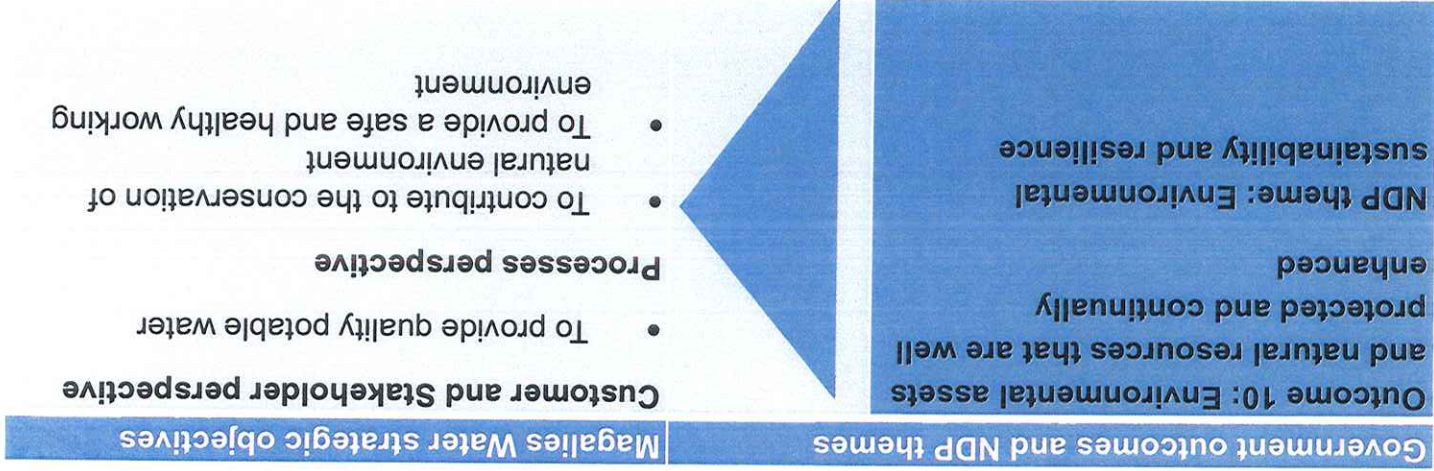
Magalies Water strategic objectives


Customer perspective

- To provide sustainable water services to bulk customers
- To meet bulk supply agreement requirements

Finance perspective

- To ensure business growth
- To achieve sustainable financial returns



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- The capital expenditure and operational budgets are drafts and still work in progress
 - This refers to budgets for the financial year commencing 1 July 2015
 - Finalisation of budgets still need Board approval

Plant	Project Name	Projected Expenditure (R'000)				
		2015/16	2016/17	2017/18	2018/19	2019/20

Head Office	Scientific Services relocation	838				
	Project Management Unit	5 400				
	Pipeline Refurbishment, Upgrade and Repair	5 752	317			
	Cathodic Protection	21 176				
	Construction of a Bethanie Pipeline	4 800				
	Pilanesberg Bulk Water Supply (North Scheme)	354 158	682 052	98 963	113 514	147 736
	Pilanesberg Bulk Water Supply (South Scheme)	226 030	633 396	227 860	250 000	55 000
	Total					
	Vaalkop Water Treatment Plant					

Plant	Project Name	Projected Expenditure (R'000)				
		2015/16	2016/17	2017/18	2018/19	2019/20
Wallmannsthal Water Treatment Plant	Water Treatment Works upgrade, capacity increase, 25ML reservoir and existing pipeline upgrade	50 366	75 144	59 869	88 349	69 839
Klipdrift Water Treatment Plant	Infrastructure upgrades, 10ML reservoir, pipeline upgrade	325 154	398 782	826 502	919 276	139 086
Cullinan Water Treatment Plant	Plant refurbishment, upgrade of pumpstation and pipeline capacity improvement	18 945	12 195			
TOTAL		1 012 619	1 801 896	1 213 194	1 371 139	411 661

ITEM	2014/15 R'000	2015/16 R'000 (Draft)
Water Sales	392 147	463 473
Management fees	15 846	7 225
Other income	4 711	6 555
TOTAL REVENUE	412 703	481 964
Water purchases	(70 420)	(77 642)
Chemicals	(25 822)	(19 712)
Electricity	(69 071)	(82 920)
Remuneration	(107 129)	(135 727)
Transport	(4 776)	(5 295)
Maintenance	(15 052)	(17 837)
General overheads	(47 529)	(61 179)
TOTAL EXPENSES	(339 800)	(400 313)
Net surplus before depreciation and finance income	72 903	81 651
Depreciation	(38 125)	(31 594)
Finance income	34 480	12 000
Net surplus after finance income	69 258	62 058

ITEM	Actual to February 2015 and projected for 2014/15	Projected for 2015/16 as per the Annual Performance Plan
Capital Expansion Programme	478	500
Internship Programme	4	10
Learnership Programme: Water and Reticulation	50	50
Capacity building programme	7	10
TOTAL	539	570

THANK YOU





water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

PRESENTATION TITLE

Presented by:

Name Surname: **Sibusiso Makhanya**

Designation: **CEO**

Directorate: **Mhlathuze Water**

Date: **30 April 2015**

MW strategic objectives

Strategic Objective	Goals	Key Activities	Performance Indicator
SO 1. Grow, expand, and optimize the customer satisfaction levels Provision of Water Services to best meet stakeholder/customer expectations.	Improve customer satisfaction levels Ensure MW infrastructure meets current and future demands	Annual customer surveys 2015/16 extend survey to section 30 activities, potential customers Delivery in terms of SLA commitments for all customers Reliability of supply.	Survey results Written notice of non-performance from customers Appropriate licences in place.
	Ensure MW infrastructure meets current and future demands	Positively influence and participate in decision making structures in security of supply in the region. Proactive planning to ensure security of supply. Proactive planning to ensure that infrastructure to meet current and future demand.	Unplanned interruptions exceeding 24hrs. Attendance in appropriate forums. Review of master plan Review of infrastructure master plan
	Meet water/waste targets.	Comply with licence conditions and standards	SANS 241 (bulk water) Licence conditions (waste water)
	Ensure infrastructure integrity and capability	Implementation of strategic asset and infrastructure master plan	Management reports

Strategic Objective	Goals	Key Activities	Performance Indicator
SO 2. Ensure the long term financial viability and sustainability of the organisation	Ensure a viable tariff model and policy is approved and implemented for bulk potable water and waste water.	Review tariff model	Model Approved by the Board Revised tariff/pricing model.
	Optimal utilisation of asset base to generate revenue	Review asset turnover targets	Asset/turnover ratio
	Improve costing of secondary activities to ensure profitability	Determine viability/business case of each existing project. (TM) Determine viability/business case of each new project prior to commitment/signature.	Result of the analysis Result of the analysis
	Ensure an unqualified audit	Full Compliance with legislation, policies, procedures, documents/records.	Audit report
	Improve debt equity gearing	Optimise investment portfolio performance.	Debt equity ratio
	Meet CAPEX programme targets	Meet spend targets(TM)	% spent
	Extend to Include CAPEX on secondary activity projects and Implementing Agents	Meet programme completion targets.	% completion
	Ensure positive cash flow	Meet financial ratio targets	Debtors payment period -Primary activities
Meet projected revenue growth targets	Meet any increases in primary /secondary	Growth in revenue	

Strategic Objective	Goals	Key Activities	Performance Indicator
SO 3. Initiate and build relationships with stakeholders to add value for the mutual benefit of all.	Expand and optimise stakeholder engagements/relationships. Positioning MW as a preferred service provider for appointment as an implementing agent, technical support for Municipalities etc.	Implement stakeholder strategy. Executive stakeholder engagements with customers Maintain and improve BBBEE A profile. Maintain/Obtain appropriate accreditation/certification. Minimising institutional risk through effective risk mitigation. Involvement in CSI initiatives	As per implementation plan. No. of engagements per customer on strategic partnerships Valid BBBEE certificate.
		Improved internal controls and risk management. Meet SHC target Number and value/R	
	Ensuring statutory compliance obligations are met	Meet SHC compliance target	Submission dates met/missed
	Bulk supply agreements concluded with Municipalities & other customers	Statutory & service level agreements in place.	% municipal/other customers with agreements.
	BBBE spend (in terms of black ownership) + 50%	Spend increased	% spent increased.
	Increased access to services	Contribution to national objectives	Number of new entrants awarded work
			Number of projects

Strategic Objective	Goals	Key Activities	Performance Indicator
SO 4. Resource the organisation with the required skills and competence to deliver the strategic intent	Identify skills requirements/ gap in the organisation (primary and secondary activities)	Implement Workforce Plan	Achieve 100% of workforce plan targets
	Retain/build MW's institutional knowledge	Implementation of succession planning for identified position Meet training and development targets as per SHC targets. Meet the staff retention targets as per SHC.	Arrange development programmes for identified prospective candidates Total number of training learnerships & bursaries % staff leaving
	Encourage the development of employees.	Professional registrations. (Individual & Corporate).	Number of registrations to professional bodies
	Meet employment equity/gender targets	Implement the Equity plan	Meet equity plan targets
	Collaboration and partnerships with academic and other institutions	Prepare a Research and Development Strategy Implement Research & Development Strategy	2 signed MoUs Approval by EXCO
	Job creation	Permanent and temporary jobs created	Total number
	Improve Occupational Health and Safety	Reduce DIFR	Number of disabling injuries

Strategic Objective	Goals	Key Activities	Performance Indicator
<p>SO 6. To be proactive in issues related to environmental compliance and stewardship.</p>	<p>Ensure compliance with discharge permits</p>	<p>Regular monitoring of effluent volumes Bio monitoring to be undertaken</p>	<p>% compliance to the system as per existing contracts Report submitted to MW</p>
	<p>Water conservation and demand management</p>	<p>Reduce water process losses. Initiate awareness and education initiatives related to Water Conservation Demand Management, Research and development into more efficient processes Support Working for Water initiatives.</p>	<p>Water loss as a total of water produced Number of initiatives SLA agreements met. Monthly figures</p>
<p>Promote good environmental citizenship</p>	<p>Establish carbon footprint baseline</p>	<p>Benchmark with other water boards</p>	<p>Benchmark report</p>



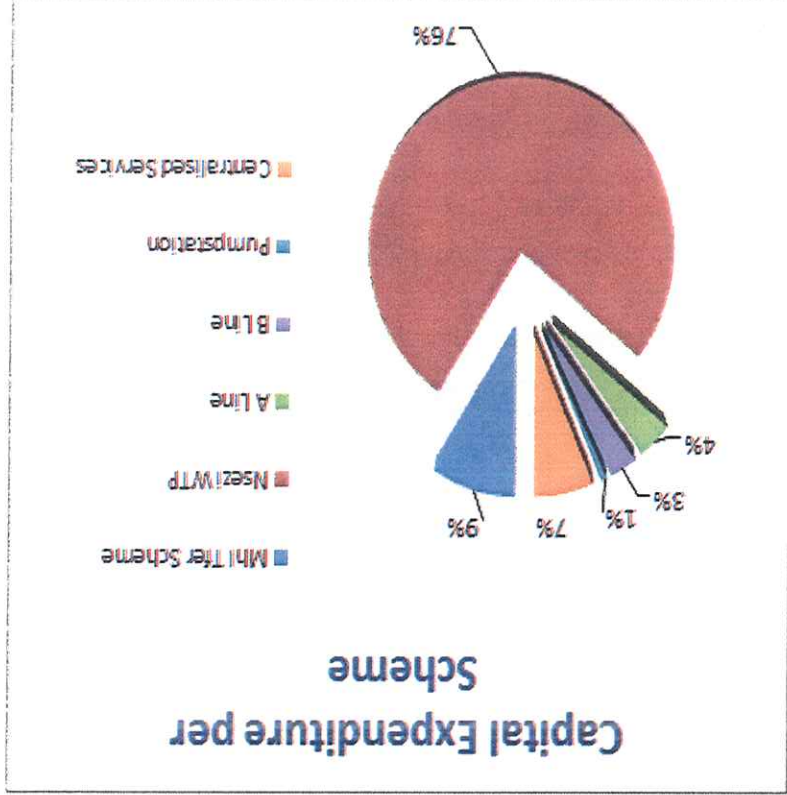
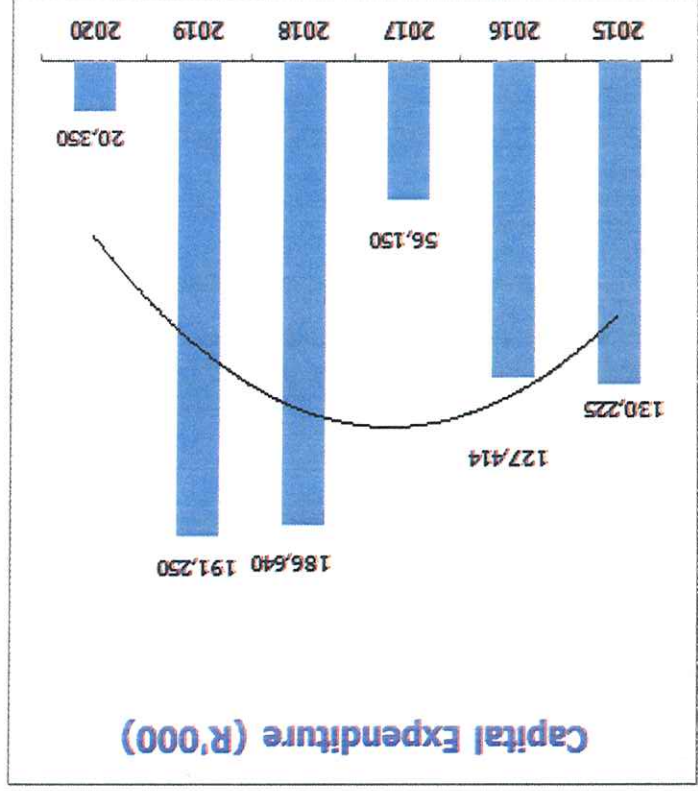
CAPITAL EXPENDITURE

Baseline 2014/15 and the next 5 Years to 2020

Projected Statement of Capital Expenditure Year ending 30 June	Current Year YE 2015 R'000	Budget YE 2016 R'000	Budget YE 2017 R'000	Budget YE 2018 R'000	Budget YE 2019 R'000	Budget YE 2020 R'000	Total R'000
BULK RAW WATER SUPPLY							
Mhlathuze Transfer Scheme							
Improvements & Refurbishments	11,384	8,150	550	550	550	-	21,184
New weir	-	-	14,800	29,990	-	-	44,790
Sub-total	11,384	8,150	15,350	30,540	550	-	65,974
BULK PURIFIED & CLARIFIED WATER SUPPLY							
Nsezi WTP							
Improvements & Refurbishments	20,408	6,743	700	750	900	-	29,501
Nsezi Balancing Reservoir (20ml)	3,600	49,000	-	-	-	-	52,600
Access Road (approx 6km)	-	-	5,000	35,000	-	-	40,000
Plant Augmentation (independent 170ml/d plant)	3,309	2,500	-	100,000	180,000	20,000	305,809
City Of mhlathuze Pumps upgrade	48,992	3,583	-	-	-	-	52,575
Nsezi Balancing Reservoir (20ml) 2nd Reservoir	4,537	35,000	20,000	-	-	-	59,537
City Bulk Supply Pipeline	-	-	-	-	4,100	-	4,100
Sub-total	80,846	96,826	25,700	135,750	185,000	20,000	544,122
BUOYANT EFFLUENT DISPOSAL							
A Line							
Improvements & Refurbishments	4,002	350	550	550	550	-	6,002
Pumps & Manifold Replacement programme	-	8,000	800	13,000	-	-	21,800
Sub-total	4,002	8,350	1,350	13,550	550	-	27,802
DENSE EFFLUENT DISPOSAL							
Old B Line and new C Line							
Improvements & Refurbishments	4,764	1,200	1,650	1,800	1,800	-	11,214
Review of Dense Effluent Marine Outfall System	10,333	-	-	-	-	-	10,333
Sub-total	15,097	1,200	1,650	1,800	1,800	-	21,547
Pumpstation No. 1							
Improvements & Refurbishments	3,096	350	350	350	350	350	4,846
Sub-total	3,096	350	350	350	350	350	4,846
Centralised Services							
Improvements & Refurbishments	8,840	7,738	3,750	4,650	3,000	-	27,978
Laboratory Equipment	3,500	2,500	1,000	-	-	-	7,000
Vehicles	3,460	2,300	-	-	-	-	5,760
Comp Maintenance Management System - CMMS	-	-	7,000	-	-	-	7,000
Sub-total	15,800	12,538	11,750	4,650	3,000	-	47,738
SUB-TOTAL	130,225	127,414	56,150	186,640	191,250	20,350	712,029
Capitalised interest	12,250	7,456	3,274	13,529	21,880	30,284	88,673
TOTAL CAPITAL EXPENDITURE	142,475	134,870	59,424	200,169	213,130	50,634	800,702

CAPITAL EXPENDITURE

Baseline 2014/15 and the next 5 Years to 2020



Planning Assumptions

Baseline 2014/15 and the next 5 Years to 2020

<i>Year ending 30 June</i>	Existing	Forecast				
	2015	2016	2017	2018	2019	2020
CPI (supplied by DWA)	5.8%	5.5%	5.4%	5.2%	5.2%	5.2%
PPI	5.3%	5.5%	5.5%	5.3%	5.3%	5.3%
Tariff growth - Raw Water	8.2%	8.34%	8.0%	7.9%	7.8%	7.8%
Tariff growth - Potable Water	8.40%	9.44%	9.40%	9.8%	9.6%	9.6%
Tariff growth - A Line Effluent	8.4%	8.36%	8.2%	8.1%	8.0%	8.0%
Tariff growth - B Line Effluent	8.4%	8.46%	8.2%	8.1%	8.0%	8.0%
Raw water ex Govt. Schemes	12%	11.5%	12.0%	11.0%	10.5%	10.5%
Expected Rates - New Funding	11.5%	12.0%	12.0%	12.0%	12.0%	12.0%
Electrical Power – Eskom High then moderate to CPI	12.7%	12.5%	8.0%	8.0%	8.0%	8.0%
Electrical Power – Municipality High then 6% above Eskom	16.0%	16%	12%	12%	12%	12%
Emoluments Increases (CPI driven)	8.4%	8.0%	8.4%	8.0%	8.0%	8.0%

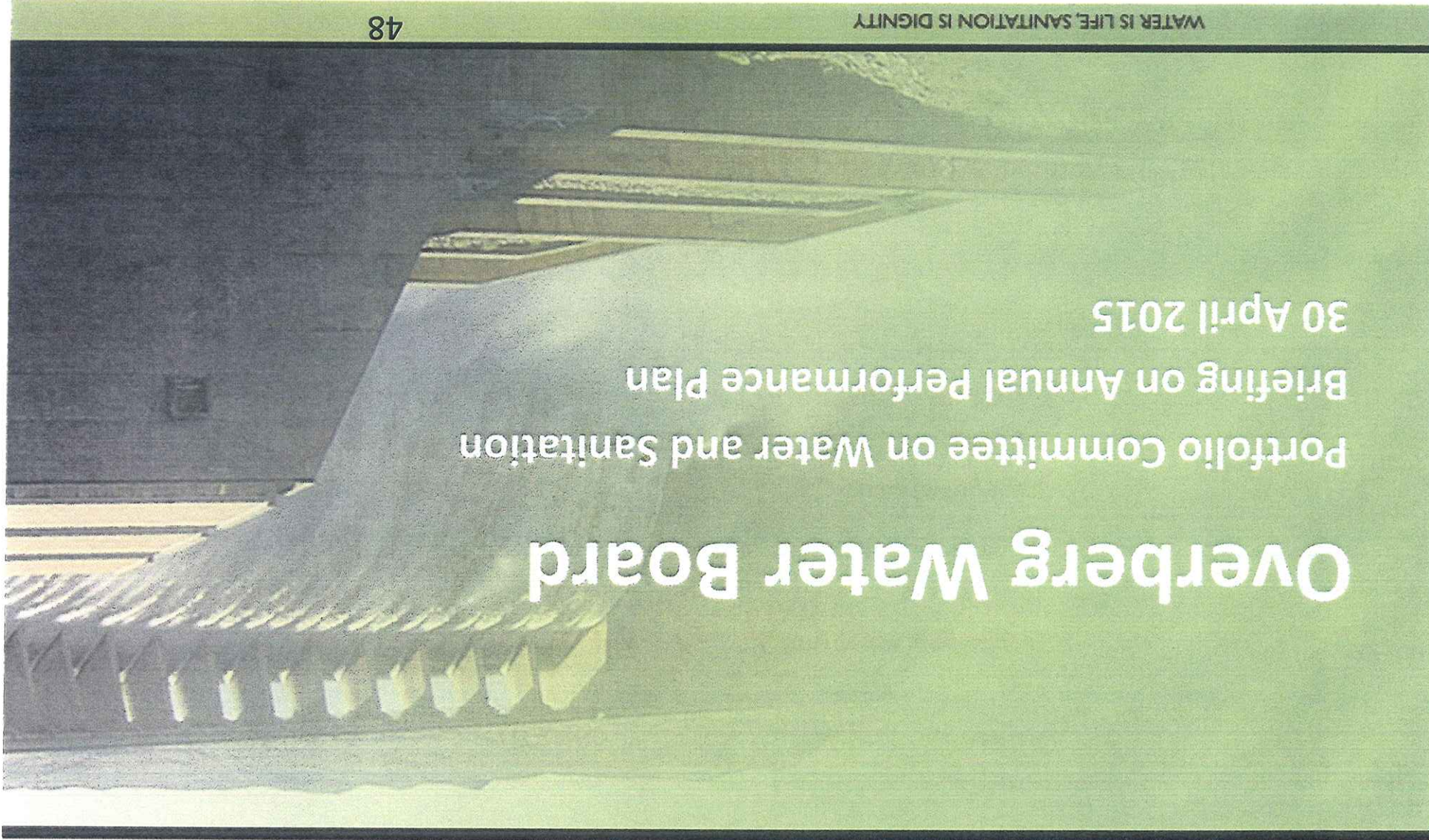
External Funded Project

Jozini/Ingwavuma bulk supply Project	
2014/2015	2015/2016
Budget	R360M
Expenditure	R367 M
Budget	R290 M
Expenditure	R10 M

Dukuduku Resettlement project	
2014/2015	2015/2016
Budget	R32M
Expenditure	R25M
Budget	R15 M
Expenditure	R1.5M

JOB CREATION

	2014/2015	2015/2016
Externally funded project	CURRENT	PROJECTED
Jozini/Ingwavuma	452	573
Dukuduku Resettlement Project	25	10
Hlabisa Bulk water supply	115	0
Internally Funded Project	CURRENT	PROJECTED
Mhlathuze Water	5	5



Overberg Water Board

Portfolio Committee on Water and Sanitation
Briefing on Annual Performance Plan
30 April 2015



Water & sanitation
Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA



OVERBERG WATER

Presentation Outline

- **Strategic Objectives**
- **Performance Indicators**
- **Spending focus (CAPEX or other types of projects)**
- **Baseline budget for 2014/15**
- **Budget allocation 2015/16**
- **Jobs created 2014/15 and 2015/16**

Strategic Objectives (Draft¹)

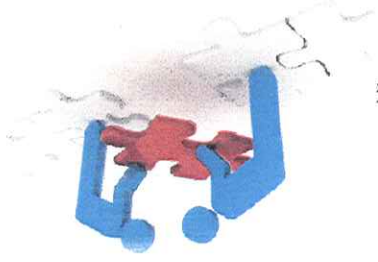
- Vision: A sustainable regional utility that provide and delivers high quality water services
- Mission: To provide and maintain, reliable, superior and high performance bulk water and sanitation services to our customers

Strategic Objectives:

1. Develop and maintain stakeholder relationships
2. Initiate and sustain business growth
3. Provide reliable delivery of high quality water services
4. Excellent financial management
5. Develop high performance team/s
6. To entrench sound corporate governance
7. To ensure effective management of natural resources

– Note 1: Overberg Water is currently reviewing it's strategic goals

50



Performance Indicators

Performance Objective	Outcomes /Impact	Indicators	Measure	Actual 2012/13	Target 2013/14	Actual 2013/14	Reasons/Corrective action
1. Water quality compliance	Water quality standards met	Test results, SANS 241	% compliance	95.32%	≥90%	95.77%	Achieved
2. Non revenue water	Reduced levels of unaccounted for water (UAW)	Water lost as a % of total water produced	%	6.50%	≤10%	10.53%	Maintenance programme. Pipeline breaks. Decline in volumes used/produced.
3. Reliability of supply	No unplanned interruptions to supply exceeding 24 hours	% number of days supply disrupted / total number supply days	%	0%	≤2%	0%	Achieved
4. Financial reporting compliance	Unqualified audit report	Annual external audit	Qualified / Unqualified	Unqualified	Unqualified	Unqualified	Achieved
5. Staff turnover	Optimal staff retention	% staff leaving	%	9.68%	≤10%	18.75%	Four people in finance department resigned.
6. Board member attendance	Improved performance of fiduciary duties/governance	Actual attendance	%	83%	85%	85.71%	Achieved
7. Effective internal controls and risk management	No repeat or unresolved findings	Internal audit reports	number of repeats number of unresolved	n/a n/a	≤5 ≤10	n/a n/a	No internal audit function

Performance Indicators

4

Performance Objective	Outcomes /Impact	Indicators	Measure	Actual 2012/13	Target 2013/14	Actual 2013/14	Reasons/Corrective action
8. Bulk supply agreements concluded with municipalities / other customers	Statutory and service level agreements in place	Municipalities/ other customers with bulk supply agreements	%	33.33%	50.00%	66.67%	Achieved
9. Improve financial performance	Improved viability and sustainability	Financial ratios					
		Gross profit margin % (PA)	63.75%	≥90%	60.83%	Gross profit target was not based on the requirements of IFRS. 60% gross profit within acceptable limits.	
		Gross profit margin % (SA)	100%	n/a	n/a	n/a	
		Net profit margin % (PA)	4.65%	≥5%	4.45%	Projected revenue not realised.	
		Net profit margin % (SA)	-354.02%	n/a	n/a	n/a	
		Debt Equity ratio	0.04	≤0.04	0.05	Debt equity ratio within acceptable limits.	
		Return on assets %	3.38%	≥4%	1.82%	Projected volumes not achieved.	
		Debtors days #	56	85	45	Achieved	
		% of spend increased and number of new entrants	% increase	3.68%	0 – 5%	7.38%	Achieved
10. Increase BBBEE spend	Spend increased and increased new entrants	# new entrants	Not in SHC last Year	5	18	Achieved	

Performance Indicators

Performance Objective	Outcomes /Impact	Indicators	Measure	Actual 2012/13	Target 2013/14	Actual 2013/14	Reasons/Corrective action
11. Manage costs within the approved budget	No over expenditure/losses	Financial reports	% variance	2.63%	10%	9.50%	Achieved
12. Capital Expenditure	Infrastructure available to meet demands	Overall project expenditure within R target	% variance	54%	N/A	N/A	No infrastructure projects budgeted for
		Overall project completion dates within targets	% variance	54%	N/A	N/A	
13. Increased access to services	Contribution to national objectives	CAPEX spend /projects	CAPEX spend and number of expansion projects	R 0	R 0	R 0	No expansion projects budgeted for
14. Secondary activities	Extent of involvement		% of total turnover	0.32%	0%	0.26%	Achieved
15. Achieve statutory reporting compliance	Reporting compliance achieved	Statutory submissions made on time	Submission dates met/missed	100%	100%	100%	Achieved
16. Jobs Created	Permanent and contract (direct)	Total Number	Number	0	1	2	Achieved
	Temporary (indirect)	Total Number	Number	1	0	0	Achieved
17. Corporate social responsibility initiatives	Good corporate citizenship	Number of initiatives	Number	2	2	2	Achieved
18. Training and skills development	Skills and capacity building	Training courses, learner-ships, bursaries	Total Number	12	5	17	Target met
19. Good governance	Improved controls and risk mitigation	Breaches of materiality and significance framework	Number	0	0	0	Target met
20. Other (water board specific objectives)				n/a	n/a	n/a	n/a

Spending focus (CAPEX or other types of projects)

- Capital requirements over the next 5 years > R 100m



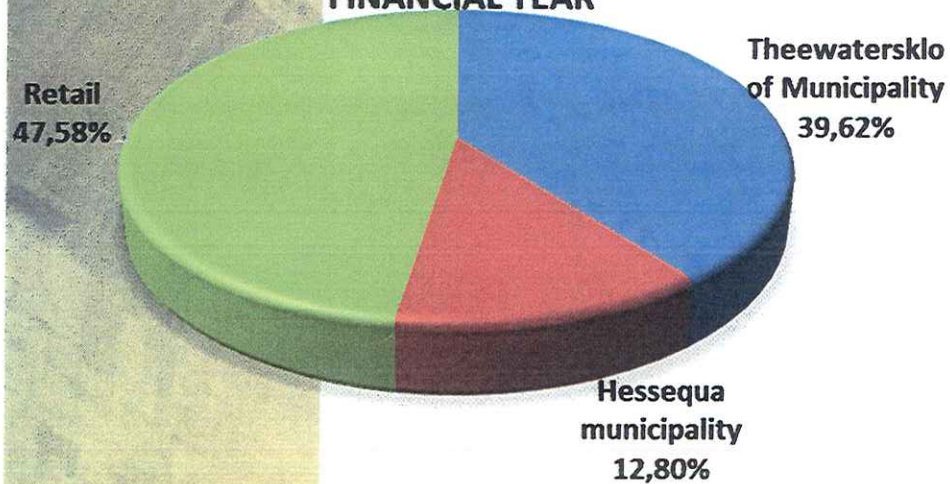
Project	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Telemetric & IT Upgrade	1 257 764	1 257 764	1 257 764	1 257 764	1 257 764	6 288 820
Strategic pipeline links	3 082 315	4 623 473	11 558 682	11 558 682	-	30 823 152
Smart metering	-	3 677 039	3 677 039	3 677 039	3 677 039	14 708 156
Pipelines and Infrastructure upgrades	5 198 763	7 798 144	12 996 906	12 996 906	12 996 906	51 987 625
Regional Water Utility - Head and Satellite Offices establishment & upgrade	12 500 000	12 500 000	6 250 000	3 125 000		21 875 000
Total	9 538 842	29 856 420	35 740 391	32 615 391	17 931 709	125 682 753

54

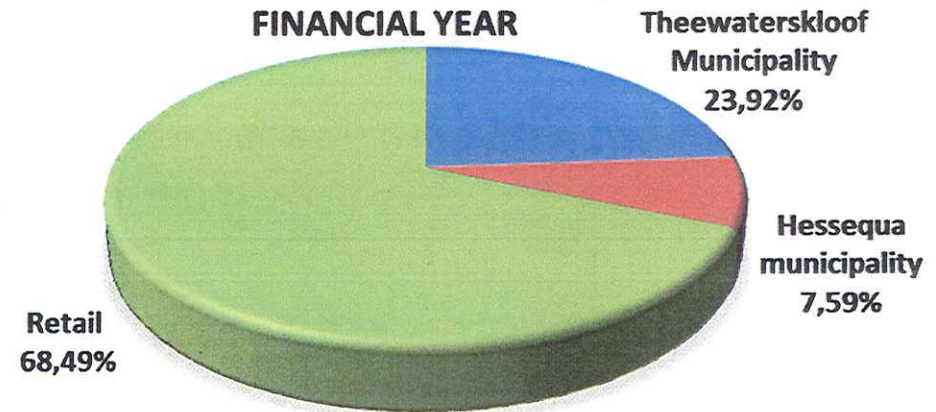
Baseline budget for 2014/15 - Overview

7

**CUSTOMER SALES BY VOLUME 2013/2014
FINANCIAL YEAR**

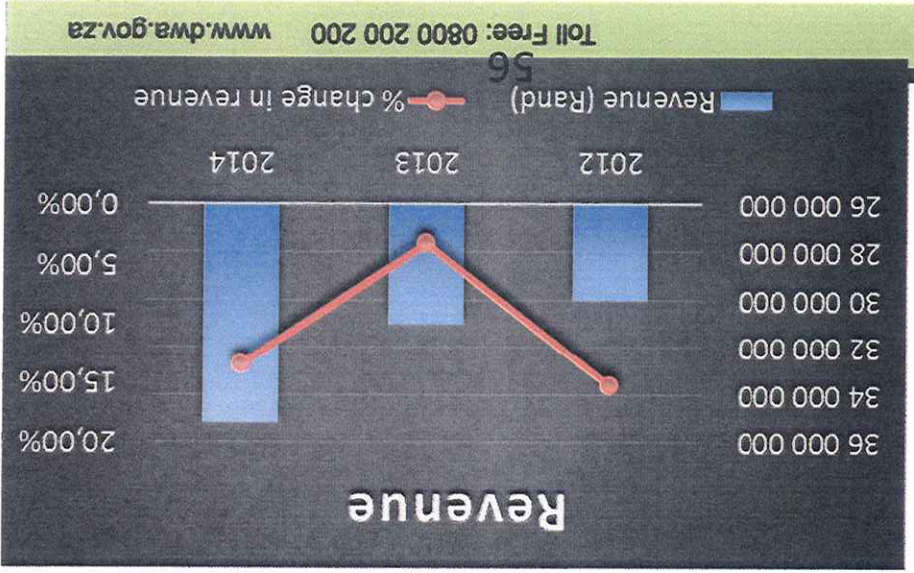
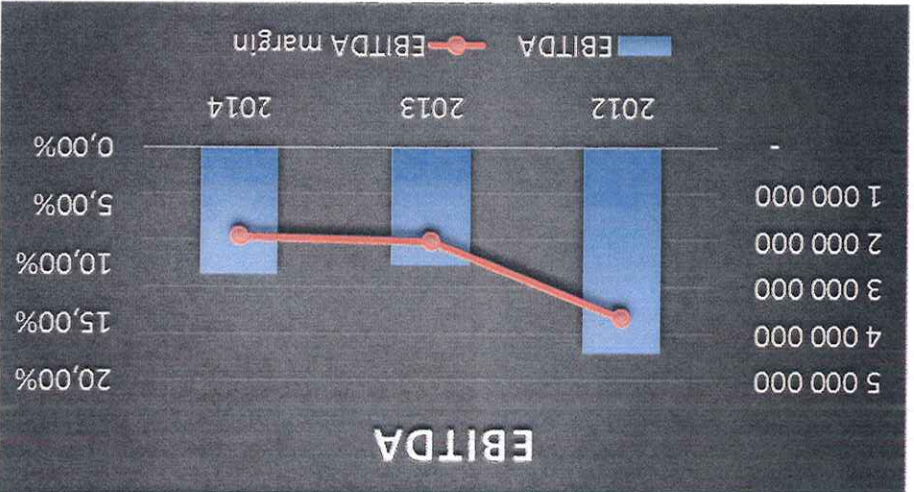
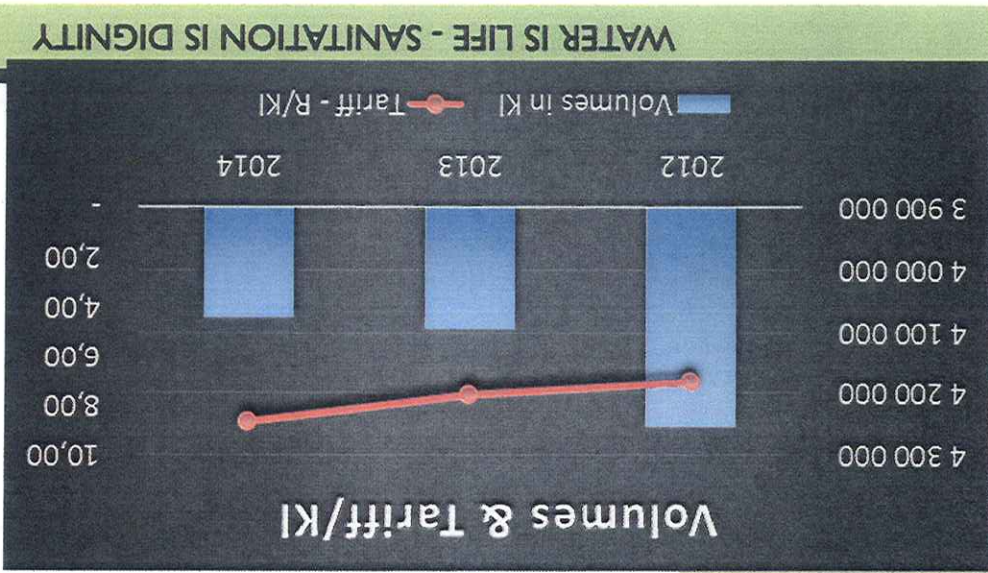


**CUSTOMER SALES BY RAND 2013/2014
FINANCIAL YEAR**



Baseline budget for 2014/15 - Overview

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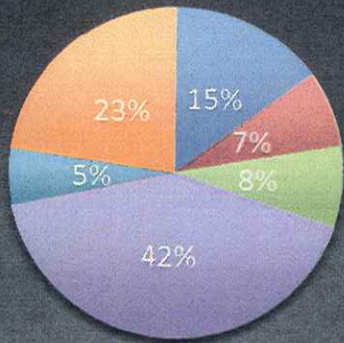


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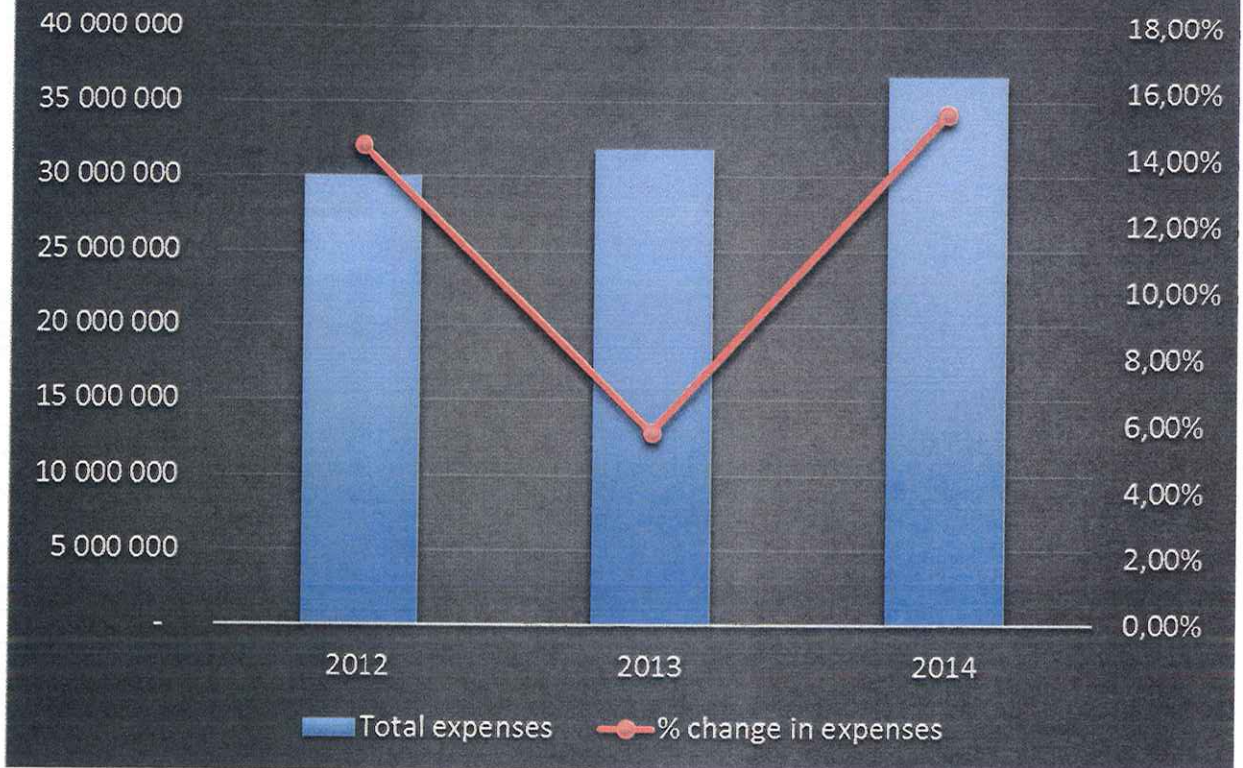
Baseline budget for 2014/15 - Overview

Expenses 2014

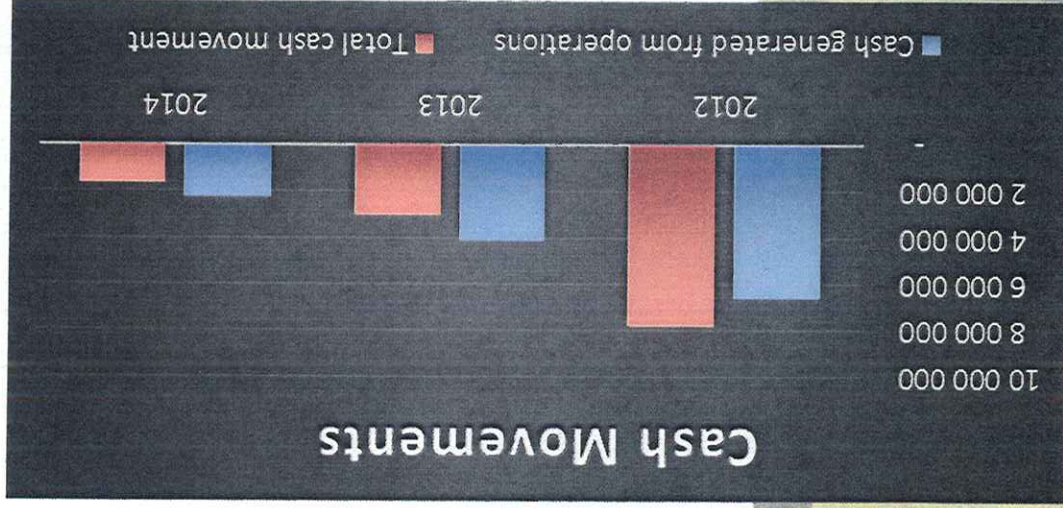
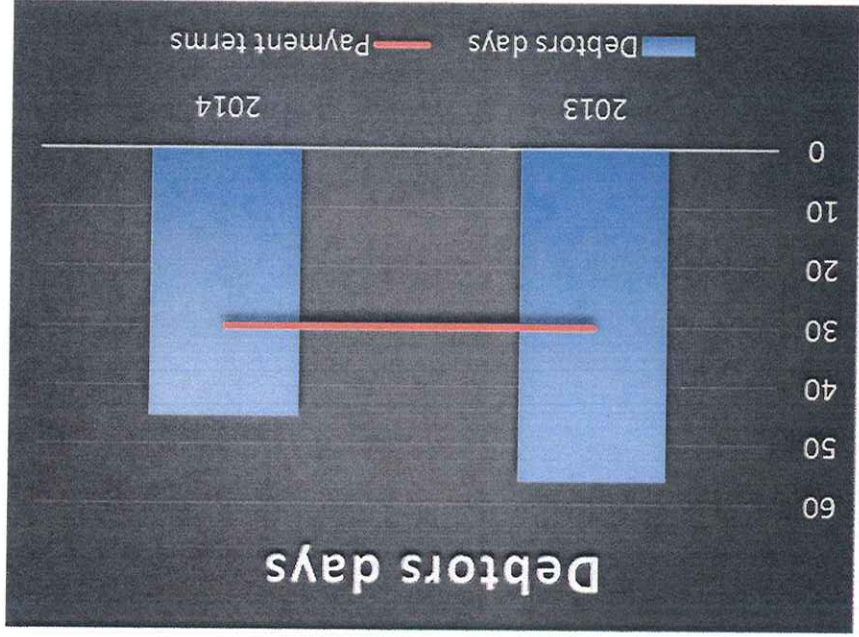


- Electricity
- Chemicals
- Depreciation, Amortisation, Impairments
- Employee costs
- Repairs & Maintenance

Expenses



Baseline budget for 2014/15 - Overview



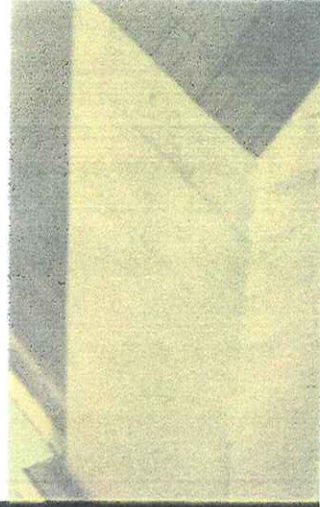
Budget allocation 2015/16

11

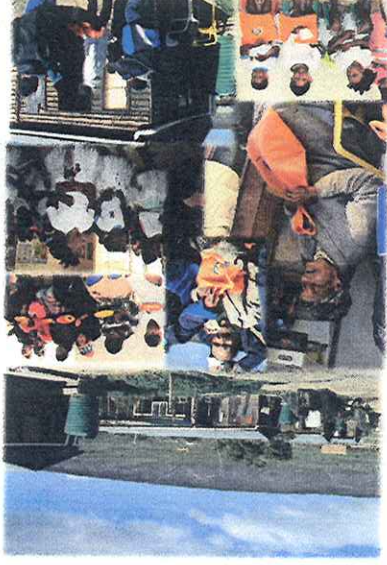
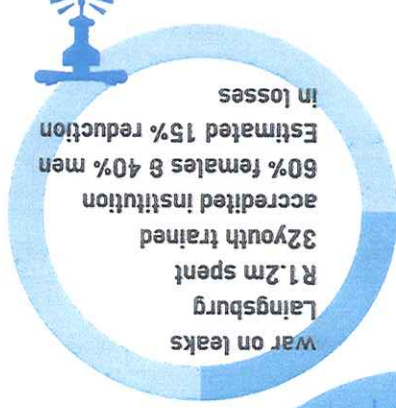
Budget 2015/16	Year 1	Year 2	Year 3	Year 4	Year 5
Cash receipts from customers	41 702 780	46 334 441	51 034 785	55 719 950	60 297 484
Cash paid to suppliers and employees	-38 660 618	-41 587 234	-44 606 317	-47 779 653	-51 100 623
Cash generated from operations	3 042 162	4 747 207	6 428 468	7 940 297	9 196 861
Interest received	1 246 572	1 050 356	814 670	595 146	413 793
Net cash from operating activities	4 288 734	5 797 564	7 243 137	8 535 443	9 610 655
Grant required	-	15 000 000	15 000 000	20 000 000	2 500 000
Capital expenditure comprising capital expansion and refurbishment	-9 538 842	-17 356 420	-29 490 392	-29 490 392	-17 931 710
Cash movement for the period	-5 250 108	3 303 644	-7 254 817	-962 927	-5 829 473
Cash at beginning of period	20 652 103	15 401 995	18 705 639	11 450 822	10 487 894
Cash at end of period	15 401 995	18 705 639	11 450 822	10 487 894	4 658 422

Jobs created 2014/15 and 2015/16

- Jobs created 2014/15:
 - 6 employees
 - 15 employees
- Estimated jobs to be created 2015/16:



Staff complement 63
 (58 Permanent, 5 Contract, 24 Female, 39 Male)





water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

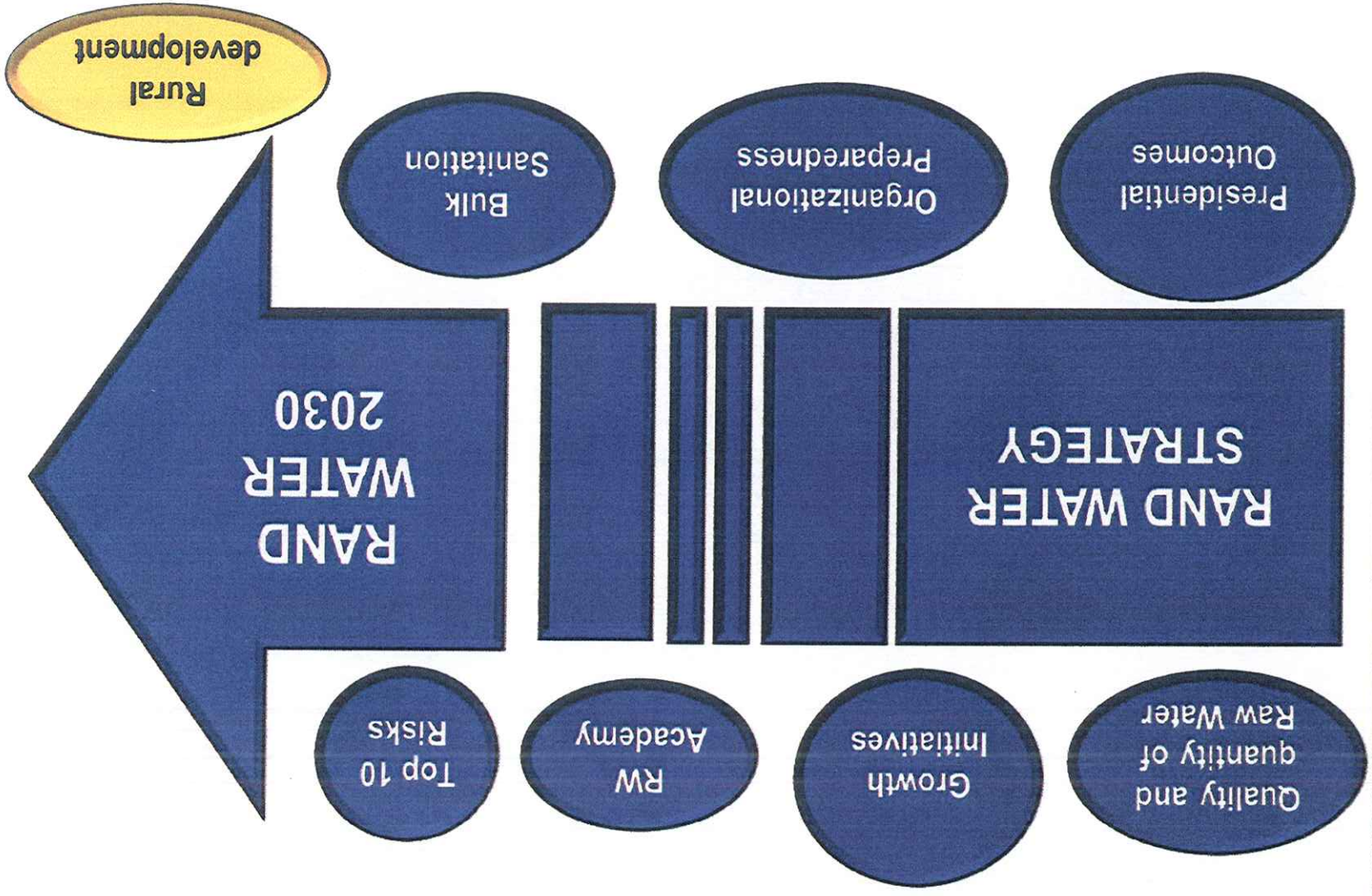
RAND WATER BUDGET OVERVIEW PRESENTATION TO PARLIAMENTARY PORTFOLIO COMMITTEE

Presented by:
DKP Sechemane
Rand Water Chief Executive

Date 30 April 2015

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PRIORITY AREAS

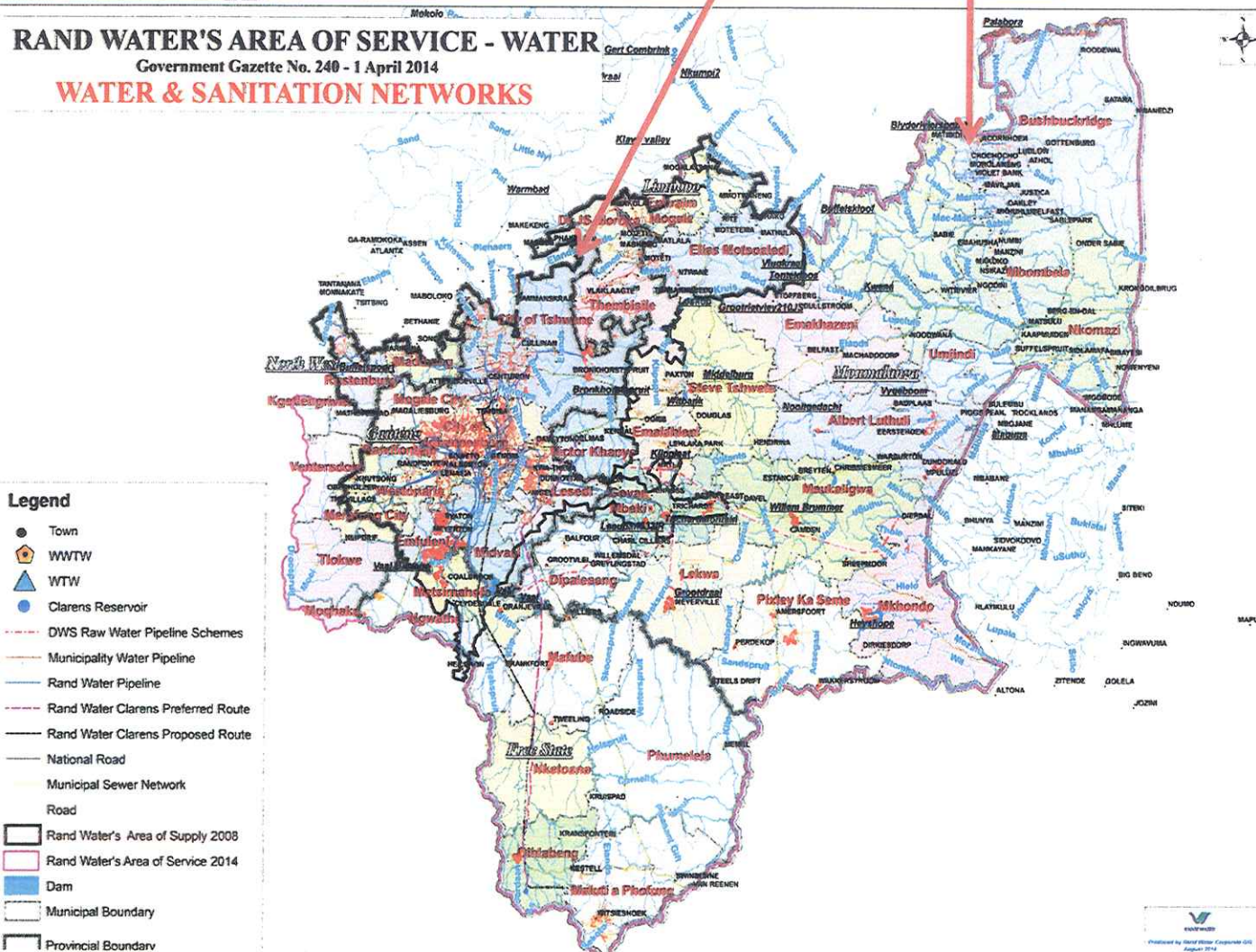


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INSTITUTIONAL REFORM AND REALIGNMENT

Rand Water's previous and extended area of operations



Rand Water's Extended Area of Operations includes

- 27 new local councils
- Gauteng
- Limpopo (Greater Groblersdal and Great Mable Hall)
- North West (Rustenberg and Madibeng areas)
- Mpumalanga
- Northern Free State (Boundary of the Upper Vaal WMA) – Maluti-a-Phofung, Dihlabeng, Nketoana, etc

	Current	New	Total
Population	12 million	4 – 7 million	16 – 19 million
Economy (% of GDP)	34%	7 – 16%	41 – 50%

The exact numbers are difficult to calculate because the extended area incorporates portions of Limpopo, North West and Free State. Only Mpumalanga and Gauteng are included in total.

MINISTERIAL DIRECTIVES

Rand Water has been a proud partner to the Honourable Minister in providing water services on an emergency basis



Rand Water has been a proud partner to the Honourable Minister in providing water services on an emergency basis

PILLARS OF PERFORMANCE ASSESSMENT

Strategic Objectives

- Achieve Operational Integrity and Use Best Fit Technology
- Achieve a High Performance Culture
- Positively Engage Stakeholder Base
- Achieve Growth
- Maintain Financial Health & Sustainability

Triple Bottom line

- **Social:** Continuous Water supply, Sanitation solutions, RWA, RWF & CSR initiatives as well as job creation and capacity building.
- **Environmental:** Blue & Green drop standards achieved, Environmental conservation programs; Water Catchments, Wetland rehabilitation
- **Economic:** YOY increases; Revenue 18%, Gross income 18%, Net income 19%, and Capital expenditure 22%

Presidential Outcomes

- A long and healthy life for all South Africans- Undisrupted, continuous supply of quality water
- Skilled and capable workforce: Rand Water Academy, Capacity building and Job creation
- Efficient local government system: Rand Water Mpumalanga (Opex and capex for next 5 years amounting to over R731m)
- Implementing Agent on behalf of Municipalities or Government Departments

Shareholder Compact

- Institutional Realignment
- Enhanced quality and quantity of water resources; Water demand management
- R3.2 bn expected to be spent on ensuring the maintenance and supply availability of our bulk water infrastructure
- R438 m in growth projects to Strengthen and implement strategies for water management in the country:

PERFORMANCE SNAPSHOT

No	Key Performance Indicator	Target (2014)	Performance Result (2014)	Target
1	SANS Class 1	>= 95%	Achieved 99.65%	>= 95%
2	SANS Class 1	>= 99%	Achieved 99.98%	>= 99%
3	Unqualified external audit report	100%	Achieved 100%	100%
4	Qualified external audit report	0%	Achieved 0%	0%
5	Board member annual attendance	>= 80%	Achieved 80%	>= 80%
6	No repeat on unresolved internal audit findings	0 findings	Achieved 0 findings	0 findings
7	Municipalities/other customers with bulk supply agreements	100%	Achieved 100%	100%
8	Percentage of spend increased and increased new entrants	>= 85%	Achieved 92.66%	>= 85%
9	Percentage variance of overall projects expenditure against target	<= 5%	Not achieved 8%	<= 5%
10	Percentage variance of overall project completion dates against target	<= 5%	Achieved -1%	<= 5%
11	Statutory submissions made on time	100%	Achieved 100%	100%



JOB CREATION

Outcome No. 4: Decent employment through inclusive growth.

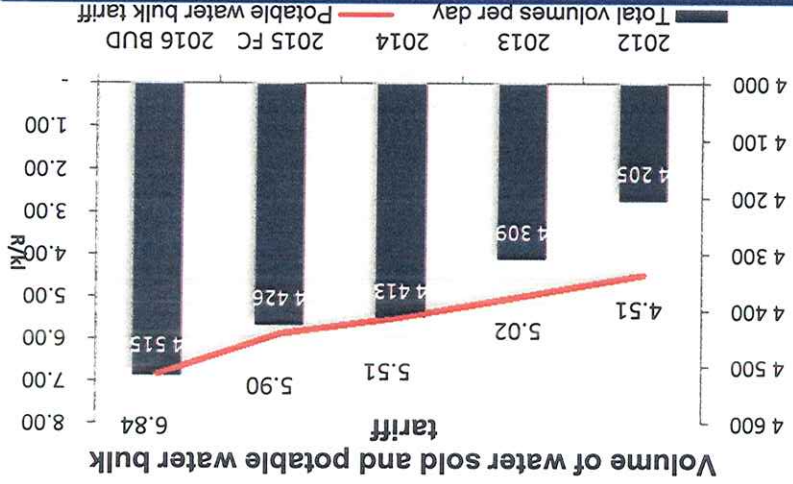
Outcome No. 5: A skilled and capable workforce to support an inclusive growth path.

Job Creation and Training (2014 – 2018) – Total Jobs Created = 21 801

Year	New staff employed by RW Contractors	Temporary Staff (indirect) by Rand Water Foundation	Permanent New Jobs Within Rand Water	Rand Water Academy Training
2014	1 500	1 900	100	56
2015	1 600	2 650	100	120
2016	1 750	2 500	100	150
2017	1 800	2 450	50	200
2018	1 800	2 450	50	225
Total	8 450	11 950	400	1 001

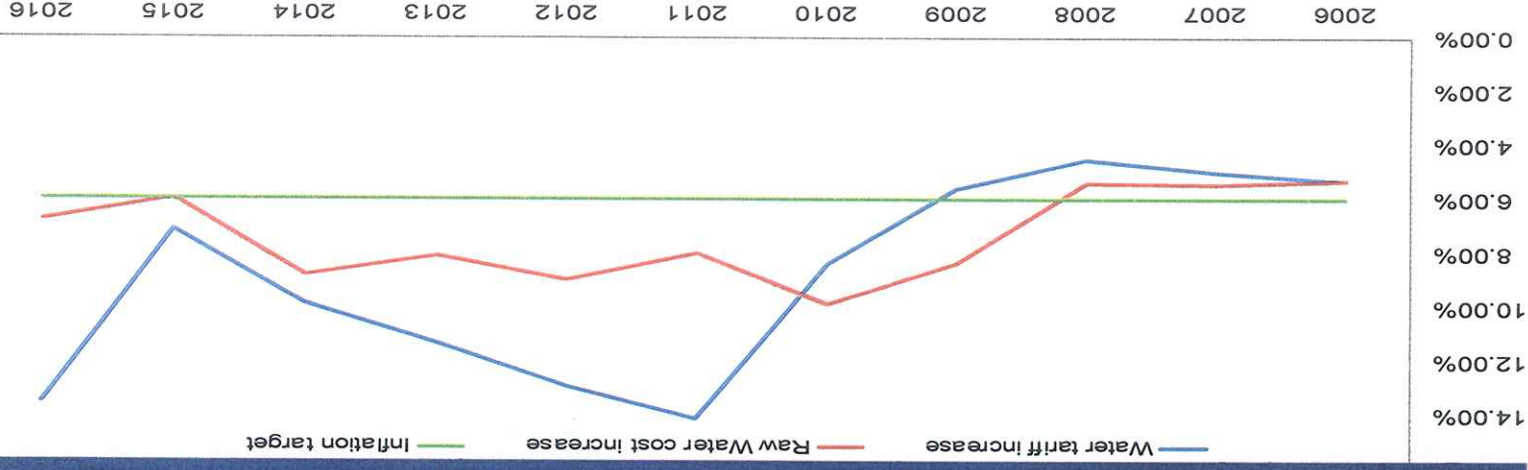
REVENUE AND TARIFF

- Revenue growth primarily driven by tariff increases of 13.5% effective from 1 July 2015. However this had to be reviewed to 16% as a result of Eskom's revised 25.3% tariff increase.
- Total Volume increases of 1.3% primarily from the municipal customers.
- Municipal customer contribution to revenues contributes 92% of total sales.



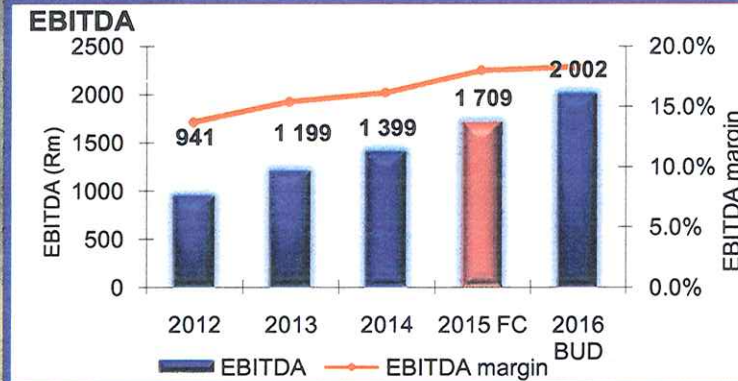
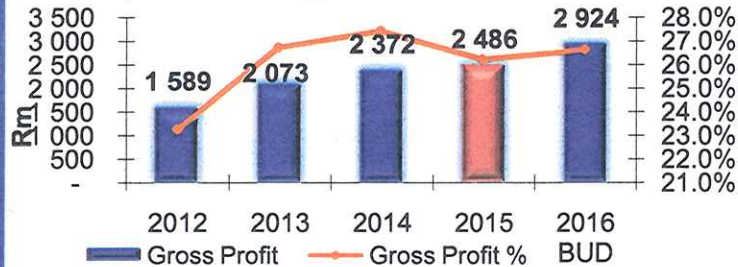
2012 2013 2014 2015 FC 2016 BUD
Total volumes per day Potable water bulk tariff

Actual sales tariff vs. raw water tariff increase
 The April 2016 tariff is based on DWS projections, including the new AMD charge. Water resource management fee escalated with CPI.
 Magalies Water projected tariff from 1 July 2014 to 30 June 2015 is 440 c/kℓ

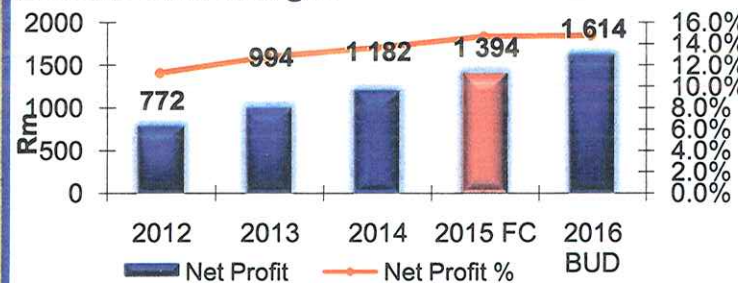


BUDGET 2015/16

Gross profit margin



Net income margin

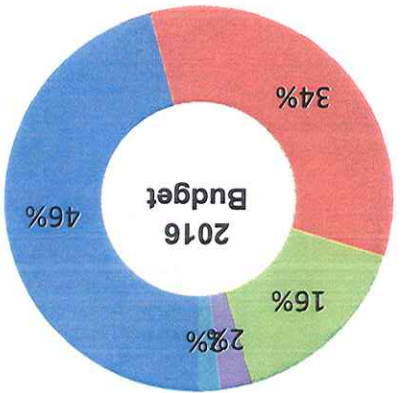


For the year ended
30 June

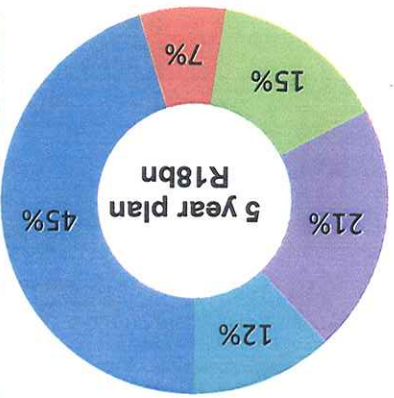
	2016 BUDGET R million	2015 Forecast R million	2014 R million
Revenue	11 145	9 474	8 665
Net operating expenses	9 144	7 835	7 270
EBITDA	2 001	1 639	1 395
Depreciation and amortisation	448	378	283
Income from operations before net finance costs	1 553	1 261	1 112
Net investment income	(61)	(63)	(70)
Net income for the year	1 614	1 324	1 182
<i>Net Income from Secondary Activities</i>	<i>35</i>	<i>29</i>	<i>36</i>
<i>Net profit/(Loss) BBR</i>	<i>0</i>	<i>(15)</i>	<i>15</i>



CAPEX REQUIREMENTS



- Augmen
- tation
- Renewal
- Growth
- BBR

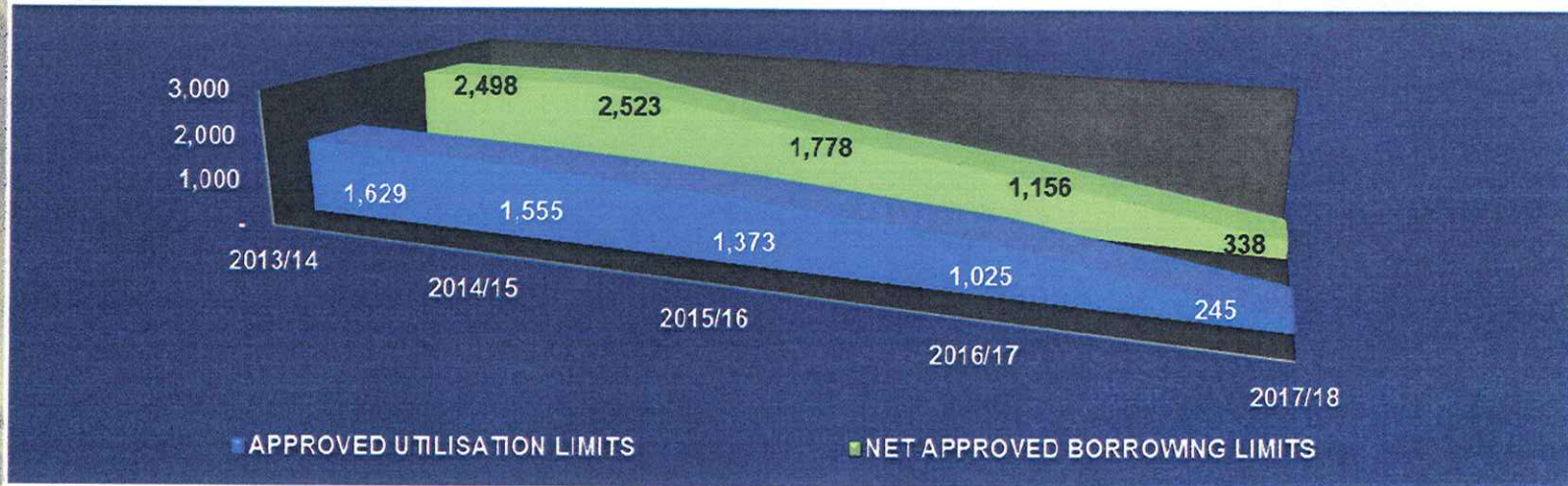


- Pipeline
- Reservoir
- Pumpin
- g Purificat
- ion

CAPEX 5 YEAR PROGRAM	2016	2017	2018	2019	2020	Total	
Augmentation	R/m	1,730	2,545	2,345	1,952	1,735	10,307
Renewal	R/m	1,282	1,568	1,674	1,466	1,618	7,608
BBR	100	100	100	100	100	500	500
Growth	591	1,649	3,060	809	-	6,109	6,109
Movable assets	70	50	50	50	50	270	270
Total CAPEX	3,773	5,912	7,229	4,377	3,503	24,794	24,794

GROWTH PROJECTS	2016	2017	2018	2019	2020	Total	
Acid mine drainage	R/m	500	1,500	2,950	509	-	5,459
Spiral mill	-	50	50	60	-	110	110
Effluent Re-use	0	25	50	300	-	375	375
Vereniging electrical upgrade	-	74	-	-	-	74	74
RWA	91	-	-	-	-	91	91
Total for growth projects	591	1,649	3,060	809	-	6,109	6,109

BORROWING LEVELS



	2 0 1 4	2 0 1 5	2 0 1 6	2 0 1 7	2 0 1 8
Approved Borrowing Limits	1 6 2 9	1 5 5 5	1 3 7 3	1 0 2 5	2 4 5
Cumulative Borrowing Limit Available		2 1 8 4	2 4 8 9	1 9 3 0	2 7 6
Debt Raised & Planned Funding against approved Borrowing Limits	1 0 0 0	1 0 6 8	1 5 8 4	1 8 9 9	1 7 5 3
Cumulative Borrowing Limit Available Year on Year	6 2 9	1 1 1 6	9 0 5	3 1	(1 4 7 7)

Excess borrowing above the approved limit of R1.5bn in 2018 requires an increase in the tariff levels over the period above 18%. The high rate of increase in tariffs over the planning period is principally driven by the expected increase in electricity prices by 25% and the inclusion of AMD charge in the cost of raw water



Thank You

