



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

BRIEFING THE WATER AND SANITATION PORTFOLIO COMMITTEE

2015/16 QUARTER 1 PROGRESS REPORTS FOR WATER BOARDS

18 NOVEMBER 2015

DG's Opening remarks:

**Presented by
Margaret – Ann Diedricks
Director-General**

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 - Mhlathuze Water;
 - Amatoia Water; and
 - Magalies Water.

List of abbreviations/ acronyms

Abbreviation / acronym	Description
DWS	Department of Water and Sanitation
PFMA	Public Finance Management Act
WSA	Water Services Act
TR	Treasury Regulations
NT	National Treasury
SANS	South African National Standard
PA	Primary Activity
SA	Secondary Activity

OVERVIEW OF WATER BOARDS

- 9 Water Boards under the oversight of the DWS for the 2015/16 financial year.
- Water Boards are public entities, established in terms of Water Services Act , Act No 108 of 1997 and are listed as Schedule 3 b under the PFMA.

- Water boards are key strategic entities within their designated area of supply and are responsible for ensuring the delivery of reliable, healthy and cost effective bulk water services.

POLICY AND LEGISLATIVE MANDATES

Governance and reporting

Policy & Legislation

Sections relevant to Quarterly Reporting

Public Finance Management Act,(Act No.1 of 1999)

Section 29.2.1 : The Accounting Authority for a Public Entity listed in Schedule 3 B must, in consultation with its Executive Authority annually conclude a shareholders compact .

Section 29.3.1: The Accounting Authority of a public entity must establish procedures for Quarterly Reporting to the Executive Authority in order to facilitate effective performance monitoring ,evaluation and corrective action.

LEGISLATIVE REQUIREMENTS FOR PLANNING

ENTITY	COMPLIANCE REQUIREMENTS	DATE	LEGISLATIVE MANDATE	SUBMIT TO
Water Boards	Corporate plan inclusive of the financial planning	31 May	PFMA Sec 52 WSA: Sec 40.4	Minister & NT
	Shareholders Compact		TR 29.1 TR 29.2.1	
	Submission of annual reports & financial statements	30 October (DWS requirement)	WSA PFMA	Minister & NT
	Quarterly Reports	Quarterly	Treasury Regulation 29.3.1	Minister & NT

GOVERNANCE PROTOCOLS FOR ENTITIES

Strategic intent statement / DWS strategic plan

- Minister meets with Chairpersons of entities to outline the Strategic Intent , which is used to articulate her vision and expectations of the entities.
- The DWS Strategic Plan is a guide to entities in articulating their vision and strategic direction

Shareholder compact

- Minister and The Boards conclude a shareholder compact annually (Treasury Regulation 29.2) .
- Contains the outcomes, objectives and key performance indicators as agreed between the entity Board and the Minister

Corporate plan

- Entities submit corporate plans and budgets annually to Minister and National Treasury at least one month before the start of financial year (PFMA Sec 52).
- Entities corporate plan must contain a comprehensive plan detailing how they plan to achieve the desired outcomes and objectives outlined in the strategic intent statement and shareholder compact

Performance monitoring & evaluation

- Quarterly reporting
- Annual Reports including financial statements submitted by end of November annually.
- Reporting to Portfolio Committee

OVERVIEW OF THE WATER BOARDS PERFORMANCE FOR QUARTER 1





AMATOLA WATER BOARD

Amatola Water Board

Presented by:

Mr. Lefadi Makibinyane
Chief Executive Officer

**Presentation to Water and Sanitation Portfolio
Committee : First Quarterly Performance**

Date: 18-11-2015



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Overview

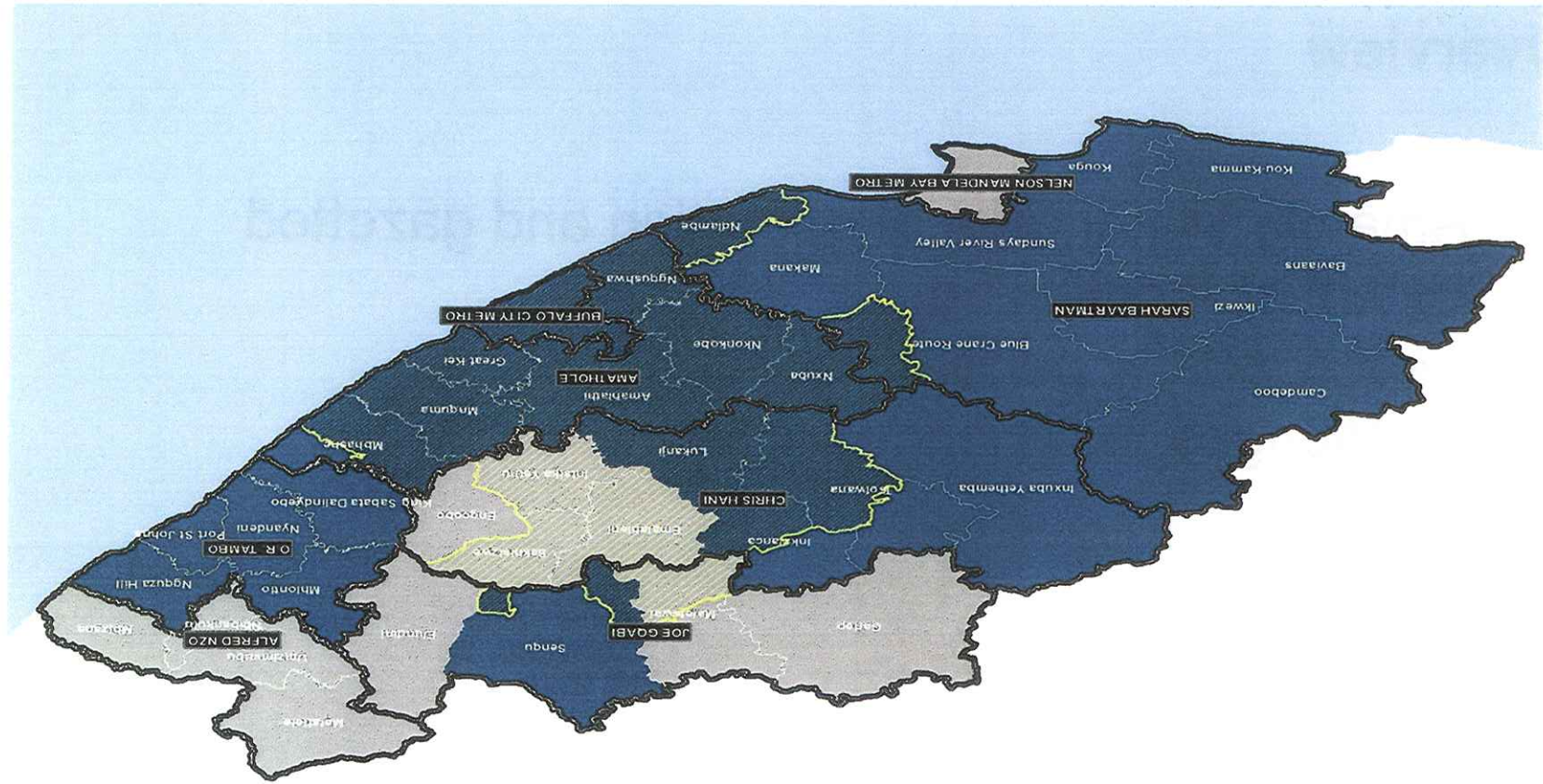
- Amatola Water area of operation and gazetted
- Extent of functioning
- First quarterly performance
- Challenges experienced

Area of Operation & Gazetted Area

Amatola Water: Area of Operation & Gazetted Area

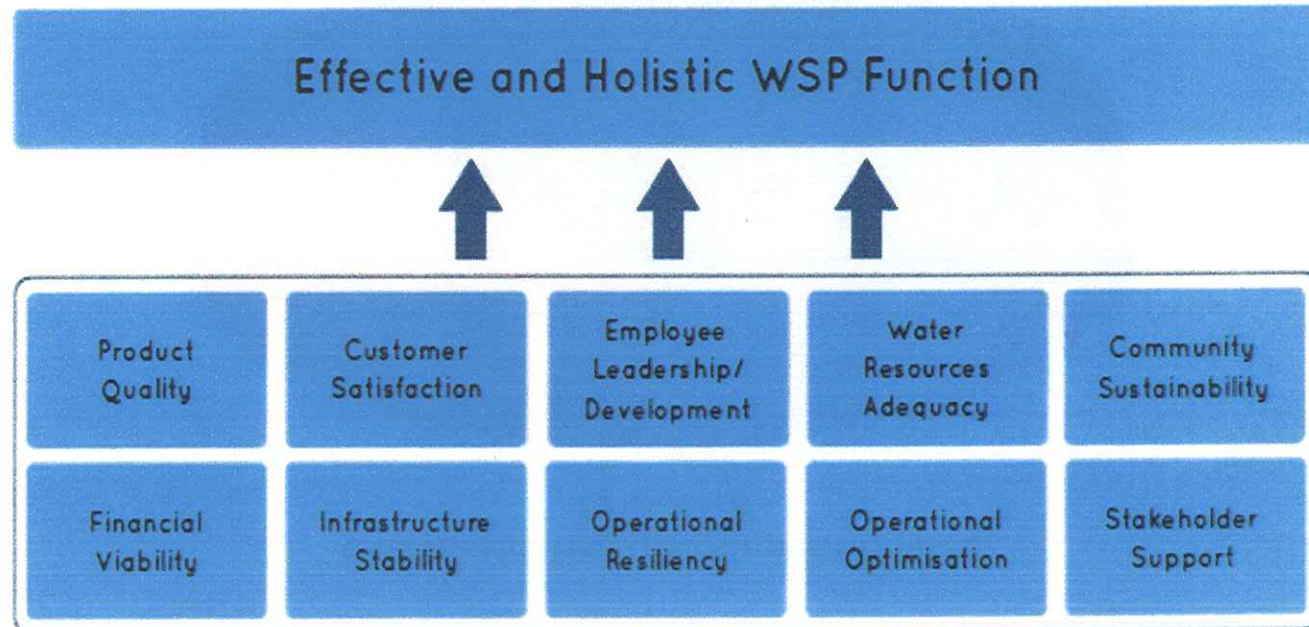
Legend

- Local Municipalities
- Amatola Water's Gazetted Area of Operation (47 515km²)
- Area of Operation 2014
- District Municipalities



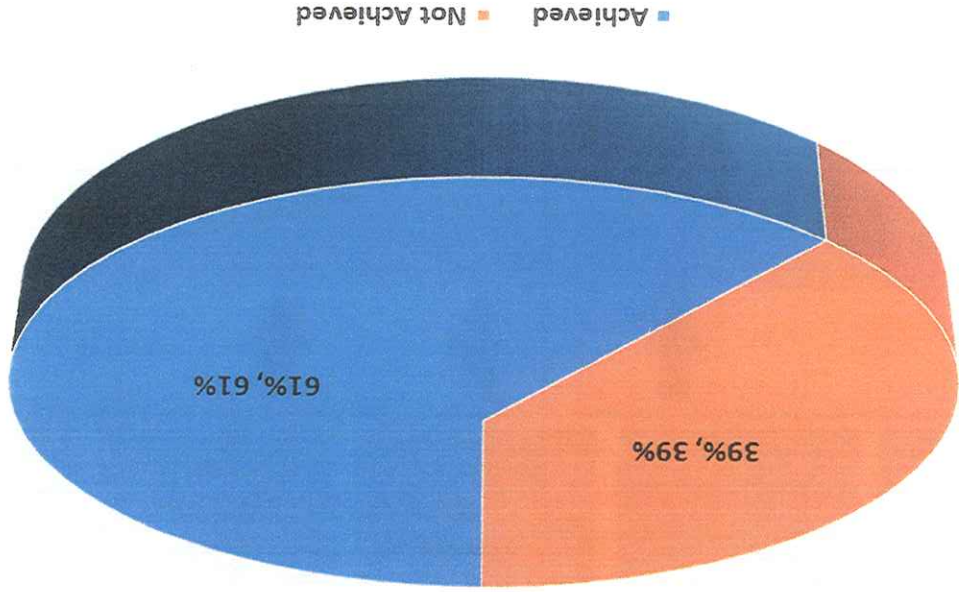
Provision of bulk water

Extent of functioning



First quarterly performance Overview of first quarter performance

Overview of first quarter performance
2015-2016





First quarterly performance 2015 -2016

Scorecard target achievement

- Amatola Water achieved 61% of its set targets against a baseline of 65% (2014 -2015).
- Quality, reliable bulk water continues to be provided successfully during the first quarter.
- The drop in secondary revenue and ultimately profitability for the quarter is a concern.
- Challenges have been experienced in meeting set targets in the implementation of water infrastructure projects for both internal and external projects.

First quarterly performance 2015 -2016

What we have done well

- Reduced levels of uncounted water maintained at 12%.
- Water Quality Standard met: SANS 241 at 98% compliance.
- Assurance of water supply maintained at an average of 98%.
- Staff turnover in the first quarter (0.2%) is comparatively lower than baseline of 6%
- Temporary job created through implementation of capital projects amount to 223
- Skills capacity building with training courses, learner-ships and bursaries for 89 beneficiaries.



First quarterly performance 2015 -2016

What we have not done well

- Secondary project revenue has not been realised as planned due to the phasing of secondary projects.
- Debt collection is very slow and affects liquidity in the working capital management.
- Capital projects are behind schedule due to poor performance by contractors on site and changes in project scope.
- Unaddressed internal audit findings remain a concern although there is a concerted effort to improvement the compliance and control environment.

Provision of bulk water

Challenges experienced

- Debt collection from WSA's
- Power failures
- Financial viability of social schemes
- Economies of scale or volumes
- Affordability of water and sanitation services
- Inadequate skills and capacity
- Insufficient capital funding for expansion and growth
- Inability to access finance on the capital market
- Aging infrastructure
- Water losses on bulk distribution and networks