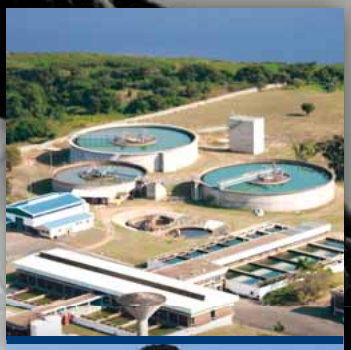
MHLATHUZE
WATER • AMANZI



To be the regional water and waste water service provider of choice for all stakeholders in the water value chain

Business Plan

2019-2020 / 2023-2024

JOZINI WATER
TREATMENT PLANT

CONTENTS

Abbreviations ... 3
Official Sign-Off ... 4
Foreword by the Chairperson ... 6
Foreword by the Interim Chief Executive ... 8

PART A: STRATEGIC OVERVIEW ... 13

1. INTRODUCTION ... 13

2. VISION, MISSION, VALUES, AND CRITICAL SUCCESS FACTORS ... 15
   - 2.1. Vision, Mission, and Values ... 15
   - 2.2 Values ... 16
   - 2.3 Critical Success Factors ... 16

3. LEGISLATIVE AND OTHER MANDATES ... 16
   - 3.1 Legislative Mandates Relevant to Mhlathuze Water ... 16
     - 3.1.1 Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) ... 16
     - 3.1.2 Water Services Act, 1997 (Act No. 108 of 1997) ... 17
     - 3.1.3 National Water Act, 1998 (Act No. 36 of 1998) ... 17
     - 3.1.4 Public Finance Management Act, Act 1 of 1999 (as amended) ... 17
     - 3.1.5 Other legislative imperatives include, but are not limited to: ... 17
   - 3.2 Other Mandates Relevant to Mhlathuze Water ... 18
     - 3.2.1 The Second National Water Resource Strategy (NWRS2), 2014 ... 18
     - 3.2.2 United Nation's Sustainable Development Goals ... 18
     - 3.2.3 National Priority Outcomes ... 18
     - 3.2.4 National Development Plan ... 18

4. MHLATHUZE WATER'S BUSINESS ... 19
   - 4.1 Core Business ... 19
     - 4.1.1 Bulk Water Provision ... 19
     - 4.1.2 Bulk Waste Water Disposal ... 19
   - 4.2 Section 30 Activities ... 19
     - 4.2.1 Project Implementation and Management Services ... 19
     - 4.2.2 Scientific Services ... 19

5. SITUATIONAL ANALYSIS ... 19

6. CORPORATE GOVERNANCE ... 23
   - 6.1 High Level Organisational Structure ... 24
   - 6.2 The Board of Mhlathuze Water ... 26
   - 6.3 Board Sub-Committees ... 28
     - 6.3.1 Audit, Risk, and Finance Committee ... 28
     - 6.3.2 Service Delivery Committee ... 28
     - 6.3.3 Human Resources and Remuneration Committee ... 28
     - 6.3.4 Social and Ethics Committee ... 28
   - 6.4 Company Secretariat ... 28
   - 6.5 Executive Committee (EXCO) ... 29
   - 6.6 Management Committee (MANCO) ... 31
   - 6.7 Management Operational Committees ... 31
     - 6.7.1 Bid Committees ... 31
     - 6.7.2 Risk, Information Technology (IT), Health and Safety Committee ... 31
     - 6.7.3 Employment Equity Committee ... 31
     - 6.7.4 Physical Assets Disposal Committee ... 31
     - 6.7.5 Bursary and Study Assistance Committee ... 31

7. OTHER GOVERNANCE MATTERS ... 32
   - 7.1 Disclosure of Interest ... 32
   - 7.2 Code of Conduct ... 32
   - 7.3 Internal Control ... 32
   - 7.4 Materiality and Significance Framework ... 32
   - 7.5 Risk Management ... 32
   - 7.6 Internal and External Audit ... 35
     - 7.6.1 Internal Audit ... 35
     - 7.6.2 External Audit ... 35

PART B: STRATEGIC OBJECTIVES 37

8. THE STRATEGIC PLANNING PROCESS 37
- 8.1 Strategic Objectives and Projected Outputs 37

9. CHIEF EXECUTIVE UNIT 40
- 9.1 Mandate of the Chief Executive Unit 40
- 9.2 Functions within the Chief Executive Unit 40
- 9.3 Key Performance Highlights 41
- 9.4 Future Plans 41
- 9.5 Chief Executive Unit Pre-determined Objectives: 2019/2020-2023/2024 Targets 42

10. CORPORATE SERVICES UNIT 47
- 10.1 Mandate of Corporate Services Unit 47
- 10.2 Workforce Profile 48
- 10.3 Key Performance Highlights 49
- 10.4 Human Resource Future Plans 52
  - 10.4.1 Projected Employee Complement 52
  - 10.4.2 Professional Registration 52
  - 10.4.3 Employment Equity Targets 52
  - 10.4.5 Five-Year Skills Development Plan 53
  - 10.4.6 Annual Workplace Skills Plan 53
- 10.5 Corporate Services Pre-determined Objectives 2019/20 – 2023/2024 Targets 54

11. OPERATIONS UNIT 57
- 11.1 Mandate of the Operations Unit 57
- 11.2 Functions Within the Operations Unit 57
- 11.3 Key Performance Highlights 59
- 11.4 Future Plans 60
- 11.5 Operations and Maintenance Pre-determined Objectives: 2019/2020 – 2023/2024 Targets 62

12. TECHNICAL SERVICES UNIT 64
- 12.1 Mandate of the Technical Services Unit 64
- 12.2 Functions within the Technical Services Unit 64
- 12.3 Key Performance Highlights 64
- 12.4 Future Plans 65
- 12.5 Technical Services Pre-determined Objectives: 2019/2020 – 2023/2024 Targets 67

13. SCIENTIFIC SERVICES 70
- 13.1 Mandate of the Scientific Services Unit 70
- 13.2 Functions of the Scientific Services Unit 70
- 13.3 Key Performance Highlights 71
- 13.4 Future Plans 72
- 13.5 Scientific Services Pre-determined Objectives: 2019/2020 – 2023/2024 Targets 73

14. FINANCE UNIT 75
- 14.1 Mandate of Finance Unit 75
- 14.2 Functions within the Finance Unit 75
- 14.3 Key Performance Highlights 78
- 14.4 Future Plans and Five Year Projections 78
- 14.5 Finance Unit Pre-determined objectives: 2019/2020 – 2023/2024 Targets 94

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION 98

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 130

ANNEXURE C: ACCOUNTING POLICIES 158

ANNEXURE D: SHAREHOLDERS AGREEMENT: MANDATORY PERFORMANCE TARGETS 166

ABBREVIATIONS

AG	Auditor-General
B-BBEE	Broad-Based Black Economic Empowerment
CFO	Chief Financial Officer
CMA	Catchment Management Agency
COGTA	Co-operative Governance and Traditional Affairs
COU	City of uMhlathuze Municipality
CPI	Consumer Price Index
DM	District Municipality
DWS	Department of Water and Sanitation
EIA	Environmental Impact Assessment
EMS	Environmental Management System
ERP	Enterprise Resource Planning
EXCO	Executive Committee
FY	Financial Year
GDP	Gross Domestic Product
HR	Human Resources
IAP	Invasive Alien Plants
IAS	International Accounting Standards
ID	Internal Diameter
IDZ	Industrial Development Zone
KCDM	King Cetshwayo District Municipality
KL	Kilolitres
LM	Local Municipality
MANCO	Management Committee
MFMA	Municipal Finance Management Act
ML/DAY	Mega Litres per day
MOU	Memorandum of Understanding
MSL	Metres above sea level
MW	Mhlathuze Water
MWIG	Municipal Water Infrastructure Grant
NDP	National Development Plan
NEMA	National Environmental Management Act
NQF	National Qualification Framework
NT	National Treasury
NWTW	Nsezi Water Treatment Works
PPE	Property, Plant, and Equipment
O&M	Operation & Maintenance
OHSAS	Occupational Health and Safety Assessment Specification
PFMA	Public Finance Management Act
RBM	Richards Bay Minerals
RBIG	Regional Bulk
SCADA	Supervisory Control and Data Acquisition
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SMME	Small Medium Micro Enterprise
TGS	Tugela Goedertrouw Transfer Scheme
TR	Treasury Regulations
UKDM	uMkhanyakude District Municipality
WMA	Water Management Areas
WSA	Water Services Authority
WRMS	Water Resource Management Strategy
WTP	Water Treatment Plant
WTW	Water Treatment Works
ZDM	Zululand District Municipality

OFFICIAL SIGN-OFF

It is hereby certified that this Business Plan was developed by the management of Mhlathuze Water, a Schedule 3B Public Entity in terms of the Public Finance Management Act 1 of 1999. The Business Plan takes into account all relevant policies, legislation and other mandates, and accurately reflects the strategic objectives and outputs which Mhlathuze Water will endeavour to achieve during the fiscal period 2019/2020-2023/2024.

RECOMMENDED FOR APPROVAL BY:

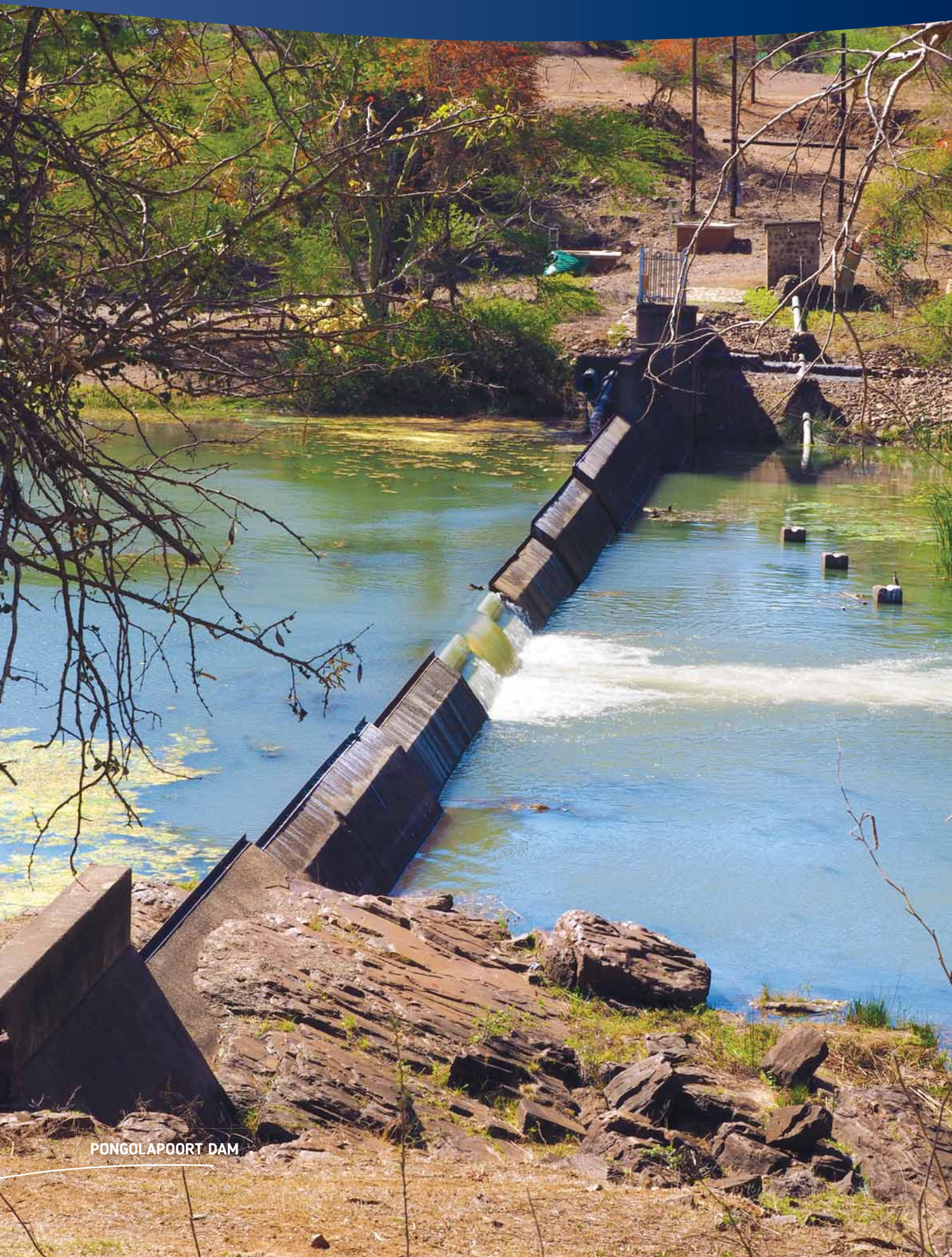
Strategy and Development Manager
Mr. S. Botha

Chief Financial Officer
Ms. B. Mnyandu

Interim Chief Executive
Mr. M.P. Duze

APPROVED BY:

Chairperson of the Board
Ms. T. Shange



PONGOLAPOORT DAM

FOREWORD BY THE CHAIRPERSON

"We intend venturing into the desalination space to augment bulk water availability, and provide water to our customers, and finally make Mhlathuze Water an innovative public institution of choice.

Our business is to deliver bulk potable and industrial water to our customers at all times, and without fail. Therefore, to this end, we do not have the luxury of time and energy to digress from delivering on this mandate.

A business, public or private, is only as good as it keeps its customers, shareholders, and universal stakeholders satisfied. We pledge to act as enablers for our customers, shareholders, and universal stakeholders to deliver on their respective mandates in the provision of water, which is one of the top three generations of basic human rights. Our strategy development, implementation, and management hinges on these considerations.

When the 11-member Board of Mhlathuze Water, appointed by the Minister of Water and Sanitation, Honourable Gugile Nkwinti, on the 5th December 2018, a firm commitment was made that an adherence to the code of ethics, transparency, independence, accountability, and an appetite and willingness to learn from mistakes, shall be guiding principles for the new leadership.

We remain acutely aware that asking for permission is better than asking for forgiveness, and we will strive to abide by the tried-and-tested maxim that "prevention is better than cure".

Our attention must, at all material times, be trained towards fulfilling the demands of our mandate, performing optimally and improving our operational competencies, to realise our strategic objectives of becoming financially sustainable.

Our end goal remains that of providing our customers with affordable bulk water, meeting our mandatory obligations to the shareholder, and fulfilling our obligations to all stakeholders.

We pledge to our staff, without whom the ideals of the organisation cannot be realised, recognition for their passion, commitment, and ambition to perform optimally. Their development and talent management will be our priority.

This 2019/2020-2023/2024 Business Plan therefore maps out our main priorities for the coming year and, more importantly, spells out how we aim to ensure the sustainable supply of bulk water and sewage disposal, and ascertain the alignment of our performance against the objectives we have laid out in this business plan.

Our state of the art scientific services are an assurance of quality water at all times.

In the same vein, we will strive to conserve and preserve the environmental integrity for the perennial availability and sustainability of our sources for bulk water.

We intend venturing into the desalination space to augment bulk water availability, and provide water to our customers, and finally make Mhlathuze Water an innovative public institution of choice.

In this regard, Mhlathuze Water has, over the coming years, set itself the bold vision of extending our footprint beyond our current areas of operation and presence in the District Municipalities of King Cetshwayo, uMkhanyakude and Zululand, uMzinyathi and Amajuba. These are our public customers tasked with the responsibilities of bringing relief to those areas where the water provision backlog is most severe.

With the passage of time, we ultimately see our footprint extending even beyond the borders of KwaZulu-Natal.

We have tackled legacy issues that had previously served as a hindrance to sound corporate governance, and we can confidently say that Mhlathuze Water has bee placed on solid footing to achieve this goal.

An adequately empowered, skilled, and qualified Board is in place, and the process of the appointment of a permanent Chief Executive is expected to be finalised by the end of April 2019. This will no doubt bring further stability and certainty to the organisation.

Chairperson of the Board
Ms T. Shange

AN ANALYST PERFORMING WATER QUALITY TESTING

FOREWORD BY THE INTERIM CHIEF EXECUTIVE

"In all of the aforementioned projects, and in line with government's vision of radically transforming the economy for the benefit of the previously marginalised, being Black youth and women in particular, we will prioritise the up-skilling of communities through job creation and skills transfer."

For close to four decades now, Mhlathuze Water prides itself on being the most preferred bulk water and waste water partner to industrial and municipal customers alike, in areas north of the KwaZulu-Natal province.

And now more than ever, owing to the increasingly keener interest being shown by investors in the northern corridor of the province, driven, in no small part, by the location of one of KwaZulu-Natal's two special economic zones in the town of Richards Bay, Mhlathuze Water looks set to occupy an even more critical position in the bulk water provision value chain.

True to the commitment made in our founding mandate of providing safe and dependable ***water for all***, this means that we have to re-sharpen our priorities in response to the growth in demand for water, without allowing our existing customer base to fall by the wayside.

While water is correctly spelled out in the National Development Plan as a major influencer of development pathways and opportunities, we increasingly find ourselves having to reckon with a dwindling water supply. In our country this is a quagmire exacerbated by low rainfalls levels, higher evaporation due to higher temperatures, and shallow dam basins. But this is not necessarily a challenge limited to South Africa or KwaZulu-Natal.

The World Bank predicts that, within the next three decades, the global food system will require between 40 - 50% more water; municipal and industrial water demand will increase by 50 - 70%, and water demand for energy will increase by 85%. This scenario, however, does not give us reason to allow despondency to prevail ,but rather affords us an opportunity to devise new strategies to counter water scarcity.

Therefore, this Business Plan comprehensively outlines how Mhlathuze Water, in its quest to ensure the sustained availability of bulk water, intends to effectively and efficiently respond to environmental and sustainability related challenges whilst delivering on the directives issued by the Department of Water and Sanitation. At the same time as we pursue these goals, the utility has not lost sight of the importance of adhering to sound financial management and good governance prescripts, as dictated by the Public Finance Management Act.

We can confidently assert that Mhlathuze Water remains in a very financially healthy position, and is adequately capacitated to increase and improve on its current infrastructure obligations to continue producing water of exceptional quality to all its customers.

In line with our expansion plans, we have set aside an estimated R800-million over the period 2019/2020 to 2023/2024. In this

regard, the following projects are already at an advanced stage of implementation:

COMPLETION OF THE MHLATHUZE WEIR STRUCTURE AND ANCILLARY FACILITIES

Construction of Weir Standby Generator and Alterations and additions to Mhlathuze Weir Structure commenced in April 2018, and is planned to be completed by in October 2019.

CONSTRUCTION OF A 1500/1200MM DIAMETER RAW WATER PIPELINE FROM MHLATHUZE WEIR TO NSEZI WTW

The objective of the project is to refurbish and upgrade the existing 1.2m diameter pipeline to a 1.5m diameter pipeline. This project forms part of the long term plan to increase the output of the Nsezi WTW to 265Ml/d by the 2020/2021 financial year. The project is at the construction phase. It is envisaged that the construction phase will complete by the end of the 2019/2020 financial year.

AUGMENTATION OF NSEZI WATER TREATMENT PLANT

The objective of the project is to refurbish and upgrade the existing Water Treatment Plant, in order to increase the output from 205Ml/d to 265Ml/d by the 2020/2021 financial year. The project is at the design phase, following the completion of the study. It is envisaged that the construction phase will commence in the 2019/2020 financial year.

The refurbishment project include a series of works:

- The alterations and additions to strengthen the Mhlathuze Weir structure
  - This project is currently underway as documented above, and was due to the identified risk of the Weir structure washing away in case of severe floods. This project is planned for completion during 2019/2020.
- The raw water pipeline from Mhlathuze River Weir Pump station to the Shooting Range (Nsezi WTP)
  - The existing pipeline has reached its lifespan expectancy, and severe wear and tear on the coating and its lining posing a risk of water supply interruption with continued use. This project is due to commence in 2019, and is planned for completion during 2020/2021.
- The Nsezi Water Treatment Plan capacity augmentation project.
- There are several factors that have been identified during the business analysis process looking into the future of the organisation. The infrastructure required for the capacity augmentation project is as follows:
  - 60Ml/day clarifier;
  - rapid gravity sand filters; and
  - DAF bypass pipeline.

PROJECTS SUBJECTED TO FEASIBILITY STUDY

Mhlathuze Water is tasked with a responsibility of ensuring provision of water and waste water services municipalities and industries within its area of operation. The following project feasibility studies are planned over the medium term:

PROJECTS TO BE SUBJECTED TO FEASIBILITY STUDY IN 2019/2020

- Water supply pipeline from Nsezi WTP to Forest Reservoirs (CoU). Due to increase in demand to this supply area, the CoU has approached MW to consider options to increase supply. The feasibility is planned to identify the most economical and sustainable way to achieve this.
- Water supply from Nsezi WTP to KCDM. The KCDM district has approached MW as a partner in providing a long term solution to its water demands.
- Waste water re-use in partnership with the City of uMhlathuze. Mhlathuze Water is working together with the City of uMhlathuze (CoU), in investigating the feasibility of re-using waste water and associated by-products. The project is advancing well with investigating industrial/domestic effluent re-use options, as a potential Public Private Partnership (PPP). The project aims at treating industrial and domestic effluent for reuse as water supply to industries. The proposed reuse plant is rated 75 Ml/d to be situated between Empangeni and Richards Bay.
- DWS has requested Mhlathuze Water to make means to conduct a feasibility study for the project that will support the long-term sustainability of water provision in the region. The project identified to be subjected to feasibility is the proposed Nseleni/Mhlathuzana dam.

PROJECTS TO BE SUBJECTED TO FEASIBILITY STUDY IN 2020/2021

- Construction of Nsezi Lake downstream weir. A large volume of water spills from the Nsezi Lake. The construction of a weir will limit this loss, and increase capacity of the lake as a natural storage facility.
- Water supply pipeline from Nsezi WTP to Mandlazini Reservoirs (CoU). Due to increase in demand to this supply area, the CoU has approached MW to consider options to increase supply. The feasibility is planned to identify the most economical and sustainable way to achieve this.

PROJECTS TO BE SUBJECTED TO FEASIBILITY STUDY IN 2021/2022

DWS has requested Mhlathuze Water to make means to conduct a feasibility study for the project that will support the long term sustainability of water provision in the region. These projects are:

- Mfolozi off – channel dam, and
- Desalination

JOZINI REGIONAL WATER SUPPLY PROJECT

The next phase of this multi-year infrastructure development project, is the construction of the four pump stations along the bulk pipeline infrastructure system in Jozini. This will enable access of water to all the communities under the study area and will complete the bulk supply scheme portion of the Jozini/Ingwavuma Bulk Water Supply Project. A service provider has been appointed by Mhlathuze Water for the installation of the mechanical and

JOZINI WATER TREATMENT PLAN

electrical equipment (4 pump stations), and the project is targeted for completion by March 2019.

In all of the aforementioned projects, and in line with government's vision of radically transforming the economy for the benefit of the previously marginalised, being Black youth and women in particular, we will prioritise the up skilling of communities through job creation and skills transfer.

Guided by our Board and the Minister of Water and Sanitation, we are doubtless that we will succeed in both hastening the delivery of this precious resource, and also directly contribute to the economic upliftment of KwaZulu-Natal and all her people.

Interim Chief Executive
Mr Mthokozisi Pius Duze

MADUNGELA
PUMPSTATION PLANT

PART A:
STRATEGIC OVERVIEW

"The organisation ensures that its most important resource, the employees, are managed, supported, developed, and rewarded in a responsible, transparent, and unbiased manner; by implementing the human resources management and development policies."

1. INTRODUCTION

Mhlathuze Water (MW) is a state-owned entity based in Richards Bay and operating in the province of KwaZulu-Natal. However, due to its geographic location in Richards Bay, the entity predominantly operates in the uMkhanyakude, King Cetshwayo and Zululand District Municipalities. Richards Bay is supplied by three dominant water sources namely: Mhlathuze River, Lake Mzingazi, and Lake Nsezi. The organisation's business activities include raw (untreated), clarified (partially treated), and purified water supply; disposal of industrial and domestic waste water; and scientific services. The organisation provides these bulk water services in a sustainable and cost-effective manner. The organisation's major clients include: Foskor, Richards Bay Minerals, City of uMhlathuze, and Mondi.

Mhlathuze Water strives to achieve its role as a water board by being a responsible bulk water service provider in terms of the Water Services Act, 1997 No. 108 of 1997, and by supporting and assisting local water service authorities with planning, development, operations and maintenance of water services schemes.

Maintaining and expanding good relationships with its existing customers is a key success factor for sustainability of the organisation

As mentioned in the mission statement, Mhlathuze Water strives to contribute towards economic growth, through the provision and efficient management and maintenance of bulk services, to new industrial investors and residential demands and expansions.

Making a meaningful and noticeable contribution to the daily lives of the communities that live within its immediate area of operation is achieved through the organisation's Corporate Social Investment and Rural Development Programmes respectively.

In providing these services to customers, Mhlathuze Water strives to protect the natural and social environmental and water resources.

Mhlathuze Water is proud to be associated with its employees. It is stated boldly in the organisation's mission statement, and in the core set of values that the organisation promotes. The organisation ensures that its most important resource, the employees, are managed, supported, developed, and rewarded in a responsible, transparent, and unbiased manner; by implementing the human resources management and development policies.

MHLATHUZE WATER OPERATIONAL AREA
ZIMBABWE
MOZAMBIQUE
BOTSWANA
NAMIBIA
LIM
NW
GT
SWAZILAND
FS
KZN
NC
LESOTHO
EC
WC
SWAZILAND
MOZAMBIQUE
UMKHANYAKUDE
AMAJUBA WSA
AMAJUBA
NEWCASTLE WSA
ZULULAND
ZULULAND WSA
UMKHANYAKUDE WSA
UMZINYATHI WSA
UMZINYATHI
UMHLATHUZE WSA
UTHUKELA WSA
UTHUKELA
KING CETSHWAYO WSA
KING CETSHWAYO
LESOTHO
UMGUNGUNDLOVU WSA
UMGUNGUNDLOVU
ILEMBE WSA
ILEMBE
ETHEKWINI
MSUNDUZI WSA
ETHEKWINI WSA
HARRY GWALA WSA
HARRY GWALA
UGU WSA
UGU
KZN Water Service Area
uMhlathuze Water Footprint
Boundaries
Province
District Municipalities
Local Municipalities
SOURCES
Boundaries: MDB
Rivers: OSM
Cities: StatsSA
WSA: DSW
PROPERTIES
Document Name :
Mhlathuze Water Operational Areas
Creation date : 06/03/2019
Created by :
Mhlathuze GIS
Print format : A4 Potrait
Confidentiality : Public
SCALE
1:2 280 000
1 cm = 22 800 m
0 20 40 60 80 100 km
MHLATHUZE

2. VISION, MISSION, VALUES AND CRITICAL SUCCESS FACTORS

2.1. VISION, MISSION AND VALUES

VISION

Your reliable water and waste water business partner of choice

MISSION

Through good governance, committed and skilled employees, contribute to development by providing quality water and waste water disposal services

STRATEGIC INTENT

KEY FOCUS AREAS	STRATEGIC OBJECTIVES
CUSTOMERS	SO 1: To grow the provision of water services; SO 3: To initiate and build relationships with stakeholders to add value for all; and SO 7: To improve efficiency through technology and best practices.
FINANCIAL	SO 2: To ensure long-term financial sustainability of the Organisation.
PROCESSES	SO 5: To optimise business processes and systems; and SO 6: To be pro-active on issues relating to health, safety, security, and the environment
ORGANISATIONAL CAPACITY	SO 4: To resource the Organisation with the required skills and competence to deliver the strategic intent.

OUTCOMES

- > Invest effectively in bulk water storage;
- > Invest effectively in bulk water production;
- > Diversify and expand the business footprint;
- > Revenue generation from investment in assets;
- > Maintain quality service to existing customers;
- > Increase in the Local/ Regional economic spend; and
- > Local community to feel the presence of MW.

OUTCOMES

- > Increase leadership and operational competence
- > Unqualified audit;
- > Safe and secure working environment;
- > Meet quality and compliance standards;
- > Complete feasibility studies to reduce waste water; discharge into the ocean;
- > Implement technology to reduce cost of sales; and
- > Reduce water wastage from abstraction.

2.2 VALUES

Mhlathuze Water will develop a culture of trustworthiness, transparency, and loyalty, that responds to the needs of customers and employees, with honesty and passion.

> ETHICS AND INTEGRITY

To act within high moral and professional principles in a resolute and truthful manner.

> EXCELLENCE AND QUALITY

To maximise the use of available resources so that Mhlathuze Water continues to produce work of an excellent quality.

> FAIRNESS AND REDRESS

To treat customers in a fair and equitable manner, and put right what was wrong, in order to harness good relationships.

> CREATIVITY AND INNOVATION

To continually strive for new, different, and efficient ways of doing business, challenging the status quo, mindsets, and assumptions.

> ENTHUSIASM AND PASSION

To treat all people with respect, warmth, integrity, passion, courtesy, and enthusiasm, to make them feel special.

2.3 CRITICAL SUCCESS FACTORS

> GOOD GOVERNANCE

To conduct and present the business in a reliable, transparent, accessible, and compliant manner.

> CUSTOMERS AND COMMUNITIES

To cordially consult with customers and communities on the services provided in an open, responsive, and transparent manner.

> OPERATIONS

To deliver services to customers and communities in a safe, healthy, efficient, and environmentally-friendly manner.

> SKILLS AND COMPETENCE

To attract, develop and retain a diverse, skilled, and competent workforce.

> FINANCIAL VIABILITY

To optimise available resources through sound financial management, asset management, and sustainable tariffs.

> RESEARCH AND DEVELOPMENT

To continuously strive to create and harness knowledge to advance the organisation, and find innovative solutions to improve organisational performance and efficiency.

3. LEGISLATIVE AND OTHER MANDATES

The Board and Management of Mhlathuze Water have committed to discharge their duties of good corporate citizenship, by ensuring compliance to all applicable laws and good corporate governance principles that are inherent in sound business practice.

These are prescribed within a specific, applicable legal and regulatory framework for public entities, such as the Public Finance Management Act 1999 (Act No 1 of 1999), the Water Services Act, 1997 (Act No 108 of 1997) and the King IV Report, which are the cornerstones of these prerequisites. Changes to the accounting standards that impacted on the financial reporting have been acknowledged to ensure minimal deviations from the requirements. Mhlathuze Water realises that compliance is an ongoing process and will, therefore, continue to seek sound and innovative ways to ensure full compliance in all the reporting obligations to both its customers and stakeholders, to maintain transparency, effectiveness, and accuracy.

3.1 LEGISLATIVE MANDATES RELEVANT TO MHLATHUZE WATER

3.1.1 CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA

The Constitution of the Republic of South Africa is the supreme law of the Republic. Along with the Bill of Rights, the Constitution forms the legal foundation of a democratic South Africa, and sets out the rights and duties of its citizens; and defines the structure of the government. Section 27 (1) (b) of the Constitution states that everyone has the right to have access to sufficient food and water. Section 27 (2) further indicates that the State must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.

3.1.2 WATER SERVICES ACT, 1997 (ACT NO. 108 OF 1997)

The Water Services Act, sets out objectives to provide for the;

- Rights of access to basic water supply and basic sanitation;
- Setting of national standards and of norms and standards for tariffs;
- Water services development plans;
- Regulatory framework for water services institutions and water services intermediaries;
- Establishment and disestablishment of water boards and water services committees, and their powers and duties;
- Monitoring of water services and intervention by the Minister, or by the relevant province;
- Financial assistance to water services institutions;
- Certain general powers of the Minister; and
- Gathering of information in a national information system and the distribution of that information.

The Water Services Act, Section 40 (1) (2) (a), (b), (c) & (d) instructs that: Water Boards must, not later than one month before the commencement of each financial year, prepare and adopt a business plan relating to the following five financial years.

The business plan must at least contain information regarding -

- each specific primary and other activity to be undertaken, and the performance targets for each;
- the tariff applicable to each service, its motivation, and the estimated tariff income; and
- forecasts of capital expenditure for the primary and other activities for the next five years.

In addition, section 30 of the Water Services Act, enables Mhlathuze Water to undertake any other activities, provided these do not impact negatively on the entity's ability to perform its primary activities. These include:

- Supplying water directly for industrial use, accepting industrial effluent, and acting as a water services provider to consumers; and
- Providing water services in joint venture with water services authorities and other stakeholders.

3.1.3 NATIONAL WATER ACT, 1998 (ACT NO. 36 OF 1998)

The National Water Act, 1998 (Act No. 36 of 1998) recognises that water is a scarce and unevenly distributed national resource, which occurs in many different forms. It further states that while water is a natural resource that belongs to all people, the discriminatory laws and practices of the past have prevented equal access to water, and use of water resources. The Act acknowledges the National Government's overall responsibility for, and authority over, the nation's water resources and their use, including the equitable allocation for beneficial use.

3.1.4 PUBLIC FINANCE MANAGEMENT ACT, ACT NO. 1 OF 1999

The Public Finance Management Act No. 1 of 1999 (as amended), Section 52 (a) & (b), states that the Accounting Authority for a public entity listed in Schedule 2, or a government entity listed in Schedule 3B must submit to the Accounting Officer of a department designated by the Executive Authority responsible for that public entity, and to the relevant treasury, at least one month, or another period agreed with the National Treasury, before the start of its financial year:

- A projection of revenue, expenditure, and borrowings for that financial year, in the prescribed format; and
- A corporate plan in the prescribed format, covering the affairs of that public entity or business enterprise for the following three financial years, and, if it has subsidiaries, also the affairs of the subsidiaries.

3.1.5 OTHER LEGISLATIVE IMPERATIVES INCLUDE, BUT ARE NOT LIMITED, TO:

Treasury Regulations (in terms of the PFMA Act No. 1 of 1999);
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
South African Receiver of Revenue Act, 1997 (Act No. 34 of 1997);
National Environmental Management Act, 1998 (Act No. 107 of 1998);
The National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008);
Occupational Health and Safety Act, 1993 (Act No. 85 of 1993);
The Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993);
Employment Equity Act, 1998 (Act No. 55 of 1998);
Labour Relations Act, 1995 (Act No. 66 of 1995);
Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997);
Skills Development Act, 1998 (Act No. 97 of 1998);
Protection of Personal Information Act, 2013 (Act No. 4 of 2013); and
Protected Disclosures Act, 2000 (Act No. 26 of 2000).

3.2 OTHER MANDATES RELEVANT TO MHLATHUZE WATER

3.2.1 THE SECOND NATIONAL WATER RESOURCE STRATEGY (NWRS2), 2014

Mhlathuze Water activities are aligned to the NWRS2, 2014. The NWRS2 is the legal instrument for implementing or operationalising the National Water Act 1997 (Act No. 108 of 1997), and it is thus binding on all water authorities and institutions implementing the Act. It is the primary mechanism to manage water across all sectors, towards achieving national government's development objectives.

The NWRS2 sets out the vision, principles, goals and strategic actions for achieving effective developmental water management, with a particular, but not exclusive, focus on the role of the State, specifically the Department of Water and Sanitation (as water sector leader), associated sector departments (impacting water resources and its management), catchment management agencies, water services authorities, water boards, and other organs of state with a responsibility for water management. It also focuses on the importance of water use sectors, communities, civil society, and the private sector becoming involved in, and committing to, developmental water resource management.

3.2.2 UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS

Mhlathuze Water contributes to the below mentioned SDGs:

Sustainable Development Goal 6.a: Expand co-operation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies.

Sustainable Development Goal 6.b: Support and strengthen the participation of local communities in improving water and sanitation management.

Sustainable Development Goal 6.1: Achieve universal and equitable access to safe and affordable drinking water for all.

Sustainable Development Goal 6.2: Achieve access to adequate and equitable sanitation and hygiene for all, and to end open-defecation, paying special attention to the needs of women, girls, and those in vulnerable situations.

Sustainable Development Goal 6.3: Improve water quality by reducing pollution, eliminating dumping, and minimising the release of hazardous chemicals and materials; halving the proportion of untreated wastewater, and substantially increasing recycling and safe reuse globally.

Sustainable Development Goal 6.4: Substantially increase water-use efficiency across all sectors, and ensure sustainable withdrawals and supply of freshwater to address withdrawals, and supply of freshwater to address water scarcity, and substantially reduce the number of people suffering from water scarcity.

3.2.3 NATIONAL PRIORITY OUTCOMES

Out of the 14 National Priority Outcomes, Mhlathuze Water contributes directly to the following outcomes:

Outcome 5: A skilled and capable workforce to support an inclusive growth path. Output 2 in relation to this outcome advocates for an increase in the number of learnerships and artisans. Mhlathuze Water recognises the importance of a technically-competent workforce, and contributes in building capacity within the water sector, through the skills development programme. The organisation has trained participants in the learnership programme.

Outcome 6: An efficient, competitive, and responsive economic infrastructure network. Mhlathuze Water is entrusted with the responsibility to co-ordinate regional water infrastructure investment, and bulk water supply programmes that will stimulate inclusive economic growth and job creation in the region.

3.2.4 NATIONAL DEVELOPMENT PLAN

The National Development Plan (NDP), Vision 2030, adopted by Cabinet in 2012, is the visionary blueprint of government, with business and society as collaborative partners. This long-term plan for the country, which cuts across all sectors of society, identifies the critical challenges to be addressed by the country over the period to 2030. The NDP aims to integrate planning and ensure greater policy coherence in government, thus building a common vision of South Africa in 2030.

Seeking to eliminate poverty and sharply reduce inequality by 2030, the key elements that relate to water resources and services are the following 2030 milestones and economic infrastructure objectives.

2030 NDP Milestones:

> All South Africans will have affordable, reliable access to sufficient safe water and hygienic sanitation;
> Effective management of water and the services will support a strong economy and a healthy environment;
> Establish a national water-resources infrastructure agency to support implementation of large projects;
> The country's development will reflect an understanding of available water resources and effective water planning that cuts across different economic sectors and spheres of government;
> All main urban and industrial centres will have a reliable water supply to meet their needs, while increasingly efficient agricultural water use will support productive rural communities; and
> Natural water sources will be protected to prevent excessive extraction and pollution.

4. MHLATHUZE WATER'S BUSINESS

Our services:

> Bulk Water provision: raw, clarified, and purified to industries and Water Services Authorities;
> Bulk waste water disposal; and
> Section 30 Activities as permitted in the Water Services Act.

4.1 CORE BUSINESS

4.1.1 BULK WATER PROVISION

Mhlathuze Water provides raw, clarified, and purified water to industries and water service authorities through its flagship, Nsezi Water Treatment Plant, which provides treated water that meets and exceeds the quality standard for drinking water; as well as customer-specific requirements for both domestic and industrial purposes.

4.1.2 BULK WASTE WATER DISPOSAL

Mhlathuze Water collects waste water from all industries and disposes of them through the sea, using offshore pipelines in a safe environment. The disposal capacity is 120 million m^3 per annum.

4.2 SECTION 30 ACTIVITIES

4.2.1 PROJECT IMPLEMENTATION AND MANAGEMENT SERVICES

Mhlathuze Water possess a wide range of experience in programme and project implementation; as well as management services in both bulk water and sanitation projects. Over the years, the organisation has supported numerous government departments in implementing projects within the following municipalities:

> Harry Gwala District Municipality;
> Zululand District Municipality;
> uMkhanyakude District Municipality;
> King Cetshwayo District Municipality; and
> City of uMhlathuze.

4.2.2 SCIENTIFIC SERVICES

The organisation is the proud owner of a state-of-the-art water and waste water testing laboratory facility. The facility is ISO 17025-accredited and offers a variety of water quality testing services in the fields of chemistry, microbiology, and hydrobiology.

The laboratory uses a Laboratory Information Management System (LIMS) to support its operations in managing samples, integrating instruments, exchanging electronic data, and facilitating reporting.

The will also focus on developing internal Research & Development expertise in order to deal with current innovation challenges in the sector. The initial approach will be collaborative (with external institutions), whilst building internal capacity.

5. SITUATIONAL ANALYSIS

This section presents a summary of salient external and internal environmental drivers, that influence current and anticipated operational challenges and opportunities for Mhlathuze Water.

The elements of the SWOT analysis conducted have been factored into the 5 year Business Plan to assist Mhlathuze Water to determine the best opportunities to achieve the organisation's growth goals. It also assisted in identifying strategies to be adopted in the near future to improve the organisation's vision and mission towards expansion. These strengths and opportunities referred to in the table have been translated into the future plans of the respective business units of Mhlathuze Water.

The weaknesses and threats to the organisation's sustainability are viewed as strategic risks. These risks have been referenced in the table and are elaborated on in the section below that deals with Key Strategic Risks that the organisation is facing, as well as the mitigatory actions that are being implemented. The following table illustrates the summary of the SWOT Analysis:

Table 1: Mhlathuze Water Strength and Weaknesses

STRENGTHS	MW RESPONSE	WEAKNESSES	MW RESPONSE
MW has a sound financial sustainable position and liquidity	Finance Section	Retention of Section 30 specialist staff employed on short-term contracts	Strategic Risks 1 and 5
MW is the only entity in the region that holds the permit to discharge effluent to sea.	Operations Section	Slow response to stakeholder recommendation	Strategic Risk 11
The Water Treatment Infrastructure is able to provide good quality water that meets domestic & industrial needs	Operations Section	Lack of implementation of Research & Development strategies	Strategic Risks 2, 3, 4, and 5
Attracting skilled & experienced staff by offering market-related salary scales	Corporate Services Section	Lack of communication with communities on water services value chain	Strategic Risk 11
MW has a state-of-the-art laboratory facility	Scientific Services Section		
MW has a sound asset base	Finance Section		
MW has the technical competence for the implementation of Section 30 activities	Corporate Services Section		
Low tariffs	Finance Section		
OPPORTUNITIES	**MW RESPONSE**	**THREATS**	**MW RESPONSE**
Investment in Waste Water re-use operations	Operations Section	Continuous increase in water tariffs could lead to loss of customers or reduction on contracted volumes	Strategic Risk 7
Infrastructure capacity enable MW to maximise water supply	Operations Section	Withdrawal of disposal permit when non-compliant with discharges	Strategic Risk 2
A proactively approach in media and stakeholder engagement to manage public perceptions	Executive Section	Deteriorating raw water quality due to climate change, emerging contaminants, & industrialisation.	Strategic Risk 3
Improve on staff retention programmes	Corporate Services Section	Reputational threat due to lack of understanding by communities of what our mandate is.	Strategic Risk 11
Section 30 activities to grow the business	Finance Section		
Maintaining good relations with stakeholders and attracting new business because of our low-cost business model	Finance Section		
Expand our footprint	Finance and Technical Section		
Commercialise laboratory services	Finance and Scientific Services Section		

To take full advantage of the opportunities presented to Mhlathuze Water, the organisation participates in the Water Reconciliation Strategy for Richards Bay and surrounding areas, driven by the Department of Water and Sanitation. This study was subjected to a review in 2018, in consultation with all major water users from residential, industrial, and irrigation sectors in the Richards Bay area. Based on the moderate scenario adopted by this study, the current industrial and residential water demand are predicted to steadily increase over the next 15 years. The increase in residential demand appears to be the major influencing factor, as the demand from industry is predicted to remain relatively stagnant.

Through this study, a number of strategic interventions have been identified. Mhlathuze Water was requested by the Department to become the driver for implementation for these strategic projects. In summary, there are targeted feasibility studies to be conducted to augment natural storage capacity of water by investigating the suitability of dam sites in the Nseleni River, off-channel dam on the Mfolozi, as well as future plans for desalination. Detailed information on feasibility studies is articulated in the Technical Services section.

What is further applicable to Mhlathuze Water are the demands from its existing and future customers, both residential and industrial. To attend to the issue of growing demand, the organisation has been approached to secure water demand in a number of areas such as outlined below. The additional volumes inform the organisation's plans with regards to planning for infrastructure upgrades.

Table 2: Pending Water Service Agreement

PENDING WATER SERVICES AGREEMENTS								
		TONGAAT HULETT	RBM: ZULTI SOUTH MINE	CITY OF UMHLATHUZE ESIKHALENI	CITY OF UMHLATHUZE FOSKOR	RICHARDS BAY INDUSTRIAL DEVELOPMENT ZONE	NEWLYN GROUP	PROJECTED UNACCOUNTED DEMAND FOR FUTURE GROWTH
Volumes (million m^3/d)	Contracted	0	28 000a	0	17 000	0		
	Potential additional	2 740		20 000[b]	13 000[c]	18 000[d]	35 000[e]	20 000**
	Estimated year to supply	2021/2022	2022/2023	2023/2024	2022/2023	2022/2023	2021/2022	
Water type		Raw	Raw	Potable	Clarified	Clarified	Clarified	Clarified/ Purified
** Volume not included in financial projections or in the "future water demand" graph								

[a] A water supply agreement was concluded with RBM for the Zulti South Mine, however, supply will only commence once RBM concludes the mine infrastructure project.

[b] There is currently no potable water supply from Mhlathuze Water to the City of uMhlathuze for eSikhaleni. The water demand from this system far outweighs the available water supply (the plant capacity cannot meet the demand), such that restrictions have to be implemented as part of normal system operation. The process of conducting the feasibility study to augment the eSikhaleni/Vulindlela system with potable water from Nsezi WTP to eSikhaleni bulk reservoirs (i.e. Forest Reservoirs) is included in the Business Plan.

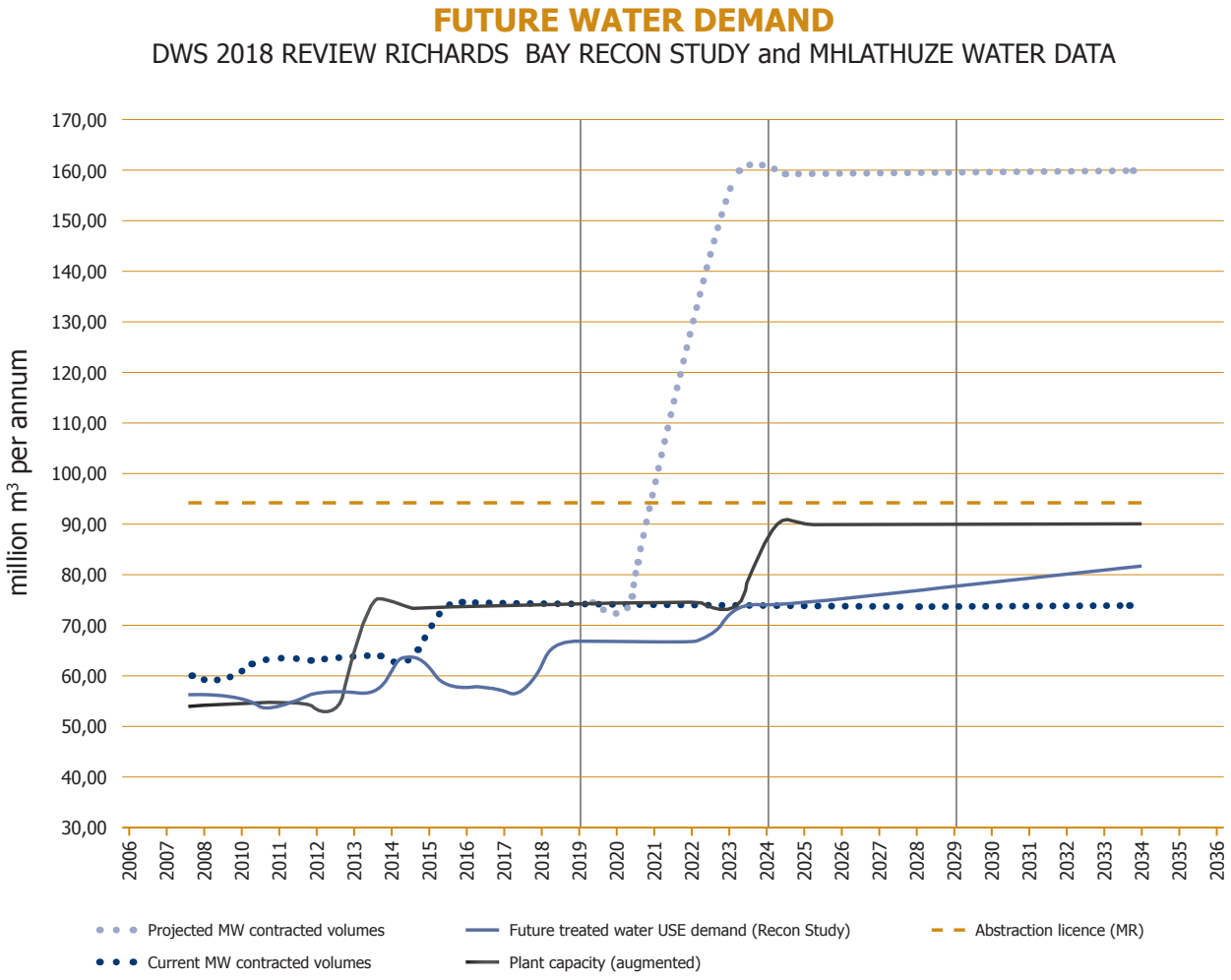
[c] Discussions are underway between Mhlathuze Water, the City of uMhlathuze and Foskor, regarding the additional clarified water supply to Foskor.

[d] A Memorandum of Understanding between Mhlathuze Water and the Richards Bay Industrial Development Zone (RBBIDZ) has been signed. The RBIDZ will revert once they have completed with the planning phase of the development that requires clarified water.

[e] Mhlathuze Water was approached in October 2018 by Newlyn Group to supply 35 million litres of clarified water per day to a proposed gas and electrical plant by 2020.

For clarified and purified water, whether for industrial or residential demand, the capacity of the existing Nsezi Water Treatment Plant needs to be matched against what is currently contracted for, and to allow for the predicted volumes of water.

Figure 1: Future water demand



This augmentation project, coupled with the existing Mhlathuze weir infrastructure and pipeline augmentation project, should comfortably deal with water production demands for the area over the next 10 to 15 years. This planned project and its financial implications is elaborated on in the Technical and Financial Services sections respectively.

The predicted contracted water demand only refers to the applications received as per the table provided above. As the organisation is strengthening its relationships with water service authorities in the region, the anticipated water demand is likely to rise in the next 2 to 5 years. Possibilities of water being provided from the Nsezi Water Treatment Plant to the populated areas served by the King Cetshwayo District, is a project that will be subjected to feasibility in the near future.

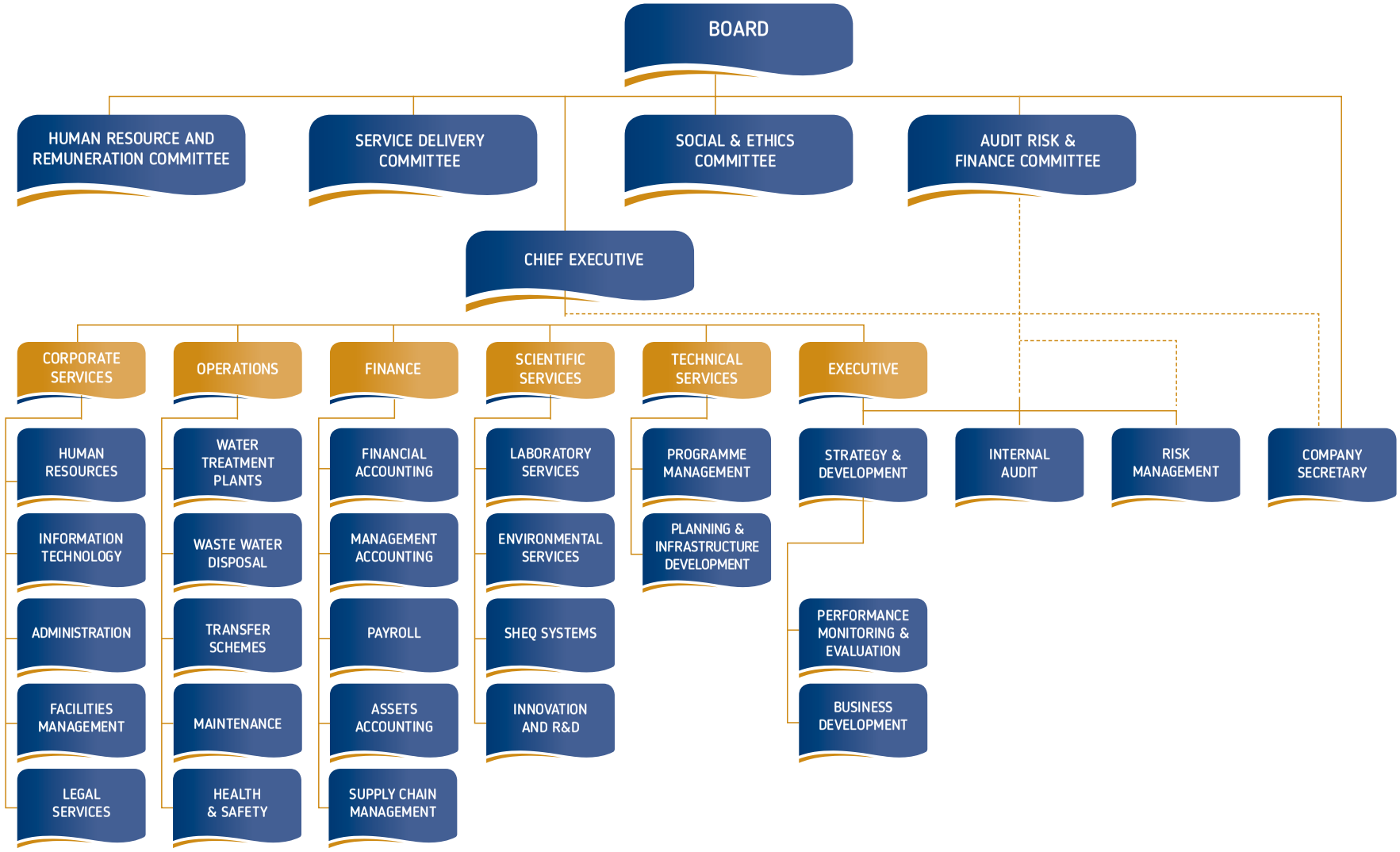
When the demands for treated water is reviewed, it is observed that the contracted demand will breach the limits placed on the organisation to abstract water from the Mhlathuze River (weir). However, based on actual usage data as per the reconciliation study, it is noted that abstraction will remain within the limits for some time in the future. Nevertheless, it must be within the parameters of this business plan to commence with the process of renegotiating the limits on the existing water abstraction licence with the Department of Water and Sanitation.

Alternatively, the organisation will have to embark on innovative programmes to augment the bulk water demand by investigating additional sources of raw natural water, waste water re-use and/or alternative sources of water such as desalination. It is for this specific reason that the Innovation, Research and Development Unit will be established in the organisation.

6. CORPORATE GOVERNANCE

6.1 HIGH LEVEL ORGANISATIONAL STRUCTURE

Figure 2: High Level Organisational Structure



6.2 THE BOARD OF MHLATHUZE WATER

Board members are appointed by the Minister of Water and Sanitation (DWS) in terms of the Water Services Act, 1997 (Act 108 of 1997). The Minister appointed 11 members of the Board on 05 December 2018. The Primary role of the Board is to ensure that MW succeeds in discharging its mandate as a water board in accordance with the Water Services Act, in a manner that complies fully with all relevant legislative requirements. The Board ensures that Mhlathuze Water's overall governance is effective, appropriate and within the bounds of sound corporate governance practices.

Furthermore, the Board is entrusted with a responsibility to provide effective ethical leadership and control, based on a foundation of integrity, competence responsibility, accountability, fairness and transparency. This is achieved through steering the strategic direction (vision and mission), with regards to the organisation's strategy and exercising accountability to the shareholders.

MS T. A. SHANGE
CHAIRPERSON

CORE QUALIFICATIONS

- MBA: Public Sector Management;
- BA Honours: Development Studies;
- BA: Geography & History;
- Concurrent Certificate in Education;
- UBLS Teachers' Certificate;
- Certificate: Directorship-Accelerated Directorship Programme.

AREAS OF EXPERTISE

- She has experience and mature insight on leadership.
- She has experience in Board and Audit & Risk membership. having served in various Boards over 25 years. She has also served in the Public, Corporate, & Social Sectors.
- A former Regional Land Commissioner – KwaZulu-Natal.
- Former General Manager Strategic Affairs at Richards Bay Minerals.
- Good Governance, Leadership and Communications skills and well-rounded Development Practitioner.

MR S. Z. HLOPHE
DEPUTY CHAIR

CORE QUALIFICATIONS

- MBL: Business Leadership;
- B. Com. Honours: Accounting; and
- ND: Cost and Management Accounting.

AREAS OF EXPERTISE

- He has vast senior management experience which cuts across the public and private sectors.
- His experience across the private and public sectors are more focused on Finance, Compliance, Internal Audit, Taxation, Audit and Risk, and Infrastructure Investment; as well as general administration and management matters.

PROF. P. S. REDDY

CORE QUALIFICATIONS

- M Admin: Public Admin;
- Honours: Public Admin;
- Bachelor of Admin Degree; and
- ND: Public Admin.

AREAS OF EXPEDITE

- He is a subnational governance specialist who has distinguished himself in the fields of human/social development, service delivery, planning and human resources, through teaching and learning, research, university service, and community engagement.
- His insight and experience in academic development will contribute positively in Administration and Organisational Development.
- He has solid theoretical and practical experience in Human Capital Development.

MRS N. GEVERS

CORE QUALIFICATIONS

- Chartered Accountant of South Africa;
- Post graduate Diploma: Management Accounting;
- BCom. Degree; and
- Diploma: Accountancy.

AREAS OF EXPERTISE

- She has extensive experience in the water sector, corporate and project finance, risk management, as well as the PFMA requirements.
- She served as a member of the former Mhlathuze Water Board.

DR M. MAKGAE

CORE QUALIFICATIONS

- PhD in Environmental Chemistry;
- M Sc: Chemistry in Membrane Technology;
- B Sc: Honours in Chemistry;
- Certificate: Environmental Management ;
- Certificate: Project management; and
- Management Advancement Programme (MAP).

AREAS OF EXPERTISE

- She has insight and experience in scientific services and water quality.
- She has worked for several State-Owned Entities, including Council for Scientific and Industrial Research (CSIR), Pebble Bed Modular Reactor (PBMR), South African Nuclear Energy Corporation (NECSA), and Council for Geoscience (CGS).
- She has now ventured into business. She has a company called Geo-Environmental and Technical Services, and Mosidi Leadership Coaching.
- She is currently serving as a Board member to Water Research Commission, and Mhlathuze Water, and an Advisor to the National Nuclear Regulator.

6.2 THE BOARD OF MHLATHUZE WATER *...continued*

MR M. M. XULU

CORE QUALIFICATIONS

> Honours Degree: Accounting;
> B Com. Degree; and
> Management Development Programme.

AREAS OF EXPERTISE

> He is a registered member of Associate General SA.
> He has experience in the Audit and Risk environment through his qualification in Accounting Science.
> He has experience in executive management and marketing.
> He served as a member of the former Mhlathuze Water Board.

MS N. N. MKHIZE

CORE QUALIFICATIONS

> Candidate for B. Tech-Civil Engineering;
> ND: Civil Engineering; and
> Post graduate Diploma: Project Management

AREAS OF EXPERTISE

> She has experience and knowledge of Civil Engineering and Construction.
> She represents female youth and that will provide a generational mixture for the new board.
> She is exposed to contract documentation and design, and completed and understands water systems.

MS G. D. BIYELA

CORE QUALIFICATIONS

> Bachelor of Pedagogics;
> Diploma in Public Admin;
> Secondary School Teachers' Diploma;
> Certificate: Women on Boards; and
> Certificate: Hazard Analysis & Critical Control Points.

AREAS OF EXPERTISE

> She has experience and knowledge of Contracts Management and networking.
> She was an educator.
> She has understanding of business inherent risks and risks mitigating strategies.
> She will contribute in the social and ethics committee of the Board.

MR B. V. MSHENGU

CORE QUALIFICATIONS

- Bachelor of Arts;
- ND: Social Work;
- Certificate: Labour Law;
- Certificate: Personnel Management Program;
- Certificate: Programme for Management Development; and
- Certificate: Integrating Strategy, Budgeting and Reporting.

AREAS OF EXPERTISE

- President of Pietermaritzburg Chamber of Business.
- He has experience in HR and Remuneration, Audit and Risk, and Finance Committee, through serving on various Boards and Committees.
- He served as a member of the former Mhlathuze Water Board.
- As a former CEO, he is a well-rounded leader and development champion with project management capabilities.

MR P. M. ZIKALALA

CORE QUALIFICATIONS

- B Sc: Honours in Technology Management;
- B-Tech: Civil Engineering; and
- ND: Civil Engineering.

AREAS OF EXPERTISE

- He is professionally registered with Engineering Council of South Africa (ECSA), and registered with South African Council for Project and Construction Management Professions (SACPCMP).
- He has experience in Project & Programme Management, Engineering, Construction and Contract Management, Infrastructure Maintenance & Infrastructure Investment Models; water re-use and transportation.
- He is exposed to construction projects creating synergies of economic hubs.

MRS A. BADUL

CORE QUALIFICATIONS

- Diploma: Business Admin;
- Diploma: Local Government Management;
- Diploma: Adult Basic Education and Training;
- Certificates: Executive Leadership Development Programme;
- Certificates: Executive Course on Good Governance; and
- Institute of Directors Certificate: Being a Director Part 1, 2 & 3, Finance Management, Corporate Governance.

AREAS OF EXPERTISE

- She is a former Deputy Mayor of Ilembe District Municipality.
- She has 23 years experience in Local Government in an executive capacity.
- She was instrumental in setting up Ilembe District Municipality's Local Development Agency – Enterprise Ilembe.
- She served on various Portfolio Committees including Intergovernmental Forums, Economic Development and Planning Committee, Budget & Audit Steering Committee, Finance and Service Delivery Committee.
- She has network and community-driven interests to ensure that Mhlathuze Water's hydro-strategy is aligned to the Local Government Developmental agenda 2saz.
- She served as a member of the former Mhlathuze Water Board.

6.3 BOARD SUB-COMMITTEES

6.3.1 AUDIT, RISK AND FINANCE COMMITTEE

The Audit, Risk and Finance Committee serves as an objective structure that is entrusted with the responsibility of reviewing and making recommendations on issues relating to financial budgeting, including the preparation of annual operating and revenue budgets and periodic budget reviews. It is responsible for improving the effectiveness of organisational governance, managing organisational risks, and internal controls. This committee further ensures that the organisation maintains the required standards of financial management and reporting. It gives assurance on the availability of funds, for both operational and capital budget requirements.

6.3.2 SERVICE DELIVERY COMMITTEE

This committee provides oversight on the implementation of core strategic infrastructure programmes, aimed at enhancing the provision of bulk water, while developing and maintaining sustainable customer and stakeholder relationships to achieve cost effective, reliable and sustainable water and related services. The committee is also tasked with the responsibility of ensuring that water produced by MW complies with water quality standards, health and safety standards, and environmental risks issues.

The committee discharges its duties through recommending capital projects reports to the Board, and ensures that capital projects are completed on time and cost-effectively, to improve service delivery on communities, and fulfil the Shareholder mandate.

6.3.3 HUMAN RESOURCES AND REMUNERATION COMMITTEE

The purpose of the Human Resource and Remuneration Committee is to establish and oversee the human resources policies and procedures, which govern the areas of recruitment, resignations, retirements and terminations, organisational planning and design, training and development, and succession planning.

This committee reports and recommends to the Board issues relating to human resource policies, employment equity, remuneration, the organisational structure, and compliance with labour relations matters. The Companies Act and the King Code requires public companies to establish this committee.

6.3.4 SOCIAL AND ETHICS COMMITTEE

The Companies Act of 2008 requires that the Boards of all listed public companies, state-owned enterprises (SOEs), and companies with significant public interest should have a social and ethics sub-committee. This emphasises that companies have a significant social impact on the societies in which they operate.

This committee is responsible for oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development, and stakeholder relationships, as stated in the King IV Report on Corporate Governance.

6.4 COMPANY SECRETARIAT

The Company Secretary is responsible for the secretariat function at a strategic level, governance advisory services, compliance management and also plays a critical role in legal advisory to the Board and Organisation in relation to King IV. The Company Secretariat attends all Board and Board sub-committee meetings.

The Board and members of the Executive Committee have access to the Company Secretary for guidance on how to perform their duties and responsibilities in the best interests of the Organisation. The Company Secretary is responsible for the ongoing training of Board members, and the scheduling, preparation, and administration for Board and Board sub-committee meetings.

6.5 EXECUTIVE COMMITTEE (EXCO)

The Board delegates the day-to-day operation of the Organisation to the CE, who is assisted by the executives, each heading up a Unit (EXCO).

MR M.P. DUZE
INTERIM CHIEF EXECUTIVE

CORE QUALIFICATIONS

> Candidate for PhD in Water Management;
> Masters in Development Studies (cum laude); and
> Bachelor of Arts in Human and Social Studies.

AREAS OF EXPERTISE

> 18 years' of experience in Programme & Project Management.
> Development Planning Practitioner.
> Member of The Institute of Directors in Southern Africa.
> Non-Executive member: The 911 Fund Foundation (NY).

MS. B. MNYANDU
CHIEF FINANCIAL OFFICER

CORE QUALIFICATIONS

> Chartered Accountant of South Africa;
> Bachelor of Commerce Honours: Accounting; and
> Bachelor of Commerce.

AREAS OF EXPERTISE

> Financial Management and Accounting (13 years).
> Cash Flow Modelling, Business Plan Projections, Process Flows, and Procedure Manuals creation (2 years).
> Project Management, Business Process Outsourcing, and Audit Readiness (6 years).
> Audit & Risk Advisory (5 years).

MR S. NTLHORO
GENERAL MANAGER: SCIENTIFIC SERVICES

CORE QUALIFICATIONS

> Bachelor of Science (Honours): Chemistry;
> Postgraduate Diploma: Management; and
> Registered with SACNASP as Professional Natural Scientist.

AREAS OF EXPERTISE

> Water & Wastewater Quality Monitoring & Compliance.
> Laboratory Accreditation.
> Laboratory Management.

MR C. CELE
GENERAL MANAGER: OPERATIONS

CORE QUALIFICATIONS

> B Sc Degree in Mechanical Engineering Registered with ECSA as a Professional Engineer; and
> Certified as a Certificated Engineer by Department of Labour Issued a Mechanical Engineer's Certificate of Competency (GCC).

AREAS OF EXPERTISE

> Maintenance Engineering.
> Project Management.
> Infrastructure Planning.

6.5 EXECUTIVE COMMITTEE (EXCO) *...continued*

MR M. MYENI
GENERAL MANAGER: CORPORATE SERVICES

CORE QUALIFICATIONS
> Bachelor of Technology Degree: Management;
> BCom Degree: Industrial Psychology; and
> Diploma: Personnel Management.

AREAS OF EXPERTISE
Over 20 years of experience in Human Resources: HR Planning; Recruitment and Selection; Organisational Development; Policy Development; Human Resources Development; Performance Management; Job Design; and Remuneration and Employee Relations.

MS N. MIYA
COMPANY SECRETARY

CORE QUALIFICATIONS
> LLB Degree; and
> Admitted Attorney with 8-years post admission experience.

AREAS OF EXPERTISE
> Local Government Law (Public Administration and Administrative Law principles in local governance).
> Member of The Institute of Directors in Southern Africa.
> Non-executive member: 1KZNTV Board.
> Mhlathuze Water Company Secretary (01 September 2018 - 29 March 2019).

MS D. MATHENJWA
ACTING COMPANY SECRETARY

CORE QUALIFICATIONS
> LLB Degree (Admitted Attorney);
> Candidate for Master of Commerce in Maritime Studies;
> Postgraduate Diploma in Contract Drafting;
> Certificate in Legislative Drafting; and
> Secondary Teachers' Diploma.

AREAS OF EXPERTISE
> Post experience in Family Law, Litigation, and Contract Drafting.
> Member of KwaZulu Regional Christian Council.
> Acting Company Secretary (effective 01 April 2019).

6.6 MANAGEMENT COMMITTEE (MANCO)

This committee comprises of managers who report to the Heads of Departments. The Committee meets on a monthly basis, and presents reports on the performance of the Organisation, and makes recommendations to the Executive Committee for any decision-making affecting the Organisation.

6.7 MANAGEMENT OPERATIONAL COMMITTEES

6.7.1 BID COMMITTEES

The purpose of these committees is to approve bid specifications, and to evaluate and adjudicate tenders. The three bid committees currently functional at Mhlathuze Water are as follows:

- Bid Adjudication Committee: Consists of Executive Management and Supply Chain Manager;
- Bid Evaluation Committee: Consists of cross-functional teams with different expertise from various departments and the Contracts Specialist; and
- Bid Specification Committee: Consists of the representative from Supply Chain, and specialists from the user departments.

The Accounting Officer may:

- Appoint a technical person to serve in any committee as and when the need arises; and
- Appoint a secondee to temporarily replace members that are absent from meetings due to illness, leave, etc. The secondi will have the same powers as all other members.

6.7.2 RISK, INFORMATION TECHNOLOGY (IT), HEALTH AND SAFETY COMMITTEE

The Risk, IT, Health, and Safety Committee is tasked with managing issues of risks, IT governance, as well as health and safety. The Committee considers reports from the IT Steering Committee, the Risk Champion Forum, and Health and Safety Committee covering matters relating to substantive Risk Management, Information Technology as well as Health and Safety. The Committee meets quarterly to discuss reports on risk, IT governance, and health and safety. The Committee reports to the Finance, Audit, and Risk Committee on all the assigned matters in terms of its Terms of Reference.

6.7.3 EMPLOYMENT EQUITY COMMITTEE

The Employment Equity Committee was established in order to comply with Section 20 of the Employment Equity Act No. 55 of 1998. The Committee consists of employees or their nominated representatives who are from designated groups. The Committee was established for the purpose of enabling the employer to consult with the employees in terms of Section 17 of the Act, and to implement affirmative action measures. The Committee meets on a quarterly basis, and reports to the Chief Executive on all the assigned matters in terms of its Terms of Reference.

6.7.4 PHYSICAL ASSETS DISPOSAL COMMITTEE

Paragraph 16A 3.1 (b) of the Treasury Regulations states that the Accounting Officer of an institution must develop and implement an effective and efficient supply chain management system in his or her institution, for the disposal and letting of state assets, including the disposal of goods no longer required. The Physical Assets Disposal Committee is responsible for making recommendations regarding the disposal of the assets that have become obsolete, or that are no longer required or suitable for service delivery. The Committee meets on a quarterly basis and reports to the Supply Chain Management on all the assigned matters in terms of its Terms of Reference.

6.7.5 BURSARY AND STUDY ASSISTANCE COMMITTEE

In terms of the regulations of the Skills Development Act No. (97 of 1998 as amended), the organisation is required to develop the skills of the South African workforce by improving the quality of life, prospects of work, labour mobility, and productivity in the workplace. The Bursary and Study Assistance Committee is responsible for assessing and making recommendations to the Executive Management, on review study applications submitted by employees in light of the available budget, applicable policies as well as current and future operational requirements of the organisation. The Committee meets annually in the 2nd quarter to consider applications, and reports to the Chief Executive in terms of its Terms of Reference.

7. OTHER GOVERNANCE MATTERS

7.1 DISCLOSURE OF INTEREST

Members of the Board declare any interests and commit to non-disclosure of information that could unfairly advantage or disadvantage a party on an annual basis, and at every Board and Committee meetings. Disclosure and transparency are the partners of good governance, they demonstrate the quality and reliability of information – financial and non-financial – provided by management to lenders, stakeholders, and the public.

7.2 CODE OF CONDUCT

Mhlathuze Water has a comprehensive Code of Conduct that applies to directors, management, and employees in regulating conditions that constitute or could constitute a conflict.

Objectives of this Code, among others, are to:

> Promote transparency and avoid business related conflicts of interest;
> Ensure fairness in dealing with the interests of all employees, other affected individuals, and the company;
> Document the process for disclosure, approval, and review of activities that may amount to actual, potential, or perceived conflicts of interest; and
> Provide a mechanism for the objective review of personal outside interests.

By implementing the above, the Organisation is in a position to:

> Allow individuals, where appropriate, to acquire and maintain personal interests, provided that these do not interfere with, or have the potential to interfere with, their duties to the Company, or improperly influence the judgements expected of them when acting on behalf of the Company; and
> Protect individuals from misplaced charges of any conflict of interest by providing a mechanism for the objective review and approval (including conditional approval) of appropriate personal outside interests held by individuals.

7.3 INTERNAL CONTROL

Internal control systems, for which the Board is accountable, are designed to provide reasonable assurance that assets are safeguarded, and that liabilities and working capital of the Organisation are efficiently managed. Features of Mhlathuze Water's internal controls are:

> A system of financial planning, budgeting, and reporting, which allows continuous monitoring of the Organisation's performance;
> A materiality and significance framework;
> Clearly defined delegations of authority;
> The establishment of a short, medium and long-term funding strategy;
> An effective tariff model; and
> Established policies and procedures.

Internal audit performs an independent assessment of the internal control systems, and business risks and reports to the Board, through the Finance, Audit, and Risk Committee.

7.4 MATERIALITY AND SIGNIFICANCE FRAMEWORK

The National Treasury Regulation Section 28.3.1 and Section 55 (2), Section 54 (2) of the Public Finance Management Act; specify that for purposes of materiality, the Accounting Authority must develop and agree on a framework of acceptable levels of materiality and significance for the Public Entity with the relevant Executive Authority. The Board approved a Materiality and Significance Framework Policy on 26th May 2016. The policy defines both the levels of significance and materiality. The purpose of the framework is to record the levels of materiality and significance for consideration by the governance structures of Mhlathuze Water, and for submission to, and approval by, the Executive Authority. The framework is in line with the Mhlathuze Water Policy on Materiality and Significance Materiality. The Delegation of Authority Policy is aligned to the framework.

7.5 RISK MANAGEMENT

The Board is ultimately accountable for risk management and the system of internal controls at Mhlathuze Water. The Accounting Authority reviewed and approved the Risk Management Policy and Implementation Plan in 2017/2018, and monitored the implementation thereof.

Risk management is recognised as an integral part of responsible management and good corporate governance, hence Mhlathuze Water adopts a comprehensive approach to risk management to balance its opportunities and minimise threats. The purpose of the Enterprise Risk Management (ERM) framework is to provide guidance to management and employees, regarding the implementation of enterprise risk management within the culture of MW.

Enterprise Risk Management approach has been rolled out at a strategic level, and across all business units for identification of strategic, operational, fraudulent, and compliance risks. In order to ensure that MW achieves its objectives, the Risk Management Function will fulfil the following responsibilities:

> Facilitate organisation-wide risk and opportunity identification and analysis;

- Promote the management of risks in line with best practices at all levels of the organisation;
- Promote training in management of risks within different business units and across the organisation;
- Ensure enterprise-wide compliance with key regulatory and legal requirements;
- Ensure resilience of MW operations through Business Continuity and Disaster Management Planning;
- Provide emerging risk intelligence in respect of service delivery projects and interventions;
- Provide support and guidance to business units in managing risks; and
- Report regularly on the performance of the organisation with regards to management of risks.

MW has identified and categorised the key strategic risks of delivering on objectives and mitigation approaches/responses.

The list of the key strategic risks are presented in the table below in residual form. Residual risks refers to the impact and likelihood, taking into consideration the current mitigation approaches/ responses.

The risk might be identified in the organisation, but if no mitigation controls are put in place to prevent, detect, or reduce the impact and likelihood. The business may choose to discontinue the relevant project or may opt to transfer the impact to a third party, as part of the effective risk management process.

Table 3: Risk descriptions, ratings and mitigations

RISK NO	RISK DESCRIPTION	RESIDUAL RATING	MITIGATION
1	**Delays in implementation of infrastructure projects** The threat that MW's infrastructure will not have the required capacity and capability to deliver a reliable service on a sustained basis – in line with demand levels and MW strategic objectives. This may be as a result of: a) Projects may be withdrawn by the Minister due to budget constraints; b) Department's delay payment affecting cash flow; c) Delays in approval of environmental permits; d) Poor project management; e) High turnover rate of project management staff; f) Infrastructure vandalism; and g) Community protests.	13.0	a) Progress reports on Ministerial projects; b) Letters of award includes a clause that commencement of projects is subject to the budget availability; c) Implementation of directives is subject to the confirmation of budget allocation by the Department of Water and Sanitation; d) Community engagements during project delays (through progress meetings); and e) Fencing and Security personnel on site.
2	**Non-compliance with effluent discharge permit** The risk of non-compliance exists due to the fact that effluent discharge contributors may not comply to set limits, resulting in MW not complying. This may occur due to : a) Power failure leading to discharge of undiluted effluent to the marine environment; b) Pipe leaks & breakages in the system leading to spillages; c) Failure of major equipment; and d) Failure to adhere to permit conditions.	13.0	a) Quarterly effluent pipeline stakeholder meetings; b) Annual diving surveys to check the integrity of pipeline and associated infrastructure; c) Annual marine impact assessment to determine impact from effluent discharge; d) Environmental Contingency Plan to effectively respond to emergencies; e) MW and contributors have effluent discharge agreements; and f) Effluent penalty system in place for non-complying contributors.
3	**Unavailability of water (in terms of quantity and quality)** The threat that water stress has materialised exist are linked to difficulty in obtaining sources of freshwater for use during a period of time and may result in further depletion and deterioration of available water resources. Water shortages are a result of: a) Altered weather patterns; b) Non - functional sewerage industry in our catchment area; c) Theft of water (due to illegal abstraction); d) Pollution (Non-Compliance of sewerage effluent, mining and farming activities); e) Emerging contaminants; f) Global warming; and g) Alien plants.	8.0	a) Interbasin Transfer Scheme from Middledrift into the Goedetrouw dam; b) Removal of alien invasive plants in the catchment area; c) Quarterly reporting of water quality; d) Alternative raw water abstraction sources (Nsezi vs Weir); and e) Implementation and enforcement of DWS water restrictions as and when required.

Table 3: Risk descriptions, ratings and mitigations *...continued*

RISK NO	RISK DESCRIPTION	RESIDUAL RATING	MITIGATION
4	**Interruption of water supply** The risk of Unplanned Emergency interruptions impacting on water supply, due to: a) Burst main water pipes and blockages; b) Design weakness (wrong material for the part or inappropriate, bad or over complicated design); c) Delays in procurement; d) Poorly-maintained infrastructure; and e) Vandalism.	13.0	a) 24 hour security guards to prevent sabotage and vandalism; b) Effective planned maintenance programme for critical plant assets; c) Increased storage capacity for potable water; d) Use of consolidated infrastructure master plan; e) Backup power supply for Nsezi treatment plant; and f) Strategic spares kept in stock.
5	**Shortage of appropriate skills** The risk of inability to attract and retain critical staff based on high turnover rate, and other factors such as: a) Inadequate social and economic developments in the area to attract youth in critical professions; b) Perceptions of high pollution levels in the area; c) Unethical conduct resulting to disciplinary processes and potential dismissals; and d) Demand for skills requirement.	10.0	a) Staff retention policy; b) Succession plan policy; c) Appointment of interns; d) Market-related salaries; e) Relocation policy; f) Bursary scheme is in place; g) Remedial action from exit interviews; h) Skills audit to develop plan; i) Shortlisting panel has been established; and j) Conflict of interest declaration by employees and recruitment team.
6	**Cyber attacks** The threat that MW may be a target of cyber-attacks due to: a) Cyber-attacks with financial demands; b) Attacks to perpetrate direct fraud on a business; c) To make a political or social point; d) Non-adherence to IT security policy and procedures; and e) Sabotage.	8.0	a) Signing of IT security policy by employees; b) Segregation of duties in all systems; c) Anti-Virus is installed on all servers and equipment; d) Automated reports that email administrators on affected servers and equipment; e) Firewall is in place; f) Backup Disaster Recovery System is in place; and g) User awareness on system controls and procedures is communicated during induction for new and existing employees.
7	**Inability to sustain revenue, Cash Flow and Financial Management** The threat that MW may not be financial sustainable in the medium to long-term, mainly due to: a) Drought (water restrictions); b) Businesses down scaling; c) Increasing bad debts; d) Misalignment between the issue of directives and receipt of funds to implement projects; e) Cancellation of ministerial directives; and f) Increasing cost of sales.	10.0	a) Portion of the bulk water tariff is based on contracted volumes; b) Wastewater tariffs are based on contracted volumes; c) Accounts Receivable Policy allows for charging interest on late payments; and d) Projects are not implemented before budget is approved.
8	**Non-compliance with legislation, regulations and best practice** The risk always exists that there might be a possibility for non-compliance, which can result in serious consequences for the institution, as a result of: a) Lack of awareness of legislation and/or amendments; b) Management failure to comply due to negligence; c) Inadequate governance structures; d) Inadequate performance of oversight structures; e) Inadequate monitoring of performance against statutory obligations and best practice; f) Inaccurate reporting; and g) Poor performance/negligence.	10.0	a) Subscription with Lexis and Nexis (Alert on legislative amendments); b) Approved policies and procedures; c) Annual assessments of oversight structures; d) Quarterly and annual performance reporting; e) Performance agreements; f) Bi-annual performance evaluations; and g) Training based on identified gaps.

Table 3: Risk descriptions, ratings and mitigations *...continued*

RISK NO	RISK DESCRIPTION	RESIDUAL RATING	MITIGATION
9	**Vulnerability to fraud and corruption** The risk of fraud and corruption due to: a) Weak Internal Controls; b) Collusion; c) Unethical culture; d) Bad tone at the top; and e) Management override.	10.0	a) Fraud prevention policy; b) Whistle-blower line; c) Fraud awareness; d) Declaration of interest; e) Organisational restructuring (review clear reporting line and segregation duties); f) Disciplinary Policy and Procedure (Consequence Management); and g) Whistle-blower response process.
10	**Employee Safety** The risk always exists that employees may be injured or their health negatively impacted by MW infrastructure or due to the hazardous chemicals/ gases that MW handles. This may also occur due to: a) Failure to maintain chlorine cylinders; b) Inadequate skills; c) Incompetent drivers; d) Non-compliance with safety policies and procedures; e) Unsafe working conditions; f) Failure to observe safety working operating standards; g) Failure to conduct periodic medical examinations; and h) Substance abuse.	8.0	a) Five yearly Risk Assessments by approved inspection authority (i.e. ISHECON); b) As part of the selection process i.e. chemical companies must produce HAZCHEM evidence of qualification to handle chemicals; c) Every two years, MW trains employees who handle chemicals; d) Approved chlorine leak response procedure; e) Chlorine detectors are installed; f) Occupational Health and Safety Policy; g) Safety induction on new and existing employees; h) Constant training as and when required; and i) Intoxication and substance abuse policy.
11	**Reputational impairment** The threat to reputational damage stems from a breakdown of trust. It challenges the perceived strength of the institution and its management, and undermines relationships with key stakeholders. This could be: a) Disregard of stipulated laws and regulations; b) Unfulfilled promises; and c) High expectations from Mhlathuze Water stakeholders.	10.0	a) Policies and procedures that govern how Mhlathuze Water business is run; b) Annual Stakeholder engagements; and c) Pro-active communications of Mhlathuze programmes

7.6 INTERNAL AND EXTERNAL AUDIT

7.6.1 INTERNAL AUDIT

Internal audit uses a risk based combined assurance approach, and periodically reviews the adequacy of control design, to ensure that risks are effectively managed. Key controls are tested to ensure effectiveness thereof.

Internal audit operates in adherence to a 3-year rolling Internal Audit Plan aligned to Mhlathuze Water's Corporate Strategy, that seeks to achieve the following objectives:

> Effectiveness and efficiency of operations;
> Reliability of financial reporting; and
> Compliance with relevant laws and regulations.

In line with the Institute of Internal Auditors, the PFMA and the King IV requirements, internal audit provides assurance on the state of governance, risk & financial management and control effectiveness and processes, to management and the Board via the Audit, Risk, & Finance Committee.

7.6.2 EXTERNAL AUDIT

The Auditor-General (AG) South Africa is mandated to conduct an independent appraisal of Mhlathuze Water. The AG provides independent assurance on Mhlathuze Water's Annual Financial Statements, including review of predetermined objectives information, risk management, performance information, internal control systems, and compliance with legislation and regulations applicable to the institution.

The AG annually produces audit reports on Mhlathuze Water as a Section 3B public entity. The audit outcomes are presented in a report, as per the Public Finance Management Act (PFMA) and other regulations related to public entities. These reports are tabled to the legislature (National Parliament) through the Portfolio Committee on Water and Sanitation.

NSEZI WATER
TREATMENT PLANT

PART B:
STRATEGIC OBJECTIVES

"The goal is to get the various interest groups including employees, private sector, government, and the communities, to understand and embrace Mhlathuze Water's vision and the trajectory that the utility sees itself taking in the medium-to long-term."

8. THE STRATEGIC PLANNING PROCESS

The development of a sound strategic planning document requires a thorough understanding of the anticipated changes and realities within the business environment. As part of the strategic planning process, a detailed internal and external situational analysis was conducted. Mhlathuze Water's major customers were consulted, and invited, to form part of the discussions that affect the future growth of the business in the context of providing bulk water and waste water services. These plans and Key Performance Indicators (KPIs) are outlined in the business plan and shareholders compact.

The business plan spans a five-year period from July 2019/2020 to June 2023/2024, and will be reviewed annually. The Business Plan is presented in the format prescribed in the Water Services Act, 1997 (Act No. 108 of 1997); Public Finance Management Act, 1999 (as amended); and the Framework for Strategic Plans and Annual Performance Plans, 2010.

The statutory key performance indicators to be attained by Mhlathuze Water in the 2019/2020 financial year are contained in the shareholders compact. This is agreed into between the Board and the Minister of Water and Sanitation. The Board undertakes to oversee the implementation of the agreement attached as Annexure D.

In the event that it is envisaged that Mhlathuze Water will not be able to fully execute the plans, the Board will promptly inform the Minister accordingly, and seek advice prior to making decisions or taking action. The strategic objectives are provided in relation to specific outputs documented in the section below. Statutory KPAs incorporated in the shareholders compact are marked with *'SC and number'* and Mhlathuze Water's strategic KPAs are marked with *'MW and number'* in the section below.

8.1 STRATEGIC OBJECTIVES AND PROJECTED OUTPUTS

Further to the shareholders compact and mandatory targets, the Board has aligned its legislative mandate to that of the UN's Sustainable Development Goals, as well as the organisation's own strategic objectives. Furthermore, the Board committed itself to measure its success in this context, having set these 5-year performance measures, in addition to the applicable mandatory performance measures.

Table 4: Strategic objectives and projected outputs

ALIGNMENT TO SUSTAINABLE DEVELOPMENT GOALS	STRATEGIC OBJECTIVE		PROJECTED 5 YEAR PERFORMANCE OUTPUTS	JUNE 2018 BASELINE	SOURCE OF BASELINE	5 YEAR PERFORMANCE TARGETS
6.4, Substantially **increase water-use efficiency** across all sectors, and ensure **sustainable withdrawals and supply** of freshwater, to address withdrawals and supply of freshwater to address water scarcity, and substantially reduce the number of people suffering from **water scarcity**	**S01**	To grow the provision of water services	Invest effectively in bulk water storage	240 million m³/a natural yield	DWS Reconciliation Study	280 million m³/a water secured or stored in natural/produced by human systems
			Invest effectively in bulk water production	74 million m³/a plant capacity	Annual Report	90 million m³/a plant capacity
			Research and Development that informs operational efficiency and growth	None	None	Conduct research on 5 initiatives and implement 4
	S02	To ensure long-term financial sustainability of the organisation	Diversify/ Expand the business footprint	R540m annual revenue	Annual Financial Statements in Annual Report	5% increase in gross revenue from Section 29 customers
				R540m annual revenue	Annual Financial Statements in Annual Report	2,5% increase in gross revenue from new customers
			Revenue generation from investment in assets	100% of 204ML/d plant capacity contracted	Annual Report	90% of augmented 260Ml/d plant capacity contracted
6.1, Achieve **universal and equitable access to safe and affordable drinking water** for all	**S03**	To initiate and build relations with all stakeholders to add value for all	Maintain quality service to existing customers	Mondi purified: 88.4%; Foskor clarified: 100%; All other purified: 100%;	Customer standards and Lab test results	95% of customer water quality standards achieved
			Increase in the Local/ Regional economic spend	7% of bids>R500k spent in District	Contract register	20% of procurement spend within the KCDM
			Local community to feel the presence of MW	24% spent on regional CSI and municipal rural development budget in line with the mandate	Annual Report (CSI and municipal budget vs actual spend)	90% budget spend on local and regional CSI and municipal rural development in line with the mandate
	S04	To resource the Organisation with the required skills and competence, to deliver the strategic intent	Increase leadership and operational competence	97.1% plant availability	Maximo reports	95% plant availability
				0 instances of unplanned supply interruptions exceeding 24 hours	Maximo reports	3 instances of unplanned supply interruptions exceeding 24 hours
	S05	To optimise business processes and systems to be compliant	Unqualified Audit	Qualified	External Audit Report	Unqualified Audit
6.3, **Improve water quality** by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, **halving the proportion of untreated wastewater** and substantially **increasing recycling and safe reuse** globally	**S06**	To be pro-active on issues relating to health, safety, security, and environmental compliance and stewardship	Safe and secure working environment	1	DFIR report	0 disabling injuries
			Meet quality and compliance standards	99.9% compliance with SANS	Independent compliance testing reports	97% compliance with set standards
				91.8% compliance with disposal permit	Independent compliance testing reports	90% compliance with set standards
			Complete feasibility studies to reduce waste water discharge into the ocean	64.8 million m³/a	Annual Report	Feasibility to re-use the waste or dispose of waste water in an environmentally friendly manner
	S07	To improve efficiency through technology and best practices	Implement technology to reduce cost of sales	43% (cost of sales as part of gross revenue)	Annual Financial Statements in Annual Report	5% reduction in costs of sales due to technological advances implemented
			Reduce water wastage from abstraction	2.72% of water loss from abstraction	Annual Report	2.5% of unaccounted water loss from abstraction

5 YEAR PERFORMANCE TARGETS	OPERATIONAL PERFORMANCE ACTIVITIES	YEAR 1 2019/2020	YEAR 2 2020/2021	YEAR 3 2021/2022	YEAR 4 2022/2023	YEAR 5 2023/2024	BUDGET ALLOCATION
280 million m^3/a water secured or stored in natural/produced by human systems	Feasibility studies to increase system storage yield implemented	* CoU Forrest Reservoirs; * KCDM; and * Nseleni/ Mhlathuzana dam	* CoU Mandlazini; * Nsezi Lake weir	* Mfolozi off – channel dam; * Desalination			R28m
	Feasibility will determine funding models	0	TBD	TBD	TBD	TBD	TBD
90 million m^3/a plant capacity	CAPEX programme implemented to increase plant production capacity	Mweir and Mweir to NWTP pipeline	Nsezi WTP updrage	Nsezi WTP updrage	Nsezi WTP updrage		Weir: R73m Weir to NWTP pipeline R151m; Nsezi WTP upgrade R325m
Implement 5 research and development initiatives	Conduct research to improve organisational efficiency and growth	1 research and development initiatives implemented	1 research and development initiatives implemented	1 research and development initiatives implemented	1 research and development initiatives implemented	1 research and development initiatives implemented	R3.6m per annum
5% increase in gross revenue from Section 29 customers	Bulk Agreements with new customers	7	8	8	9	10	
2.5% increase in gross revenue from new customers	Increase Section 30 business with regional Water Services Authorities	1 new S30 customers	2 new S30 customers	2 new S30 customers	2 new S30 customers	2 new S30 customers	
90% of augmented 260Ml/d plant capacity contracted	Bulk supply to new customers	0	0	35000ml/d	31000ml/d	20000ml/d	
95% of customer water quality standards achieved	Meet customer water requirements	92%	93%	94%	95%	95%	
20% of procurement spend within the KCDM	Emerging and Local Supplier Development	10%	15%	15%	20%	20%	
90% budget spend on local and regional CSI and municipal rural development in line with the mandate of MW	Targeted initiatives implemented according to policy and mandate	90% spent	90% spent	90% spent	90% spent	90% spent	R25m for RD; R6.5m for CSI
95% plant availability	Reduce down time of plant or critical plant assets	95%	95%	95%	95%	95%	
3 instances of unplanned supply interruptions exceeding 24 hours	Reduce down time of plant or critical plant assets	3	3	3	3	3	
Unqualified Audit	Unqualified Audit	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	
Zero disabling injuries	Compliance with OHSA requirements	0	0	0	0	0	
97% compliance with set standards	97% compliance with drinking water standards	97%	97%	97%	97%	97%	
90% compliance with set standards	90% compliance with waste water disposal standards	100%	100%	100%	100%	100%	
Feasibility to re-use the waste or dispose of waste water in an environmentally friendly manner	Feasibility studies to re-use waste produced from industry	Feasibility study conducted	CoU Waste Water partnership agreement	Feasibility study conducted	Feasibility study conducted	Feasibility study conducted	Included in R28m for feasibility studies
5% reduction in costs of sales due to technological advances implemented	Implement efficiency research initiatives	0	0	1% decrease	2% decrease	2% decrease	
2.5% of unaccounted water loss from abstraction	Planned and Preventative Maintenance Programme	5%	5%	4%	3%	3%	

9. CHIEF EXECUTIVE UNIT

9.1 MANDATE OF THE CHIEF EXECUTIVE UNIT

The principal mandate of the Chief Executive Unit is to provide executive and administrative support to the Chief Executive and the Board. It performs overall oversight in ensuring the implementation of Mhlathuze Water strategic objectives through Strategy and Development, Risk Management, Internal Audit, Company Secretary and Legal Services, and Corporate Communications.

9.2 FUNCTIONS WITHIN THE CHIEF EXECUTIVE UNIT

OFFICE OF THE CHIEF EXECUTIVE

The office of the Chief Executive provides administrative support to the CE, and manages the implementation of Corporate Social Investment initiatives, as well as ensuring that the organisation fulfils its social responsibility mandate. The office is also responsible for managing stakeholder relations, which are aimed at positioning the organisation as the reliable regional water and wastewater business partner of choice.

COMPANY SECRETARY

This function provides corporate governance and legal services support to the organisation. It is responsible for ensuring that the Board operates effectively, and in accordance with the principles of Corporate Governance, as provided in the King IV Report on Corporate Governance for South Africa 2016. It is also responsible for statutory compliance with amongst others, the Water Services Act 108 of 1997; the Public Finance Management Act 1 of 1999; and the Preferential Procurement Policy Framework Act 5 of 2000.

STRATEGY AND DEVELOPMENT

The Strategy and Development function is entrusted with the responsibility of facilitating and coordinating the organisational strategic planning, monitoring, and reporting. The function translates key priorities into actionable plans with clear activities, performance measurements, and resource commitments. The function is also responsible for compiling and submitting statutory documents, such as the organisation's five-year business plan, shareholder's compact, annual operational plan, quarterly performance reports, and annual reports.

RISK MANAGEMENT

The purpose of the risk management function is to identify potential challenges that the organisation might face, and implement appropriate mitigating measures before they occur. This is done so that risk-handling activities may be planned and invoked as needed across the life of the business, to mitigate adverse impacts on achieving objectives.

Risk management is a continuous, forward-looking process that is an important part of business and management processes. Risk management addresses issues that could endanger achievement of the organisation's objectives. A continuous risk management approach is applied to effectively anticipate and mitigate the risks that have critical impacts on the business of Mhlathuze Water.

Effective risk management includes early and aggressive risk identification, through the collaboration and involvement of relevant stakeholders. Strong leadership across all relevant stakeholders is needed to establish an environment for free and open disclosure and discussion of risk. Risk management can be divided into three parts: defining a risk management strategy; identifying and analysing risks; and handling identified risks, including the implementation of risk mitigation plans.

CORPORATE COMMUNICATIONS

The Corporate Communications function manages the corporate image and identity of Mhlathuze Water. It is also in charge of all media relations, events management, community relations, and corporate publications (newsletters and annual reports). Amongst other things, the function is responsible for procuring and producing all marketing collateral, e.g. company logos, branding, corporate clothing; and style of written communication. The function is responsible for website, intranet uploading, and all related activities. Marketing activities such as billboard advertising, editorials, and exhibitions, fall under this wing. The function also executes the strategic objectives, by building and maintaining relationships with internal and external stakeholders.

INTERNAL AUDIT

Internal Audit is an independent and objective function responsible for planning, executing, and reporting on operational, financial, non-financial, regulatory, and compliance-related internal audits. This function also recommends corrective actions so as to improve operations, enhance internal controls, and reduce costs where possible. The function is also responsible for identification and evaluation of financial and non-financial risks, together with procedures to avoid or minimise their impact.

9.3 KEY PERFORMANCE HIGHLIGHTS

CORPORATE SOCIAL INVESTMENT

Mhlathuze Water is passionate about community and youth development within its area of operation.

The focus areas of the CSI strategy are as follows:

> Education;
> Supply of potable water and sanitation facilities;
> Economic development;
> Skills development training advocacy; and
> Sports development.

Five CSI initiatives were conducted during the 2017/2018 financial year. Monetary donations were given to Exhaphozini Primary School and Ekuphakameni Primary School. Soccer kits were donated to Mevamhlophe Community Development and Phuma United Football Club. Ablution facilities were refurbished at Nguluzana Primary School, and an official handover by the CE of Mhlathuze Water, accompanied by the executive team, was conducted on 13th June 2018.

POLICY DEVELOPMENTS

The following policies were reviewed during the 2017/2018 financial year:

> Employee Wellness and Disease Management Policy;
> Employee Performance Management Policy;
> Grievance Policy & Procedure;
> Ideas for Innovation Policy;
> Fraud Prevention Policy;
> Risk Management Policy (Enterprise Risk Management);
> Board Members Stipends and Reimbursements;
> Business Continuity Management Policy;
> Fraud Prevention Policy;
> Legal Policy;
> Risk Management Policy (Enterprise Risk Management);
> Communication Policy; and
> Planning, Performance Monitoring and Reporting Policy.

INSTITUTIONALISATION OF THE PLANNING, MONITORING, AND REPORTING SYSTEM

Mhlathuze Water introduced a planning, monitoring, and reporting system that assists the organisation in monitoring its performance, and initiatives, which contribute to service delivery outcomes. The planning, monitoring, and reporting system was developed in compliance with the Framework for Managing Programme Performance Information, 2007 and applicable National Treasury regulations. The reporting system involves collecting, analysing, and assessing the validity and accuracy of performance information; and reporting on performance information. The Planning, Monitoring, and Reporting Policy was approved by the Accounting Authority in August 2018; and the Monthly, Quarterly, and Annual Reporting Procedures was approved by EXCO in August 2018.

REPORTING CYCLE

The first draft 2018/2019 – 2022/2023 Business Plan and 2018/2019 Shareholders Compact were submitted to DWS on 31 January 2018. The final 2018/2019 – 2022/2023 Business Plan and 2018/2019 Shareholders Compact were submitted to DWS on 13 April 2018. All quarterly reports were submitted within 30 days after the end of the quarter.

APPOINTMENT OF THE BOARD

The Mhlathuze Water Board was appointed on 05th December 2018.

9.4 FUTURE PLANS

STAKEHOLDER ENGAGEMENT

Cognisant of the critical importance of meeting, and even surpassing its customers' expectations, Mhlathuze Water will be placing a renewed focus on cultivating long-lasting and fruitful relationships with all its stakeholders. The goal is to get the various interest groups including employees, private sector, government, and the communities, to understand and embrace Mhlathuze Water's vision and the trajectory that the utility sees itself taking in the medium-to long-term. Equally so, through this process of engagement to better understand and respond to the aspirations of customers.

To do this, Mhlathuze Water has placed a focus on the delivery of quality and constant messages regarding the organisation. With the Chairperson of the Board and the Chief Executive at the forefront, the intention is to build symbiotic relationships with stakeholders that will transcend beyond just the delivery of water.

An assessment of the needs of the communities shown that with the requisite multi-stakeholder partnerships in place, the organisation can marshal its resources towards delivering more impactful corporate social responsibility initiatives and, ultimately, poverty reduction. Ultimately, in line with the imperative of using the services the organisation provides, Mhlathuze Water will strengthen its relationships with stakeholders based on an ethos of mutual respect and constant communication, as well as leveraging on Mhlathuze Water's strengths.

9.5 CHIEF EXECUTIVE UNIT PRE-DETERMINED OBJECTIVES: 2019/2020-2023/2024 TARGETS

Table 5: Chief Executive Unit Pre-determined Objectives: 2019/2020-2023/2024 Targets

STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO INITIATE AND BUILD RELATIONSHIPS WITH STAKEHOLDERS TO ADD VALUE FOR THE MUTUAL BENEFIT OF ALL										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
MW1	MW positioned as the preferred water service provider	Number of stakeholders engagements held	-	4	4	2	20	4	4	4	4	4
MW2	MW positioned as customer focused organisation	Number of Stakeholder Indaba held	-	-	1	Concept document developed	5	1	1	1	1	1
MW3	MW positioned as a brand through marketing initiatives	Number of marketing initiatives conducted	-	4	4	4	20	4	4	4	4	4
MW4	External stakeholders informed on MW programmes, projects, and services through media engagements	Number of media initiatives conducted	-	0	16	29	80	16	16	16	16	16
SC11	Bulk supply service level agreement in place	Number of bulk supply service level agreement in place	9	9	7	7	9	7	8	8	9	10
SC13	Rural Development support in line with the organisation's mandate	Number of municipalities supported through rural development initiatives	1	0	0	Proposal received from 1 municipality	10	2	2	2	2	2
SC21	Corporate Social Investment (CSI) Initiatives in line with the organisation's mandate	Number of CSI initiatives undertaken	7	3	5	3	20	4	4	4	4	4

Table 5: Chief Executive Unit Pre-determined Objectives: 2019/2020-2023/2024 Targets *...continued*

STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO OPTIMISE BUSINESS PROCESSES AND SYSTEMS										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
SC18	Board effectiveness	Percentage of attendance of Board members at Board meetings	80%	80%	100%	91%	90%	90%	90%	90%	90%	90%
		Percentage of Attendance of members at subcommittee meetings	80%	80%	82%	90%	90%	90%	90%	90%	90%	90%
		Percentage of resolutions adopted by the Board	87%	80%	100%	100%	100%	100%	100%	100%	100%	100%
		Percentage resolutions implemented by EXCO	-	-	100%	100%	100%	100%	100%	100%	100%	100%
SC14	Meeting statutory submission deadlines	Number of approved business plans submitted as per compliance requirements	1	1	1	1 Draft business plan	5	1	1	1	1	1
		Number of approved Shareholder Compact as per compliance requirements	1	1	1	1 Draft shareholders compact	5	1	1	1	1	1
		Number of approved Annual Report submitted as per compliance requirements	1	1	1	-	5	1	1	1	1	1
SC14	Meeting statutory submission deadlines	Number of quarterly report submitted as per compliance requirements	4	4	4	2	20	4	4	4	4	4

Table 5: Chief Executive Unit Pre-determined Objectives: 2019/2020-2023/2024 Targets *...continued*

STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO INITIATE AND BUILD RELATIONSHIPS WITH STAKEHOLDERS TO ADD VALUE FOR THE MUTUAL BENEFIT OF ALL *...continued*										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
SC5	Effective governance, compliance with legislation and financial sustainability	Unqualified opinion received	Unqualified opinion	Qualified opinion	Qualified opinion	-	Clean Audit	2018/2019 Unqualified audit opinion with no matters of emphasis	2019/2020 Unqualified audit opinion with no matters of emphasis	2020/2021 Clean Audit	2021/2022 Clean Audit	2022/2023 Clean Audit
SC19	Corrective measures for internal audit findings	Number of unresolved internal audit findings	1	1	-	2	0	0	0	0	0	0
		Number of repeat internal audit findings	0	1	-	5	0	0	0	0	0	0
MW5	Effective internal controls	Number of three-year strategic rolling internal audit plan	-	-	-	1	5	1	1	1	1	1
MW6	Effective risk controls and management	Percentage of implementation of fraud risk further action plans	-	-	-	80%	100%	100%	100%	100%	100%	100%
MW7		Percentage implementation of strategic risk further action plans	-	-	-	80%	100%	100%	100%	100%	100%	100%
MW8		Percentage implementation of operational risk further action plans	-	-	-	80%	100%	100%	100%	100%	100%	100%

Table 6: Chief Executive Chief Executive Unit Pre-determined Objectives: 2019/2020 Quarterly Targets

STRATEGIC OBJECTIVE	TO INITIATE AND BUILD RELATIONSHIPS WITH STAKEHOLDERS TO ADD VALUE FOR THE MUTUAL BENEFIT OF ALL							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
MW positioned as the preferred water service provider	Number of stakeholder engagement sessions held	Quarterly	> Secure the date and venue for stakeholder engagement sessions; > Develop agenda items for the sessions > Prepare session packs > Prepare notes for the sessions	4	1	1	1	1
Bulk supply agreements concluded with municipalities/ other customers	Number of bulk supply service level agreement in place	Quarterly	Draft service level agreements between MW and relevant municipalities/ customers	7	7	7	7	7
Rural Development support in line with the organisation's mandate	Number of municipalities supported through rural development initiatives	Quarterly	> Identify support to be provided by MW and the municipalities to be supported; > Engage with municipalities/ institutions; and > Appoint service providers to implement rural development initiatives.	2	Terms of reference to appoint a service provider for construction services for 2 municipalities to be supported through rural development initiatives	Appointment of the service provider for construction services for 2 municipalities to be supported through rural development initiatives	EXCO approved progress report on 2 municipalities to be supported through rural development	2 Municipalities supported through rural development initiatives
Corporate Social Investment (CSI) Initiatives in line with the organisation's mandate	Number of CSI initiatives undertaken	Quarterly	> Identify beneficiaries; > Procure relevant services and products for CSI initiatives; and > Officially handover CSI initiatives to relevant beneficiaries.	4	1	1	1	1
MW positioned as customer focused organisation	Number of Stakeholder indaba held	Quarterly	> Develop concept document; and > Prepare a submission to MANCO and EXCO.	1	Draft concept document on 1 Stakeholder Indaba to be held presented at MANCO	Concept document on 1 Stakeholder Indaba to be held presented at EXCO	1 Progress report on stakeholder Indaba to be held	1 Stakeholder indaba held
External stakeholders informed on MW programmes, projects and services through media engagements	Number of media activities	Quarterly	> Develop a Media Plan; and > Promote a positive image of the board and the organisation.	16	4	4	4	4
MW positioned as a brand through Marketing initiatives	Number of awareness campaigns conducted	Quarterly	> Building brand awareness through exhibitions and publicity	4	1	1	1	1

Table 6: Chief Executive Chief Executive Unit Pre-determined Objectives: 2019/2020 Quarterly Targets *...continued*

STRATEGIC OBJECTIVE	TO OPTIMISE BUSINESS PROCESSES AND SYSTEMS							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Board effectiveness	Percentage of attendance rate of Board members at Board meetings	Quarterly	> Distribute the annual schedule for Board meetings; and > Develop governance structures meetings' annual calendar	90%	90%	90%	90%	90%
	Percentage of attendance at subcommittee meetings	Quarterly	> Distribute the annual schedule for sub-committee meetings	90%	90%	90%	90%	90%
	Percentage of resolutions adopted by the Board	Quarterly	> Develop the decision matrix; and > Monitor the decision matrix.	100%	100%	100%	100%	100%
Effectiveness of Executive Committee	Percentage resolutions implemented by EXCO	Quarterly	> Develop the decision matrix; and > Monitor the decision matrix.	100%	100%	100%	100%	100%
STRATEGIC OBJECTIVE	TO OPTIMISE BUSINESS PROCESSES AND SYSTEMS							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Meeting statutory submission deadlines	Number of approved business plans submitted as per compliance requirements	Quarterly	> Conduct the strategic plan session; > Consult targets owners; and > Facilitate professional editing and printing of all documents.	1 Approved Business Plan submitted	MANCO EXCO Strategic planning session held	Strategic planning session held	First draft 2020/2021-2024/2025 Business Plan	2020/2021-2024/2025 Business Plan
	Number of approved Shareholder Compact submitted as per compliance requirements	Quarterly	> Consult targets owners; and > Populate the shareholders compact template.	1 Approved 2020/2021 Shareholder Compact submitted	2020/2021 Shareholders Compact template in place	Nil	2020/2021 first draft Shareholders Compact submitted	2020/2021 Shareholders Compact submitted
Meeting statutory submission deadlines	Approved Annual Report submitted as per compliance requirements	Annually	> Draft the annual report	1 Approved 2018/2019 Annual Report submitted	1 Approved 2018/2019 Annual Report submitted	Nil	Nil	Nil
	Number of quarterly performance reports submitted as per compliance requirements	Quarterly	> Co-ordinate the collection and verification of reported performance information	4	1	1	1	1
Effectiveness of internal controls	Number Strategic three-year rolling internal audit plan		> Draft the Strategic three-year rolling internal audit plan	1	1	Nil	Nil	Nil
Effectiveness of internal controls	Number Strategic three-year rolling internal audit plan		> Draft the Strategic three-year rolling internal audit plan	1	1	Nil	Nil	Nil

Table 6: Chief Executive Chief Executive Unit Pre-determined Objectives: 2019/2020 Quarterly Targets *...continued*

STRATEGIC OBJECTIVE	TO OPTIMISE BUSINESS PROCESSES AND SYSTEMS							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Effective governance, compliance with legislation, and financial sustainability	Number of unresolved internal audit findings	Quarterly	> Conduct an audit on financial and non-financial data	0	0 (2018/2019 Q4)	0	0	0
Effective governance, compliance with legislation, and financial sustainability	Number of repeat internal audit findings	Quarterly	> Conduct an audit on financial and non-financial data	0	0 (2018/2019 Q4)	0	0	0
Effective governance, compliance with legislation, and financial sustainability	External audit report	Annual	> Audit financial and non-financial data; and annual financial statements	Unqualified audit opinion with no matters of emphasis	Nil	Unqualified audit opinion with no matters of emphasis	Nil	Nil
Effective risk management	Percentage Implementation of fraud risk action plans	Quarterly	> Conduct Risk annual workshop; monitor the implementation identified further action items.	100%	100% (2018/2019 Q4)	100%	100%	100%
	Percentage Implementation of operational risk action plans	Quarterly	> Conduct Risk annual workshop; monitor the implementation identified further action items.	100%	100% (2018/2019 Q4)	100%	100%	100%
	Percentage Implementation of strategic risk action plans	Quarterly	> Conduct Risk annual workshop; monitor the implementation identified further action items.	100%	100% (2018/2019 Q4)	100%	100%	100%

10. CORPORATE SERVICES UNIT

10.1 MANDATE OF CORPORATE SERVICES UNIT

The Corporate Services Unit provides a range of corporate services functions at strategic and operational levels. The Unit manages Information Technology, Human Resources Operations, Training and Development, Employee Relations, Employee Wellness, Fleet, Document Control, and the Individual Employee Performance Management System. The Unit's strategic intent is driven mainly by Strategic Objective 4 (resource the organisation with the required skills and competence to deliver the strategic intent); and Strategic Objective 5 (optimise business processes and systems).

HUMAN RESOURCES DEVELOPMENT

Human resources development has always been a priority of Mhlathuze Water for many years, and it is still a priority to date. Specific initiatives have included training and development programmes for line managers, technical, and administrative staff, general staff as well as learners from the communities within Mhlathuze Water's area of operation. Major focus is on capacity-building through bursary schemes, graduate training, artisan training, process controller learnership, inservice-training, and internship programmes.

HUMAN RESOURCES MANAGEMENT

Human Resources intends to be a strategic partner that helps Mhlathuze Water to provide:

> A professional service through accurate, consistent, and best employment practices in all its activities, which are aimed at supporting the achievement of the organisation's strategic objectives;

> Attract and retain employees who share the same organisational vision;

> Set and manage standards of performance; and

> Promote a personal and career development environment for all employees so that they can reach their potential, and, therefore, contribute fully to the achievement of the strategic objectives, and instil a culture of service excellence.

INFORMATION TECHNOLOGY

The Information Technology (IT) function is responsible for the delivery of services that support the Organisation's strategic plan and individual department's objectives successfully, through the effective use of information technology. Its purpose is to ensure that the Organisation achieves optimum use of its IT resources. In addition, the function is tasked with the responsibility of providing cutting-edge IT solutions, including enabling communication tools that will optimise business systems in a reliable and secure manner. This includes the implementation of effective and efficient business systems that meet users' needs, the provision of a reliable IT infrastructure and environment, and creating capacity for proper information management and business intelligence. The function seeks to implement a single source integrated system, as the key business system tool within the organisation.

DOCUMENT MANAGEMENT

Mhlathuze Water keeps and manages official records to support its business operations, as well as to fulfil legal and administrative obligations. These records are managed from date of creation of documents to date of disposal thereof, in terms of the National Archives and Records Service Act 43 of 1996, as amended. The Document Management function, therefore, ensures that institutional records of historical, fiscal, and legal value are identified and preserved; and that non-essential records are discarded in a timely manner according to established guidelines and legislation.

FLEET MANAGEMENT

Fleet Management is assigned to the Corporate Services Department, and the HOD oversees all aspects of this function, while the HR Manager and Fleet Administrator performs the various activities related thereto. The current fleet size and shape is adequate for the purposes of service delivery. Mhlathuze Water operates a fleet of seventy four (74) vehicles, which comprises a combination of small vans to heavy vehicles. Forty eight (48) of the vehicles are owned by Mhlathuze Water, while twenty six (26) are held under lease agreements.

LEGAL SERVICES

The legal Services function is responsible for providing effective and efficient legal services to the organisation, in order to ensure that the interests of the organisation are protected against any legal risk. The function provides effective and legally-sound contracts, in order to ensure that the interests of the organisation are protected against any legal risk. It is also responsible for drafting and vetting legally sound contracts, and further handles and manages litigation matters affecting the organisation.

10.2 WORKFORCE PROFILE

The table below reflects the workforce profile and the staff complement, as approved by the Accounting Authority.

Table 7: Workforce Profile

WORKFORCE PROFILE											
OCCUPATIONAL LEVELS	MALE				FEMALE						TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	MALE	FEMALE	
Top management	2	0	0	0	0	0	0	0	0	0	2
Senior Management	3	0	0	0	1	0	0	0	0	0	4
Professionals	11	0	1	2	12	0	1	0	0	0	27
Skilled Technical and Academically Qualified Workers	29	0	0	2	34	1	6	1	0	0	73
Semi-skilled	48	1	1	0	20	1	0	2	0	0	73
Unskilled and Defined Decision-making	17	1	0	0	14	0	0	0	0	0	32
Total	**110**	**2**	**2**	**4**	**80**	**2**	**7**	**3**	**0**	**0**	**210**

Mhlathuze Water has adequate and competent engineering, scientific, project implementation and management capacity. This enables the organisation to execute its core business effectively. The geographic locality of the organisation poses some challenges in attracting and retaining appropriately qualified and experienced staff. Despite these challenges, the organisation's core skills base is healthy and stable.

10.3 KEY PERFORMANCE HIGHLIGHTS

ARTISAN DEVELOPMENT PROGRAMME

The Artisan Development Programme is conducted in compliance with the Skills Development Act No. 97 of 1988. The primary objective of this programme is to build internal capacity in the relevant trades as well as to contribute towards the National Skills Development Strategy. Twenty unemployed youth participated in this programme between the 2015/2016 and 2017/2018 financial years. Nine African males and eleven African females acquired Electrical Trade certificates. A total of R 4.4 million was spent on this programme. All beneficiaries were recruited from needy communities within the area of Northern Zululand.

INTERNSHIP PROGRAMME

This programme aims to provide work experience to newly qualified graduates in order for them to become employable. Graduates are recruited on an annual basis to serve a one year internship programme in various disciplines. Twelve youth participated in the Mhlathuze Water internship programme in the 2017/2018 financial year. A provision has been made for the intake of forty (40) unemployed youth over the next five year period.

LEARNERSHIP PROGRAMME

In order for Mhlathuze Water to provide clean and quality water at all times, a need to upskill employees was identified. Therefore a Learnership Programme that provides training on Water and Waste Water Treatment was implemented. Learners receive a national qualification accredited by the EWSETA. This programme further equips internal employees to build their capacity for advancement opportunities in the organisation by assisting them to obtain up to NQF level 4 qualification. Internal and external learners are recruited on an annual basis to join the programme. Twenty (20) new learners will participate in the learnership programme over the next 5-year period.

BURSARY PROGRAMME

As part of its social responsibility towards the community that it serves, Mhlathuze Water annually makes available bursaries to students who are South African citizens and are residing within Mhlathuze Water's area of operation. The purpose of the external bursary programme is to assist financially needy students. It is intended for undergraduate studies at a South African university or technical college on a full time basis.

"Ever since I had the bursary from Mhlathuze Water, my life has been easier, there is nothing to worry myself about except for how I can brighten my future even further. My life has improved a lot since then. Today, I am a graduate... something that was impossible due to my financial background. I'm now able to assist my grandmother with whatever she needs whenever I can. I am also making our home a better place to live in, a place that someone can be proud to call their home"

Students are selected from needy communities and the bursary covers cost of registration, tuition, books, accommodation and meal allowances.

"I am proud to say, today I am able to provide my two younger siblings (brothers) with the assistance that our parents would have given them, had they not gone too soon. Today I am able to do house maintenance at home"

The programme offers vast opportunities for students who excel in their studies. Two recipients of the external bursary programme are currently engaged on the graduate training programme for development to acquire professional registration with ECSA. The programme contributes greatly towards the availability of scarce and critical skills needed to undertake the water services function.

Furthermore, as part of Mhlathuze Water's commitment to the development of human resources, a study assistance scheme is made available to all permanent and long fixed-term contract employees. The bursary recipients enrol for various courses such as Masters Programme, Junior and Senior degrees, National Diplomas and Certificates.

PROFESSIONAL REGISTRATION

Mhlathuze Water promotes professional registration for recognised institutions by covering the cost of professional registration on an annual basis. It is compulsory for incumbents in certain positions to have valid professional registration with institutions such as ECSA and SAICA. Graduate trainees, in particular, are financially supported in order to acquire professional registration with the Engineering Council of South Africa (ECSA). Within the next 5 years, six graduate trainees would have participated in this programme.

INDUCTION PROGRAMME

An induction programme is conducted on a monthly basis to induct new and existing employees. The purpose of the programme is to familiarise employees with the organisation's policies, procedures, expected conduct as well as processes and systems.

COMPLIANCE TRAINING PROGRAMME

Mhlathuze Water trains employees on compliance training programmes for health and safety purposes (i.e. first aid, firefighting, snake awareness, chlorine handling, permit and isolation, working at heights etc.).

EMPLOYEE WELLNESS

Mhlathuze Water recognises that taking care of business means taking care of the needs of employees. The Employee Assistance Programme (EAP) provides professional and confidential assistance for all employees and their immediate family members. Employee Assistance Programme services include assessment, counselling, referrals and consultation by professional service providers. The EAP covers a variety of problems that may affect

employee well-being, such as emotional disorders, alcohol and drug abuse, marital, family and adolescent problems, as well as financial crisis. The EAP will continue to evolve as new issues surface and programmes are needed to support the well-being of employees.

As part of Mhlathuze Water's Wellness programme, the Organisation has an onsite Occupational Health and Wellness Clinic where employees receive primary healthcare and occupational health and wellness services. The registered Occupational Health medical practitioner is contracted to render the health and wellness services at the onsite clinic.

LONG SERVICE RECOGNITION

Mhlathuze Water recognises long service at 5 year intervals whereby employees are then eligible to receive a long service bonus. This programme aims to recognise and retain employees in the Organisation.

STAFF RETENTION PROGRAMME

The purpose of the staff retention policy is to attract and retain competent staff, to develop a skill base for succession planning, identify positions that require specialised skills and individual's potential for assuming higher level responsibilities. Staff attraction and retention strongly focuses on compensation, benefits, employee relations and wellness; as well as health and safety.

In an effort to retain employees in the organisation, salaries are benchmarked against like industries through the Amanzi Bargaining Council. Attempts are also made to retain scarce skilled employees through additional work assignments, employee development and participation in cross functional committees. The organisation also aims to retain key and critical employees through succession planning measures.

MHLATHUZE WATER LONG SERVICE AWARDS

10.4 HUMAN RESOURCE FUTURE PLANS

10.4.1 PROJECTED EMPLOYEE COMPLEMENT

The table below provides the projected employee complement over the next five years.

Table 8: Projected Employee Complement over the Next Five Years

CATEGORY	ACTUAL 2018/2019	PROJECTED 2019/2020	PROJECTED 2020/2021	PROJECTED 2021/2022	PROJECTED 2022/2023	PROJECTED 2023/2024
Management	6	6	6	6	6	6
Other	204	219	219	219	219	219
Total	**210**	**225**	**225**	**225**	**225**	**225**

10.4.2 PROFESSIONAL REGISTRATION

Efforts are being made to improve the level of engineering capacity within Mhlathuze Water as projected. There are currently three employees who are registered with the Engineering Council of South Africa (ECSA), two of which are in possession of a Government Certificate of Competency (GCC) and one is a Candidate Engineer, as shown in the below table:

Table 9: Professional Registration

CATEGORY	ACTUAL 2018/2019	PROJECTED 2019/2020	PROJECTED 2020/2021	PROJECTED 2021/2022	PROJECTED 2022/2023	PROJECTED 2023/2024
Pr. Eng.	1	2	2	2	2	2
Pr. Tech.	2	2	2	2	4	4
Candidate	1	3	3	3	3	3
Chartered Accountants (CA)	3	3	3	3	3	3

10.4.3 EMPLOYMENT EQUITY TARGETS

Mhlathuze Water has adopted a five-year Employment Equity Plan based on national population demographics, estimated retirement data, existing representation of designated groups and the prospects for hiring members of designated groups in specified occupational groups where they were underrepresented. Categories that need special attention are the representation of Coloured and White persons and People with Disabilities. The current target for Persons with Disabilities is 2% of the total complement while the actual percentage is 1%. Recruitment efforts are being made to improve the representation in these respective categories. The table below shows the numerical goals for employment equity.

Table 10: 2019/2020 Numerical Goals

OCCUPATIONAL LEVELS	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	2	1	0	0	1	1	0	0	0	0	5
Professionally qualified and experienced specialists and mid-management	12	3	1	4	11	2	1	3	0	0	37
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	27	2	1	5	33	3	2	6	0	0	79
Semi-skilled and discretionary decision making	40	6	1	3	17	2	0	2	0	0	71
Unskilled and defined decision making	13	1	0	0	18	0	0	0	0	0	32
Total permanent	**95**	**13**	**3**	**12**	**80**	**8**	**3**	**11**	**0**	**0**	**225**
Total Temporary employees	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total	**95**	**13**	**3**	**12**	**80**	**8**	**3**	**11**	**0**	**0**	**225**

Mhlathuze Water has continually and systematically reviewed all HR policies to identify barriers to members of designated groups and to ensure that designated group members have access to professional development opportunities. Some of the objectives of the new Employment Equity Plan will, among other things, consider and review positive incentives to encourage the implementation and achievement of equity goals and to incorporate equity and diversity training as a standard part of supervisory training for all those holding supervisory positions.

10.4.5 FIVE YEAR SKILLS DEVELOPMENT PLAN

The Skills Development Plan is a high level plan aimed at the entire organisation. It prescribes the skills development framework for the upcoming years. Reviewing the skills development plan every year to coordinate and direct the implementation of the skills development interventions, is of utmost importance for our organisation. Tables hereunder is our skills development plan which provides a planned and structured approach to the type and amount of skills development for the five-year period based on the skills needs of Mhlathuze Water.

Table 11: 2019/2020-2023/2024 Skills Development Plan

SKILLS DEVELOPMENT PROGRAMMES	PROJECTED 2019/2020	PROJECTED 2020/2021	PROJECTED 2021/2022	PROJECTED 2022/2023	PROJECTED 2023/2024
Learnerships	5 learners enrolled as water and waste water process controllers	5 learners enrolled as water and waste water process controllers	5 learners enrolled as water and waste water process controllers	5 learners enrolled as water and waste water process controllers	5 learners enrolled as water and waste water process controllers
Graduate Development	2 continuation of graduates being developed in Engineering Science and other required professional fields	2 continuation of graduates being developed in Engineering Science and other required professional fields	2 continuation of graduates being developed in Engineering Science and other required professional fields	2 new graduates appointed and 2 completing graduates for development in Engineering Science and other required professional fields	2 new graduates appointed and 2 continuation of graduates being developed in Engineering Science and other required professional fields
Bursaries	3 continuation of students enrolled in Engineering or other fields	3 continuation of students enrolled in Engineering or other fields	4 new students enrolled in Engineering or other fields	4 continuation students enrolled in Engineering or other fields	4 continuation of students enrolled in Engineering or other fields
Training Courses	30 training courses	40 training courses	40 training courses	40 training courses	40 training courses
Study Assistance	3 internal bursaries to be awarded	3 internal bursaries to be awarded	3 internal bursaries to be awarded	3 internal bursaries to be awarded	3 internal bursaries to be awarded
Internships	8 interns	8 interns	8 interns	8 interns	8 interns
In-service Trainees	4 trainees	4 trainees	4 trainees	4 trainees	4 trainees

10.4.6 ANNUAL WORKPLACE SKILLS PLAN

The workplace skills plan is developed and submitted to the Energy and Water SETA annually. The workplace skills plan is made of core, functional and behavioural competencies and is informed by the training needs analysis conducted annually to identify gaps in employees' skill levels. This also helps to adapt training to suit the Organisation's needs. In addition, a competency framework has been developed for Mhlathuze Water, the outcome of which has resulted in information for talent management, recruitment and selection, succession planning and employee development, among other things.

10.5 CORPORATE SERVICES PRE-DETERMINED OBJECTIVES 2019/20 – 2023/2024 TARGETS

Table 12: Corporate Services Pre-determined Objectives: 2019/2020 – 2023/2024 Targets

STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO RESOURCE THE ORGANISATION WITH THE REQUIRED SKILLS AND COMPETENCE TO DELIVER THE STRATEGIC INTENT										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
SC15	Optimal Staff Retention	Percentage of staff turnover	4.34%	4.76%	6.99%	2.8%	8%	8%	8%	8%	8%	8%
SC16	Graduate trainees participating in the graduate training programme and ultimately be registered with professional bodies	Number of graduate trainees participating in the graduate training programme	3	3	2	2	6	2 (graduates from previous FY)	2 (graduates from previous FY)	2 (graduates from previous FY)	4 (2 graduates complete, 2 new graduates appointed)	4 (2 graduates from previous FY, 2 new graduates)
	Learners trained and equipped with skills	Number of learners trained and equipped with skills	15	8	6	8	25	5	5	5	5	5
	MW employees trained and equipped with skills	Number of new internal bursaries awarded to MW employees	30	32	18	5	15	3	3	3	3	3
MW9	MW internship programme that equips youth with the required skills that will assist	Number of graduates enrolled in the MW internship programme	12	10	12	8	40	8	8	8	8	8
MW9	Approved vacant positions filled within turnaround time on recruitment	Approved vacant positions filled within turnaround time on recruitment	-	-	80%	80%	80%	80%	80%	80%	80%	80%

[1] Two graduate trainees are currently participating in the programme and it is anticipated that they will complete in 2022/2023 and be eligible for professional registration with Engineering Council of South Africa (ECSA). Two graduates from the previous financial year will complete the programme during the second quarter of 2022/2023 financial year. Two new graduates will be appointed to participate in the programme during the third quarter of 2022/2023 financial year. Two graduates from the previous financial year will continue participating in the programme and two new graduates will be appointed in the 2023/2024 financial year.

[2] There were seven new bursary holders during the 2017/2018 financial year and five new bursary holders during the 2018/2019 financial year

[3] Internally funded projects

Table 12: Corporate Services Pre-determined Objectives: 2019/2020 – 2023/2024 Targets *...continued*

STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO OPTIMISE BUSINESS PROCESSES AND SYSTEMS										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
MW11	Alignment of processes and systems	Percentage of identified core IT systems implemented	-	-	-	-	100%	100%	100%	100%	100%	100%
MW13	Zero judgement against Mhlathuze Water	Number of default judgements against the organisation	-	-	0	0	0	0	0	0	0	0

Table 13: Corporate Services Pre-determined Objectives: 2019/2020 Targets

STRATEGIC OBJECTIVE	TO OPTIMISE BUSINESS PROCESSES AND SYSTEMS							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Optimal Staff Retention	Percentage of staff Turnover	Quarterly	> Complete a termination form and prepare a staff turnover report	8%	8%	8%	8%	8%
Graduate trainees participating in the graduate training programme	Number of graduate trainees participating in the graduate training programme	Quarterly	> Monitor the training and development of the Graduate Trainees to ensure Professional Registration after 3 years	2	2	2	2	2
Learners trained and equipped with skills	Number of learners trained and equipped with skills	Quarterly	> Identify learners to be trained and equipped with skills > Staff requisition, advertising, screening, interviews, appointment	5 learners trained and equipped with skills	5 learners to be trained and equipped with skills identified	Nil	Nil	5 learners trained and equipped with skills
MW employees trained and equipped with skills	Number of new internal bursaries awarded	Quarterly	> Identification and selection of suitable employees based on the ONA exercise to partake in the Study Assistance Program	3 new internal bursaries awarded	Nil	Nil	Completed application form of 2 internal bursary holders	3 new internal bursaries awarded
MW internship programme that equips youth with the required skills that will assist	Number of graduates enrolled in the MW internship programme	Quarterly	> Approve completed requisition form; > Advertise, > Screen and shortlist candidates; > Interview, select and offer candidates	8 graduates enrolled in the MW internship programme	Nil	Staff requisition form for 8 graduates to be enrolled in the MW internships programme approved by the CE	Appointment letters issued for 8 graduates to be enrolled in the MW internship programme	8 graduates enrolled in the MW internship programme
Approved vacant positions filled within turnaround time on recruitment	Percentage of average approved vacant positions filled within 90 days	Quarterly	> Approve completed requisition form > Advertise, > Screen and shortlist candidates > Interview, select and offer candidates	80%	80%	80%	80%	80%
Alignment of processes and systems	Percentage of identified core IT systems implemented	Quarterly	> Assess the current reliability and performance of core systems against determined processes and applications	100%	100%	100%	100%	100%
Zero default judgment against Mhlathuze Water	Number of default judgements against the organisation	Quarterly	> Instructions received and allocated within 5 days to panel attorneys > Instruction letter issued to panel attorneys	0	0	0	0	0

NSEZI WATER TREATMENT PLANT

11. OPERATIONS UNIT

11.1 MANDATE OF THE OPERATIONS UNIT

The Operations Unit is driven by the mandate of ensuring effective and uninterrupted water production and waste water disposal systems to meet the needs of customers and minimise the impact on the environment.

To meet this, the Unit continuously assesses, develops and actions preventative and troubleshooting plans for maintenance and capital improvements to the organisation's assets over the short, medium and long term. The unit continuously evaluates all civil, electrical and mechanical maintenance and commissioning programmes in order to ensure that work is executed and performed to acceptable standards.

11.2 FUNCTIONS WITHIN THE OPERATIONS UNIT

OPERATIONS

Operations function is responsible for all operational activities in transfer pumps stations, water treatment plants and waste water systems in order to meet contractual requirements and legislative requirements. This function has the responsibility of ensuring that the organisation meets all customer requirements when delivering services. The function is also responsible for the operations of water and wastewater infrastructure for Water Services Authorities and industries under the Operations and Maintenance contracts.

MAINTENANCE

The overall objective of the maintenance function is to ensure that all plant and machinery is maintained and in good working order so that the organisation can supply clients with water and waste water services as per contract agreements. The Maintenance function has implemented Information Technology to improve on the maintenance processes. This technology assists in computerised monitoring of plant operations to inform the organisations strategy on reliable maintenance and management related programmes.

The unit is responsible for maintaining Mhlathuze Water assets to ensure uninterrupted operation of infrastructure in order to service the bulk agreements with customers as outlined below.

Table 14: Expiry of water services agreements

EXPIRY OF WATER SERVICES AGREEMENTS (TREATED WATER UNLESS INDICATED OTHERWISE)									
2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
	CoU: eSikhaleni (Raw)			RBM (Raw)					CoU Empangeni
	CoU: Foskor			Tronox (Raw)			Tronox (Raw) additional volumes		CoU: Richards Bay
									Mondi

Table 15: Expiry of waste water services agreement

EXPIRY OF WASTE WATER SERVICES AGREEMENTS (BUOYANT UNLESS INDICATED OTHERWISE)									
2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Isizinda		Hillside		Foskor	CoU macerators	Mondi (MPACT)			
Desalination Plant				Foskor (dense)	Tronox				
				Mondi					

OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety provides an effective and efficient support to the organisation through the provision of safety and security management services. This implies providing a working environment that is:

- conducive and accommodating to all,
- free from any form of threat or risk to the occupational health of employees,
- free from any form of threat to the organisation's property; and
- ensuring compliance with Occupational Health and Safety Legislative requirements and other requirements.

Mhlathuze Water has a risk based medical surveillance programme that was implemented as a preventative measure to protect employees against all sorts of workplace health hazards. All employees are placed under a medical surveillance programme. Employees who are occupationally exposed undergo periodic medical examinations annually. Employees working at head office and related services undergo medical examination every three years. In addition to the above, other medical examinations and vaccinations were conducted at Mhlathuze Water.

11.3 KEY PERFORMANCE HIGHLIGHTS

BLUE DROP SYSTEM (BDS)

The Department of Water and Sanitation has established a Blue Drop System (BDS), which enables the Department to monitor performance of every water services institution. The system also allows limited access to members of the public that Mhlathuze Water serves with regard to the quality of water supplied to them. Mhlathuze Water has participated in Blue Drop System (BDS) assessments since 2010 where information is uploaded onto the system such as the laboratory used for analysis, supply systems, process controllers data, water quality data, supply systems and water quality monitoring programmes. The Organisation still maintains its Blue Drop certification status and continuously prioritises its Blue Drop System requirements.

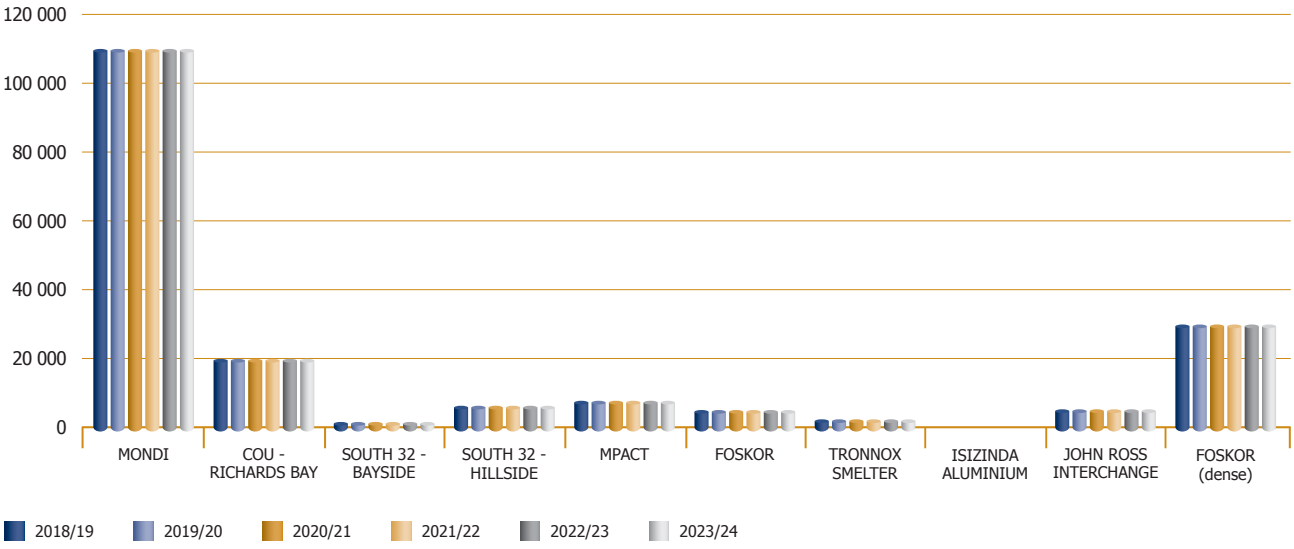
Blue Drop scores are determined based on assessments conducted by a panel of drinking water professionals in five key areas; namely: water safety planning, drinking water quality process management and control, drinking water quality compliance, management accountability and local regulation, and asset management. Compliance in all these areas ensures that not only drinking water quality compliance is taken into account, as it was traditionally the case, but also the overall management of the drinking water supply chain and control of risks to water quality is considered.

EFFLUENT DISPOSAL SCHEME

Mhlathuze Water continues to operate the Effluent Disposal Scheme, which includes buoyant and dense effluent disposal for both industries and the local municipality.

FUTURE CUSTOMER DEMAND

Bulk Waste Water Disposal (m^3 per day)



An average of 75% of the total effluent disposed is through the buoyant pipeline, while 25% is through the dense pipeline.

Mhlathuze Water operates the scheme in line with the requirements of the Coastal Waters Discharge Permit as issued by the Department of Environmental Affairs and discharges are within the compliance permit limitations.

MHLATHUZE TRANSFER SCHEME

Mhlathuze Water continues to abstract water from the Mhlathuze River, which is fed by the Goedetrouw Dam that is augmented by the TGS. The raw water abstraction takes place at the Weir Pump Station, which is about 70km from the discharge of Goedetrouw Dam. The primary beneficiaries from this Pump Station are Mhlathuze Water (Nsezi Water Treatment Plant and Lake Nsezi), CoU (eSikhaleni Water Treatment Works), Tronox (Fairbreeze Mine) and Richards Bay Minerals (via Lake Nsezi).

11.4 FUTURE PLANS

RAW WATER SUPPLY

Mhlathuze River (via the Weir) is the primary source of raw water for Nsezi WTP. The primary supply is backed up by the Lake Nsezi raw water pumping system to Nsezi WTP. All the pumps are available for operation for the full plant capacity of 205Ml/day. The reduction in supply consumed demand from Nsezi is largely due to enforcement of water restrictions, as well as more sustainable natural water sources such as Lake Cubhu which supplies the Tronox Mine and eSikhaleni.

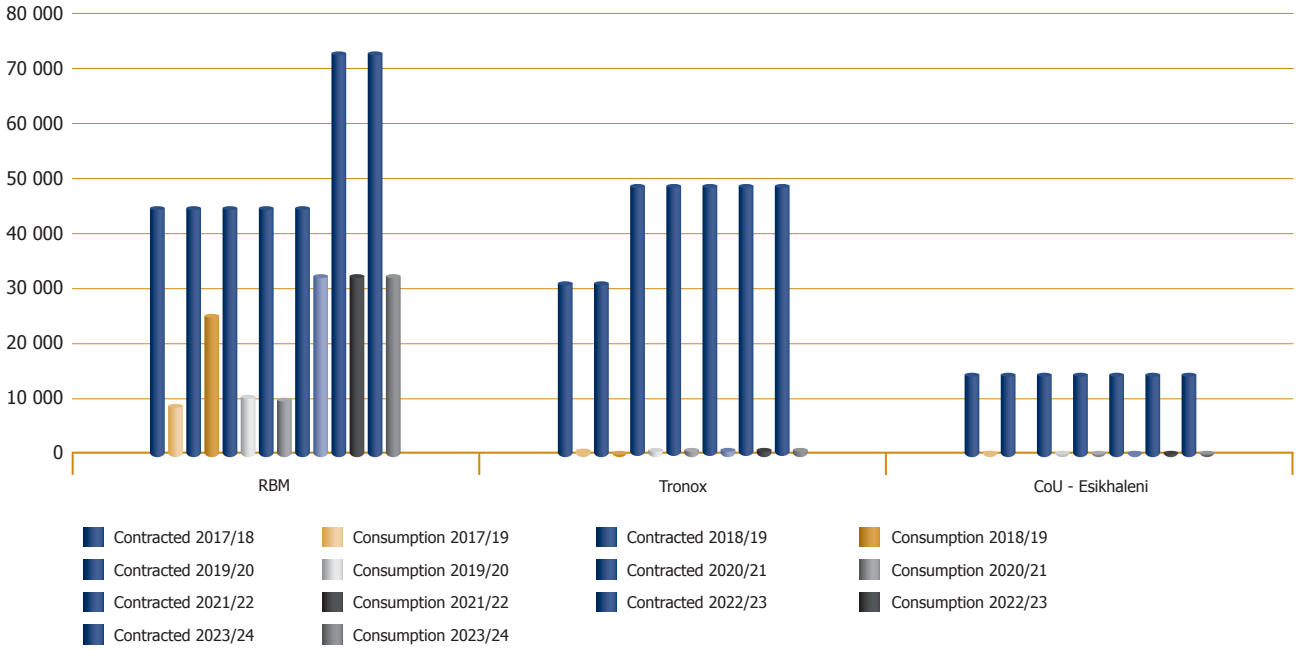
Mhlathuze Water supplies raw water (untreated) to 3 customers. The Tronox Mining pumping infrastructure scheme comprises a direct abstraction of river water, which is pumped through 6.1km of pipeline of varying sizes ranging from 700mm to 900mm (ID), into storage ponds at the mining site of Tronox South Africa at Hillendale. The pump station is located at the Mhlathuze Water Weir on the north bank of the Mhlathuze River and approximately eight kilometres north-east of the mining site. The system has a separate suction inlet behind the weir. Three pumps are installed in a 2 + 1 configuration. Mhlathuze Water completed a project of upgrading the Tronox Pump Station to meet the increase in raw water demands from 2019 onwards. Construction was completed at the beginning of the 2017/2018 financial year and the infrastructure is under a defects liability period. The pump station is currently capacitated to meet 10 years' mining demands, which includes the Fairbreeze Mine and Port Dunford Mining operations planned to commence in 2028. Mhlathuze Water continues to supply up to the Hillendale Balancing Dam.

The supply of raw water to Richards Bay Minerals (RBM) currently comprise the abstraction of raw water from Lake Nsezi. Their current and future water requirements are as shown in the table that follows. Mhlathuze Water plans to continue supplying water from RBM to the new Zulti South Mine as per the water supply agreement that was concluded, however, this will only materialise once RBM has completed their infrastructure project.

Mhlathuze Water is currently contracted to supply 15 000m^3 of raw water per day to supplement the City of uMhlathuze's eSikhaleni Water Treatment Plant as and when required. Mhlathuze Water plans to continue supplying raw water as per raw water demands shown in the graph that follows.

FUTURE CUSTOMER DEMAND

Bulk Raw Water (m^3 per day)



TREATED POTABLE WATER SUPPLY

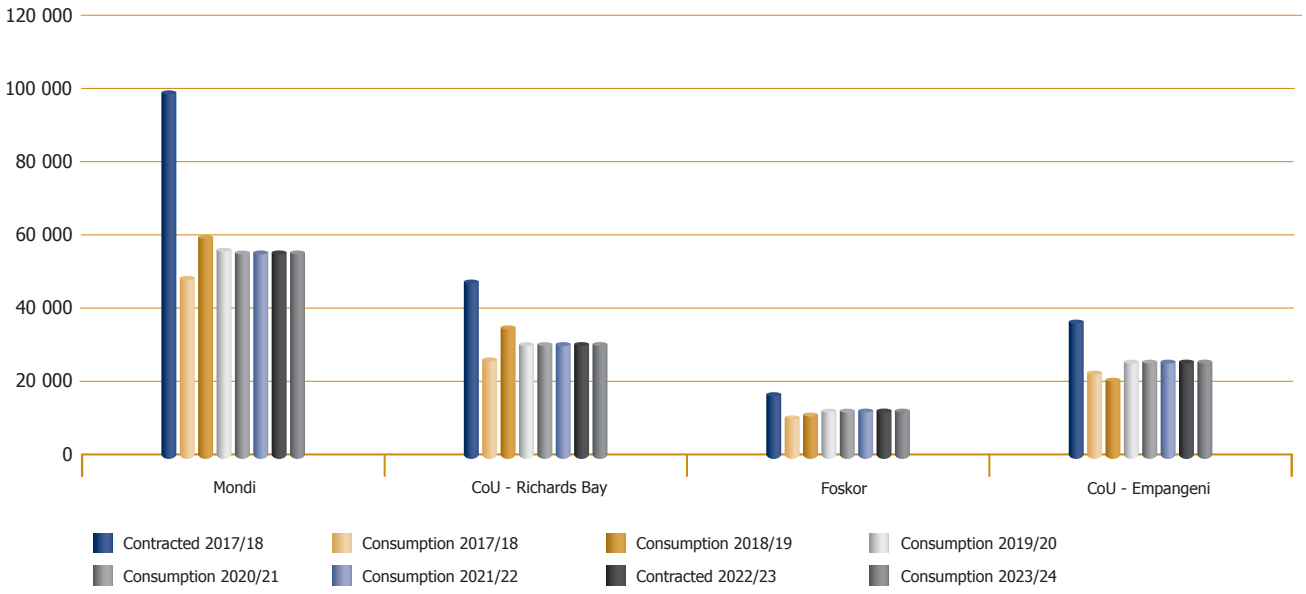
A total of 41 753 160m³ of raw water was treated at Nsezi Water Treatment Plant, the bulk of it abstracted from Mhlathuze River and the balance from Lake Nsezi. The total volume supplied by Nsezi WTP to customers during the financial year under review declined largely due to continued water restrictions resulting from the persistent drought.

Unaccounted water loss during the financial year was 2.72%, and was within the target of 5%. This very low loss of unaccounted water demonstrates the impeccable condition of plant and pipeline assets.

Mhlathuze Water did not experience any unplanned water supply interruptions in its plants during the 2017/2018 financial year with 97.18% of plants being available. As mentioned, Information Technology was employed to improve on the maintenance processes. The computerised maintenance management system (SCADA) is technology that assists in automated and computerised monitoring of plant operations. This is to assist with implementing a well-structured maintenance strategy.

FUTURE CUSTOMER DEMAND

Bulk Potable Water (m^3 per day)



Mhlathuze Water continues to supply the City of uMhlathuze (Richards Bay and Empangeni and surrounding areas) with purified water and Foskor (via the City contract) with clarified water. The municipality's Mzingazi Water Treatment Works remains out of operation due to outstanding maintenance by the City of uMhlathuze. Due to the sustained rains and that the Mzingazi Lake level has stabilised, the re-commissioning of the Mzingazi plant has commenced under the operations and maintenance agreement between the municipality and Mhlathuze Water. To ensure continuous and reliable supply of water to the municipality, the Empangeni Pump Station at the Nsezi treatment works was upgraded in order to meet the future supply demand for the Empangeni area. The upgrade is intended to increase the supply from Nsezi Water Treatment Plant to Pearce Crescent, Hillview and Hilltop Reservoir.

To ensure a stable supply of water to Mondi specifically, the Mondi Pump Station required refurbishment due to certain obsolete spares for the pumps. The upgrade of this plant presented an opportunity to improve on the technology applied for water infrastructure at Nsezi by fully automating the pumps. This involved controlling the pumping to the Mondi reservoirs by a newly installed SCADA system. To augment the existing 20Ml storage capacity for Mondi, two 20Ml reservoirs were constructed to provide an additional 40Ml on-site storage of potable water to ensure uninterrupted supply to Mondi. The construction of the two reservoirs has been finalised and the system has been commissioned is functional.

SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA)

The provision of the SCADA compatible hardware (motor control centres and electrical control panels) and SCADA software is intended for the full automation of the Nsezi Water Treatment Plant and its support infrastructure. The software provides improved data storage and record keeping for plant operating parameters.

11.5 OPERATIONS PRE-DETERMINED OBJECTIVES: 2019/2020 – 2023/2024 TARGETS

Table 16: Operations Pre-determined Objectives: 2019/2020 – 2023/2024 Targets

STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO BE PRO-ACTIVE ON ISSUES RELATING TO HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
SC21	Zero Disabling injuries on Occupational Health and Safety	Number of Disabling injuries on occupational health and safety	0.26	0	1	2	0	0	0	0	0	0
STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO GROW PROVISIONS OF WATER SERVICES										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
SC2	Manage avoidable water losses	Percentage of water losses on water abstracted (release, process)	2.52%	3.31%	2.72%	0.85%	3%	5%	5%	4%	3%	2.5 %
SC3	Reliability of Water Supply	Number of instances of unplanned supply interruptions exceeding 24 hours (1 day)	0	0	0	0	3	3	3	3	3	3
MW13	Existing infrastructure maintained to ensure plant availability	Percentage of plant availability based on operating hours	-	-	97.18%	96.59%	95%	95%	95%	95%	95%	95%

Table 17 Operations Pre-determined Objectives: 2019/2020 Targets

STRATEGIC OBJECTIVE	TO BE PRO-ACTIVE ON ISSUES RELATING TO HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Zero Disabling injuries on Occupational Health and Safety	Number of Disabling injuries on occupational health and safety	Quarterly	> Compliance Training > Review occupational health and safety Risk register	0	0	0	0	0
STRATEGIC OBJECTIVE	**TO GROW PROVISIONS OF WATER SERVICES**							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Manage avoidable water losses	Percentage of water losses on water abstracted	Quarterly	> Prevent water loss during the treatment process	5%	5%	5%	5%	5%
Reliability of Water Supply	Number of instances of unplanned supply interruptions exceeding 24 hours (1 day)	Quarterly	> Issue service order > Conduct plant inspections	3	3	3	3	3
Existing infrastructure maintained to ensure plant availability	Percentage of plant availability based on operating hours	Quarterly	> Conduct planned maintenance as per the RCM schedule using the CMMS > Manage the maintenance activities back log to not exceed 2 weeks > Manage the availability of critical spares for all plants and infrastructure	95%	95%	95%	95%	95%

CONSTRUCTION OF A 16.5 ML RESERVOIR IN JOZINI

12. TECHNICAL SERVICES UNIT

12.1 MANDATE OF THE TECHNICAL SERVICES UNIT

The key mandate of the Technical Services Unit is to design, optimise, install, and extend the required infrastructure to provide sustainable water and waste water services that meet the requirements of customers.

One of the key areas of focus of the unit is the conceptualising, planning and managing the construction of expansion related infrastructure for water and waste water related services. This involves the determination of requirements for water services through requests by customers, or as decided by regional consultation with Water Services Authorities and Regional Water Service Providers.

12.2 FUNCTIONS WITHIN THE TECHNICAL SERVICES UNIT

PROJECT ENGINEERING AND PLANNING

This function is responsible for the engineering planning for the organisation. The section drives the initial processes for projects feasibility and implementation, internally or by sourcing the services of the professional engineers.

The Planning section is tasked to drive the processes of alternative water sources, such as desalination and waste water re-use projects. The function's services extend to providing support to the Department of Water and Sanitation by reviewing the Water Control and Catchment areas for water sources within Mhlathuze Water's area of Operation.

PROJECT MANAGEMENT

The function is responsible for the implementation and managing of capital projects. Projects are implemented in line with organisational capital budget plans. The capital budget plans for the organisation are informed by the conditional assessment of plant assets and water supply contract agreements, as well as water demands from new customers. The section also provides engineering and project management services in terms of Section 30 of the Water Services Act to government institutions as an implementing agent.

12.3 KEY PERFORMANCE HIGHLIGHTS

BULK WATER AND SANITATION INFRASTRUCTURE MASTER PLAN

Mhlathuze Water successfully completed the development of the Bulk Water and Sanitation Master Plan. The Master Plan provides an integrated overview of all actions, initiatives and projects that Mhlathuze Water must take to effectively meet current and future bulk water supply and sanitation needs for up to 2 040 customers. The Bulk Water and Sanitation Infrastructure Master Plan provides for reserves to accommodate future requests from developments being established in Richards Bay and surrounding areas.

PRIMARY INFRASTRUCTURE DEVELOPMENT ACTIVITIES

In the 2017/2018 financial year, Mhlathuze Water, as part of its core business, made a budget available for the implementation of water key infrastructure project upgrades and expansions.

To ensure continuous and reliable supply to customers, Mhlathuze Water embarked on the implementation of following projects:

> Installation of a standby diesel generator as a back-up power supply:
  - **Project scope:** construction of the standby generator building. Supply, installation and commission Weir standby generator.
  - **2018/2019 budget:** R4 704 185.00
  - **Estimated completion date:** April 2019
  - **Impact:** backup supply for 22kV from Eskom and efficiency supply of raw water to Nsezi water treatment plant. Upgrades to Tronox and Nsezi existing panel's variation has been approved.
> Alterations and strengthening of weir structure:
  - **Project scope:** construction of a 1500mm diameter continuously welded mild steel pipeline to convey raw water from the existing Mhlathuze River weir pump station to the off-take to Lake Nsezi.
  - **2018/2019 budget:** R 44 898 815.00
  - **Estimated completion date:** October 2019
  - **Impact:** to strengthen the weir structure.
> Replacement of 1 500mm Ø Raw Water Pipeline from Mhlathuze River to Shooting Range:
  - **Project scope:** construction of a 1500mm diameter continuously welded mild steel pipeline to convey raw water from the existing Mhlathuze River weir pump station to the off-take to Lake Nsezi.
  - **2018/2019 Budget**: R 51 360 909.00
  - **Impact:** to upgrade the maximum capacity at the weir PS from 205Ml/day to 265Ml/day.

SECONDARY INFRASTRUCTURE DEVELOPMENT ACTIVITIES (SECTION 30)

UMKHANYAKUDE DISTRICT MUNICIPALITY

Mhlathuze Water signed a tripartite agreement with uMkhanyakude District Municipality and DWS to implement the Jozini Bulk Water Supply Project in the District.

JOZINI REGIONAL WATER SUPPLY PROJECT

Mhlathuze Water successfully commissioned a 40Ml/day Water Treatment Plant with associated bulk infrastructure. This project is aimed at servicing rural areas that were not served with potable water, except for limited streams and boreholes. Mhlathuze Water has been appointed by the Department of Water and Sanitation to undertake the operations and maintenance of the scheme until a suitable service provider is appointed.

INGWAVUMA WASTE WATER TREATMENT WORKS

Mhlathuze Water received a directive from the DWS to implement the refurbishment of the Ingwavuma Waste Treatment Works, through the Accelerated Infrastructure Programme (ACIP). The objective of the project is to refurbish the treatment works so that the final effluent meets the Green Drop Standard requirement. This project is complete and has been handed over to uMkhanyakude District Municipality. The project was launched by the Minister of Water & Sanitation on 19 August 2017 in Jozini, marking the official opening of the facility. Mhlathuze Water was given a mandate by the minister to continue to operate and maintain the Water Treatment Works, and assist to build capacity within UMkhanyakude District Municipality. Mhlathuze Water is in the process of finalising the necessary operational arrangements with UMkhanyakude District Municipality for operating the plant.

NONGOMA WATER SUPPLY PROJECT

Mhlathuze Water's mission is to provide and expand affordable, sustainable and reliable regional water and waste water services of high quality to stakeholders; to improve quality of life; and to contribute to development. Mhlathuze Water received a Ministerial Directive for provision of water services within Nongoma. The Nongoma Local Municipality, is situated within the Zululand District Municipality (DC26) in KwaZulu-Natal Province. The main town in the Nongoma Local Municipality is Ulundi. Ward 5 is located approximately 30 km north-east of the Nongoma Central Business District (CBD). Wards 10 and 11 are adjacent to one another and located about 25 km southeast of Nongoma CBD. These wards are approximately 110 and 150 km² in extent respectively.

The scope of work includes installation of boreholes, storage tanks, reticulation and standpipes within Nongoma ward 5, 10 and 11, to supply water to communities without access to basic water. Wards 5, 10 and 11 of Nongoma have a backlog for provision of water services. It is estimated that less than 20% of the community in these wards have access to potable water services that comply with the minimum RDP standards. The rest of the population has to get its water from rain water harvesting, streams and springs. The Northern KwaZulu-Natal region (Zululand) has been hit hard by the ongoing droughts, requiring intervention from the National Government to provide emergency water supplies to the communities. Bulk Water Supply schemes for the region are planned for completion in 2030. It is required that the emergency supply infrastructure be sustainable and that there should be minimum wastage when the bulk water supply is finally integrated to the system. Boreholes and springs are deemed to be the most viable emergency intervention for this area, and will be used as the primary source of supplies.

The Nongoma Water Supply project is a multi-year project, with ward 5 completed and Ward 10 and 11 still being implemented. A total of 1 537 households are benefitting from this project. Implementation of the water supply schemes in wards 10 and 11 was completed in December 2018. The Department of Water and Sanitation has confirmed a 2018/2019 directive with a budget allocation of R49 370 372.00 for Nongoma and Abaqulusi water supply project. There were 43 indirect jobs created through this project during the 2017/2018 financial year. 30 Adults and 13 youth, of which 22 are females and 21 are males, participated in the Expended Public Works Programme. All participants are Africans. Such projects are implemented as Section 30 activities as per provision of the Water Services Act, 1997.

The project had an immense contribution towards government priorities, as the project supports and strengthens the participation of local communities in improving water and sanitation management, to achieve the Sustainable Development Goals by strengthening the participation of local communities in improving water and sanitation management.

12.4 FUTURE PLANS

COMPLETION OF THE MHLATHUZE WEIR STRUCTURE AND ANCILLARY FACILITIES

Construction of Weir Standby Generator and Alterations and additions to Mhlathuze Weir Structure commenced in April 2018 and is planned to be completed by October 2019.

CONSTRUCTION OF A 1500/1200MM DIAMETER RAW WATER PIPELINE FROM MHLATHUZE WEIR TO NSEZI WTW

The objective of the project is to refurbish and upgrade the existing 1.2m diameter pipeline to a 1.5m diameter pipeline. This project forms part of the long term plan to increase the output of the Nsezi WTW to 265Ml/d by the 2020/2021 financial year. The project is at the construction phase. It is envisaged that the construction phase will be completed by the end of the 2019/2020 financial year.

AUGMENTATION OF NSEZI WATER TREATMENT PLANT

The objective of the project is to refurbish and upgrade the existing Water Treatment Plant, in order to increase the output from 205Ml/d to 265Ml/d by the 2020/2021 financial year. The project is at the design phase, following the completion of the study. It is envisaged that the construction phase will commence in the 2019/2020 financial year.

The refurbishment project include a series of works:

- The alterations and additions to strengthen the Mhlathuze Weir structure
  - This project is currently underway as documented above, due to the identified risk of the Weir structure washing away in the event of severe floods. This project is planned for completion during the 2019/2020 financial year.
- The raw water pipeline from Mhlathuze River Weir Pump station to the Shooting Range (Nsezi WTP)
  - The existing pipeline has reached its lifespan expectancy, and severe wear and tear on the coating and its lining pose a risk of water supply interruption with continued use. This project is due to commence in 2019 and is planned for completion during 2020/2021.
- The Nsezi Water Treatment Plan capacity augmentation project
  - There are several factors that have been identified during the business analysis process looking into the future of the organisation. The infrastructure required for the capacity augmentation project is as follows:
    - 60Ml/day clarifier
    - Rapid gravity sand filters and
    - DAF bypass pipeline

PROJECTS SUBJECTED TO FEASIBILITY STUDY

Mhlathuze Water is tasked with a responsibility of ensuring provision of water and waste water services municipalities and industries within its area of operation. The following project feasibility studies are planned over the medium term:

PROJECTS TO BE SUBJECTED TO FEASIBILITY STUDY IN 2019/2020

- Water supply pipeline from Nsezi WTP to Forest Reservoirs (CoU). Due to increase in demand to this supply area, the CoU has approached MW to consider options to increase supply. The feasibility study is planned to identify the most economical and sustainable way to achieve this.
- Water supply from Nsezi WTP to KCDM. The KCDM district has approached MW as a partner in providing a long term solution to its water demands.
- Waste water re-use in partnership with the City of uMhlathuze. Mhlathuze Water is working together with the City of uMhlathuze (CoU) in investigating the feasibility of re-using waste water and associated by-products. The project is advancing well with investigating industrial/domestic effluent re-use options as a potential Public Private Partnership (PPP). The project aims at treating industrial and domestic effluent for reuse as water supply to industries. The proposed reuse plant is rated 75 Ml/d to be situated between Empangeni and Richards Bay.
- The DWS has requested that Mhlathuze Water provides means to conduct a feasibility study for the project that will support the long term sustainability of water provision in the region. The project identified to be subjected to feasibility is the proposed Nseleni/ Mhlathuzana dam

PROJECTS TO BE SUBJECTED TO FEASIBILITY STUDY IN 2020/2021

- Construction of Nsezi Lake downstream weir. A large volume of water spills from the Nsezi Lake. The construction of a weir will limit this loss and increase capacity of the lake as a natural storage facility.
- Water supply pipeline from Nsezi WTP to Mandlazini Reservoirs (CoU). Due to increase in demand to this supply area, the CoU has approached MW to consider options to increase supply. The feasibility study is planned to identify the most economical and sustainable way to achieve this.

PROJECTS TO BE SUBJECTED TO FEASIBILITY STUDY IN 2021/2022

The DWS has requested that Mhlathuze Water provides means to conduct a feasibility study for the project that will support the long term sustainability of water provision in the region. These projects are:

- Mfolozi off – channel dam; and
- Desalination

JOZINI REGIONAL WATER SUPPLY PROJECT

The next phase of this multi-year infrastructure development project is the construction of the four pump stations along the bulk pipeline infrastructure system in Jozini. This will enable access of water to all communities under the study area and will complete the bulk supply scheme portion of the Jozini/Ingwavuma Bulk Water Supply Project. A service provider has been appointed by Mhlathuze Water for the installation of the mechanical and electrical equipment (4 pump stations), and the project is targeted for completion by March 2019.

12.5 TECHNICAL SERVICES PRE-DETERMINED OBJECTIVES: 2019/2020 – 2023/2024 TARGETS

Table 18: Technical Services Pre-determined Objectives: 2019/2020 – 2023/2024 Targets

STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO GROW THE PROVISION OF WATER SERVICES										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
SC9	Capital Expenditure Programme	Percentage of Capital projects completed within targeted dates	90.57%	100%	100%	0%	100%	100%	100%	100%	100%	100%
SC12	Ministerial directives implemented	Percentage of Ministerial directives implemented against allocated budget	91.50%	66.70%	100%	100%	100%	100%	100%	100%	100%	100%
SC17	Temporary jobs created	Number of temporary jobs created through MW external programme	785	1167	155	71	600	200	100	100	100	100
MW14	Feasibility studies completed within targeted dates	Number of feasibility studies completed within targeted dates	-	-	-	-	8	4	2	2	Nil	Nil
STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO OPTIMISE BUSINESS PROCESSES AND SYSTEMS										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
MW15	Fixed plant assets GIS mapping	Percentage of fixed plant assets digitised	-	-	-	-	100%	100%	100%	100%	100%	100%

Table 19: Technical Services 2019/2020 Pre-determined Objectives

STRATEGIC OBJECTIVE	TO GROW PROVISIONS OF WATER SERVICES							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Capital Expenditure Programme	Percentage of Capital projects completed within targeted dates	Quarterly	Identify projects targeted for completion in financial year and monitor	100%	25%	50%	75%	100%
Ministerial directives implemented	Percentage of Ministerial directives implemented against allocated budget and timeframes	Quarterly	Identify projects targeted for implementation in financial year and monitor	100%	25%	50%	75%	100%
Temporary jobs created	Number of temporary jobs created through MW external programme	Quarterly	Appoint candidates	200	40	80	160	200
Feasibility studies completed within targeted dates	Number of feasibility studies completed within targeted dates	Quarterly	Develop ToR Develop feasibility studies	4	Nil	2	Nil	2
STRATEGIC OBJECTIVE	TO OPTIMISE BUSINESS PROCESSES AND SYSTEMS							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Fixed plant assets GIS mapping	Percentage of fixed assets GIS mapped	Quarterly	Digitisation of Mhlathuze Water infrastructure assets	100%	25%	50%	75%	100%

A MICROBIOLOGIST ANALYZING MICROCYSTIN TOXIN IN WATER

13. SCIENTIFIC SERVICES

13.1 MANDATE OF THE SCIENTIFIC SERVICES UNIT

The mandate of the Unit is primarily to ensure the provision of reliable and authentic laboratory, quality and environmental management services to Mhlathuze Water and external stakeholders. It also carries the overall responsibility for the organisation's compliance with a range of industry related SHEQ Systems and standards applied to water quality; waste water discharge permits; quality assurance; health and safety; environmental compliance; and energy efficiency.

The section is also the hub for innovation, research, and development. These functions are absolutely necessary for the organisation to grow and provide alternative solutions to the growing regional water challenges.

13.2 FUNCTIONS OF THE SCIENTIFIC SERVICES UNIT

LABORATORY SERVICES

The state-of-the-art laboratory facility provides water quality sampling and testing services to the organisation, its clients and external clients. The facility is ISO 17025 accredited, and offers a variety of water quality testing services in the fields of chemistry, microbiology and hydrobiology. Previously, the laboratory used manual techniques but over the last few years has transitioned to using modern automated technology. The techniques in use include amongst others:

> ICP – Mass Spectrometry
> Gas Chromatography – Mass spectrometry
> Ion chromatography; and
> Microscopy and defined substrate technology.

These enable the laboratory to offer an all-inclusive suite of services to test water for an extensive set of quality parameters. The laboratory uses a software-based Laboratory Information Management System (LIMS) to support its operations. The functionality of the LIMS system allows for sample management, instrument integration, electronic data exchange, and reporting.

SHEQ SYSTEMS

The aim is to integrate all management systems of the business into one coherent system to enable the organisation to achieve its mission. In order to ensure compliance with best practices and international standards, the section ensures that the organisation has certified management systems for Safety, Health, Environment and Quality. The specific areas of application are:

> **OHSAS 18001:** Health and safety management within the organisation to protect the health and safety of the workers;
> **ISO 14001:** Environmental management to limit adverse effects on the environment that may result from Mhlathuze Water's activities;
> **ISO 9001:** Quality management to ensure customer satisfaction. The focus is on compliance with customer needs and requirements; and
> **ISO 17025:** specifies the general requirements for the competence laboratory to carry out tests and/or calibrations, including sampling. It covers testing and calibration performed using standard methods, non-standard methods, and laboratory-developed methods.

The section is also in the process of obtaining certification for the following system:

> **ISO 50001:** An energy management system which specifies requirements for establishing, implementing, maintaining and improving an energy management system. The main purpose is to enable the organisation to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy use and consumption.

Certification is a voluntary process but it demonstrates the organisation's commitment to transparency and accountability. Through compliance with ISO standards Mhlathuze Water has committed:

> to comply with all legislative requirements, and best practices to reduce liability;
> to improve environmental performance, and prevent pollution;
> prevent product/service defects and meet customer requirements; and
> a structured approach in managing OH&S risks, and reduce costs associated with the COID Act.

ENVIRONMENTAL SERVICES

The organisation recognises that there are activities that the business is involved in which have a negative impact on the environment. The section focuses on aligning the business activities towards environmental sustainability and promoting a shift towards the state of green economy through the implementation of the carbon footprint reduction initiatives. The core function of Environmental Services is to ensure that the organisation complies with applicable environmental legislation, regulations and other international best practices to ensure that the business avoids and / or minimises the environmental impacts of its activities. This includes the responsibility of ensuring that the organisation's waste management

practices remain in line with provincial and national legislation and requirements. Water quality status reports for rivers and lakes/dams in the Mhlathuze River system are prepared on a regular basis.

Support to the Technical Unit is also provided by ensuring that the business obtains necessary environmental permits for relevant projects and other business operations e.g. Environmental Impacts Assessments (EIAs), Effluent Discharge Permit, etc. Other initiatives spearheaded are environmental awareness campaigns on the importance of conserving natural resources, as well as the commemoration of special environmental days.

INNOVATION, RESEARCH & DEVELOPMENT

The envisaged functions of the section are:

- Lead, facilitate and promote research and development within Mhlathuze Water;
- Develop a research agenda for the organisation;
- Facilitate collaborative research with external organizations;
- Develop programmes and initiatives to build internal R&D capacity;
- Strengthen networks and relationships with other stakeholders; and
- Review and update MW's R&D strategy.

The section's performance will be measured primarily on both short and long-term benefits to the organisation. Long-term performance measures will include:

- Number of publications of scientific reports, articles or presentations in seminars and conferences; and
- Amount saved on capital and/ or running costs of Mhlathuze Water that is attributed directly to R&D projects.

13.3 KEY PERFORMANCE HIGHLIGHTS

Mhlathuze Water has performed extremely well during the past financial year. Mhlathuze Water bulk treatment works at Nsezi complies with the South African National Standard (SANS 241:2015); which requires water quality to be evaluated and reported against the five risk categories below:

- Acute Health: Microbiological;
- Acute Health: Chemical;
- Chronic Health;
- Aesthetic; and
- Operational.

The water quality standard met during the previous financial year is 99.9% and it complies with the SANS 241:2015.

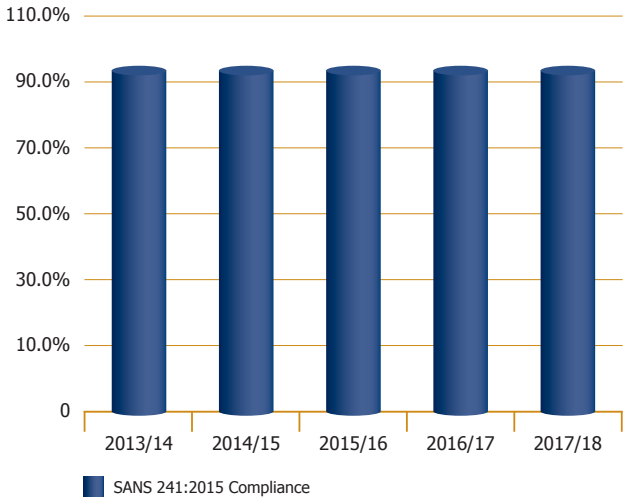
Water quality at Nsezi Water Treatment Plant (WTP) met the requirements of SANS 241:2015 for the period July 2018 – December 2018 as shown below:

Table 20: Compliance report – SANS 241:2015 for Nsezi Water Treatment Plan

RISK CATEGORY	TARGET	JULY – DECEMBER 2018
Aesthetic	≥ 93	99.9%
Chemical	≥ 95	100.0%
Chronic	≥ 93	99.9%
Microbiological	≥ 95	99.7%
Operation	≥ 95	99.9%

The Plant has maintained overall compliance above 99% since 2013, as shown below:

Figure 2: Compliance on SANS 241 Drinking Water Spec for Nsezi WTP 2013/2014 – 2017/2018



ISO 17025:2015: LABORATORY SYSTEM ACCREDITATION

Mhlathuze Water has maintained its ISO 17025 accreditation for the Scientific Services Laboratory. The South African National Accreditation System (SANAS) audited the system in July 2018 and the findings raised were cleared. The new accreditation certificate has been received and is valid until April 2022.

QUALITY MANAGEMENT SYSTEMS (SHEQ)

The Organisation was audited on the systems and standards below on 14-17 May 2018. All findings raised were cleared and certifications maintained.

> **OHSAS 18001:** Health and safety management within the Organisation to protect the health and safety of workers;
> **ISO 14001:** Environmental management to limit adverse effects on the environment that may result from Mhlathuze
> **Water's activities; and ISO 9001:** Quality management to ensure customer satisfaction. The focus is on compliance with customer needs and requirements.

13.4 FUTURE PLANS

COMMERCIALISATION OF LABORATORY SERVICES

While it's appreciated that the laboratory was established to support Mhlathuze Water's core business of providing water services, and not withstanding that this is still the primary mandate, the organisation will go on a new drive to commercialise the services offered by the laboratory. This will assist in offsetting some of the costs of running the facility by generating additional revenue and also make use of the spare capacity that is available.

Key considerations for the success of this drive are staff expertise, equipment and the scope of the tests being performed. The laboratory is accredited in terms of the ISO 17025 standard, an international standard of competence. The staff are adequately trained, and undergo continuous training and development to ensure that any new requirements are fulfilled.

A substantial capital investment has been made over the last several years to ensure that the laboratory is adequately resourced to cover a significant scope of analyses required. This included ensuring that the required redundancy is available to provide for uninterrupted services. Due to the location of Richards Bay, it is not possible to get immediate backup during breakdowns, hence sufficient backup equipment is critical to meet customer expectation on a continuous basis. The range of equipment includes ICP Spectrometers (2 in-house, 1 on order), ICP Mass Spectrometers (2), Ion Chromatographs (2 in-house, 1 on order), GC Mass Spectrometer, and PCR.

The scope covers inorganic (metallic, non-metallic & physic-chemical), organic, and biological constituents in water.

The scope covers inorganic (metallic, non-metallic & physic-chemical), organic, and biological constituents in water.

INNOVATION, RESEARCH AND DEVELOPMENT

The Board approved a research and development strategy for the organisation, meant to give direction to the organisation's approach to R&D, in as far as it applies to its primary business of water services provision. Key highlights of the strategy are:

> It is aligned with the 7 themes of the national Research Development and Innovation Roadmap;
> Identified 4 strategic outcomes that research initiatives & activities must contribute towards:
  - Assets & technology;
  - Data & information;
  - People & resources; and
  - Customers & stakeholders
> These outcomes align broadly with Mhlathuze Water's strategic objectives.

One of the key principles in the strategy is collaborative research. Memoranda of Understanding have been signed with the Institute of Water & Wastewater Research, Tshwane University of Technology & University of Zululand.

IMPROVE COMPLIANCE WITH THE COASTAL WATER'S DISCHARGE PERMIT

A new Permit was issued to Mhlathuze Water in August 2017 by the Department of Environmental Affairs. Key issues with regards to the Permit and compliance are:

> Progressively stricter quality limits applied over a 4 year period. Ultimate limits will come into force from January 2020;
> Overall compliance for 2017/18 was 97.6%;
> Compliance from July - December 2018 was 91.3%;
> Regular engagements are held with contributors to improve compliance; and
> The organisation has implemented financial penalties for contributors to the system who do not comply with water quality requirements.

IMPLEMENT AN ENERGY MANAGEMENT SYSTEM

Mhlathuze Water's operations are energy intensive, with electricity requirements accounting for 18.5% of total operational costs (excluding depreciation). In order to improve efficiency and reduce costs, the organisation took a decision to implement an energy management system in line with the requirements of the ISO 50001 international standard. The implementation process is at an advanced stage, with the next major milestone being the implementation of operational controls. Loss of key staff over the last 2 years has somewhat delayed the project but it is anticipated that completion will be reached in the next 1-2 years.

13.5 SCIENTIFIC SERVICES PRE-DETERMINED OBJECTIVES: 2019/2020 – 2023/2024 TARGETS

Table 21: Scientific Services Pre-determined Objectives: 2019/2020 – 2023/2024 Targets

STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO BE PRO-ACTIVE ON ISSUES RELATING TO HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
SC1	Bulk potable water quality compliance	Percentage compliance to water quality standard	99.99%	99.99%	99.60%	99.8%	97%	97%	97%	97%	97%	97%
MW16	Compliance with Coastal Water's Discharge Permit (CWDP)	Percentage of quality compliance with CWDP	-	-	97.6%	92%	100%	100%	100%	100%	100%	100%
MW17	ISO 9001, 14001 & OHSAS 18001 standard certification	Number of compliance certifications maintained	3	3	3	3	3	3	3	3	3	3
MW18	ISO 50001 standard certification	Number of compliance certifications obtained	-	-	-	-	1	0	1	1	1	1
MW19	ISO 17025 laboratory management system accreditation maintained	Number of accreditations retained on laboratory management system	1	1	1	1	1	1	1	1	1	1
STATUTORY TARGETS AND STRATEGIC TARGETS	STRATEGIC OBJECTIVE	TO GROW THE PROVISION OF WATER SERVICES										
	OUTPUTS	PERFORMANCE INDICATOR	BASELINE				5 YEAR TARGET	ESTIMATED PERFORMANCE				
			AUDITED ACTUAL PERFORMANCE			UNAUDITED 2ND QUARTER PERFORMANCE		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
			2015/2016	2016/2017	2017/2018	2018/2019						
MW20	Improve Knowledge Hub, evidence and innovation through research and development	Number of research and development initiatives implemented	-	-	-	-	5 Research and development initiatives being implemented	1 Research and development initiative being implemented	1 Research and development initiative being implemented	1 Research and development initiative being implemented	1 Research and development initiative being implemented	1 Research and development initiative being implemented
		Number of research papers finalised	-	-	-	-	5 research papers finalised	1	1	1	1	1
MW21	Engagement in secondary activities (Section 30 activities)	Percentage of growth in Laboratory Revenue (Real growth excluding annual price increases)	R5,2m	R1,9m	R3,4m	-	45%	5%	10%	10%	10%	10%

Table 22: Scientific Services 2019/2020 Pre-determined Objectives

STRATEGIC OBJECTIVE	TO BE PRO-ACTIVE ON ISSUES RELATING TO HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Compliance with SANS 241:2015 water quality standard for potable water	Percentage compliance to water quality standard	Quarterly	> Purify water as per SANS 241: 2015 standard	97%	97%	97%	97%	97%
Compliance with Coastal Water's Discharge Permit (CWDP)	Percentage of quality compliance with CWDP	Quarterly	> Discharge effluent	100%	100%	100%	100%	100%
ISO 9001, 14001 & OHSAS 18001 standard certification	Number of compliance certifications maintained	Quarterly	> Develop internal audit plan > Table the internal audit plan at MANCO > Conduct Management systems > External audits > Clearance of findings & recommendation for certification > Conduct Internal Audit for the Management systems	3	1	1	1	Nil
ISO 17025 laboratory management system accreditation maintained	Number of accreditations retained on laboratory management system	Quarterly	> Develop an internal audit plan > Implement the internal audit plan	1	1	1	1	1
STRATEGIC OBJECTIVE	TO GROW THE PROVISION OF WATER SERVICES							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Improve Knowledge Hub, evidence and innovation through research and development	Number of research and development initiative implemented	Quarterly	> Implementation of R & D initiatives	1 Research and development initiative being implemented	1 Research and development initiatives being implemented	1 Research and development initiative being implemented	1 Research and development initiative being implemented	1 Research and development initiative being implemented
	Number of research papers finalised	Quarterly	> Submit abstract > Submit paper > Present paper at Conference / Paper published in journal	1 research papers finalised	Abstract produced and approved by HoD	Draft paper produced and approved by HoD	Final paper produced and approved by HoD	1 paper presented at National Conference
Engagement in secondary activities	Percentage of growth in Laboratory Revenue (Real growth excluding annual price increases)	Quarterly	> Market Laboratory Activities	5%	Nil	Nil	Nil	5%

14. FINANCE UNIT

14.1 MANDATE OF FINANCE UNIT

The Finance Unit provides efficient and effective financial resources; financial planning and budgeting; financial structures; asset management; financial services; procurement; and financial risk management in line with the requirements of the Public Finance Management Act of South Africa. The Unit's core business is ensuring financial viability and sustainability of the organisation, thereby contributing to delivery on the organisation's mandate.

14.2 FUNCTIONS WITHIN THE FINANCE UNIT

FINANCIAL ACCOUNTING

The function is responsible for maintaining accurate financial records that comply with relevant accounting standards (i.e. GRAP, Treasury Regulations). It is also responsible for presentation of complete, valid and accurate financial data to allow better decision making for management. The function ensures accurate billing and collection of debts, timeous payment of creditors and efficient employee-related remuneration.

MANAGEMENT ACCOUNTING

The function is responsible for providing an accurate budget and financial forecasts, determine relevant cost effective tariffs, provide management and financial information, monitor and report on variances, analyse financial feasibility and meet financial obligations to generate accurate and relevant information and mobilise resources to achieve accurately informed and supported decision makers and a financially resourced organisation in order to contribute to the sustainable delivery on mandate.

PONGOLAPOORT DAM

ASSET MANAGEMENT

This function monitors and maintains tangible (property, plant and equipment) and intangible assets (software) for the organisation. It is also responsible for a systematic process of acquisition, maintenance, and disposal of assets in a cost-effective manner. It maintains the Asset Register in compliance with GRAP 17 and all relevant organisational policies. It also reviews the use of assets to ensure a greater return on investment and ensures that assets are adequately insured.

SUPPLY CHAIN MANAGEMENT

The Supply Chain Management unit is responsible for procurement activities, BEE spending, CPG monitoring, contract management, monitoring of non-conformances, deviations, irregular expenditure, bid committees, as well as inventory management. It is responsible for all other supply chain operational activities, including ensuring that procurement of goods, services, and construction work is done in a fair, competitive, cost-effective, transparent and an equitable manner, as required in terms of the PFMA and applicable Treasury regulations.

The Enterprise and Supplier Development function is responsible for driving business transformation, as part of supporting establishment and participation of black players in the economy in line with BBBEE Act, in order to stimulate economic growth and creation of jobs in communities. It is also responsible for implementation and monitoring of the five pillars of enterprise and supplier development strategy as approved by the board. The five pillars are as follows:

- Strengthening institutional arrangement – partnering with companies that are operating within SMME space;
- Incubation support system;
- Investigating establishment of ESD Development Fund;
- Structured joint venture; and
- Targeted payment system.

14.3 KEY PERFORMANCE HIGHLIGHTS

The following ratios indicate that Mhlathuze Water has sound financial status. The current ratio is expected to grow over the next 5 years and debtor's days to remain stable at 45 days. These indicate that MW will manage to pay its debts as it becomes due.

Table 23: Financial Ratios

OPERATING RISKS	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Gross margin %	77%	55%	57%	50%	46%	43%	42%	42%	42%
Debtors collection period	40.77	60.00	77.32	45.00	45.00	45.00	45.00	45.00	45.00
% of staff remuneration of the total operating expenditure	27%	28%	31%	28%	30%	30%	30%	30%	30%
Net profit margin	16%	7%	16%	21%	15%	9%	10%	15%	15%
% of repairs and maintenance of PPE	3.90%	3%	5.1%	1.56%	3%	3%	3%	4%	4%
Financial Risks									
Current ratio	1.84	2.32	2.78	3	3.7	4.2	4.3	5.3	6.6
Debt-equity ratio	0.32	0.25	0.16	0.14	0.15	0.22	0.25	0.20	0.15

14.4 FUTURE PLANS AND FIVE YEAR PROJECTIONS

BACKGROUND

On an annual basis, Mhlathuze Water reflects on the organisation's financial performance and further makes use of the prior years audited financial statements to make the most reliable five year projections. Mhlathuze Water also makes use of assumptions to ensure that financial plans are attainable and the intended objectives are met.

Table 24: Planning Assumptions

	AUDITED			CURRENT	FORECAST				
YEAR ENDING 30 JUNE	2016	2017	2018	2019	2020	2021	2022	2023	2024
CPI (supplied by DWS)	5.7%	5.80%	5.60%	5.70%	5.30%	5.50%	5.50%	5.50%	5.50%
Tariff growth - Raw Water: City	8.2%	6.50%	10.24%	11.66%	13.77%	14.03%	12.54%	12.79%	12.77%
: Other	8.2%	6.50%	14.43%	12.99%	14.48%	13.93%	12.34%	12.55%	12.54%
Tariff growth - Potable Water: City	8.4%	6.50%	10.20%	9.59%	13.24%	10.91%	10.00%	10.07%	12.28%
: Other	8.4%	6.50%	14.16%	12.48%	14.17%	11.30%	10.33%	10.29%	12.46%
Tariff growth - A Line Effluent	8.4%	6.50%	7.00%	8.36%	12.23%	10.49%	8.60%	8.26%	8.00%
Tariff growth - B Line Effluent	8.4%	7.00%	7.00%	9.97%	14.76%	10.95%	8.71%	8.29%	8.19%
Raw water charges	12,0%	11.90%	17.00%	13.85%	14.14%	15.08%	14.60%	14.97%	14.89%
*Average Loan Pool Rate	10,5%	11.00%	10.64%	10.61%	10.64%	10.64%	10.64%	10.64%	10.64%
Expected Rates - New Funding	11,5%	12.00%	10.00%	10.25%	10.25%	10.62%	10.60%	10.60%	10.60%
Electrical Power - Eskom	8,0%	8.00%	2.20%	5.53%	5.00%	12.51%	5.22%	7.58%	7.58%
Electrical Power - Municipality	12,0%	12.00%	6.20%	9.53%	9.00%	16.51%	9.22%	11.58%	11.58%
Chemicals	5,0%	7.00%	10.00%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Emoluments Increases - Staff	8%	7.5%	7.14%	8.00%	7.50%	7.50%	7.50%	7.50%	7.50%
Emoluments Increases - EXCO	8%	5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Staff compliments									
Staff	186	215	213	219	219	219	219	219	219
Exco	6	6	5	6	6	6	6	6	6

The following major cost drivers are projected to increase by more than the CPI:

> **Chemicals –** The increase of chemicals is based on tendered prices which are further impacted by foreign currency exchanges and water turbidity post-drought quality;

> **Staff costs –** The increase is based on the approved 5 year business plan rate and average increase from Amanzi Bargaining Council.

> **Raw water –** The increase in Raw Water charges is based on DWS proposed increases.

> **Electricity –** The electricity increase is based on a 5% average increase approved by NERSA for the past 3 years. The 5% is applied on Raw Water and an additional 4% CoU admin fee is applied on potable Water and Effluent. NERSA has approved electricity increase of 9,41% for the FY2019/20 this was however after the proposed increases were submitted for Minster's approval. The difference of 4,41% will be implemented in the 2020/21 tariffs.

> The future **Loan Interest** rates are based on estimated bank lending rates.

CONTRACTED VOLUMES

In line with our mission, Mhlathuze Water continues to provide reliable regional water and waste water services to the stakeholders and further sustains relationships with stakeholders to add value for the mutual benefit of all. The following are the contracted volumes for the services offered:

Table 25: Bulk Raw Water Contracted Demands

MHLATHUZE WATER MHLATHUZE TRANSFER SCHEME – (WEIR) CONTRACTED DEMANDS										
	AUDITED			BUDGET	ESTIMATE	PROJECTIONS				
MAXIMUM DEMAND	2015/16	2016/17	2017/18	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
RBM - North	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
CoU - eSikhaleni	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Tronox	31,460	31,460	31,460	48,000	48,840	48,840	48,840	48,840	48,840	48,840
RBM - Zulti South	-	-	-	-	-	-	-	-	28,000	28,000
Tongaat Hulett	-	-	-	-	-	-	-	2,740	2,740	2,740
Total	**91,460**	**91,460**	**91,460**	**108,000**	**108,840**	**108,840**	**108,840**	**111,580**	**139,580**	**139,580**

In August 2017, a contract with RBM was signed for additional 28 000m³ per day to supply raw water from 2022/2023.

Potential new customer:

> Tongaat Hulett for Raw Water of 2 740m³ per day.

Table 26: Bulk Potable Contracted Demands

NSEZI WATER TREATMENT PLANT										
CONTRACTED DEMANDS	AUDITED			BUDGET	ESTIMATE	PROJECTIONS				
MAXIMUM DEMAND	2015/16	2016/17	2017/18	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Mondi	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
CoU - Richards Bay	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
CoU - Empangeni	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
CoU Foskor*	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	30,000	30,000
RBIDZ*	-	-	-	-	-	-	-	-	18,000	18,000
Newlyn Group*	-	-	-	-	-	-	-	35,000	35,000	35,000
CoU eSikhaleni	-	-	-	-	-	-	-	-	-	20,000
Total	**202,000**	**202,000**	**202,000**	**202,000**	**202,000**	**202,000**	**202,000**	**237,000**	**268,000**	**288,000**

**Clarified Water*

Potential additional volumes:

> CoU Esikhaleni - potable 20 000m³ per day.

> Foskor additional 13 000m³ per day of Clarified Water.

> RBIDZ of 18 000m³ per day of Clarified Water.

> Newly Group 35 000m³ per day of Clarified Water.

Table 27: Contracted Bulk Waste Water Disposal

MHLATHUZE WATER CONTRACTED DEMANDS – EFFLUENT DISPOSAL FIGURES M³/DAY									
A LINE (BUOYANT EFFLUENT)	**AUDITED**			**BUDGET**	**PROJECTIONS**				
CONSUMER	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
MONDI KRAFT R/BAY	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
CU - RICHARDS BAY	20,103	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
BILLITON BAYSIDE	1,521	1,500	1,500	-	1,500	1,500	1,500	1,500	1,500
HILLSIDE (SOUTH 32)	1,569	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250
MPACT	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
FOSKOR	2,011	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TRONNOX SMELTER	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
ISIZINDA ALUMINIUM	-	333	333	333	333	333	-	-	-
JOHN ROSS INTERCHANGE	-	-	-	5,500	5,500	5,500	5,500	5,500	5,500
	-	-	-	-	-	-	-	-	-
TOTAL	**145,604**	**153,483**	**153,483**	**157,483**	**158,983**	**158,983**	**158,650**	**158,650**	**158,650**
B LINE (Dense effluent)									
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
FOSKOR	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
TOTAL	**30,000**	**30,000**	**30,000**	**30,000**	**30,000**	**30,000**	**30,000**	**30,000**	**30,000**

CONSUMPTION VOLUMES

One of the objectives of the Regional Water Reconciliation Strategy for KwaZulu-Natal was to identify interventions that will reconcile the water requirements with the available water up to 2035. With the drought season in place, Mhlathuze Water made use of prior year consumption trends with existing customers to ensure that financial plans are attainable.

The following tables provide overviews of consumption volumes for years under review.

Table 28: Bulk Raw Water Consumption Volumes

CONSUMPTION VOLUMES	**AUDITED**			**BUDGET**	**ESTIMATE**	**PROJECTIONS**				
MEASURED CONSUMPTION	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
RBM - North	30,060	38,250	9,031	38,250	25,420	10,385	10,385	10,385	10,385	10,385
CoU - eSikhaleni	19,935	15,000	199	15,000	0	229	229	229	229	229
Tronox	6,014	26,000	774	26,000	2,936	890	890	890	890	890
RBM - Zulti South									28,000	22,350
Tongaat Hulett								2,740	2,740	2,740
Total	**56,009**	**79,250**	**10,004**	**79,250**	**28,355**	**11,505**	**11,505**	**14,245**	**42,245**	**36,595**

Table 29: Bulk Potable Water Consumption Volumes

CONSUMPTION VOLUMES	**AUDITED**			**BUDGET**	**ESTIMATE**	**PROJECTIONS**				
MEASURED CONSUMPTION	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Mondi	56,074	49,355	48,932	52,000	59,680	56,272	56,272	56,272	56,272	56,272
CoU - Richards Bay	37,842	34,643	26,707	48,000	35,697	30,714	30,714	30,714	30,714	30,714
CoU - Empangeni	22,110	20,969	22,524	37,000	21,024	25,903	25,903	25,903	25,903	25,903
CoU Foskor	10,070	10,286	10,605	17,000	11,438	12,196	12,196	12,196	24,000	24,000
RBIDZ									18,000	18,000
Newlyn Group								35,000	35,000	35,000
CoU eSikhaleni										20,000
Total	**126,096**	**115,253**	**108,769**	**154,000**	**127,839**	**125,084**	**125,084**	**160,084**	**189,888**	**209,888**

TARIFFS

The Mhlathuze Water tariff process is guided by MFMA (56 of 2003), section 42 and Circular 23. These prescribe the process required for consultation with Water Service Authorities on bulk water tariffs.

The tariffs are calculated to ensure sustainability for the organization. The large volumes bring economies of scale, thus making bulk water more affordable for customers.

The tariff consists of the following elements:

a) A-Factor – fixed cost (Staff Cost, Maintenance, Fixed Electricity and Operating Costs)
b) C-Factor – capital cost (Depreciation and Finance Costs)
c) Tc-Factor – variable cost (Variable Electricity and Chemicals)
d) TRWP – government levies and charges.

Mhlathuze Water collects levies on behalf of DWS (TRWP). Mhlathuze Water does not have any control over the calculation of these levies, they are implemented as gazetted.

To ensure that Mhlathuze Water demonstrates the mission of providing affordable water, reasonable tariff increases were proposed which take into account the current economic conditions. All exorbitant input cost increases were capped.

The tables below indicate the proposed increases for FY2019/2020 as submitted for approval by the Minister of Water and Sanitation.

Table 30: Raw Water

MHLATHUZE WATER TRANSFER SCHEME – WEIR		AUDITED			CURRENT		PROJECTIONS			
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Proposed Tariff increase	Municipality	**8,34%**	**6,50%**	**10,24%**	**11.66%**	**13.77%**	**14.03%**	**12.54%**	**12.79%**	**12.77%**
	Industries	**8,34%**	**6,50%**	**13,93%**	**12.99%**	**14.48%**	**13.93%**	**12.34%**	**12.55%**	**12.54%**
		R/m³	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**
Capital Charges	Municipality	0,0947	0,1009	0,1009	0,1084	0.1228	0,1427	0.1560	0.1689	0.1813
	Industries	0,0947	0,1009	0,1160	0,1292	0.1491	0.1732	0.1893	0.2051	0.2201
Fixed Operation and maintenance	Municipality	0,3766	0,4011	0,4011	0,4355	0,5013	0,5549	0.6006	0.6469	0.6969
	Industries	0,3766	0,4011	0,4412	0,4967	0.5817	0.6438	0.6969	0.7507	0.8086
Variable Cost Electricity & Chemicals	Municipality	0,0699	0,0744	0,0744	0,0753	0,0755	0,0849	0.0893	0.0961	0.1033
	Industries	0,0699	0,0744	0,0760	0,0800	0.0818	0.0920	0.0968	0.1041	0.1120
Tariff excluding Government Levies	Municipality	0,5412	0,5764	0,5764	0,6192	0.6996	0.7824	0.8458	0.9119	0.9815
	Industries	0,5412	0,5764	0,6333	0,7059	0.8126	0.9089	0.9830	1.0598	1.1406
Government Levies	Municipality	0,9141	0,9600	1,1236	1,2657	1.4560	1.6757	1.9205	2.2082	2.5372
	Industries	0,9141	0,9600	1,1236	1,2657	1.4560	1.6757	1.9205	2.2082	2.5372
Annual Tariff	Municipality	1,4553	1,5364	1,7000	1,8849	2.1557	2.4581	2.7664	3.1201	3.5187
	Industries	2.2686	1,5364	1,7569	1,9716	2.2686	2.5847	2.9035	3.2680	3.6779

Table 31: Potable Water

NSEZI WATER TREATMENT PLANT		AUDITED			PROPOSED	PROJECTIONS				
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Proposed Tariff increase	Municipality	**9,44%**	**6,50%**	**9,35%**	**9.59%**	**14.17%**	**10.91%**	**10.00%**	**10.07%**	**12.28%**
	Industries	**9,44%**	**6,50%**	**12,29%**	**12,48%**	**14.17%**	**11.30%**	**10.33%**	**10.29%**	**12.46%**
			R/m³	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**
Capital Charges	Municipality	0,8679	0.9243	1.0088	1.0679	1,2464	1.3351	1,4596	1,5810	1,8563
	Industries	0,8679	0.9243	1.0629	1.1678	1,3757	1,4750	1,6124	1,7466	2,0487
Fixed Operation and maintenance	Municipality	1,0465	1.1452	1.1716	1.2849	1,4943	1.6222	1,7218	1,8187	1,9216
	Industries	1,0465	1.1452	1.2261	1.3931	1,6386	1,8221	1,9818	2,1450	2,3216
Variable Cost Electricity & Chemicals	Municipality	0,6974	0.7427	0.7935	0.8591	0,8850	1,0033	1,0983	1,2164	1,3474
	Industries	0.6974	0.7427	0.7951	0.8926	0,9292	1,0533	1,1529	1,2769	1,4142
Tariff excluding Government Levies	Municipality	2,6118	2.7816	2.9739	3.2119	3,6257	3.9606	4,2796	4,6162	5,1253
	Industries	2,6118	2.7816	3.6502	3.4535	3,9435	4,3504	3.7642	5,1684	5,7845
Government Levies	Municipality	0,9600	0.9600	1.1236	1.2657	1,4560	1.6757	1.9205	2.2082	2.5372
	Industries	0,9600	0.9600	1.1236	1.2657	1,4560	1,6593	1.8835	2.1444	2.4397
Annual Tariff	Municipality	3,5718	3.742	4.098	4,4776	5,0818	5.6363	6.2001	6.8244	7.6625
	Industries	3,5718	3.742	4.774	4.7192	5,3995	6,0097	6,6306	7,3128	8,2243

Table 32: Buoyant Waste Water

BUOYANT EFFLUENT	AUDITED			PROPOSED	PROJECTIONS				
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Proposed Tariff Increase	**8,36%**	**6,50%**	**7,00%**	**8,36%**	**12.23%**	**10.49%**	**8.60%**	**8.26%**	**8.00%**
	R/m³	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**
Capital Charges	0,5039	0,5367	0,5743	0,6278	0,6612	0,7194	0,7757	0,8364	0,8955
Fixed Operation and Maintenance	0,7858	0,8369	0,8955	0,9648	1.1261	1.2554	1.3690	1.4855	1.6120
Annual Tariff	1,2897	1,3736	1,4698	1,5926	1,7873	1,9749	2.1447	2.3219	2.5075

Table 33: Dense Waste Water

DENSE EFFLUENT	AUDITED			PROPOSED	PROJECTIONS				
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Proposed Tariff Increase	**8,46%**	**7,00%**	**7,00%**	**9,97%**	**14,76%**	**10.95%**	**8.71%**	**8.29%**	**8.19%**
	R/m³	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**	**R/m³**
Capital Charges	0,9487	1,0341	1,1065	1,1554	1.2284	1.3366	1.4345	1.5395	1.6445
Fixed Operation and Maintenance	3,3299	3,6296	3,8837	4,2314	4.9537	5.5225	6.0219	6.5348	7.0913
Annual Tariff	4,2786	4,6637	4,9902	5,3868	6,1821	6.8591	7.4564	8.0742	8.7357

INCOME STATEMENT PROJECTIONS

Operational costs were projected to increase by the average 2019 CPI, as provided by DWS, and also guided by planned operational requirements to ensure the achievement of the operational plan.

These take into account the dynamics, complexity, diversity, the nature of business and the trend of tariff increases from prior years. These also take into consideration planned capital projects.

FORECAST OF CAPITAL EXPENDITURE FOR PRIMARY ACTIVITIES

Mhlathuze Water seeks to increase and improve the current infrastructure capacity to continue producing water of exceptional quality and to expand production to meet all future operational needs. The funding of the Projected Capital projects will be obtained from reserves and long term borrowings.

Table 34: Statement of Capital Expenditure

PROJECTED STATEMENT OF CAPITAL EXPENDITURE YEAR ENDING 30 JUNE	PROJECT TYPE	ESTIMATE 2019 R'000	BUDGET 2020 R'000	BUDGET 2021 R'000	BUDGET 2022 R'000	BUDGET 2023 R'000	BUDGET 2024 R'000	TOTAL 2019-24 R'000
BULK RAW WATER SUPPLY								
Mhlathuze Transfer Scheme								
Improvements & Refurbishments	Rehabilitation	550	-	-	-	-	-	550
LV Upgrade of Tronox Pump Station incl MCC	Augmentation and upgrade	500	-	-	-	-	-	500
Turbidity Meter	Equipment	45	-	-	-	-	-	45
Construction of Weir Change room Building	Expansion	1,140	60	-	-	-	-	1,200
New weir	Expansion	44,898	24,939	3,256	-	-	-	73,093
Civils and Buildings Refurbishments	Rehabilitation	250	150	-	-	-	-	400
Standby Diesel Generator - Weir Plant	Expansion	4,599	801	-	-	-	-	5,400
Replacement of the basement Manifold	Augmentation and upgrade	2,000	-	-	-	-	-	2,000
Pipeline From Weir to Shooting Range	Expansion	51,362	100,000	-	-	-	-	151,362
Smaller items	Equipment	-	660	-	-	-	-	660
FY2020-2024 Business Plan		**105,344**	**126,610**	**3,256**	**-**	**-**	**-**	**235,210**
FY2019-2023 Business Plan		**197,440**	**13,066**					**210,506**
Difference between the two Business Plan		**(92,096)**	**113,544**	**3,256**	**-**	**-**	**-**	**24,704**
BULK PURIFIED & CLARIFIED WATER SUPPLY								
Lake Nsezi WTP								
Empangeni Pump Station	Expansion	1,751	-	-	-	-	-	1,751
Nsezi Refurbishment (2015)	Rehabilitation	900	-	-	-	-	-	900
Phase 2 Scada System	Information technology communication	2,300	-	-	-	-	-	2,300
Nsezi Civil and Building Refurbishment	Expansion	450	200	-	-	-	-	650
Ac Mitigation System For Empangeni & Wier Steel Pipelines	Augmentation and upgrade	2,375	125	-	-	-	-	2,500
Plant Augmentation (Independent 170 Ml/D PLANT)	Augmentation and upgrade	4,000	44,372	118,872	140,092	18,005	-	325,341
Polymer Tanks Bund Wall	Expansion	-	3,600	400	-	-	-	4,000
Construction of Guardhouse Building - Nessie Intake	Expansion	480	-	-	-	-	-	480
Nsezi Small Items	Equipment	100	780					880
FY2020-2024 Business Plan		**12,356**	**49,077**	**119,272**	**140,092**	**18,005**	**-**	**338,802**
FY2019-2023 Business Plan		**56,408**	**238,443**	**891**	**-**	**-**	**-**	**295,742**
Difference between the two Business Plan		**(44,052)**	**(189,366)**	**118,381**	**140,092**	**18,005**	**-**	**43,060**

Table 34: Statement of Capital Expenditure *...continued*

PROJECTED STATEMENT OF CAPITAL EXPENDITURE YEAR ENDING 30 JUNE	PROJECT TYPE	ESTIMATE 2019 R'000	BUDGET 2020 R'000	BUDGET 2021 R'000	BUDGET 2022 R'000	BUDGET 2023 R'000	BUDGET 2024 R'000	TOTAL 2019-24 R'000
P/S N01 SHARED BETWEEN A&B LINE								
Refurbishment	Rehabilitation	420	50	-	-	-	-	470
construction of Guardhouse Building	Augmentation and upgrade	-	250	-	-	-	-	250
FY2020-2024 Business Plan		**420**	**300**	**-**	**-**	**-**	**-**	**720**
FY2019-2023 Business Plan		**420**	**50**	**-**	**-**	**-**		**470**
Difference between the two Business Plan		**-**	**250**	**-**	**-**	**-**	**-**	**250**
BUOYANT EFFLUENT DISPOSAL								
A Line								
Refurbishment (2015)	Rehabilitation	550	-	-	-	-	-	550
WWDS CIVIL AND BUILDINGS REFURBISHMENT	Rehabilitation	300	-	-	-	-	-	300
FY2020-2024 Business Plan		**850**	**-**	**-**	**-**	**-**	**-**	**850**
FY2019-2023 Business Plan		**850**	**100**					**950**
Difference between the two Business Plan		**-**	**(100)**	**-**	**-**	**-**	**-**	**(100)**
B Line Connections								
Improvements & Refurbishments (552)	Rehabilitation	600	-	-	-	-	-	600
Replacement of B-Line Electrical Equipment	Rehabilitation	-	2,500	-	-	-	-	2,500
Improvements & Refurbishments (552)	Rehabilitation	-	3,500	-	-	-	-	3,500
FY2020-2024 Business Plan		**600**	**6,000**	**-**	**-**	**-**	**-**	**6,600**
FY2019-2023 Business Plan		**600**	**-**	**-**	**-**	**-**		**600**
Difference between the two Business Plan		**-**	**6,000**	**-**	**-**	**-**	**-**	**6,000**
DENSE EFFLUENT DISPOSAL								
Foskor Pump station and new C Line								
Improvements & Refurbishments (554)	Rehabilitation	600	-	-	-	-	-	600
Improvements & Refurbishments (556)	Rehabilitation	600	-	-	-	-	-	600
Upgrading of C-Line VSD power supply circuit Breakers	Augmentation and upgrade	-	1,000					1,000
FY2020-2024 Business Plan		**1,200**	**1,000**	**-**	**-**	**-**	**-**	**2,200**
FY2019-2023 Business Plan		**1,200**	**-**	**-**	**-**	**-**	**-**	**1,200**
Difference between the two Business Plan		**-**	**1,000**	**-**	**-**	**-**	**-**	**1,000**
Centralised Services								
CE Urgent capital	Equipment	500	-	-	-	-	-	500
Acquire, Enhance, Upgrade and Integrate Core Financial and Related Business Systems	Information technology communication	-	13,000	10,000				23,000
Central Renovations	Equipment	700	250	-	-	-	-	950
Strategic Stock	Equipment	2,500	2,500	2,500	-	-	-	7,500
Workshop Tools	Equipment	1,125	-	-	-	-	-	1,125
Vehicles	Equipment	1,770	-	-	-	-	-	1,770
Lab Equipment	Equipment	800	-	-	-	-	-	800
Inductively Coupled Plasma Emission Spectrometer (ICP OES)	Equipment	1,100	-	-	-	-	-	1,100

Table 34: Statement of Capital Expenditure *...continued*

PROJECTED STATEMENT OF CAPITAL EXPENDITURE YEAR ENDING 30 JUNE	PROJECT TYPE	ESTIMATE 2019 R'000	BUDGET 2020 R'000	BUDGET 2021 R'000	BUDGET 2022 R'000	BUDGET 2023 R'000	BUDGET 2024 R'000	TOTAL 2019-24 R'000
Autotitrator	Equipment	-	1,000	-	-	-	-	1,000
Ion Chromatograph	Equipment	1,200	-	-	-	-	1,450	2,650
Total Organic Compound Instrument (TOC)	Equipment	900	-	-	-	-	-	900
Office Expansion at MW Head Office	Expansion	-	15,000	-	-	-	-	15,000
Small Items	Equipment	588	1,747	363	117	250	-	3,065
FY2020-2024 Business Plan		**11,183**	**33,497**	**12,863**	**117**	**250**	**1,450**	**59,360**
FY2019-2023 Business Plan		**11,183**	**8,622**	**8,823**	**3,016**	**-**		**31,644**
Difference between the two Business Plan		**-**	**11,875**	**(5,960)**	**(2,899)**	**250**	**1,450**	**4,716**
SUB-TOTAL		**131,953**	**216,484**	**135,391**	**140,209**	**18,255**	**1,450**	**643,742**
Capitalised interest		**8,799**	**18,528**	**21,545**	**26,452**	**22,766**	**-**	**98,089**
TOTAL CAPITAL EXPENDITURE		**140,752**	**235,012**	**156,936**	**166,661**	**41,021**	**1,450**	**741,831**
Rehabilitation		4,770	6,200	-	-	-	-	10,970
Augmentation and upgrade		8,875	45,747	118,872	140,092	18,005	-	331,591
Equipment		11,328	6,937	2,863	117	250	1,450	22,945
Expansion		104,680	144,600	3,656	-	-	-	252,936
Information technology communication		2,300	13,000	10,000	-	-	-	25,300
Total Capital before Interest		**131,953**	**216,484**	**135,391**	**140,209**	**18,255**	**1,450**	**643,742**
Capitalised interest		8,799	18,528	21,545	26,452	22,766	-	98,089
Total Capital after Interest		**140,752**	**235,012**	**156,936**	**166,661**	**41,021**	**1,450**	**741,831**

MHLATHUZE TRANSFER SCHEME

A budget of R7 million for the New Weir project was rolled forward from FY2017/2018, this resulted in an increased budget from R36 million to R44 million in FY2018/19. The budget for the outer years were also revised.

A budget of R100 million for the project pipeline from Weir to Shooting Range was also rolled forward from FY2018/2019 to FY2019/2020.

New small items of R0.66m were budgeted for in the Business Plan 2020 consist of:

> Replacement of Weir VSD supply circuit Breakers

> Automation of Overhead Crane Weir Pump station

NSEZI WTP

R44 million for the Plant Augmentation project was rolled forward from FY2018/2019 to FY2019/2020.

PUMP STATION NO1 SHARED BETWEEN A & B LINE

Proposal to construct a permanent Guardhouse to replace the damaged mobile guardhouse was approved for FY2019/2020 which was not included in Business Plan 2019.

A LINE

In preparation of the FY2020 Budget, the R0.10m which was on the 2019 Business Plan was revised.

B LINE CONNECTIONS

After robust deliberation with Foskor, a decision to refurbish B-line system was approved with the estimated costs of R6.0 million.

FOSKOR PUMP STATION AND NEW C LINE

Upgrading of C-Line VSD power supply circuit breakers was approved for FY 2020 Business plan

CENTRALISED SERVICES

Some items were revised under the Laboratory cost centre by either removing them completely or being moved to outer years to align future requirements.

PROJECTED REVENUE AND EXPENDITURE

Despite the drought restrictions revenue is expected to gradually grow over the next 5 years. The table below provides an overview of the Financial Performance of the audited amounts an estimate for the current year 2018/2019; and projections for the next 5 years ending 2023/2024.

Mhlathuze Water has exhibited higher surpluses in the past 5 years, due to:

> Stricter cost containment processes; and

> A higher volume of secondary activities.

In this Business Plan, Mhlathuze Water has projected more realistic surpluses that are in line with the organisation's operational plans.

Table 35: Statement of Financial Performance

FIVE YEAR PROJECTIONS STATEMENT OF FINANCIAL PERFORMANCE (R'000)										
PROJECTED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE	**AUDITED 2016 R'000**	**AUDITED 2017 R'000**	**AUDITED 2018 R'000**	**BUDGET 2019 R'000**	**ESTIMATE 2019 R'000**	**BUDGET 2020 R'000**	**BUDGET 2021 R'000**	**BUDGET 2022 R'000**	**BUDGET 2023 R'000**	**BUDGET 2024 R'000**
Volumes (kilolitres)	131,295	117,506	110,470	151,560	123,435	119,159	118,834	132,487	153,586	158,860
Revenue from exchange transactions										
Sale of goods and services	527,042	533,617	538,996	811,112	652,059	638,523	660,958	764,583	915,409	1,032,901
	-	-								
Cost of Sales	**(122,820)**	**(242,391)**	**(232,441)**	**(200,211)**	**(324,883)**	**(343,832)**	**(379,778)**	**(442,033)**	**(529,501)**	**(599,987)**
Bulk purchases	(51,739)	(44,315)	(44,378)	(95,518)	(60,945)	(61,713)	(70,825)	(103,960)	(164,858)	(202,303)
Electricity and water	(27,654)	(103,738)	(81,239)	(29,996)	(88,807)	(103,441)	(117,940)	(134,462)	(153,306)	(174,790)
Chemicals	(11,572)	(16,760)	(17,552)	(16,882)	(18,455)	(19,846)	(20,962)	(22,921)	(25,064)	(27,408)
Employee related costs	(10,774)	(42,160)	(50,804)	(12,160)	(97,120)	(89,868)	(89,024)	(95,308)	(102,452)	(110,130)
Depreciation	(21,081)	(35,418)	(38,469)	(45,655)	(59,556)	(68,964)	(81,028)	(85,381)	(83,821)	(85,356)
	-	-								
Gross Profit	**404,222**	**291,226**	**306,555**	**610,901**	**327,177**	**294,691**	**281,181**	**322,550**	**385,908**	**432,914**
Total Secondary activities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sale of goods and services - Secondary activities	425,850	355,715	119,575	517,275	82,816	96,695	62,902	20,318	-	-
Expenditure - Secondary activities	(425,850)	(355,715)	(119,575)	(517,275)	(82,816)	(96,695)	(62,902)	(20,318)	-	-
	-	-								
Other income	**13,322**	**14,414**	**17,400**	**11,499**	**18,482**	**12,524**	**13,005**	**13,422**	**16,678**	**21,293**
Sundry income	337	768	1,444	5,274	6,204	-	-	-	-	-
Interest received - investment	12,985	13,646	15,956	6,225	12,278	12,524	13,005	13,422	16,678	21,293
Expenditure										
Employee related costs	(106,975)	(86,920)	(93,107)	(188,561)	(64,720)	(68,463)	(73,583)	(79,088)	(85,002)	(91,361)
Remuneration of board members	(3,129)	(2,679)	(620)	(1,400)	(2,797)	(4,783)	(5,065)	(5,359)	(5,670)	(5,999)
Depreciation and amortisation	(19,281)	(6,386)	(7,852)	(32,419)	(8,129)	(11,112)	(9,312)	(7,739)	(6,107)	(7,000)
Finance cost	(10,205)	(9,850)	(6,021)	(2,632)	(1,346)	(3,227)	(3,914)	(4,671)	(4,058)	(22,650)
Lease rentals on operating lease	(2,488)	(2,566)	(2,805)	(3,568)	(3,010)	(3,117)	(3,232)	(3,421)	(3,618)	(3,829)
Debt impairment	(181)	(293)	-	-	-	-	-	-	-	-
Repairs and maintenance	(45,973)	(40,748)	(48,088)	(88,359)	(70,130)	(66,930)	(63,926)	(67,631)	(71,554)	(75,704)
General expenses*	(62,919)	(81,919)	(75,543)	(118,917)	(96,742)	(116,557)	(116,009)	(128,468)	(134,353)	(141,528)
Electricity and water	(72,833)	(2,026)	(1,914)	(104,893)	(2,937)	(2,990)	(3,410)	(3,889)	(4,435)	(5,058)
Chemicals	(3,239)	-	-	(8,873)	-	-	-	-	-	-
Total expenditure	**(327,224)**	**(233,387)**	**(235,950)**	**(549,622)**	**(249,811)**	**(277,179)**	**(278,451)**	**(300,265)**	**(314,796)**	**(353,129)**
Operating surplus	**90,319**	**72,253**	**88,006**	**72,778**	**95,847**	**30,036**	**15,735**	**35,707**	**87,790**	**101,078**
Gain/(loss) on disposal of assets	56,576	(2,815)	(6,059)	-	(683)	-	-	-	-	-
Surplus for the year	**146,897**	**69,440**	**81,949**	**72,780**	**95,164**	**30,036**	**15,735**	**35,707**	**87,790**	**101,078**

*Included in the below General Expenses are:

Table 36: General Expenses

	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Audit fees	910	3,060	3,703	2,666	4,614	4,886	5,169	5,469	5,786
Audit External	-	-	2,665,516	3,553,644	3,763,309	3,981,581	4,212,513	4,456,838	-
Audit Internal	-	-	-	1,059,996	1,122,536	1,187,643	1,256,526	1,329,405	-
Audit Fees - Special Investigations	-	-	282	-	1,676	1,775	1,878	1,987	2,102
Biomonitoring	-	2,472	1,708	1,811	2,286	2,421	2,561	2,709	2,867
Consulting Fees	2,043	1,643	1,930	86	2,209	2,339	2,475	2,618	2,770
Cleaning - Contractors	1,785	1,589	1,036	1,119	1,585	1,339	1,416	1,499	1,586
Consumables - General	1,038	1,303	1,032	1,032	1,032	1,032	1,032	1,032	1,032
Drought intervention programmes	-	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Enterprise Suppliers Development	-	-	5,000	5,000	3,000	3,000	5,000	5,000	5,000
Fuel - Vehicles	3,197	2,631	2,556	2,160	2,017	1,877	1,969	2,083	2,204
Grounds - General	1,186	3,181	931	1,872	1,271	269	285	301	319
Grounds - Contractors	3,086	2,829	2,097	1,449	2,348	2,120	2,243	2,373	2,511
Insurance - General & Infrastructure	2,382	2,862	2,363	2,142	2,579	2,731	2,889	3,057	3,234
ICT	-	-	9,119	5,095	4,893	5,033	5,642	5,969	6,316
Legal Cost	1,989	7,234	6,721	15,592	15,052	15,909	16,831	17,808	18,840
Strategic Support	-	652	1,357	3,000	3,000	3,000	5,000	5,000	5,000
National Development Plan	-	-	446	910	4,500	4,766	5,042	5,334	5,644
Opening Functions	-	-	211	1,901	2,120	2,245	2,375	2,513	2,659
Planning & development	-	-	2,276	3,479	5,000	5,295	5,602	5,927	6,271
Security - General	3,647	4,302	1,107	1,555	3,300	3,068	3,246	3,434	3,633
Security - Contractors	-	-	3,724	3,956	6,143	5,901	6,243	6,606	6,989
Social Investment - Corporate	-	-	806	1,219	1,166	1,235	1,306	1,382	1,462
Training and skills Development	1,791	2,131	3,722	3,564	5,474	5,717	6,028	6,377	6,747
Travel & Sub	-	-	1,901	2,007	3,676	3,892	4,117	4,356	4,609
Vehicle hire	3,698	3,686	4,206	2,584	1,843	1,092	1,153	1,220	1,291
Water analysis	1,360	2,244	426	776	1,136	747	241	255	270
Recruitment	-	-	965	1,016	1,742	1,845	1,952	2,065	2,184

PROJECTED CASH FLOW

The table below provides an overview of the Statement of Cash Flow for the audited periods, the estimate for the current financial year and the projections for the next five years. Mhlathuze Water intends to make use of internal funding to finance major capital projects, prior to utilising new long-term loans this results in a projected reduction in reserves and cash and cash equivalent.

Table 37: Statement of Cash Flow

CASH FLOWS FROM OPERATING ACTIVITIES YEAR ENDING 30 JUNE	AUDITED 2016 R'000	AUDITED 2017 R'000	AUDITED 2018 R'000	BUDGET 2019 R'000	ESTIMATE 2019 R'000	BUDGET 2020 R'000	BUDGET 2021 R'000	BUDGET 2022 R'000	BUDGET 2023 R'000	BUDGET 2024 R'000
Cash flow from operating activities										
Receipts										
Sale of goods and services	486,401	520,814	577,818	770,589	674,406	632,122	656,023	750,770	893,031	1,012,128
Interest received	12,985	13,646	15,955	6,225	12,278	12,524	13,005	13,422	16,678	21,293
	499,386	**534,460**	**593,773**	**776,814**	**686,684**	**644,646**	**669,028**	**764,192**	**909,709**	**1,033,421**
Payments										
Cash paid to employees	(105,486)	(115,929)	(143,959)	(200,721)	(161,840)	(158,331)	(162,607)	(174,396)	(187,454)	(201,491)
Cash paid to suppliers	(272,880)	(360,784)	(292,812)	(434,842)	(406,607)	(376,748)	(403,930)	(468,030)	(557,180)	(629,127)
Finance costs	(10,205)	(9,850)	(6,021)	(2,632)	(1,346)	(3,227)	(3,914)	(4,671)	(4,058)	(22,650)
Finance costs capitalised	(7,081)	(4,967)	(6,436)	(19,160)	(8,799)	(18,528)	(21,545)	(26,452)	(22,766)	-
	(395,652)	**(491,530)**	**(449,228)**	**(657,355)**	**(578,591)**	**(556,834)**	**(591,996)**	**(673,549)**	**(771,458)**	**(853,269)**
Net cash flows from operating activities	**103,734**	**42,930**	**144,545**	**119,459**	**108,093**	**87,812**	**77,033**	**90,642**	**138,250**	**180,152**
Net cash flows from investing activities										
Purchase of property, plant and equipment	(107,514)	(46,310)	(79,909)	(268,101)	(131,953)	(216,484)	(135,391)	(140,209)	(18,255)	(1,450)
Proceeds from sale of property, plant and equipment	57,011	85	-	-	683	-	-	-	-	-
Purchase of intangible assets	(264)	(2,786)	(895)		-	-	-	-	-	-
Net cash flows from investing activities	**(50,767)**	**(49,011)**	**(80,804)**	**(268,101)**	**(131,270)**	**(216,484)**	**(135,391)**	**(140,209)**	**(18,255)**	**(1,450)**
Cash flows from financing activities										
Proceeds (Repayment) of Long term borrowings	(22,210)	(22,199)	(22,198)	77,890	(22,109)	117,890	45,655	59,655	(41,011)	(41,011)
Net cash flows from financing activities	**(22,210)**	**(22,199)**	**(22,198)**	**77,890**	**(22,109)**	**117,890**	**45,655**	**59,655**	**(41,011)**	**(41,011)**
Net increase/(decrease in cash and cash equivalents	30,757	(28,280)	41,543	(70,751)	(45,285)	(10,781)	(12,703)	10,088	78,985	137,691
Cash and cash equivalents at beginning of year	221,510	252,267	223,987	171,068	265,530	220,245	209,463	196,760	206,848	285,833
Cash and cash equivalents at end of year	**252,267**	**223,987**	**265,530**	**100,317**	**220,245**	**209,463**	**196,760**	**206,848**	**285,833**	**423,524**

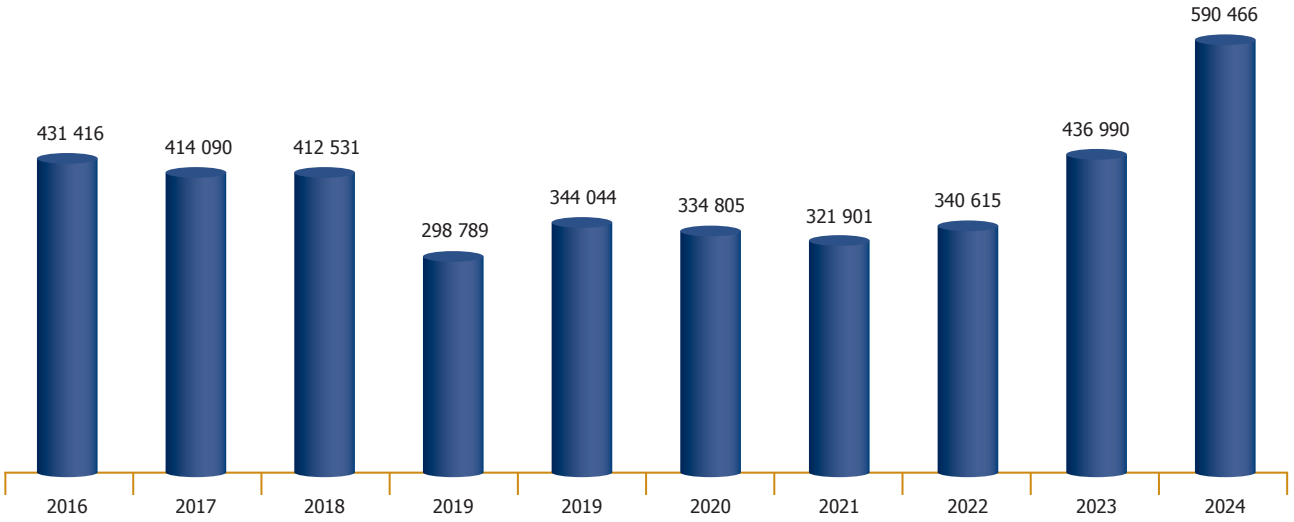
PROJECTED BALANCE SHEET

The table below provides an overview of the Statement of Financial Position for the audited period, the estimate of the current year and projections of the next five years ending 2023/24. The decrease in cash and cash equivalent is as a result of construction of planned capital projects to be implemented in the next five years.

Table 38: Statement of Financial Position

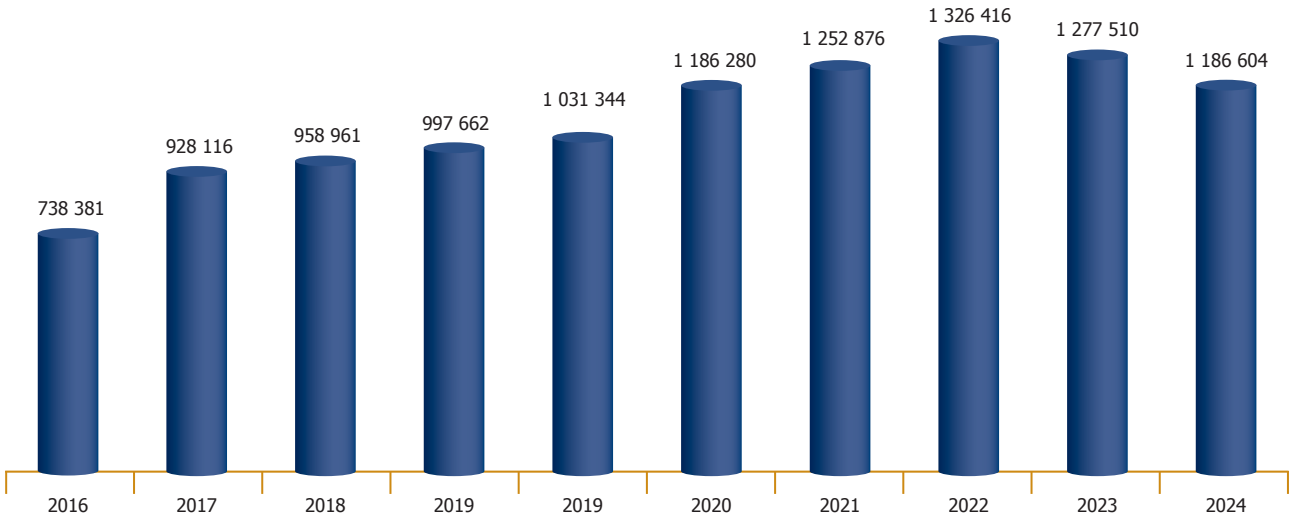
FIVE YEAR PROJECTIONS - STATEMENT OF FINANCIAL POSITION (R'000)										
PROJECTED STATEMENT OF FINANCIAL POSITION FOR YEAR ENDING 30 JUNE	AUDITED 2016	AUDITED 2017	AUDITED 2018	BUDGET 2019	ESTIMATE 2019	BUDGET 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Assets % Growth	12%	26%	3%	27%	8%	15%	6%	6%	-4%	-7%
ASSETS										
Current Assets										
Inventories	26,022	30,587	32,828	34,698	33,198	34,698	35,898	36,998	38,298	39,598
Receivables from exchange transactions	152,713	159,516	114,174	163,774	90,601	90,643	89,243	96,769	112,859	127,344
Cash and cash equivalents - Primary activities	117,827	223,987	265,529	100,317	220,245	209,463	196,760	206,848	285,833	423,524
	431,416	**414,090**	**412,531**	**298,789**	**344,044**	**334,805**	**321,901**	**340,615**	**436,990**	**590,466**
Non-current assets										
Property, plant and equipment	734,189	921,471	954,318	995,031	1,026,701	1,181,637	1,248,233	1,321,773	1,272,867	1,181,961
Intangible assets	4,192	6,645	4,643	2,631	4,643	4,643	4,643	4,643	4,643	4,643
	738,381	**928,116**	**958,961**	**997,662**	**1,031,344**	**1,186,280**	**1,252,876**	**1,326,416**	**1,277,510**	**1,186,604**
Total assets	**1,169,797**	**1,342,206**	**1,371,492**	**1,296,451**	**1,375,388**	**1,521,084**	**1,574,777**	**1,667,031**	**1,714,500**	**1,777,070**
LIABILITIES										
Current liabilities										
Short term interest bearing borrowings	22,110	22,110	22,110	22,110	22,110	36,110	30,345	41,011	41,011	41,011
Payables from exchange transactions	188,412	125,909	100,297	146,593	48,479	52,408	51,846	55,027	62,004	70,747
VAT Payable	0	1,735	1,389	2,923	1,924	2,995	3,019	3,066	3,066	3,113
Employee benefit liability	6,404	13,206	16,645	6,955	6,755	6,955	6,155	6,155	6,155	6,155
Income received in advance	7,965	7,965	7,965	6,778	7,430	6,359	6,335	6,288	6,289	6,288
	224,891	**170,925**	**148,406**	**185,359**	**86,697**	**104,826**	**97,699**	**111,546**	**118,523**	**127,313**
Non-current liabilities										
Long term interest bearing borrowings	124,077	101,877	79,679	157,660	57,571	161,461	212,881	261,870	220,859	179,849
Employee benefit liability	258	258	279	258	258	257	257	257	257	257
Income received in advance	79,119	71,155	63,189	56,411	55,760	49,400	43,065	36,777	30,488	24,202
	203,454	**173,290**	**143,147**	**214,329**	**113,589**	**211,119**	**256,203**	**298,904**	**251,605**	**204,307**
Total liabilities	**428,346**	**344,216**	**291,554**	**399,688**	**200,286**	**315,946**	**353,903**	**410,450**	**370,130**	**331,622**
Net assets										
Reserves										
Capital replacement reserve	222,033	228,900	235,802	228,900	235,802	235,802	235,802	235,802	235,802	235,802
Business development reserve	15,032	16,220	17,601	16,220	17,601	17,601	17,601	17,601	17,601	17,601
Self-insurance reserve	8,126	8,768	9,514	8,768	9,514	9,514	9,514	9,514	9,514	9,514
Maintenance reserve	4,375	4,722	5,124	4,722	5,124	5,124	5,124	5,124	5,124	5,124
Environmental reserve	0	1,410	2,370	1,410	2,370	2,370	2,370	2,370	2,370	2,370
Accumulated surplus	491,885	737,970	809,527	636,743	904,691	934,728	950,463	986,170	1,073,959	1,175,037
Total net assets	**741,451**	**997,990**	**1,079,938**	**896,763**	**1,175,102**	**1,205,139**	**1,220,874**	**1,256,581**	**1,344,370**	**1,445,448**
Total net assets and liabilities	**1,169,797**	**1,342,206**	**1,371,492**	**1,296,451**	**1,375,388**	**1,521,085**	**1,574,777**	**1,667,031**	**1,714,500**	**1,777,070**

Figure 3: Current Assets (R'000)



The decrease from FY2018 to FY2019 is due to planned capital expenditure which will reduce cash and cash equivalents, whilst the increase thereafter is due to planned loans which will be sourced to cater for planned capital expenditure thus reducing the use of cash-backed reserves.

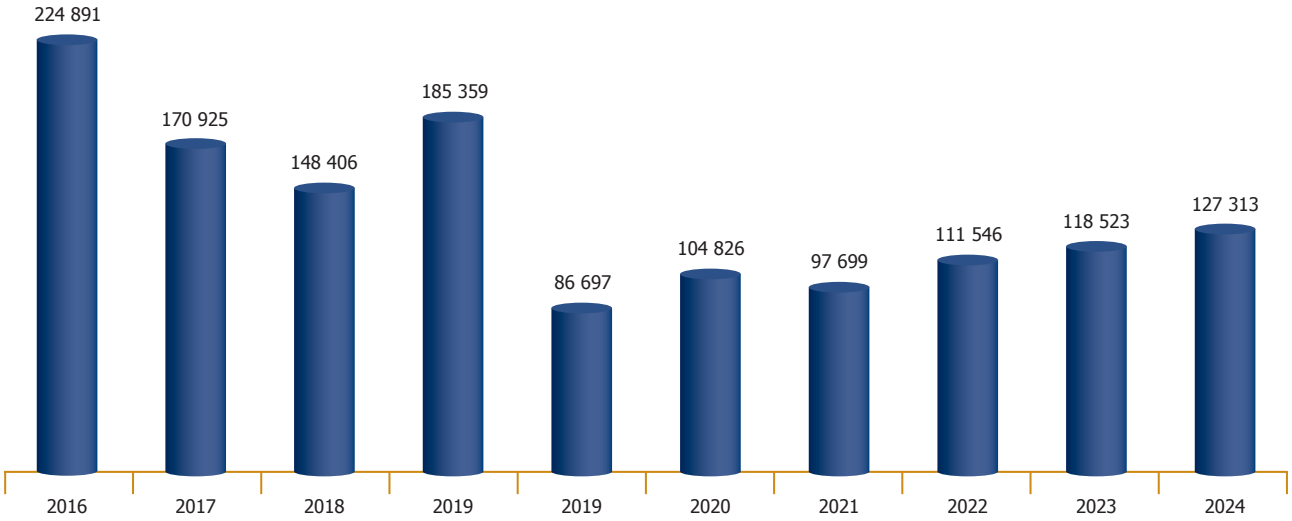
Figure 4: Non-current Assets (R'000)



An increase in non-current assets is as a result of major projects that are planned to be constructed and capitalised during the 2019/2020 financial year to 2021/2022 financial year.

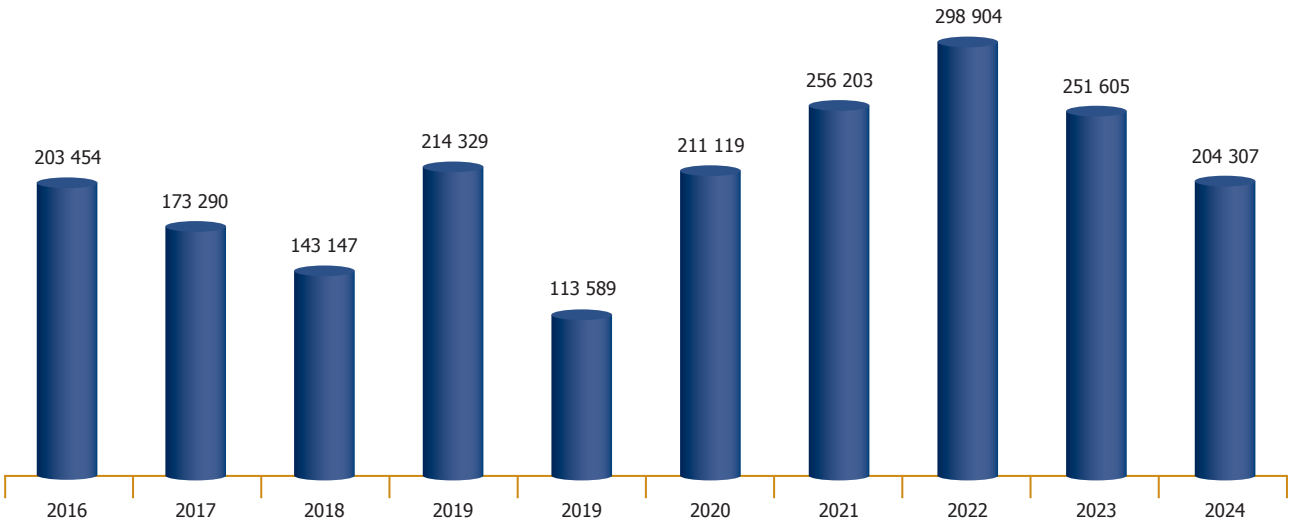
The projected decrease in the 2023/2024 financial year is as a result of depreciation on capital asset.

Figure 5: Current liabilities (R'000)



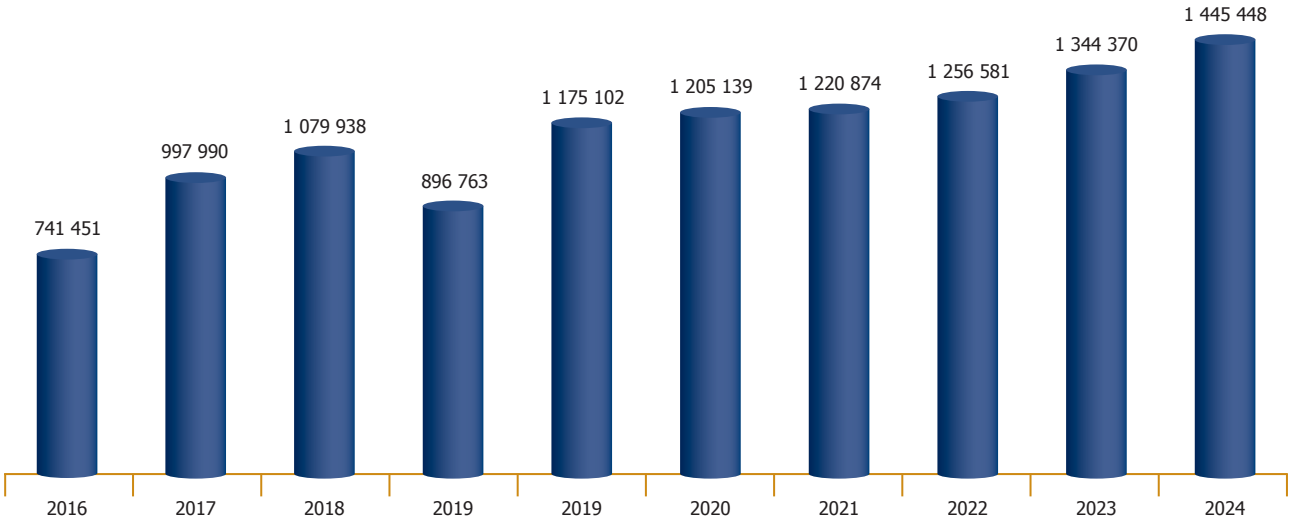
The graph above indicates a decline in current liabilities due to short term interest bearing borrowings being paid up during the 2018/2019 financial year. And the upward trend from 2020 to 2024 is due to new loans that are required.

Figure 6: Non-current liabilities (R'000)



The graph depicts a gradual increase in the liabilities as more loans are taken up in FY2019/20, thereafter a gradual reduction as the Long-Term loans are being reduced through payments.

Figure 7: Net Assets (R'000)



Graph above projects an upward trend from 2020 to 2024, the upward trend is due to the projected surpluses as per the statement of Financial Performance.

PROJECTED BORROWINGS

LONG-TERM BORROWINGS: TERMS AND CONDITIONS

Mhlathuze Water currently has long-term borrowings from Rand Merchant Bank (RMB) and Nedbank, are both unsecured. Interest and Capital payments are paid bi-annually and Mhlathuze Water has constantly met the agreed upon payment terms. Final payments for the Nedbank loan is 30 June 2020 and RMB 28 November 2025.

INFORMATION ON PROPOSED DOMESTIC BORROWINGS

New borrowings, as outlined in table (Statement of Movements on Loan Pool and Projected Borrowings), will be sourced on the local finance market in the form of loans with fixed interest rates in FY2019/20 and FY2020/21, bi-annual interest and capital payments. New funding will be sourced via open tenders. These loans meet the projected consolidated loan pool criteria.

MATURITY PROFILE OF DEBT

As per table below, a schedule containing the maturity profile of the existing debt and new debt up to 2024 is listed below:

Table 39: Maturity Profile of Debt Repayments and Borrowings

MATURITY PROFILE OF DEBT REPAYMENTS AND BORROWINGS							
	AUDITED	PROPOSED	ESTIMATE	PROJECTIONS			
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Opening Long Term Borrowings	(123,899)	(101,789)	(79,679)	(183,569)	(223,214)	(272,203)	(231,192)
New Borrowings	-	-	(140,000)	(70,000)	(90,000)	-	-
Scheduled Repayments	22,110	22,110	36,110	30,345	41,011	41,011	41,011
Closing Loan Pool	**(101,789)**	**(79,679)**	**(183,569)**	**(223,214)**	**(272,203)**	**(231,192)**	**(190,181)**

Table 40: Amortisation of Proposed Long-Term Loans

PROPOSED LONG TERM BORROWING	PROPOSED YEAR OF BORROWING	PROPOSED TERM OF BORROWING	PROJECTED INTEREST RATE	ESTIMATED CAPITAL REPAYMENT OVER THE TERM	ESTIMATED INTEREST PAYABLE OVER THE TERM	ESTIMATED TOTAL REPAYMENT OVER THE TERM
R'000			%	R'000	R'000	R'000
1. 140 000	2019/2020	10 Years	10.25	140 000	75 273	215 273
2. 70 000	2020/2021	10 Years	10.62	70 000	37 777	107 777
3. 90 000	2021/2022	10 Years	10.62	90 000	48 571	138 571

DEBT GUARANTEES BY THE GOVERNMENT

The government has not guaranteed any of Mhlathuze Water's borrowings and it is not anticipated that any guarantees will be required for future borrowings.

CONFIRMATION OF COMPLIANCE WITH LOAN COVENANTS

Mhlathuze has never defaulted on any interest payments or scheduled debt repayments since inception in 1981 to date. It is not foreseen that it will deviate from this track record.

TREASURY APPROVALS RELATED TO BORROWINGS

The borrowing limits for the period 2018/19 to 2020/21 are subject to approval by National Treasury in concurrence with the Minister of Water and Sanitation as follows:

PROPOSED BORROWING LIMITS FOR THE PERIOD 2018/19 TO 2020/21

Table 41: Proposed borrowing limits for period 2018/19 to 2020/21

FINANCIAL YEAR	R'MILLION LIMIT
2018/19	R94.00 million
2019/20	R208.0 million
2020/21	R252.0 million

The borrowing limit is based on Mhlathuze Water's borrowing requirements and the funding needed to ensure the demands from consumers can be met.

The approval of the new Borrowing Limits was deferred by the Minister of Water and Sanitation whilst awaiting the finalisation of the appointment of the new Board.

Whilst the process is underway to finalise the re-submission of the Borrowing Limits proposal, Mhlathuze Water is still operating within the previous approved Borrowing Limits.

FINANCIAL VIABILITY

GOING CONCERN

The Board of Mhlathuze Water has concreate grounds to believe that the business has adequate resources to continue as a going concern in the foreseeable future. The Minister of Water and Sanitation resolved to put on hold the merger of uMgeni and Mhlathuze Water Boards in order to allow for proper consultation with all relevant stakeholders to occur. The going concern assessment was undertaken with the following considerations:

- Current ratio for the FY2017/18 audited AFS is 2,8 and it is projected to remain strong for the next 5 years, proving that Mhlathuze Water will meet the short term financial obligations as they become due;
- Mhlathuze Water has adequate committed credit facilities from its lenders to fund its operations and meet its financial obligations in the normal course of business for the foreseeable future;
- Interest turnover ratio which demonstrates Mhlathuze Water's ability to service interest on outstanding debt is also strong at 15,62 for the FY2017/18 and it is expected to decrease when new debt is acquired, but still remain strong for the next 5 years;
- Mhlathuze Water have long-term agreements with its customers for water services, with one of the conditions being monthly payments for the services rendered; thus confirming cash flows.
- Total Net Assets are estimated to have improved by 8% for 2019, 2% for 2020, 1% for 2021, and 4% for 2022 and will continue to improve over the years.
- Based on the new business plan for 2019 to 2024 the cash flow forecast reflects that there will be sufficient funds to cover liquidity requirements for the year 2019, thereafter new loans will be acquired. Mhlathuze Water will source funding by way of tender on the open market, once the Minister of Finance, through National Treasury, has approved Borrowing limits.

14.5 FINANCE UNIT PRE-DETERMINED OBJECTIVES: 2019/2020 – 2023/2024 TARGETS

Table 42: Finance Unit Pre-determined Objectives: 2019/2020 – 2023/2024 Targets

ALIGNMENT TO SHAREHOLDERS COMPACT	STRATEGIC OBJECTIVE	TO ENSURE THE LONG TERM FINANCIAL SUSTAINABILITY OF THE ORGANISATION										
	OUTPUT	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			2ND QUARTER UNAUDITED PERFORMANCE	5 YEAR TARGET	ESTIMATED PERFORMANCE				
			2015/2016	2016/2017	2017/2018	2018/2019		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
N/A	Approved tariff increase	% of approved tariff increase: Raw water: City	8.2%	6.5%	10.24%	11.66%	12.77%	13.77%	14,03%	12.54%	12.79%	12.77%
		% of approved tariff increase: Raw water: Industries	8.2%	6.5%	14.43%	12.99%	12.54%	14.48%	13.93%	12.34%	12.55%	12.54%
		% of approved tariff increase: Potable water: City	8.4%	6.5%	10.20%	9.59%	12.28%	13.24%	10.91%	10.00%	10.07%	12.28%
		% of approved tariff increase: Potable water: Industries:	8.4%	6.5%	14.16%	12.48%	12.46%	14.17%	11.30%	10.33%	10.29%	12.46%
		% of approved tariff increase: A-Line	8.4%	6.5%	7.00%	8.36%	8.00%	12.23%	10.49%	8.60%	8.26%	8.00%
		% of approved tariff increase: B-Line	8.4%	7%	7.00%	9.97%	8.19%	14.76%	10.95%	8.71%	8.29%	8.19%
*4	Increased Access to Services	Percentage of CAPEX budget spend on expansion related projects	85.10%	52.07%	100%	80%	90%	80%	85%	90%	90%	90%
SC8	Effective and efficient mechanisms to ensure financial sustainability and viability	Percentage of actual expenditure within total budget	Actual expenditure within -1% of total budget	Actual expenditure within 7% of total budget	Actual expenditure within ±10% of total budget	89.68%	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget
		Number of days to collect primary activities debts	41 days	60 days	45	45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days
		% of staff remuneration of total operating expenditure	14%	12%	≤31%	26%	30%	30%	30%	30%	30%	30%

Table 42: Finance Unit Pre-determined Objectives: 2019/2020 – 2023/2024 Targets *...continued*

ALIGNMENT TO SHAREHOLDERS COMPACT	STRATEGIC OBJECTIVE	TO ENSURE THE LONG TERM FINANCIAL SUSTAINABILITY OF THE ORGANISATION										
	OUTPUT	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			2ND QUARTER UNAUDITED PERFORMANCE	5 YEAR TARGET	ESTIMATED PERFORMANCE				
			2015/2016	2016/2017	2017/2018	2018/2019		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
*6	Effective and efficient mechanism to ensure financial sustainability and viability	Current ratio	1.84	2.32	2.78	3	6.6	3.7	4.2	4.3	5.3	6.6
		Percentage of primary gross profit margin	85%	88%	57%	68%	42%	46%	43%	42%	42%	42%
		Percentage of primary net profit margin	16%	7%	16%	21%	15%	15%	9%	10%	15%	15%
		Debt equity ratio	0.32	0.25	0.16	0.14	0.15	0.15	0.22	0.25	0.20	0.15
		Percentage of return on assets	6%	4%	6.42%	7.24%	6.4%	4.3%	3.3%	4.2%	6.9%	6.4%
		Percentage of repairs and maintenance of PPE	3.90%	3%	5.01%	1.56%	4%	3%	3%	3%	4%	4%
*9	Capital Expenditure Programme	Percentage of CAPEX spend against budget	-	-	80.75%	80%	90%	80%	85%	90%	90%	90%
SC10	Engagement in secondary activities	Percentage of growth in turnover secondary activities	0.32%	0.25%	25.35%	10%	12%	18%	15%	13%	12%	12%
*20	Improved controls and risk management	Number of breaches of materiality and significant framework	0	6	8	0	0	0	0	0	0	0
ALIGNMENT TO SHAREHOLDERS COMPACT	STRATEGIC OBJECTIVE	TO INITIATE AND BUILD RELATIONSHIPS WITH STAKEHOLDERS TO ADD VALUE FOR THE MUTUAL BENEFIT OF ALL										
	OUTPUT	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			2ND QUARTER UNAUDITED PERFORMANCE	5 YEAR TARGET	ESTIMATED PERFORMANCE				
			2015/2016	2016/2017	2017/2018	2018/2019		2019/2020 TARGET	2020/2021 TARGET	2021/2022 TARGET	2022/2023 TARGET	2023/2024 TARGET
*7	Increase BBBEE expenditure relatives to operational projects	% of total procurement spent on BBBEE services providers	68.45%	70.02%	53.14%	68%	55%	55%	55%	55%	55%	55%
N/A	SMMEs paid within turnaround time	Percentage of SMME suppliers paid within 14 days	-	-	75%	71%	100%	100%	100%	100%	100%	100%
N/A	Invoices paid within 30 days of receipts	Percentage of invoices paid within 30 days of receipts	-	-	-	-	100%	100%	100%	100%	100%	100%

[3] Internally funded projects

Table 43: Finance Unit Pre-determined Objectives: 2019/2020 Targets

STRATEGIC OBJECTIVE	TO ENSURE THE LONG-TERM FINANCIAL SUSTAINABILITY OF THE ORGANISATION							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Approved tariff increases	% of approved tariff increase	Quarterly	Review tariff of water services Planning Parameters Volumes Budget approval	Tariff increase approved by 30 June 2020	Draft tariff increases calculated submitted to CFO by 30 September 2019	Comments on tariff increases proposal received from City of Mhlathuze municipality and SALGA by 31 December 2019	Report on received comments on tariff increases proposal submitted to DWS by 31 March 2020	Tariff increases approved by the Minister and communicated to end-users by 30 June 2020
Effective and efficient mechanisms to ensure financial sustainability and viability	Percentage of actual expenditure within total budget	Quarterly	Collect information from the financial management system	Actual expenditure within ±10% of total budget	Actual expenditure within ±10% of total budget	Actual expenditure within ±10% of total budget	Actual expenditure within ±10% of total budget	Actual expenditure within ±10% of total budget
Effective and efficient mechanisms to ensure financial sustainability and viability	Number of days to collect primary activities debts	Quarterly	Collect debt progressively	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days
Effective and efficient mechanisms to ensure financial sustainability and viability	% of staff remuneration of total operating expenditure	Quarterly	Collect information from the financial management system	30%	30%	30%	30%	30%
Effective and efficient mechanism to ensure financial sustainability and viability	Current ratio	Quarterly	Meet financial ratios to determine financial viability as per SHC Collection of debtors on time Invest cash to get best interest rate Adhere to cash flow projection Pay creditors on time	3.7	3.7	3.7	3.7	3.7
Effective and efficient mechanism to ensure financial sustainability and viability	Percentage of primary gross profit margin	Quarterly	Adhere to procurement plan Ensure responsible spending	46%	46%	46%	46%	46%
	Percentage of primary net profit margin	Quarterly	Monitor cost and ensure that all cost incurred are within specified Budget	15%	15%	15%	15%	15%
	Debt equity ratio	Quarterly	Use cash available before borrowing Negotiate best interest rates on loans	0.15	0.15	0.15	0.15	0.15
	Percentage of return on assets	Quarterly	Link revenue growth to infrastructure investment	4.3%	4.3%	4.3%	4.3%	4.3%
	Percentage of growth in turnover secondary activities	Quarterly	Monitor the growth of secondary activities against previous financial year	18%	18%	18%	18%	18%

Table 43: Finance Unit Pre-determined Objectives: 2019/2020 Targets *...continued*

STRATEGIC OBJECTIVE	TO ENSURE THE LONG-TERM FINANCIAL SUSTAINABILITY OF THE ORGANISATION *...continued*							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Effective and Efficient Mechanisms to Ensure Financial Viability	Percentage of repairs and maintenance of PPE	Quarterly	Adhere to procurement plan Ensure responsible spending	46%	46%	46%	46%	46%
	Percentage of primary net profit margin	Quarterly	Monitor cost and ensure that all cost incurred are within specified Budget	15%	15%	15%	15%	15%
	Debt equity ratio	Quarterly	Use cash available before borrowing Negotiate best interest rates on loans	0.15	0.15	0.15	0.15	0.15
	Percentage of return on assets	Quarterly	Link revenue growth to infrastructure investment	4.3%	4.3%	4.3%	4.3%	4.3%
	Percentage of growth in turnover secondary activities	Quarterly	Monitor the growth of secondary activities against previous financial year	18%	18%	18%	18%	18%
Effective and Efficient Mechanisms to Ensure Financial Viability	Percentage of repairs and maintenance of PPE	Quarterly	Collect information from the financial management system	3%	3%	3%	3%	3%
Increased Access to Services by Implementing Expansion Projects	Percentage of CAPEX budget spend on expansion related projects	Quarterly	Identify, monitor and report on major infrastructure projects in the WIP register	80%	20%	40%	60%	80%
Infrastructure available to meet demands	Percentage of CAPEX spend on internally funded projects against budget	Quarterly	Identify, monitor and report on major infrastructural projects in the WIP register that are internally funded	80%	20%	40%	60%	80%
Improved controls and risk management	Number of breaches of materiality and significant framework	Quarterly	Ensure mechanisms are in place to ensure breaches of materiality	0	0	0	0	0
STRATEGIC OBJECTIVE	TO INITIATE AND BUILD RELATIONSHIPS WITH STAKEHOLDERS TO ADD VALUE FOR THE MUTUAL BENEFIT OF ALL							
OUTPUTS	PERFORMANCE INDICATOR	REPORTING PERIOD	ACTIVITIES	ANNUAL TARGET	QUARTERLY TARGETS			
					1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
BBBEE spend as per PPPFA compliance requirements	Percentage of BBBEE spend as per compliance requirements	Quarterly	Collect information from the financial management system	55% BBBEE Spend	55% BBBEE Spend	55% BBBEE Spend	55% BBBEE Spend	55% BBBEE Spend
SMMEs paid within turnaround time	Percentage of SMME suppliers paid within 14 days	Quarterly	Classify qualifying SMMEs according to levels Develop database for qualifying SMMEs	100%	100%	100%	100%	100%
Invoices paid within 30 days of receipts	Percentage of invoices paid within 30 days of receipts	Quarterly	Pay qualifying invoices within 30 days	100%	100%	100%	100%	100%

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION

CHIEF EXECUTIVE UNIT

MW Strategic Objective	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All			
Outputs	Corporate Social Investment (CSI) Initiatives			
Targets Set for the Next Five Financial Years				
5-year target: 20 CSI initiatives undertaken by 30 June 2024	2019/2020: 4 CSI initiatives undertaken by 30 June 2020		2020/2021:4 CSI initiatives undertaken by 30 June 2021	
	2021/2022: 4 CSI initiatives undertaken by 30 June 2022		2022/2023: 4 CSI initiatives undertaken by 30 June 2023	
	2023/2024: 4 CSI initiatives undertaken by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	**X**	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of CSI initiatives undertaken			
Short Definition	CSI initiatives includes MW's activities that assist communities			
Purpose of Indicator	To account for the number of CSI initiatives undertaken			
Type of Indicator	Quantitative outcome indicator			
Desired Performance	All CSI initiatives undertaken			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Company Secretary	
Collection of Data to enable Effective Reporting on the Adopted Outcome Measure/Indicator				
Source Data	Source Data Proof of items procured Photos			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All			
Output	Position MW as a Customer Centric Organization			
Targets Set for the Next Five Financial Years				
5-year target: 5 Stakeholder indaba held by 30 June 2024	**2019/2020:** 1 Stakeholder indaba held by 30 June 2020		**2020/2021:** 1 Stakeholder indaba held by 30 June 2021	
	2021/2022: 1 Stakeholder indaba held by 30 June 2022		**2022/2023:** 1 Stakeholder indaba held by 30 June 2023	
	2023/2024: 1 Stakeholder indaba held by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of Stakeholder Indaba held			
Short Definition	Stakeholder Indaba is a high level event for the executive management to engage with the primary and secondary stakeholders on operational matters.			
Purpose of Indicator	To account for the number of Stakeholder Indaba held with primary & secondary stakeholders.			
Type of Indicator	Quantitative Output indicator			
Desired Performance	To strengthen stakeholder working relations and align activities			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Manager: Corporate Communications	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Invitation; Attendance register, Programme of the event, approved Stakeholder; concept documents and Stakeholder Indaba report, photographs from the event			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CHIEF EXECUTIVE UNIT *...continued*

MW Strategic Objective	Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All			
Output	Position MW as a Customer Centric Organization			
Targets Set for the Next Five Financial Years				
5-year target: 20 Stakeholder engagements held by 30 June 2024	**2019/2020:** 4 Stakeholder engagements held by 30 June 2020		**2020/2021:** 4 Stakeholder engagements held by 30 June 2021	
	2021/2022: 4 Stakeholder engagements held by 30 June 2022		**2022/2023:** 4 Stakeholder engagements held by 30 June 2023	
	2023/2024: 4 Stakeholder engagements held by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of Stakeholder engagements held			
Short Definition	Engagements with key stakeholders in order to strengthen partnerships between MW and other organisations, especially our clients			
Purpose of Indicator	To account for the number of stakeholder engagements held with key stakeholders to strengthen partnerships. To ensure that the Chief Executive has working relations with our stakeholders executive management. In order for the Chief Executive to have a platform to engage stakeholders on all strategic matters in ensuring that our planning is aligned to that our clients.			
Type of Indicator	Quantitative Output indicator			
Desired Performance	20 Stakeholder engagements held to strengthen partnerships with stakeholders			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Manager: Office of the CE	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Invitation, Attendance register, Stakeholder Engagement report			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All			
Outcome	Rural Development Support			
Targets Set for the Next Five Financial Years				
5-year target: 10 municipalities supported through rural development initiatives by 30 June 2024	**2019/2020:** 2 municipalities supported through rural development initiatives by 30 June 2019		**2020/2021:** 2 municipalities supported through rural development initiatives by 30 June 2020	
	2021/2022: 2 municipalities supported through rural development initiatives by 30 June 2021		**2022/2023:** 2 municipalities supported through rural development initiatives by 30 June 2022	
	2023/2024: 2 municipalities supported through rural development initiatives by 30 June 2024			
Target Status	New		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of municipalities supported through rural development initiatives			
Short Definition	Support provided to municipalities to enhance rural development within KwaZulu-Natal. NB: According to the National Development Plan, rural development refers to any intervention that improves the quality of lives of people within the rural areas (which includes but not limited to) women, youth, and people with disabilities.			
Purpose of Indicator	To account for the number of municipalities that receive rural development support			
Type of Indicator	Quantitative output indicator			
Desired Performance	Municipalities supported with Rural Development initiatives			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Manager: Office of the CE	
Collection of Data to enable Effective Reporting on the Adopted Outcome Measure/Indicator				
Source Data	Letter of appointment Letter of appreciation Practical completion certificate			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CHIEF EXECUTIVE UNIT *...continued*

MW Strategic Objective	To initiate and build relationships with stakeholders to add value for the mutual benefit of all			
Output	Bulk supply agreements concluded with municipalities/other customers			
Targets Set for the Next Five Financial Years				
5-year target: 10 Bulk supply agreements in place by 30 June 2024	**2019/2020:** 7 bulk supply agreements in place by 30 June 2020		**2020/2021:** 8 bulk supply agreements in place by 30 June 2021	
	2021/2022: 8 bulk supply agreements in place by 30 June 2022		**2022/2023:** 9 bulk supply agreements in place by 30 June 2023	
	2023/2024: 10 bulk supply agreements in place by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of bulk supply agreements in place			
Short Definition	Service level agreements are signed to legally formalise bulk supply provided to relevant municipalities/customers. Bulk water supply agreements are determined by the number of customers for bulk water supply. The 2019/2020 bulk supply agreements are listed as follows: (1) City of uMhlathuze Water for Richards Bay; (2) City of uMhlathuze Water for Empangeni; (3) City of uMhlathuze Water for Esikhawini; (4) City of uMhlathuze Water for Foskor; (5) Tronox; (6) Richards Bay Minerals (RBM); (7) Mondi			
Purpose of Indicator	To account for the number of bulk supply agreements in place			
Type of Indicator	Quantitative			
Desired Performance	Ensure bulk supply agreements are in place			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Manager: Strategy and Development	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Service level agreements signed by MW and relevant municipalities/customers			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	Initiate and build relationship with stakeholders to add value for the mutual benefits of all			
Output	External stakeholders informed on MW programmes, projects and service through media engagement			
Targets Set for the Next Five Financial Years				
5-year Target: 80 media initiatives conducted by 30 June 2024	**2019/2020:** 16 media initiatives conducted by 30 June 2020		**2020/2021:** 16 media initiatives conducted by 30 June 2021	
	2021/2022: 16 media initiatives conducted by 30 June 2022		**2022/2023**: 16 media initiatives conducted by 30 June 2023	
	2023/2024: 16 media initiatives conducted by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	Simple counts of media initiatives conducted against the plans			
Indicator Title	Number of media initiatives conducted			
Short Definition	Media initiatives are mechanisms to communicate or convey information. Media initiatives include editorials, press releases, opinion pieces, advertisements and interviews			
Purpose of Indicator	To measure the number of MW media initiatives that enhance stakeholder's understanding on MW programmes, projects and services			
Type of Indicator	Quantitative outputs indicator			
Desired Performance	80 media initiatives conducted			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Manager: Corporate Communications	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Either media plan/ published articles/ editorials/ opinion pieces/ compact disk of the interview			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CHIEF EXECUTIVE UNIT *...continued*

MW Strategic Objective	Initiate and build relationship with stakeholders to add value for the mutual benefits of all			
Output	MW positioned as a brand through Marketing initiatives			
Targets Set for the Next Five Financial Years				
5-year Target: 20 marketing initiatives conducted by 30 June 2024	**2019/2020:** 4 marketing initiatives conducted by 30 June 2020		**2020/2021:** 4 marketing initiatives conducted by 30 June 2021	
	2021/2022: 4 marketing initiatives conducted by 30 June 2022		**2022/2023:** 4 marketing initiatives conducted by 30 June 2023	
	2023/2024: 4 marketing initiatives conducted by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used				
Indicator Title	Number of marketing initiatives conducted			
Short Definition	Marketing initiatives are marketing tools through exhibitions, career guidance, sponsorships, electronic advertising, advertorials and participation at national and provincial government events			
Purpose of Indicator	To measure the number of marketing initiatives conducted by MW			
Type of Indicator	Quantitative outputs indicator			
Desired Performance	20 marketing initiatives conducted			
MW Strategic Objective	**Department**		**Owner**	
	Executive		Manager: Corporate Communication	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Either photographs/ approved proposal or paper/ attendance register/ published advertorial			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To optimise business processes and systems			
Output	Board Effectiveness			
Targets Set for the Next Five Financial Years				
5-year target: 100% resolutions implemented by EXCO 30 June 2024	**2019/2020:** 100% resolutions implemented by EXCO by 30 June 2020		**2020/2021:** 100% resolutions implemented by EXCO by 30 June 2021	
	2021/2022: 100% resolutions implemented by EXCO by 30 October 2022		**2022/2023:** 100% resolutions implemented by EXCO 30 June 2023	
	2023/2024: 100% resolutions implemented by EXCO 30 June 2024			
Target Status	**New**	X	**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of resolutions implemented x 100 = % resolutions implemented Total Number of resolutions taken			
Indicator Title	Percentage of resolutions implemented by EXCO			
Short Definition	Rate of all resolutions implemented			
Purpose of Indicator	To account for the resolutions implemented			
Type of Indicator	Quantitative			
Desired Performance	100% Resolutions implemented			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Company Secretary	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Board members appointment letters, Board terms of reference, attendance register of the Board meeting			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CHIEF EXECUTIVE UNIT *...continued*

MW Strategic Objective	To optimise business processes and systems			
Output	Board Effectiveness			
Targets Set for the Next Five Financial Years				
5-year target: 90% attendance of members at Board sub-committee meetings by 30 June 2024	**2019/2020:** 90% attendance of members at Board sub-committee meetings by 30 June 2020		**2020/2021:** 90% attendance of members at Board sub-committee meetings by 30 June 2021	
	2021/2022: 90% attendance of members at board sub-committee meetings by 30 June 2022		**2022/2023**: 90% attendance of members at Board sub-committee meetings by 30 June 2023	
	2023/2024: 90% attendance of members at Board sub-committee meetings by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of members attending x 100 = % attendance for each sub-committee Total Number of committee members			
Indicator Title	Percentage of attendance of members at sub-committee meetings			
Short Definition	Acceptable attendance rate			
Purpose of Indicator	To account for the average attendance rate			
Type of Indicator	Quantitative Output indicator			
Desired Performance	90% attendance of Board members			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Company Secretary	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Board sub-committee members appointment letters, Board sub-committee terms of reference Attendance register of sub-committee meetings			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To optimise business processes and systems			
Output	Board Effectiveness			
Targets Set for the Next Five Financial Years				
5-year target: 100% of resolutions adopted by the Board Committee by 30 June 2024	**2019/2020:** 100% of resolutions adopted by the Board by 30 June 2020		**2020/2021:** 100% of resolutions adopted by the Board by 30 June 2021	
	2021/2022: 100% of resolutions adopted by the Board by 30 June 2022		**2022/2023:** 100% of resolutions adopted by the Board by 30 June 2023	
	2023/2024: 100% of resolutions adopted by the Board by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of resolutions taken x 100 = % resolutions adopted Total Number of resolutions proposed			
Indicator Title	Percentage of resolutions adopted by the Board Committee			
Short Definition	Rate of all resolutions adopted by the Board regardless of the status positive (positive and negative) it's still a resolution of the Board			
Purpose of Indicator	To account for the decisions taken by the Board			
Type of Indicator	Quantitative			
Desired Performance	100% Resolutions adopted by the Board			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Company Secretary	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Schedule of resolutions			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CHIEF EXECUTIVE UNIT *...continued*

MW Strategic Objective	To optimise business processes and systems			
Output	Good Governance, effective Internal controls and Risk Management			
Targets Set for the Next Five Financial Years				
5-year target: 100% Implementation of fraud risk further action plans by 30 June 2024	**2019/2020:** 100% Implementation of fraud risk further action plans by 30 June 2020		**2020/2021:** 100% Implementation of fraud risk further action plans by 30 June 2021	
	2021/2022: 100% Implementation of fraud risk further action plans by 30 June 2022		**2022/2023:** 100% Implementation of fraud risk further action plans by 30 June 2023	
	2023/2024: 100% Implementation of fraud risk further action plans by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of Fraud risk further action items implemented x 100 = Total number of Fraud risk further action plans = % Implementation of fraud risk further action plans			
Indicator Title	Percentage of Implementation of fraud risk further action plans			
Short Definition	Fraud Risk Register with identified mitigation controls			
Purpose of Indicator	To identify and understand risks of Mhlathuze Water business and weaknesses in controls that present a fraud risk to the organization			
Type of Indicator	Quantitative			
Desired Performance	Ensure 100% Implementation of fraud risk action plans			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Risk Specialist	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved Fraud Risk Register with identified mitigation controls and Signed Quarterly progress reports on the implementation of Fraud Risk action plan			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To optimise business processes and systems			
Output	Good Governance, effective Internal controls and Risk Management			
Targets Set for the Next Five Financial Years				
5-year target: 100% Implementation of strategic risk further action plans by 30 June 2024	**2019/2020:** 100% Implementation of strategic risk further action plans by 30 June 2020		**2020/2021:** 100% Implementation of strategic risk further action plans by 30 June 2021	
	2021/2022: 100% Implementation of strategic risk further action plans by 30 June 2022		**2022/2023:** 100% Implementation of strategic risk further action plans by 30 June 2023	
	2023/2024: 100% Implementation of strategic risk further action plans by 30 June 2024			
Target Status	**New**	Yes	**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of strategic risk further action items implemented x 100 Total number of strategic risk further action plans = % Implementation of strategic risk further action items			
Indicator Title	Percentage implementation of strategic risk further action plans			
Short Definition	Implementation of Strategic Risk Register with identified mitigation			
Purpose of Indicator	To identify, assess and manage the risk in the organization's business strategy including taking swift action when risks are realized.			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Ensure 100% Implementation of strategic risk further action plans			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Risk Specialist	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved Strategic Risk Register with identified mitigation controls and Signed Quarterly progress reports on the implementation of Strategic Risk Register action plans.			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CHIEF EXECUTIVE UNIT *...continued*

MW Strategic Objective	To optimise business processes and systems			
Output	Good Governance, effective Internal controls and Risk Management			
Targets Set for the Next Five Financial Years				
5-year target: 100% Implementation of operational risk further action plans by 30 June 2024	**2019/2020:** 100% Implementation of operational risk further action plans by 30 June 2020		**2020/2021:** 100% Implementation of operational risk further action plans by 30 June 2021	
	2021/2022: 100% Implementation of operational risk further action plans by 30 June 2022		**2022/2023:** 100% Implementation of operational risk further action plans by 30 June 2023	
	2023/2024: 100% Implementation of operational risk further action plans by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of operational risk further action items implemented x 100 Total number of operational risk further action items = % Implementation of operational risk further action items			
Indicator Title	Percentage Implementation of operational risk further action items			
Short Definition	Operational Risk register further actions identified to mitigation			
Purpose of Indicator	To implement operational risk assessment			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Ensure 100% Implementation of operational risk action plans			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Risk Specialist	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved Operational Risk Registers with identified mitigation controls and Signed Quarterly progress reports on the implementation of Operational Risk action item.			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To optimise business processes and systems			
Output	Meeting statutory submission deadlines			
Targets Set for the Next Five Financial Years				
5-year target: 5 Business plan submitted as per compliance requirements by 15 April 2024	**2019/2020:** 1 Business plan submitted as per compliance requirements by 15 April 2020		**2020/2021:** 1 Business plan submitted as per compliance requirements by 15 April 2021	
	2021/2022: 1 Business plan submitted as per compliance requirements by 15 April 2022		**2022/2023:** 1 Business plan submitted as per compliance requirements by 15 April 2023	
	2023/2024: 1 Business plan submitted as per compliance requirements by 15 April 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of approved Business Plan submitted			
Short Definition	The business plan translates MW priorities determined by EXCO into actionable plans with clear objectives, activities, and performance measurements. Compliance requirements are stipulated in the following legislation: > Water Services Act, 1997, Section 40; > Public Finance Management Act, Act No 1 of 1999; > Quarterly Reporting Guidelines for Department of Water and Sanitation Water Entities.			
Purpose of Indicator	To account and meet statutory submission deadlines			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Business plan submitted on time			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Manager: Performance Monitoring and Evaluation	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved minutes/documented resolution taken Proof of submission Quarterly reports signed by all relevant authorities			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CHIEF EXECUTIVE UNIT *...continued*

MW Strategic Objective	To optimise business processes and systems			
Output	Meeting statutory submission deadlines			
Targets Set for the Next Five Financial Years				
5-year target: 5 Shareholder compact submitted as per compliance requirements by 15 April 2024	**2019/2020:** 1 Shareholder compact submitted as per compliance requirements by 15 April 2020		**2020/2021:** 1 Shareholder compact submitted as per compliance requirements by 15 April 2021	
	2021/2022: 1 Shareholder compact submitted as per compliance requirements by 15 April 2022		**2022/2023:** 1 Shareholder compact submitted as per compliance requirements by 15 April 2023	
	2022/2023: 1 Shareholder compact submitted as per compliance requirements by 15 April 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of approved Shareholder compact submitted			
Short Definition	Shareholder compact is a compliance template signed by the Chairperson of the Board and Minister of Water and Sanitation. It a mechanism to translate MW priorities determined by the Board into actionable plans with clear objectives, activities, performance measurements and resource commitments. Compliance requirements are stipulated in the following regulations and legislation: > Water Services Act, 1997, Section 40; > Public Finance Management Act, Act 1 of 1999 (as amended); > National Treasury Draft Framework for Corporate Planning and Shareholder's Compact, 2002, Section 29.1; > Quarterly Reporting Guidelines for Department of Water and Sanitation Water Entities.			
Purpose of Indicator	To account and meet statutory submission deadlines			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Shareholders compact submitted on time			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Manager: Performance Monitoring and Evaluation	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved minutes/documented resolution taken Proof of submission Business plan signed by relevant authorities			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To optimise business processes and systems			
Output	Meeting statutory submission deadlines			
Targets Set for the Next Five Financial Years				
5-year target: 20 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year	**2019/2020:** 4 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year		**2020/2021:** 4 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year	
	2021/2022: 4 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year		**2022/2023:** 4 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year	
	2023/2024: 4 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of approved quarterly reports submitted as per compliance requirements			
Short Definition	Performance reports are used to monitor and report on MW priorities determined by EXCO Compliance requirements are stipulated in the following regulations and legislation: > National Treasury Instruction No. 2 of 2014/2015 > Guidelines on the Preparation of Quarterly Reports for Public Entities and Constitutional Institution, 2017 > Quarterly Reporting Guidelines for Department of Water and Sanitation Water Entities			
Purpose of Indicator	To account and meet statutory submission deadlines			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Quarterly reports submitted on time			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Manager: Performance Monitoring and Evaluation	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved minutes/documented resolution taken Proof of submission Shareholders compact signed by all relevant authorities			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CHIEF EXECUTIVE UNIT *...continued*

MW Strategic Objective	To optimise business processes and systems			
Output	Meeting statutory submission deadlines			
Targets Set for the Next Five Financial Years				
5-year target: 5 Annual report submitted as per compliance requirements by 30 October 2024	**2019/2020:** 1 Annual report submitted as per compliance requirements by 30 October 2020		**2020/2021:** 1 Annual report submitted as per compliance requirements by 30 October 2021	
	2021/2022: 1 Annual report submitted as per compliance requirements by 30 October 2022		**2022/2023:** 1 Annual report submitted as per compliance requirements by 30 October 2023	
	2023/2024: 1 Annual report submitted as per compliance requirements by 30 October 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of approved annual reports submitted as per compliance requirements			
Short Definition	Annual report provides consolidated performance information on MW priorities determined by EXCO. Compliance requirements are stipulated in the following regulations and legislation: > Water Services Act, 1997, Section 40; > Public Finance Management Act, Act 1 of 1999 (as amended); > Quarterly Reporting Guidelines for Department of Water and Sanitation Water Entities.			
Purpose of Indicator	To account and meet statutory submission deadlines			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Annual reports submitted on time			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Manager: Performance Monitoring and Evaluation	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved minutes/documented resolution taken Proof of submission Official signed by all relevant authorities			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To optimise business processes and systems			
Output	Unqualified report with no matters of emphasis			
Targets Set for the Next Five Financial Years				
5-year target: 2022/2023 Clean Audit opinion by 30 October 2024	**2019/2020:** 2018/2019 Unqualified audit opinion with no matters of emphasis by 30 October 2020		**2020/2021:** 2019/2020 Unqualified audit opinion with no matters of emphasis by 30 October 2021	
	2021/2022: 2020/ 2021 Clean Audit opinion by 30 October 2022		**2022/2023:** 2021/2022 Clean Audit opinion by 30 October 2023	
	2023/2024: 2022/2023 Clean Audit opinion by 30 October 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	N/A	**Non-cumulative**	N/A
Calculation Details	**Simple Count**	N/A	**Formula**	N/A
Formula Used	N/A			
Indicator Title	Unqualified audit opinion			
Short Definition	Unqualified opinion indicates that the financial statements are free from material misstatements and there are no material findings on reported performance objectives or non-compliance with legislation			
Purpose of Indicator	To account for the implementation of corrective measures			
Type of Indicator	Qualitative Output indicator			
Desired Performance	Ensure Unqualified Audit opinion by 30 October			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Internal Auditor & All	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	External audit report			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CHIEF EXECUTIVE UNIT *...continued*

MW Strategic Objective	To optimise business processes and systems			
Output	Effectiveness of internal controls			
Targets Set for the Next Five Financial Years				
5-year target: 3 year Strategic Rolling Internal Audit by 31 December 2024	**2019/2020:** 3 year Strategic Rolling Internal Audit plan by 31 December 2020		**2020/2021:** 3 year Strategic Rolling Internal Audit plan by 31 December 2021	
	2021/2022: 3 year Strategic Rolling Internal Audit plan by 31 December 2022		**2022/2023:** 3 year Strategic Rolling Internal Audit plan by 31 December 2023	
	2023/2024: 3 year Strategic Rolling Internal Audit plan by 31 December 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	N/A	**Non-cumulative**	N/A
Calculation Details	**Simple Count**	N/A	**Formula**	N/A
Formula Used				
Indicator Title	Number of 3 year Strategic Rolling Internal Audit Plan			
Short Definition	Audit plan is used to report on audit progress and track progress on the implementation of a risk based audit approach			
Purpose of Indicator	To account for the implementation of risk based audit approach			
Type of Indicator	Qualitative outputs indicator			
Desired Performance	Approved 3 year Strategic Rolling Internal Audit Plan to ensure risks are identified and mitigated, including enhancing controls			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Internal Auditor	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved 3 year Strategic Rolling Internal Audit Plan by Finance, Audit and Risk Committee			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To optimise business processes and systems			
Output	Internal audit findings dealt with			
Targets Set for the Next Five Financial Years				
5-year Target: 0 Unresolved internal audit findings by 30 June 2024	**2019/2020:** 0 Unresolved internal audit findings by 30 June 2020		**2020/2021:** 0 Unresolved internal audit findings by 30 June 2021	
	2021/2022: 0 Unresolved internal audit findings by 30 June 2022		**2022/2023:** 0 Unresolved internal audit findings by 30 June 2023	
	2023/2024: 0 Unresolved internal audit findings by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	Count unresolved findings per year			
Indicator Title	Number of unresolved internal audit findings			
Short Definition	Unresolved internal audit findings that relate to non-financial and financial data			
Purpose of Indicator	To account for unresolved internal audit findings			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Ensure 0 unresolved internal audit findings			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Internal Auditor	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Internal audit report			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CHIEF EXECUTIVE UNIT *...continued*

Indicator Responsibility	To optimise business processes and systems to be compliant			
	Effective Internal Controls			
Targets Set for the Next Five Financial Years				
5-year Target: Zero repeat internal audit findings by 30 June 2024	**2019/2020:** Zero repeat internal audit findings by 30 June 2020		**2020/2021:** Zero repeat internal audit findings by 30 June 2021	
	2021/2022: Zero repeat internal audit findings by 30 June 2022		**2022/2023:** Zero repeat internal audit findings by 30 June 2023	
	2023/2024: Zero repeat internal audit findings by 30 June 2024			
Target Status	**New**	X	**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of repeat internal audit findings			
Short Definition	Repeat internal audit findings that relate to non-financial and financial data			
Purpose of Indicator	To account for repeat internal audit findings			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Zero repeat internal audit findings			
Indicator Responsibility	**Department**		**Owner**	
	Executive		Internal Auditor	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Internal audit report			
System used to Capture and Archive Data	SharePoint			

CORPORATE SERVICES UNIT

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent			
Output	Optimal staff retention			
Targets Set for the Next Five Financial Years				
5-year target: 8% staff turnover by 30 June 2024	**2019/2020:** 8% staff turnover by 30 June 2020		**2020/2021:** 8% staff turnover by 30 June 2021	
	2021/2022: 8% staff turnover by 30 June 2022		**2022/2023:** 8% staff turnover by 30 June 2023	
	2023/2024: 8% staff turnover by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of unplanned staff losses/exits during the current period/average YTD staff complement) x 100 x number of months passed in the year/12 = % of staff turnover			
Indicator Title	Percentage of staff turnover			
Short Definition	Unplanned termination of employment by employer or employee			
Purpose of Indicator	To measure the staff turnover rate			
Type of Indicator	Quantitative Output Indicator			
Desired Performance	Staff turnover rate must be below 8% projected rate			
Indicator Responsibility	**Department**		**Owner**	
	Corporate Services		Manager: Human Resource	
Collection of data to enable effective reporting on the adopted Output measure/indicator				
Source Data	Approved termination forms, approved headcount report, staff turnover report			
System used to capture and archive data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CORPORATE SERVICES UNIT *...continued*

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent			
Output	Learners Trained and Equipped with Skills			
Targets Set for the Next Five Financial Years				
5-year target: 25 Learnerships awarded by 30 June 2024	**2019/2020:** 5 Learners trained and equipped with skills		**2020/2021:** 5 Learnerships awarded by 30 June 2021	
	2021/2022: 5 Learnerships awarded by 30 June 2022		**2022/2023:** 5 Learnerships awarded by 30 June 2023	
	2023/2024: 5 Learnerships awarded by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	NA			
Indicator Title	Number learners trained and equipped with skills			
Short Definition	Learnership is a SETA aligned programme for beneficiaries to get exposure on theory and practical experience with the purpose of getting a recognised qualification			
Purpose of Indicator	To measure the number learnerships awarded			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Learnerships awarded			
Indicator Responsibility	**Department**		**Owner**	
	Corporate Services		Manager: Human Resource	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Signed SETA agreements, letter of appointment/study assistance agreement			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent			
Output	Graduates Trained and Developed for Admission in Professional Bodies			
Targets Set for the Next Five Financial Years				
5-year target: 6 graduate trainees participating in the Graduate Training Programme by 30 June 2024	**2019/2020:** 2 graduate trainees participating in the Graduate Training Programme by 30 June 2020 (graduates from previous FY)		**2020/2021:** 2 graduate trainees participating in the Graduate Training Programme by 30 June 2021 (graduates from previous FY)	
	2021/2022: 2 graduate trainees participating in the Graduate Training Programme by 30 June 2022 (graduates from previous FY)		**2022/2023:** 4 graduate trainees participating in the Graduate Training Programme by 30 June 2023 (2 graduates complete, 2 new graduates appointed)	
	2023/2024: 4 graduate trainees participating in the Graduate Training Programme by 30 June 2023 (2 graduates from previous FY, 2 new graduates)			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of graduate trainees participating in the Graduate Training Programme			
Short Definition	Graduate Training Programme train learners to become professionals in their career by equipping them with skills and work experience. Two graduate trainees are currently participating in the programme and it is anticipated that they will complete in 2022/2023 and be eligible for professional registration with Engineering Council of South Africa (ECSA). Two graduates from the previous financial year will complete the programme during the second quarter of 2022/2023 financial year. Two new graduates will be appointed to participate in the programme during the third quarter of 2022/2023 financial year. Two graduates from the previous financial year will continue participating in the programme and two new graduates will be appointed in the 2023/2024 financial year.			
Purpose of Indicator	To measure the number of trainee graduates			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Graduate trainees participating in the Graduate Training Programme			
Indicator Responsibility	**Department**		**Owner**	
	Corporate Services		Manager: Human Resource	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Employment contract/approved quarterly progress reports			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CORPORATE SERVICES UNIT *...continued*

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent			
Output	MW Employees trained and equipped with skills			
Targets Set for the Next Five Financial Years				
5-year target: 15 new internal bursaries awarded to MW employees by 30 June 2024	**2019/2020:** 3 new internal bursaries awarded to MW employees by 30 June 2020		**2020/2021:** 3 new internal bursaries awarded to MW employees by 30 June 2021	
	2021/2022: 3 new internal bursaries awarded to MW employees by 30 June 2022		**2022/2023:** 3 new internal bursaries awarded to MW employees by 30 June 2023	
	2023/2024: 3 new internal bursaries awarded to MW employees by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of new internal bursaries awarded			
Short Definition	Bursaries awarded to MW employees to equip them with the required skills to get a recognised qualification.			
Purpose of Indicator	To measure the number of internal bursaries awarded			
Type of Indicator	Quantitative Output indicator			
Desired Performance	New internal bursaries are awarded			
Indicator Responsibility	**Department**		**Owner**	
	Corporate Services		Manager: Human Resource	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Tertiary institution acceptance letter, Approved application forms for study assistance, acknowledgement of debt			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent			
Output	Approved Vacant Positions Filled within Turnaround Time on Recruitment			
Targets Set for the Next Five Financial Years				
5-year target: 80% approved vacant positions filled within 90 days by 30 June 2023	**2019/2020:** 80% approved vacant positions filled within 90 days by 30 June 2020		**2020/2021:** 80% approved vacant positions filled within 90 days by 30 June 2021	
	2021/2022: 80% approved vacant positions filled within 90 days by 30 June 2022		**2022/2023:** 80% approved vacant positions filled within 90 days by 30 June 2023	
	2023/2024: 80% approved vacant positions filled within 90 days by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of approved vacancies filled within 90 days x 80 Total number of the approved vacancies = % approved vacant positions filled within 90 days This covers the period from approval of the filling of the post until acceptance of the offer of employment and excludes the rejected offers and position officially placed on hold. Only Mhlathuze Water positions on approved staff complement are considered			
Indicator Title	Percentage of average approved vacant positions filled within 90 days			
Short Definition	Approved vacancies filled within 90 days after the approval			
Purpose of Indicator	To measure the number of average vacant positions filled within the turnaround time of 90 days on recruitment. Positions must be filled to ensure that all sections are adequately resourced to meet the objectives of the organisation			
Type of Indicator	Quantitative output indicator			
Desired Performance	Ensure 80% approved positions are filled within an average of 90 days to meet performance standards			
Indicator Responsibility	**Department**		**Owner**	
	Corporate Services		Manager: Human Resource	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved Staff requisition forms, accepted Offer of Employment, recruitment tracking schedule			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CORPORATE SERVICES UNIT *...continued*

MW Strategic Objective	To optimise business processes and systems			
Output	Alignment of processes and systems			
Targets Set for the Next Five Financial Years				
5-year target: 100% of identified core IT systems implemented	**2019/2020:** 100% of identified core IT systems implemented by 30 June 2020		**2020/2021:** 100% of identified core IT systems implemented by 30 June 2021	
	2021/2022: 100% of identified core IT systems implemented by 30 June 2022		**2022/2023:** 100% of identified core IT systems implemented by 30 June 2023	
	2023/2024: 100% of identified core IT systems implemented by 30 June 2024			
Target Status	**New**	X	**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	X
Formula Used	Count Number of core systems implemented x 100 Total core system identified = % of identified core business systems and processes implemented			
Indicator Title	Percentage of identified core IT systems implemented			
Short Definition	Core IT systems support business processes, and software applications that is applied to ensure efficiency, reliability and integrity. The identified core IT systems implemented are Dynamics AX, Labware LIMS, VIP Payroll, Maximo			
Purpose of Indicator	To optimise business systems and processes			
Type of Indicator	Quantitative Output Indicator			
Desired Performance	Integrated business systems and processes			
Indicator Responsibility	**Department**		**Owner**	
	Corporate Services		Manager: Information Technology	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Software licences, user profiles and audit log activities			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent			
Output	MW internship programme that equips youth with the required skills that will assist them to be professional			
Targets Set for the Next Five Financial Years				
5-year target: 40 graduates enrolled in the MW internship programme by 30 June 2024	**2019/2020:** 8 graduates enrolled in the MW internship programme by 30 June 2020		**2020/2021:** 8 graduates enrolled in the MW internship programme by 30 June 2021	
	2021/2022: 8 graduates enrolled in the MW internship programme by 30 June 2022		**2022/2023:** 8 graduates enrolled in the MW internship programme by 30 June 2023	
	2023/2024: 8 graduates enrolled in the MW internship programme by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of graduates enrolled in the MW internship programme			
Short Definition	Internship is a programme for beneficiaries to get exposure on practical experience in order to be employable.			
Purpose of Indicator	To measure the number of internships awarded			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Internship positions must be filled to ensure that all sections are adequately resourced to meet the objectives of the organisation.			
Indicator Responsibility	**Department**		**Owner**	
	Corporate Services		Manager: Human Resource	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Either approved staff requisition forms/appointment letters/internship contracts/agreements			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

CORPORATE SERVICES UNIT *...continued*

MW Strategic Objective	To optimise business processes and systems			
Output	Zero default judgements against Mhlathuze Water			
Targets Set for the Next Five Financial Years				
5-year target: Zero default judgement against the organisation by 2024	**2019/2020:** Zero default judgement against the organisation by 2020		**2020/2021:** Zero default judgement against the organisation by 2021	
	2021/2022: Zero default judgement against the organisation by 2022		**2022/2023:** Zero default judgement against the organisation by 2023	
	2023/2024: Zero default judgement against the organisation by 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of default judgements against the organisation			
Short Definition	It is the judgement granted by the court against MW if MW representative is not at court			
Purpose of Indicator	To ensure that there are no default judgements against Mhlathuze Water			
Type of Indicator	Quantitative			
Desired Performance	Ensure Zero judgment taken against the Organization			
Indicator Responsibility	**Department: Executive**		**Owner: Legal Advisor**	
Collection of data to enable effective reporting on the adopted Output measure/indicator				
Source Data	Signed default judgement report			
System used to capture and archive data	SharePoint			

OPERATIONS

MW Strategic Objective	To grow the Provision of Water Services			
Output	Manage Avoidable Water Losses			
Targets Set for the Next Five Financial Years				
5-year target: 2.5% avoidable water losses on water abstracted by 30 June 2024	**2019/2020:** 5% avoidable water losses on water abstracted by 30 June 2020		**2020/2021:** 5% avoidable water losses on water abstracted by 30 June 2021	
	2021/2022: 4% avoidable water losses on water abstracted by 30 June 2022		**2022/2023:** 3% avoidable water losses on water abstracted by 30 June 2023	
	2023/2024: 2.5% avoidable water losses on water abstracted by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Simple count of learners awarded with learnership			
Indicator Title	Number of learners trained and equipped with skills			
Short Definition	The indicator measures the amount of preventable water loss in the plant (during the treatment process) due to reservoir overflows, leaks etc. This water loss is reported as a percentage of the total amount of raw (untreated) water abstracted from the available sources (the Weir and/or the Lake) and pumped to the plant for treatment/purification.			
Purpose of Indicator	To measure the water losses from the water treatment process as a result of inefficiencies			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Water losses must not exceed 5%			
Indicator Responsibility	**Department**		**Owner**	
	Operations		Manager: Operations	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved monthly log sheets (flow meter readings and pump hours) Water balance spreadsheet, monthly reports. Flow meter readings are the primary method used for quantifying the volume of water pumped. However the volume can also be quantified using a combination of pump hours and pump capacity. Hour meters on the pump indicate the number of hours that each pump has been in operation. Pump capacity is based on the volume that a pump can deliver as a function of time, i.e. cubic metres per hour (m^3/h). From this information the pumped volumes are calculated using the formula below: Volume (m^3) = Pump Capacity (m^3/h) X Pump Hours (h)			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

OPERATIONS *...continued*

MW Strategic Objective	To Grow the Provision of Water Services			
Output	Reliability of Water Supply			
Targets Set for the Next Five Financial Years				
5-Year target: 3 instances of unplanned supply interruptions exceeding 24 hours (1 day) by 30 June 2024	**2019/2020:** 3 instances of unplanned supply interruptions exceeding 24 hours (1 day) by 30 June 2020		**2020/2021:** 3 instances of unplanned supply interruptions exceeding 24hours (1 day) by 30 June 2021	
	2021/2022: 3 instances of unplanned supply interruptions exceeding 24 hours (1 day) by 30 June 2022		**2022/2023:** 3 instances of unplanned supply interruptions exceeding 24 hours (1 day) by 30 June 2023	
	2023/2024: 3 instances of unplanned supply interruption exceeding 24 hours (1 day) by 30 June 2024			
Target Status	**New**	X	**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of instances of unplanned supply interruptions exceeding 24 hours (1 day)			
Short Definition	Supply interruptions referrers to water supply (Weir Pump Station and Nsezi WTP) and effluent disposal (WWDS) services Only unplanned plant interruptions exceeding 24 hrs are accounted for in this target Planned plant shutdowns are not plant interruptions. This only applies to infrastructure/assets owned by Mhlathuze Water			
Purpose of Indicator	To measure prolonged unplanned supply interruptions in order to ensure reliability of supply			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Unplanned supply interruptions should not exceed 3 instances within 24 hours			
Indicator Responsibility	**Department**		**Owner**	
	Operations		Manager: Maintenance	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Call out forms, approved maintenance performance indicator spreadsheet			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment			
Output	Zero Disabling injuries on Occupational Health and Safety			
Targets Set for the Next Five Financial Years				
5-year target: 0 Disabling injuries on Occupational Health and Safety by 30 June 2024	**2019/2020:** 0 Disabling injuries on Occupational Health and Safety by 30 June 2020		**2020/2021:** 0 Disabling injuries on Occupational Health and Safety by 30 June 2021	
	2021/2022: 0 Disabling injuries on Occupational Health and Safety by 30 June 2022		**2022/2023:** 0 Disabling injuries on Occupational Health and Safety by 30 June 2023	
	2023/2024: 0 Disabling injuries on Occupational Health and Safety by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of Disabling injuries on Occupational Health and Safety			
Short Definition	Injuries on duty which require medical treatment by a medical practitioner and resulting in loss of working hours due to hospitalisation or death			
Purpose of Indicator	To account for the number of injuries at work resulting in hospitalisation or death			
Type of Indicator	Quantitative			
Desired Performance	Zero disabling injuries			
Indicator Responsibility	**Department**		**Owner**	
	Operations		Specialist: Health and Safety	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Federated employers (FEM) mutual assurance IOD form, FEM statistics, Occupational health practitioner referral report, approved MANCO report			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

OPERATIONS *...continued*

MW Strategic Objective	To grow the provision of water services			
Output	Existing infrastructure maintained to ensure plant availability			
Targets Set for the Next Five Financial Years				
5-year target: 95% plant availability based on operating hours by 30 June 2024	**2019/2020:** 95% Plant availability based on operating hours by 30 June 2020		**2020/2021:** 95% Plant availability based on operating hours by 30 June 2021	
	2021/2022: 95% plant availability based on operating hours by 30 June 2022		**2022/2023:** 95% plant availability based on operating hours by 30 June 2023	
	2023/2024: 95% plant availability based on operating hours by 30 June 2024			
Target status	**New**		**Continuous, has significantly changed**	
	Continuous, without change from the previous year	X		
Calculation type	**Cumulative**		**Non-cumulative**	X
Calculation details	**Simple count**		**Formula**	X
Formula used	Number of uptime hours x 100 = % Plant availability Total worked hours			
Indicator title	Percentage of plant availability based on operating hours			
Short definition	Conducting maintenance activities to ensure 95% plant availability			
Purpose of indicator	To measure plant availability based on operating hours			
Type of indicator	Quantitative Output indicator			
Desired performance	Ensure 95% plant availability of existing infrastructure			
Indicator responsibility	**Department**		**Owner**	
	Operations		Manager: Maintenance	
Collection of data to enable effective reporting on the adopted Output measure / indicator				
Source data	Maintenance performance indicator spreadsheet			
System used to capture and archive data	SharePoint, MAXIMO			

SCIENTIFIC SERVICES

MW Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment			
Output	Bulk potable water quality compliance			
Targets set for the next five financial year				
5 year target: 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2024	**2019/2020: 97**% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2020		**2020/2021:** 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2021	
	2021/2022: 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2022		**2022/2023:** 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2023	
Target status	**2023/2024:** 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2024			
	New		**Continuous, has significantly changed**	
	Continuous, without change from the previous year	X		
Calculation type	**Cumulative**		**Non-cumulative**	X
Calculation details	**Simple count**		**Formula**	X
Formula used	Number of tests passed x 100 = % compliance to water quality standard Total number of tests conducted			
Indicator title	Percentage compliance to water quality standard			
Short definition	Compliance with SANS 241:2015 drinking water quality standard			
Purpose of indicator	To measure compliance to the requirements of the water quality standard			
Type of indicator	Quantitative output indicator			
Desired performance	Ensure water quality compliance is greater than 97%			
Indicator responsibility	**Department**		**Owner**	
	Scientific Services		Chemist	
Collection of data to enable effective reporting on the adopted output measure / indicator				
Source data	Run sheets, exported data, LIMS report			
System used to capture and archive data	SharePoint, LIMS			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

SCIENTIFIC SERVICES *...continued*

MW Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment			
Output	Compliance with Coastal Water's Discharge Permit			
Targets set for the next five financial year				
5 year target: 100% effluent quality compliance CWDP for A and C lines by 30 June 2024	**2019/2020:** 100% effluent quality compliance CWDP for A and C lines by 30 June 2020		**2020/2021:** 100% effluent quality compliance CWDP for A and C lines by 30 June 2021	
	2021/2022: % effluent quality compliance CWDP for A and C lines by 30 June 2022		**2022/2023:** 100% effluent quality compliance CWDP for A and C lines by 30 June 2023	
Target status	**2023/2024:** 100% effluent quality compliance CWDP for A and C lines by 30 June 2024			
	New		**Continuous, has significantly changed**	
	Continuous, without change from the previous year	X		
Calculation type	**Cumulative**		**Non-cumulative**	X
Calculation details	**Simple count**		**Formula**	X
Formula used	Number of tests passed x 100 = % of quality compliance with CWDP Total number of tests conducted			
Indicator title	Percentage of quality compliance with CWDP			
Short definition	Compliance with effluent quality permit			
Purpose of indicator	To measure compliance to the requirements of the effluent discharge permit			
Type of indicator	Quantitative output indicator			
Desired performance	Ensure combined effluent quality compliance is 100%			
Indicator responsibility	**Department**		**Owner**	
	Scientific Services		Chemist	
Collection of data to enable effective reporting on the adopted output measure / indicator				
Source data	Run sheets, exported data, LIMS report			
System used to capture and archive data	I:Drive, SharePoint, LIMS			

MW Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment			
Output	ISO 17025 laboratory management system standard accreditation maintained			
Targets set for the next five financial year				
5 year target: 1 ISO 17025 accreditation maintained by 30 June 2024	**2019/2020:** 1 ISO 17025 standards accreditations maintained by 30 June 2020		**2020/2021:** 1 ISO 17025 standards accreditations maintained by 30 June 2021	
	2021/2022: 1 ISO 17025 standards accreditations maintained by 30 June 2022		**2022/2023:** 1 ISO 17025 standards accreditations maintained by 30 June 2023	
Target status	**2023/2024:** 1 ISO 17025 standards accreditations maintained by 30 June 2024			
	New		**Continuous, has significantly changed**	
	Continuous, without change from the previous year	X		
Calculation type	**Cumulative**	X	**Non-cumulative**	
Calculation details	**Simple count**	X	**Formula**	
Formula used	N/A			
Indicator title	Number of accreditations maintained			
Short definition	Accreditation indicating that MW laboratory complies to the requirements of ISO 17025 standard			
Purpose of indicator	Ensure compliance to ISO 17025 requirements			
Type of indicator	Quantitative output indicator			
Desired performance	Ensure ISO 17025 standards accreditations is maintained			
Indicator responsibility	**Department**		**Owner**	
	Scientific Services		Manager: SHEQ	
Collection of data to enable effective reporting on the adopted output measure / indicator				
Source data	ISO 17025 Certificate			
System used to capture and archive data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

SCIENTIFIC SERVICES *...continued*

MW Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment			
Output	Maintain ISO 9001, 14001, OHSAS 18001 Certifications			
Targets set for the next five financial year				
5 year target: 3 compliance certifications maintained by 30 June 2024	**2019/2020:** 3 compliance certifications maintained by 30 June 2020		**2020/2021:** 3 compliance certifications maintained by 30 June 2021	
	2021/2022: 3 compliance certifications maintained by 30 June 2022		**2022/2023:** 3 compliance certifications maintained by 30 June 2023	
	2023/2024: 3 of compliance certifications maintained by 30 June 2024			
Target status	**New**		**Continuous, has significantly changed**	
	Continuous, without change from the previous year	X		
Calculation type	**Cumulative**	X	**Non-cumulative**	
	Simple count	X	**Formula**	
Formula used	N/A			
Indicator title	Number of compliance certifications maintained			
Short definition	Certifications indicating that MW complies to the requirements of ISO 9001, 14001 & OHSAS 18001 standards			
Purpose of indicator	To measure compliance to the requirements of ISO 9001, 14001 & OHSAS 18001 standards			
Type of indicator	Quantitative output indicator			
Desired performance	All three certifications maintained			
Indicator responsibility	**Department**		**Owner**	
	Scientific Services		Manager: SHEQ	
Collection of data to enable effective reporting on the adopted output measure / indicator				
Source data	ISO 9001, 14001 & OHSAS 18001 Certificates			
System used to capture and archive data	SharePoint			

MW Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment			
Output	ISO 50001 certification			
Targets set for the next five financial year				
5 year target: 4 Certification (ISO 50001) Obtained by 30 June 2024	**2019/2020:** N/A		**2020/2021:** 1 compliance certifications (ISO 50001) obtained by 30 June 2021	
	2021/2022: 1 compliance certification (ISO 50001) obtained by 30 June 2022		**2022/2023:** 1 of compliance certifications obtained by 30 June 2023	
Target status	**2023/2024:** 1 compliance certifications (ISO 50001) obtained by 30 June 2024			
	New	X	**Continuous, has significantly changed**	
	Continuous, without change from the previous year			
Calculation type	**Cumulative**	X	**Non-cumulative**	
	Simple count	X	**Formula**	
Formula used	N/A			
Indicator title	Number of compliance certifications obtained			
Short definition	Certification indicating that MW complies to the requirements of ISO 50001 standard			
Purpose of indicator	To measure compliance to the requirements of ISO 50001 standard			
Type of indicator	Quantitative output indicator			
Desired performance	One certification (ISO 50001) obtained			
Indicator responsibility	**Department**		**Owner**	
	Scientific Services		Manager: SHEQ	
Collection of data to enable effective reporting on the adopted output measure / indicator				
Source data	ISO 50001 Certificate			
System used to capture and archive data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

SCIENTIFIC SERVICES *...continued*

MW Strategic Objective	To grow provision of water services			
Output	Improve Knowledge Hub and innovation through R&D			
Targets Set for the Next Five Financial Years				
5 year target: Five (5) Research and development initiative being implemented	**2019/2020:** 1 Research and development initiative being implemented by 30 June 2020		**2020/2021:** 1 Research and development initiative being implemented by 30 June 2021	
	2021/2022: 1 Research and development initiative being implemented by 30 June 2022		**2022/2023:** 1 Research and development initiative being implemented by 30 June 2023	
	2023/2024: 1 Research and development initiative being implemented by 30 June 2024			
Target Status	**New**	X	**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of research and development initiative being implemented			
Short Definition	Research and development initiatives implemented considered are those that will be identified for testing			
Purpose of Indicator	Monitor research and development initiative being implemented			
Type of Indicator	Quantitative			
Desired Performance	Research and development initiative being implemented			
Indicator Responsibility	**Department**		**Owner**	
	Scientific Services		GM: Scientific Services	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved progress report on research and development initiative being implemented			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To grow provision of water services			
Output	Improve Knowledge Hub and innovation through R&D			
Targets Set for the Next Five Financial Years				
5 year target: Five (5) research papers finalised by 30 June 2024	**2019/2020:** 1 research paper finalised by 30 June 2020		**2020/2021:** 1 research paper finalised by 30 June 2021	
	2021/2022: 1 research paper finalised by 30 June 2022		**2022/2023:** 1 research paper finalised by 30 June 2023	
	2023/2024: 1 research paper finalised by 30 June 2024			
Target Status	**New**	X	**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of research papers finalised			
Short Definition	Research papers considered are published or presented at conferences			
Purpose of Indicator	Measure the number of research papers finalised			
Type of Indicator	Quantitative			
Desired Performance	Research papers finalised			
Indicator Responsibility	**Department**		**Owner**	
	Scientific Services		GM: Scientific Services	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Finalised research papers, copy of publication, conference agenda/ electronic/ manual confirmation of acceptance			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

SCIENTIFIC SERVICES *...continued*

MW Strategic Objective	To grow provision of water services			
Output	Engagement in secondary laboratory activities			
Targets set for the next five financial year				
5 year target: 45% of growth in Laboratory Revenue (Baseline year: 2017/2018) by 30 June 2024	**2019/2020:** 5% of growth in Laboratory Revenue by 30 June 2020		**2020/2021:** 10% of growth in Laboratory Revenue by 30 June 2021	
	2021/2022: 10% of growth in Laboratory Revenue by 30 June 2022		**2022/2023:** 10% of growth in Laboratory Revenue by 30 June 2023	
	2023/2024: 15% of growth in Laboratory Revenue by 30 June 2024			
Target status	**New**	X	**Continuous, has significantly changed**	
	Continuous, without change from the previous year			
Calculation type	**Cumulative**	X	**Non-cumulative**	
	Simple count		**Formula**	X
Formula used	(Revenue for Financial Year – Previous Financial Year Revenue) x 100 Previous Financial Year Revenue Revenue for Financial Year – To exclude Annual Price Increase			
Indicator title	Percentage of growth in Laboratory Revenue			
Short definition	Growth in Laboratory Revenue			
Purpose of indicator	To measure growth in Laboratory Revenue			
Type of indicator	Quantitative output indicator			
Desired performance	Ensure percentage of growth in Laboratory Revenue (Real growth excluding annual price increases)			
Indicator responsibility	**Department**		**Owner**	
	Scientific Services		GM: Scientific Services	
Collection of data to enable effective reporting on the adopted output measure / indicator				
Source data	Financial Statements & Reports			
System used to capture and archive data	AX, SharePoint			

TECHNICAL SERVICES

MW Strategic Objective	To Grow the Provision of Water Services			
Output	Capital Expenditure Programme			
Targets Set for the Next Five Financial Years				
5 year target: 100% of Capital projects completed within targeted dates by 30 June 2024	**2019/2020:** 100% of Capital projects completed within targeted dates by 30 June 2020		**2020/2021:** 100% of Capital projects completed within targeted dates by 30 June 2021	
	2021/2022: 100% of Capital projects completed within targeted dates by 30 June 2022		**2022/2023:** 100% of Capital projects completed within targeted dates by 30 June 2023	
	2023/2024: 100% of Capital projects completed within targeted dates by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of Capital projects completed on planned completion dates x 100 Number of total Capital projects to be completed over the period = % Capital projects completed within targeted dates			
Indicator Title	Percentage of Capital projects completed within targeted dates			
Short Definition	Internal projects completed against approved completion date by General Manager: Technical Services			
Purpose of Indicator	Infrastructure needs are provided timeously			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Ensure 100% of Capital projects are completed within targeted dates			
Indicator Responsibility	**Department**		**Owner**	
	Technical Services		Manager: Programmes	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Consulting engineer's progress reports Approved projects manager's progress report (for projects managed internally) Approved internally funded projects spreadsheet			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

TECHNICAL SERVICE *...continued*

MW Strategic Objective	To Grow the Provision of Water Services			
Output	Ministerial directives implemented			
Targets Set for the Next Five Financial Years				
5 year target: 100% Ministerial directives implemented against allocated budget by 30 June 2024	**2019/2020:** 100% Ministerial directives implemented against allocated budget by 30 June 2020		**2020/2021:** 100% Ministerial directives implemented against allocated budget by 30June 2021	
	2021/2022: 100% Ministerial directives implemented against allocated budget by 30 June 2022		**2022/2023:** 100% Ministerial directives implemented against allocated budget by 30 June 2023	
	2023/2024: 100% Ministerial directives implemented against allocated budget by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of funded implemented Ministerial Directives x 100 Total funded Ministerial Directives =% of Ministerial directives implemented against allocated budget			
Indicator Title	Percentage of Ministerial directives implemented against allocated budget			
Short Definition	Implementation is measured when the contractor has commenced construction on site. From the time the directive is received, the planning and procurement process is executed; once concluded implementation of Ministerial directives then commences. Only Ministerial Directives with confirmed budget from DWS. Budgets are allocated by DWS in the beginning of each financial year. Budget is confirmed by the first quarter of DWS's financial year for implementation during Mhlathuze Water's financial year. Emergency directives issued to Mhlathuze Water within the financial year and without confirmed budget are not included. Directives implementation is monitored by ensuring that Monthly Progress Reports, Consulting Engineers Reports and Completion Reports are in place.			
Purpose of Indicator	To account for implemented Ministerial Directives and cash flow projections			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Improved rate of Ministerial directives implemented against allocated budget			
Indicator Responsibility	**Department**		**Owner**	
	Technical Services		Manager: Programmes	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Ministerial Directive issued by DWS Consulting engineer's progress reports/ Projects manager's progress report (for projects managed internally) Externally funded projects spreadsheet/ Monthly Management Report			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent			
Output	Temporary jobs created			
Targets Set for the Next Five Financial Years				
5 year target: 600 temporary jobs created through MW external programme by 30 June 2024	**2019/2020:** 200 temporary jobs created through MW external programme by 30 June 2020		**2020/2021:** 100 temporary jobs created through MW external programme by 30 June 2021	
	2021/2022: 100 temporary jobs created through MW external programme by 30 June 2022		**2022/2023:** 100 temporary jobs created through MW external programme by 30 June 2023	
	2023/2024: 100 temporary jobs created through MW external programme by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of temporary jobs created through MW external programme			
Short Definition	Mhlathuze Water external programme includes all jobs created. Even jobs that were created on completed projects must still be accounted for when reporting during the financial year in which the project was completed. Programmes accounted for; Department of Water and Sanitation Directives; Nongoma Abaqulusi directives; Jozini Regional Bulk Water Scheme Directives; New weir structure; Pipeline from weir to shooting range (from 2018/19 third-fourth quarter); The budget utilized for implementation of these programmes is the 2018/19 financial year budget.			
Purpose of Indicator	To account for MW external programme			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Improved rate of jobs created			
Indicator Responsibility	**Department**		**Owner**	
	Technical Services		Manager: Programme	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	EPWP beneficiary forms- monthly register; Externally funded projects spreadsheet; Monthly management report			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

TECHNICAL SERVICE *...continued*

MW Strategic Objective	To optimise business processes and systems			
Output	Fixed assets digitised			
Targets Set for the Next Five Financial Years				
5 year target: Fixed plant assets digitised by 30 June 2024	**2019/2020:** 100% Fixed plant assets digitised by 30 June 2020		**2020/2021:** 100% Fixed plant assets digitised by 30 June 2021	
	2021/2022: 100% Fixed plant assets digitised by 30 June 2022		**2022/2023:** 100% Fixed plant assets digitised by 30 June 2023	
	2023/2024: 100% Fixed plant assets digitised by 30 June 2024			
Target Status	**New**	X	**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	
Formula Used	Number of digitised fixed plant assets X 100 Total fixed plant assets = % Fixed plant assets digitised			
Indicator Title	Percentage fixed plant assets digitised			
Short Definition	The digitisation of infrastructure (civil, electrical & mechanical) assets for Nsezi, Alkandstrand and Weir Transfer scheme on a GIS system			
Purpose of Indicator	To account for monitoring of MW assets			
Type of Indicator	Outputs			
Desired Performance	Improved assets management by ensuring the exact location of MW assets			
Indicator Responsibility	**Department**		**Owner**	
	Technical Services		GIS Specialist	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	GIS Shape files representing assets			
System used to Capture and Archive Data	Esri Suite – Arc GIS			

MW Strategic Objective	To grow the provision of water services			
Output	Feasibility studies completed within targeted dates			
Targets Set for the Next Five Financial Years				
5 year target: 8 Feasibility study completed by 30 June 2022	**2019/2020:** 4 Feasibility study completed within targeted dates by 30 June 2020		**2020/2021:** 2 Feasibility study completed within targeted dates by 30 June 2021	
	2021/2022: 2 Feasibility study completed within targeted dates by 30 June 2022		**2022/2023:** Nil	
	2023/2024: Nil			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	N/A			
Indicator Title	Number of feasibility studies completed within targeted dates			
Short Definition	To conduct major infrastructure feasibility studies			
Purpose of Indicator	To enhance business planning and development			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Ensure 8 feasibility studies are completed within targeted dates			
Indicator Responsibility	**Department**		**Owner**	
	Technical Service		Programme Manager	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Completed feasibility study reports			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

FINANCE UNIT

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organisation			
Output	Effective and Efficient Mechanisms to Ensure Financial Viability			
Targets Set for the Next Five Financial Years				
5-year target: 2.5% avoidable water losses on water abstracted by 30 June 2024	**2019/2020:** 3% repairs and maintenance of PPE by 30 June 2020		**2020/2021:** 3% repairs and maintenance of PPE by 30 June 2021	
	2021/2022: 3% Repairs and maintenance of PPE by 30 June 2022		**2022/2023:** 4% Repairs and maintenance of PPE by 30 June 2023	
	2023/2024: 4% Repairs and maintenance of PPE by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Expenditure of repairs and maintenance for primary activities + ground maintenance PPE x100 = % of Repairs & Maintenance of PPE for primary activities			
Indicator Title	Percentage of repairs and maintenance of PPE			
Short Definition	The maintenance of property, plant and equipment of Mhlathuze Water assets Ground maintenance is land maintenance as stipulated in the asset register PPE considered excludes Work in Progress (WIP) and software maintenance			
Purpose of Indicator	To account for monitoring of MW assets			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Repairs and maintenance of PPE should not be less than 4% by 30 June 2024			
Indicator Responsibility	**Department**		**Owner**	
	Finance		CFO	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved annual financial statement			
System used to Capture and Archive Data	SharePoint, Dynamics AX			

MW Strategic Objective	To Grow the Provision of Water Services			
Output	Increased Access to Services			
Targets Set for the Next Five Financial Years				
5-year target: 90% expenditure on expansion related projects by 30 June 2024	**2019/2020:** 80% expenditure on expansion related projects by 30 June 2020		**2020/2021:** 85% expenditure on expansion related projects by 30 June 2021	
	2021/2022: 90% expenditure on expansion related projects by 30 June 2022		**2022/2023:** 90% expenditure on expansion related projects by 30 June 2023	
	2023/2024: 90% expenditure on expansion related projects by 30 June 2024			
Target status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Actual Expenditure + Retention x100/ Total Budget= % of expenditure on internal funded capital project Total Budget = % of expenditure on internally funded capital projects			
Indicator Title	% of CAPEX budget spend on expansion related projects			
Short Definition	This indicator refers to all major infrastructure projects implemented by MW. Capital expenditure includes savings on completed projects, retentions and penalties. Budget and Expenditure reported on is for the current financial year. The internal funded projects in the WIP registered are considered			
Purpose of Indicator	To monitor the projects planned for ensuring the increase access to services, which would be achieved by increasing the plant capacity so that there is sufficient capacity for additional customer demands			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Ensure 90% expenditure on expansion related projects by 30 June 2024			
Indicator Responsibility	**Sufficient plant capacity (increase)**		**Owner**	
	Finance		CFO	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved Financial Reports by EXCO, Approved Annual Financial Statements			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

FINANCE UNIT *...continued*

MW Strategic Objective	To Grow the Provision of Water Services			
Output	Capital expenditure programme			
Targets Set for the Next Five Financial Years				
5-year target: 90% CAPEX spend against budget by 30 June 2024	**2019/2020:** 80% CAPEX spend against budget by 30 June 2020		**2020/2021:** 85% CAPEX spend against budget by 30 June 2021	
	2021/2022: 90% CAPEX spend against budget by 30 June 2022		**2022/2023:** 90% CAPEX spend against budget by 30 June 2023	
	2023/2024: 90% CAPEX spend against budget by 30 June 2024			
Target Status	**Cumulative**		**Non-cumulative**	X
	Simple Count		**Formula**	X
Formula Used	Actual Expenditure + Retention x100/ Total Budget= % of expenditure on internal funded capital project			
Indicator Title	Percentage of CAPEX spend against budget			
Short Definition	This indicator refers to all major infrastructure projects implemented by MW. Capital expenditure includes savings on completed projects, retentions and penalties. Budget and Expenditure reported on is for the current financial year. The internal funded projects in the WIP registered are considered			
Purpose of Indicator	To monitor the expenditure of the CAPEX budget for internally funded projects in order to ensure adequate infrastructure is developed			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Ensure 90% Percentage of CAPEX spend against budget by 2024			
Indicator Responsibility	**Department**		**Owner**	
	Finance		CFO	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved Financial Reports, Approved Annual Financial Statements			
System used to Capture and Archive Data	SharePoint			

MW Strategic	To Ensure the Long-term Financial Sustainability of the Organisation			
Output	Effective and Efficient Mechanisms to Ensure Financial Viability			
Targets Set for the Next Five Financial Years				
5-year target: Actual expenditure within 10% of total budget expenditure by 30 June 2024	**2019/2020:** Actual expenditure within 10% of total budget expenditure by 30 June 2020		**2020/2021:** Actual expenditure within 10% of total budget expenditure by 30 June 2021	
	2021/2022: Actual expenditure within 10% of total budget expenditure by 30 June 2022		**2022/2023:** Actual expenditure within 10% of total budget expenditure by 30 June 2023	
	2023/2024: Actual expenditure within 10% of total budget expenditure by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Actual expenditure - Budget expenditure x 100 = % budget expenditure Budgeted expenditure			
Indicator Title	Percentage of actual expenditure compared with budget expenditure			
Short Definition	Actual spending versus budget			
Purpose of Indicator	Monitor spending in line with approved budget			
Type of Indicator	Quantitative output indicator			
Desired Performance	Acceptable spending			
Indicator Responsibility	**Department**		**Owner**	
	Finance Department		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Approved Annual Financial Statements			
System used to capture and archive data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

FINANCE UNIT *...continued*

MW Strategic	To Ensure the Long-term Financial Sustainability of the Organisation			
Output	Approved tariff increases			
Targets Set for the Next Five Financial Years				
5-year target: approved tariff increase by 30 June 2024 > 12.77% approved tariff increase: Raw water: City > 12.54% approved tariff increase: Raw water: Industries > 12.28% of approved tariff increase: Potable water: City > 12.46% approved tariff increase: Potable water: Industries: Industries > 8.00% approved tariff increase: A-Line > 8.19% approved tariff increase: B-Line	**2019/2020:** Approved tariff increase by 30 June 2020 > 13.77% approved tariff increase: Raw water: City > 14.48% approved tariff increase: Raw water: Industries > 13.24% of approved tariff increase: Potable water: City > 14.17% approved tariff increase: Potable water: Industries: Industries > 12.23% approved tariff increase: A-Line > 14.76% approved tariff increase: B-Line		**2020/2021:** Approved tariff increase by 30 June 2021 > 14.03% approved tariff increase: Raw water: City > 13.93% approved tariff increase: Raw water: Industries > 10.91 % of approved tariff increase: Potable water: City > 11.30% approved tariff increase: Potable water: Industries: Industries > 10.49% approved tariff increase: A-Line > 10.95% approved tariff increase: B-Line	
	2021/2022: Approved tariff increase by 30 June 2022 > 12.54% approved tariff increase: Raw water: City > 12.34% approved tariff increase: Raw water: Industries > 10.00% of approved tariff increase: Potable water: City > 10.33% approved tariff increase: Potable water: Industries: Industries > 8.60% approved tariff increase: A-Line > 8.71% approved tariff increase: B-Line		**2022/2023:** Approved tariff increase by 30 June 2023 > 12.79% approved tariff increase: Raw water: City > 12.55% approved tariff increase: Raw water: Industries > 10.07% of approved tariff increase: Potable water: City > 10.29% approved tariff increase: Potable water: Industries: Industries > 8.26% approved tariff increase: A-Line > 8.29% approved tariff increase: B-Line	
	2023/2024: Approved tariff increase by 30 June 2024 > 12.77% approved tariff increase: Raw water: City > 12.54% approved tariff increase: Raw water: Industries > 12.28% of approved tariff increase: Potable water: City > 12.46% approved tariff increase: Potable water: Industries: Industries > 8.00% approved tariff increase: A-Line > 8.19% approved tariff increase: B-Line			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	N/A	**Non-cumulative**	N/A
Calculation Details	**Simple Count**	N/A	**Formula**	N/A
Formula Used	N/A			
Indicator Title	Approved tariff increases			
Short Definition	It's a proposal to address fair tariff increases to customers			
Purpose of Indicator	To approve a control tariff increase guided by MFMA			
Type of Indicator	Qualitative output indicator			
Desired Performance	Any achievement that is a set target or above is acceptable performance			
Indicator Responsibility	**Department**		**Owner**	
	Finance Department		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Approved budget parameters/volumes/approved budget/approved EXCO paper/approved minutes/attendance register/ communication letters to the customers			
System used to capture and archive data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

FINANCE UNIT *...continued*

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organisation			
Output	Effective and Efficient Mechanisms to Ensure Financial Viability			
Targets Set for the Next Five Financial Years				
5-year target:45 Primary activities debts collected 45 days by 30 June 2024	**2019/2020:** Primary activities debts collected 45 days by 30 June 2020		**2020/2021:** Primary activities debts collected 45 days by 30 June 2021	
	2021/2022: Primary activities debts collected 45 days by 30 June 2022		**2022/2023:** Primary activities debts collected 45 days by 30 June 2023	
	2023/2024: Primary activities debts collected 45 days by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Debtors days (trade debtors / revenue x 365 days) = Number of days to collect primary activities debts. Excluding section 30 activities			
Indicator Title	Number of days to collect primary activities debts			
Short Definition	The debtors days ratio indicates the average time taken to collect trade debts			
Purpose of Indicator	Reducing the period of time is an indication of increasing efficiency			
Type of Indicator	Quantitative output indicator			
Desired Performance	Any achievement that is above the set target is acceptable performance			
Indicator Responsibility	**Department**		**Owner**	
	Finance Department		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Approved Annual Financial Statements monthly management account			
System used to capture and archive data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

FINANCE UNIT *...continued*

MW Strategic	To Ensure the Long-term Financial Sustainability of the Organisation			
Output	Effective and Efficient Mechanisms to Ensure Financial Viability			
Targets Set for the Next Five Financial Years				
5-year target: 6.6 ratio on assets over current liabilities that measure liquidity by 30 June 2024	**2019/2020:** 3.7 ratio on assets over current liabilities that measure liquidity by 30 June 2020		**2020/2021:** 4.2 ratio on assets over current liabilities that measure liquidity by 30 June 2021	
	2021/2022: 4.3 ratio on assets over current liabilities that measure liquidity by 30 June 2022		**2022/2023:** 5.3 ratio on assets over current liabilities that measure liquidity by 30 June 2023	
	2022/2023: 5.3 ratio on assets over current liabilities that measure liquidity by 30 June 2023			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Current assets = Current ratio Current liabilities			
Indicator Title	Current ratio			
Short Definition	Current ratio measures liquidity			
Purpose of Indicator	Measures whether the business can pay debts within one year out of current assets			
Type of Indicator	Quantitative output indicator			
Desired Performance	A ratio of 6.6 or above is considered acceptable performance by 2024			
Indicator Responsibility	**Department**		**Owner**	
	Finance Department		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Approved Financial Reports by EXCO, Approved Annual Financial Statements			
System used to capture and archive data	SharePoint			
Targets Set for the Next Five Financial Years				
5-year target: 42% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2024	**2019/2020:** 46% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2020		**2020/2021:** 43% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2021	
	2021/2022: 42% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2022		**2022/2023:** 42% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2023	
	2023/2024: 42% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Revenue primary activities - Cost of Sales primary activities x 100 ÷ Revenue primary activities = % gross profit margin ratio			
Indicator Title	Percentage of primary gross profit margin			
Short Definition	Percentage on primary gross profit margin that measures profitability and if MW is financially sound for the core business			
Purpose of Indicator	Is used to assess MW's financial health by revealing the proportion of money left over from revenue after accounting for the cost of goods sold on primary activities			
Type of Indicator	Quantitative output indicator			
Desired Performance	A ratio of 42% or above is considered acceptable performance by 2024			
Indicator Responsibility	**Department**		**Owner**	
	Finance Department		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Approved Financial Reports by EXCO, Approved Annual Financial Statements			
System used to capture and archive data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

FINANCE UNIT *...continued*

MW Strategic	To Ensure the Long-term Financial Sustainability of the Organization			
Output	Effective and Efficient Mechanisms to Ensure Financial Viability			
Targets Set for the Next Five Financial Years				
5-year target: 15% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2024	**2019/2020:** 15% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2020		**2020/2021:** 9% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2021	
	2019/2020: 15% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2020		**2020/2021:** 9% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2021	
	2023/2024: 15% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Surplus primary activities ÷ Revenue primary activities x 100 = % net profit margin ratio			
Indicator Title	Percentage of primary net profit margin			
Short Definition	Percentage of primary net profit margin that measures profitability and if MW is financially sound for the core business			
Purpose of Indicator	Percentage of primary net profit margin is the percentage of revenue left after all expenses have been deducted from sales on primary activities			
Type of Indicator	Quantitative output indicator			
Desired Performance	Any achievement that is above the set target is acceptable performance			
Indicator Responsibility	**Department**		**Owner**	
	Finance Department		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Approved Financial Reports by EXCO, Approved Annual Financial Statements			
System used to capture and archive data	SharePoint			

MW Strategic	To Ensure the Long-term Financial Sustainability of the Organization			
Output	Effective and Efficient Mechanisms to Ensure Financial Viability			
Targets Set for the Next Five Financial Years				
5-year target: 0.15 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2024	**2019/2020:** 0.15 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2020		**2020/2021:** 0.22 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2021	
	2021/2022: 0.25 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2022		**2022/2023:** 0.20 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2023	
	2023/2024: 0.15 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Debt Equity ratio (total debt liabilities / total equity)			
Indicator Title	Debt equity Ratio			
Short Definition	The debt equity ratio measures financial leverage and long-term solvency			
Purpose of Indicator	It indicates how much debt a company is using to finance its assets relative to the amount of value represented in the equity statement			
Type of Indicator	Quantitative output indicator			
Desired Performance	Control the debt equity ratio to be below 0.15 is considered acceptable performance			
Indicator Responsibility	**Department**		**Owner**	
	Finance Department		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Approved Financial Reports by EXCO, Approved Annual Financial Statements			
System used to capture and archive data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

FINANCE UNIT *...continued*

MW Strategic	To Ensure the Long-term Financial Sustainability of the Organization			
Output	Effective and Efficient Mechanisms to Ensure Financial Viability			
Targets Set for the Next Five Financial Years				
5-year target: 6.4% return on assets ratio on net income over total assets, measures profitability by 30 June 2024	**2019/2020:** 4.3%return on assets ratio on net income over total assets, measures profitability by 30 June 2020		**2020/2021:** 3.3% return on assets ratio on net income over total assets, measures profitability by 30 June 2021	
	2021/2022: 4.2% return on assets ratio on net income over total assets, measures profitability by 30 June 2022		**2022/2023:** 6.9% return on assets ratio on net income over total assets, measures profitability by 30 June 2023	
	2023/2024: 6.4% return on assets ratio on net income over total assets, measures profitability by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Return on assets (EBIT / total assets excluding investments) EBIT: Earning Before Interest and Taxes			
Indicator Title	Percentage of return on assets			
Short Definition	The return on assets ratio measures profitability			
Purpose of Indicator	It reflects the efficient management of MW's assets to generate earnings			
Type of Indicator	Quantitative output indicator			
Desired Performance	Any achievement that is above the set target is acceptable performance			
Indicator Responsibility	**Department**		**Owner**	
	Finance Department		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Approved Financial Reports by EXCO, Approved Annual Financial Statements monthly management accounts			
System used to capture and archive data	SharePoint			

MW Strategic	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All			
Output	SMMEs paid within Turnaround Time			
Targets Set for the Next Five Financial Years				
5-year target: ≤100% of invoices paid within 30 days of receipts by 30 June 2024	**2019/2020:** 100% of invoices paid within 30 days of receipts by 30 June 2020		**2020/2021:** 100% of invoices paid within 30 days of receipts by 30 June 2021	
	2021/2022: 100% of invoices paid within 30 days of receipts by 30 June 2022		**2022/2023:** 100% of invoices paid within 30 days of receipts by 30 June 2023	
	2023/2024: 100% of invoices paid within 30 days of receipts by 30 June 2024			
Target Status	**New**	X	**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year			
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		Formula	X
Formula Used	Number of valid invoices paid within 30 days x 100 Number of Invoices received for the period = % of invoices paid within 30 days of receipts			
Indicator Title	Percentage of invoices paid within 30 days of receipt			
Short Definition	Payment of valid invoices within 30 days of receipt			
Purpose of Indicator	To account for the payment of suppliers within 30 days upon receipts of invoices.			
Type of Indicator	Outputs Indicator			
Desired Performance	Ensure 100% payment of all invoices received within 30 days			
Indicator Responsibility	**Department**		**Owner**	
	Finance and SCM		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Stamped Invoice Register, Proof of payment and AX Dynamics report			
System used to capture and archive data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

FINANCE UNIT *...continued*

MW Strategic	To Initiate and build relationships with stakeholders to add value for the mutual benefit of all			
Output	BBBEE spend as per PPPFA compliance requirements			
Targets Set for the Next Five Financial Years				
5-year target: 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2024	**2019/2020:** 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2020		**2020/2021:** 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2021	
	2021/2022: 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2022		**2022/2023:** 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2023	
	2023/2024: 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Total BBBEE orders issued excluding tax x100/ Total orders issued			
Indicator Title	Percentage of total procurement spent on BBBEE services providers			
Short Definition	BBBEE spend as per PPPFA compliance requirements			
Purpose of Indicator	To account for the MW's compliance on the PPPFA requirements			
Type of Indicator	Outputs Indicator			
Desired Performance	Ensure 55% total procurement spent on BBBEE services providers			
Indicator Responsibility	**Department**		**Owner**	
	Finance and SCM		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Approved VRM BBBEE spend report, BBBEE orders report, Total MW orders report			
System used to capture and archive data	SharePoint			

MW Strategic	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All			
Output	SMMEs paid within Turnaround Time			
Targets Set for the Next Five Financial Years				
5-year target: 100% of SMME suppliers paid within 14 days by 30 June 2024	**2019/2020:** 100% of SMME suppliers paid within 14 days by 30 June 2020		**2020/2021:** 100% of SMME suppliers paid within 14 days by 30 June 2021	
	2021/2022: 100% of SMME suppliers paid within 14 days by 30 June 2022		**2022/2023:** 100% of SMME suppliers paid within 14 days by 30 June 2023	
	2023/2024: 100% of SMME suppliers paid within 14 days by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**		**Non-cumulative**	X
Calculation Details	**Simple Count**		**Formula**	X
Formula Used	Number of SMME invoices paid within 14 days X 100 Total Number of SMME invoices received for the period = % SMME paid within 14 days			
Indicator Title	% of SMME valid suppliers paid within 14 days			
Short Definition	Payment of valid invoices within 30 days of receipts			
Purpose of Indicator	To account for the payment of SMME suppliers within 14 days upon receipts of invoices.			
Type of Indicator	Outputs Indicator			
Desired Performance	Ensure 100% payment of all SMME service providers within 14 days			
Indicator Responsibility	**Department**		**Owner**	
	Finance and SCM		CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator				
Source Data	Stamped Invoice Register, Proof of payment and AX Dynamics report			
System used to capture and archive data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTION *...continued*

FINANCE UNIT *...continued*

MW Strategic Objective	To ensure the long term financial sustainability of the organization			
Output	Good governance and risk management			
Targets Set for the Next Five Financial Years				
5-year target: 0 Breaches of materiality and significance framework by 30 June 2024	**2019/2020:** 0 Breaches of materiality and significance framework by 30 June 2020		**2020/2021:** 0 Breaches of materiality and significance framework by 30 June 2021	
	2021/2022: 0 Breaches of materiality and significance framework by 30 June 2022		**2022/2023:** 0 Breaches of materiality and significance framework by 30 June 2023	
	2023/2024: 0 Breaches of materiality and significance framework by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	Number of fruitless, irregular and wasteful expenditure that exceeds materiality of 1% of MW gross revenue			
Indicator Title	Number of breaches of materiality and significance framework			
Short Definition	Mhlathuze Water assess the level of materiality and significance against the following standards: > 1% gross revenue > 5% Net Income 1% of Equity and 1% of total assets			
Purpose of Indicator	To monitor the instances of irregular, fruitless and wasteful expenditure that could results in non-compliance with Materiality and Significant framework against the MW threshold of 1% gross revenue			
Type of Indicator	Quantitative output indicator			
Desired Performance	To monitor the instances of irregular, fruitless and wasteful expenditure that could results in non-compliance with Materiality and Significant framework against the MW threshold of 1% gross revenue			
Type of Indicator	Quantitative output indicator			
Desired Performance	Ensure Zero instances of irregular, fruitless and wasteful expenditure that exceeds materiality of 1% of gross revenue by end of 30 June 2020			
Indicator Responsibility	**Department**		**Owner**	
	Finance Department		CFO	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved annual financial statement			
System used to Capture and Archive Data	SharePoint, Dynamics AX			

MW Strategic Objective	To ensure the long term financial sustainability of the organization			
Output	Engagement in secondary activities			
Targets Set for the Next Five Financial Years				
5-year target: 12% growth in turnover on secondary activities by 30 June 2024	**2019/2020:** 18% growth in turnover on secondary activities by 30 June 2020		**2020/2021:** 15% growth in turnover on secondary activities by 30 June 2021	
	2021/2022: 13% growth in turnover secondary activities by 30 June 2022		**2022/2023:** 12% growth in turnover on secondary activities by 30 June 2023	
	2023/2024: 12% growth in turnover on secondary activities by 30 June 2024			
Target Status	**New**		**Continuous, has Significantly Changed**	X
	Continuous, without Change from the Previous Year	X		
Calculation Type	**Cumulative**	X	**Non-cumulative**	
Calculation Details	**Simple Count**	X	**Formula**	
Formula Used	(Secondary Activity of current financial year -Secondary activity of prior financial year) ÷ Secondary activity previous financial year x 100			
Indicator Title	Percentage of growth in turnover secondary activities			
Short Definition	Monitor the secondary activities against			
Purpose of Indicator	To identify and monitor the growth in secondary activities year on year			
Type of Indicator	Quantitative output indicator			
Desired Performance	Ensure achievement of 12 Percentage growth in turnover on secondary activities by 30 June 2024			
Indicator Responsibility	**Department**		**Owner**	
	Finance Department		CFO	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved annual financial statement			
System used to Capture and Archive Data	System used to Capture and Archive Data			

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023

STATEMENT OF COMPREHENSIVE INCOME

ACTUAL	ACCOUNT	ESTIMATED ACTUAL		PROJECTED		PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014	
110 470	Water sold (kilolitres)	123 435	119 159	118 834	132 487	153 586	158 860	11,74	6,24	
3 652	> Raw water sales (kl)	10 350	4 211	4 199	5 199	15 419	13 394	183,44	24,19	
39 701	> Potable water sales (kl)	46 661	45 781	45 656	58 431	69 309	76 609	17,53	11,58	
67 118	> Waste water sales (kl)	66 424	69 168	68 979	68 857	68 857	68 857	(1,03)	0,43	
658 571	TOTAL REVENUE (Primary and secondary activities)	734 875	735 219	723 860	784 900	915 409	1 032 901	11,59	7,79	
402 338	Revenue (Primary activity)	472 412	521 183	564 113	663 705	805 812	911 233			
65 026	> Raw water sales	80 860	88 891	96 143	117 322	172 247	186 168	24,35	19,16	
183 748	> Potable water sales	223 739	245 963	268 869	333 746	404 944	485 152	21,76	17,56	
145 265	> Waste water sales	162 135	178 240	191 224	205 968	221 943	233 346	11,61	8,22	
	> Industrial water sales									
	> Implementing Agency fee									
8 299	> Connection Fees	5 679	8 089	7 876	6 668	6 678	6 567	(31,58)	(3,83)	
	> O & M Activities									
	> Lab Analysis									
256 233	Revenue (Secondary activity)	262 463	214 035	159 748	121 195	109 597	121 668	2,43	(11,67)	
	> Retail water operation									
	> Waste water management fee									
	> Management fee - consulting									
	> Management fee - other									
119 575	> Section 30 activities	82 816	96 695	62 902	20 318			(30,74)	(100,00)	
5 831	> Implementing Agency fee	4 141	9 670	6 290	2 032					
3 457	> Lab Analysis	3 337	3 665	3 881	4 106	4 344	4 596			
127 370	> O & M Activities	172 170	104 006	86 674	94 740	105 253	117 072			
352 015	TOTAL COST OF SALES	407 699	440 527	442 680	462 350	529 501	599 987	15,82	9,29	
232 440	Cost of sales (raw water purchased)	324 883	343 832	379 778	442 033	529 501	599 987	39,77	17,12	
44 378	> Raw water	60 945	61 713	70 825	103 960	164 858	202 303	37,33	28,77	
188 063	Electricity, Chemicals, Employee costs, Depreciation	263 938	282 120	308 953	338 072	364 643	397 684	40,35	13,29	

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF COMPREHENSIVE INCOME *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL		PROJECTED		PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014	
119 575	Cost of sales (secondary activities)	82 816	96 695	62 902	20 318			(30,74)	(100,00)	
	> Employee costs									
	> Chemicals and Purification									
	> Energy									
	> Repairs and maintenance									
	> General and administration expenses									
	> Project / WIP costs									
119 575	> Other direct operating activities	82 816	96 695	62 902	20 318			(30,74)	(100,00)	
306 556	GROSS INCOME	327 177	294 691	281 180	322 550	385 908	432 914	6,73	5,92	
46,5	Gross profit %	44,5	40,1	38,8	41,1	42,2	41,9	(4,36)	(1,73)	
42,2	> Gross profit % - primary activity	31,2	34,0	32,7	33,4	34,3	34,2	(26,05)	(3,47)	
53,3	> Gross profit % - secondary activity	68,4	54,8	60,6	83,2	100,0	100,0	28,34	11,05	
	Government grants and other funding									
1 444	Other operating income and insurance	6 204						329,74	(100,00)	
	> Comission income and insurance									
	> Game and grazing sales (net of expenses)									
	> House and other rentals - all related income									
1 444	> Other income (scrap, telephone, refurbishment, lab)	6 204						329,74	(100,00)	
	> Project income									
	> Bad debts recovered									
	> Profit (loss) on sale of fixed assets									
	> Profit (loss) on disposal of investments									
	> Profit (loss) on sale of biological assets									
	> Profit (loss) on sale of intangible assets									
	> Wastewater - Darville revenue amort									
	> Sundry income									
308 000	TOTAL OPERATING INCOME	333 380	294 691	281 180	322 550	385 908	432 914	8,24	5,84	

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF COMPREHENSIVE INCOME *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL		PROJECTED		PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014	
229 928	TOTAL EXPENSES	248 466	273 953	274 537	295 594	310 738	330 478	8,06	6,23	
150 960	> Variable costs (related to cost of sales)	145 916	149 495	150 231	158 346	167 098	179 123	(3,34)	2,89	
93 107	> Employee costs	64 720	68 463	73 583	79 088	85 002	91 361	(30,49)	(0,31)	
	> Directors emoluments (include in general)									
80 497	> Employee salaries (including leave, annual bonus, 13th cheque)	147 419	137 401	141 026	151 200	162 522	174 692	83,14	13,78	
6 026	> Performance bonuses	1 521	10 597	11 258	12 103	13 011	13 986	(74,76)	15,06	
120	> Company contributions - Medical contributions and expenses	59	90	96	103	111	119	(51,25)	(0,17)	
1 070	> Company contribution - UIF and SDL	2 124	1 751	1 763	1 895	2 037	2 190	98,59	12,68	
	> Contributions to pension and provident funds									
855	> OID contributions	614	369	388	417	449	482	(28,18)	(9,11)	
	> Changes in post employment liabilities									
	> Direct cost of Water Schemes allocated to Cost of Sales	(97 120)	(89 868)	(89 024)	(95 308)	(102 452)	(110 130)			
4 538	> Allowances	10 103	8 124	8 076	8 678	9 326	10 021	122,66	14,12	
	> Chemicals			0	(0)	0	(0)			
1 914	> Energy	2 937	2 990	3 410	3 889	4 435	5 058	53,46	17,58	
48 088	> Repairs and maintenance - (cost of sales related)	70 130	66 930	63 926	67 631	71 554	75 704	45,84	7,86	
6 455	> Property and buildings	5 737	4 819	4 877	5 159	5 459	5 775	(11,12)	(1,84)	
16 556	> Plant, machinery and equipment	30 798	24 614	23 433	24 792	26 230	27 751	86,02	8,99	
21 538	> Other - to be included in general expenses	26 937	25 668	23 142	24 484	25 905	27 407	25,07	4,10	
2 872	Sealine inspection	5 829	11 049	11 701	12 380	13 098	13 858	102,98	29,99	
667	Vehicles	829	779	773	815	863	913	24,32	5,37	
7 851	> Depreciation	8 129	11 112	9 312	7 739	6 107	7 000	3,53	(1,89)	
5 192	> Depreciation property, plant and equipment	67 685	80 076	90 339	93 121	89 928	92 356	1203,68	61,57	
2 660	> Amortisation of intangible assets							(100,00)	(100,00)	
	> Impairments of property, plant and equipment	(59 556)	(68 964)	(81 028)	(85 381)	(83 821)	(85 356)			
	> Impairments of intangible assets									
	> Impairment of trade receivables									
	> Other direct costs									
	> Motor vehicle repairs and running expenses									

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF COMPREHENSIVE INCOME *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL		PROJECTED		PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014	
78 968	> General expenses	102 549	124 458	124 306	137 247	143 641	151 356	29,86	11,45	
	> Advertising and promotions	181	830	879	930	984	1 041			
	> Amortisation - office intangibles									
	> Amortisation of biological assets									
3 703	> Audit fees	3 707	6 290	6 661	7 047	7 456	7 888	0,13	13,43	
	> Bad debts									
896	> Bursaries, donations and gifts	1 268	1 097	1 162	1 230	1 301	1 376	41,49	7,41	
2 608	> Cleaning - all administration areas	4 232	2 235	1 999	2 114	2 237	2 367	62,26	(1,61)	
8 495	> Computer and IT consumables	8 902	9 183	9 614	11 547	12 217	12 925	4,79	7,25	
662	> Conferences, seminars and workshops	218	636	673	712	754	797	(67,06)	3,16	
1 930	> Consultants and professional fees	461	2 209	2 339	2 475	2 618	2 770	(76,11)	6,21	
3 029	> Contractors	3 466	3 161	2 981	3 154	3 337	3 531	14,45	2,59	
81	> Courier and postage	59	105	111	117	124	131	(27,08)	8,31	
	> Depreciation of office assets									
	> Directors - performance bonuses									
620	> Directors emoluments	2 797	4 783	5 065	5 359	5 670	5 999	351,18	45,98	
	> Employee costs - (related to administration)									
	> Energy - related to administration areas									
	> Impairments of biological assets									
3 010	> Insurance	4 204	5 021	5 318	5 621	5 947	6 292	39,66	13,08	
2 266	> Lease costs	2 300	2 458	2 582	2 732	2 890	3 058	1,52	5,12	
6 721	> Legal and contract fees	15 592	15 052	15 909	16 831	17 808	18 840	131,97	18,74	
1 604	> Marketing - not advertising and promotions	1 325	1 909	2 022	2 139	2 263	2 395	(17,38)	6,91	
7 177	> Motor vehicle expenses (not in direct costs)	6 584	4 407	3 513	3 694	3 908	4 135	(8,27)	(8,78)	
540	> Operating leases - photocopiers etc	720	659	650	688	728	770	33,22	6,09	
20 734	> Other operating expenses	28 715	42 097	40 228	46 361	47 564	50 138	38,49	15,86	
1 601	> Printing and stationery	650	660	686	726	768	813	(59,41)	(10,69)	
1 644	> Protective clothing and uniforms	1 552	1 142	1 097	1 159	1 226	1 298	(5,62)	(3,87)	
612	> Rates and taxes	492	860	911	964	1 020	1 079	(19,62)	9,92	
	> Relocation costs - all items									
	> Rent paid - equipment hire and other hiring costs									
	> Repairs and maintenance									
4 830	> Safety and security	7 053	9 511	9 040	9 565	10 119	10 706	46,01	14,19	

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF COMPREHENSIVE INCOME *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL		PROJECTED		PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014	
	> Service contracts									
	> Software and other small assets expensed									
695	> Staff welfare	2 086	760	802	849	898	950	199,98	5,34	
568	> Subscriptions, licences and membership fees	395	723	766	810	857	907	(30,54)	8,11	
1 979	> Training and development	2 231	4 029	4 408	5 249	5 472	5 358	12,73	18,06	
758	> Telephone and fax	753	707	726	768	812	859	(0,64)	2,11	
2 205	> Travel and entertainment	2 606	3 934	4 165	4 407	4 662	4 933	18,19	14,36	
	> Veterinary services, supplies and biological costs									
78 072	OPERATING PROFIT (LOSS) FOR YEAR	84 915	20 738	6 644	26 956	75 170	102 436	8,77	4,63	
15 956	Finance income - (enter as positive)	12 278	12 524	13 005	13 422	16 678	21 293	(23,05)	4,93	
	> Trade receivables									
	> Extended payment trade receivables - deemed interest									
15 956	> Short term deposits - call accounts	12 278	12 524	13 005	13 422	16 678	21 293	(23,05)	4,93	
	> Held to maturity financial assets									
	> Available for sale investments									
	> Employee advances									
	> SARS									
	> Other									
	> 57 pipeline									
(6 021)	Finance costs - (enter as negative)	(1 346)	(3 226)	(3 914)	(4 672)	(4 057)	(22 651)	(77,65)	24,71	
(12 457)	> Long term borrowings	(10 145)	(21 754)	(25 458)	(31 124)	(26 824)	(22 651)	(18,56)	10,48	
	> Bank overdraft									
	> SARS									
	> Finance leases									
6 436	> Borrowing costs capitalised (positive)	8 799	18 528	21 545	26 452	22 766		36,71	(100,00)	
	> Other									
	> Darvill revenue in advance									
88 007	PROFIT (LOSS) FOR YEAR	95 847	30 036	15 735	35 707	87 790	101 078	8,91	2,33	
6 058	Other comprehensive income	683						(88,72)	(100,00)	
6 058	> Gain on revaluation of property, plant and equipment	683						(88,72)	(100,00)	

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF COMPREHENSIVE INCOME *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL		PROJECTED		PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014	
	> Gain on revaluation of intangible assets									
	> Transfers (to) from general reserves									
	> Gains / (losses) on retirement benefit plans									
	> Retirement benefit adjustment (IAS19)									
81 949	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	95 164	30 036	15 735	35 707	87 790	101 078	16,13	3,56	
		95 164	30 036	15 735	35 707	87 790	101 078			
		(0)	0	(0)	0	0	0			

STATEMENT OF FINANCIAL POSITION

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	ASSETS								
	Non-current assets								
954 318	Property, plant and equipment	1 026 702	1 181 637	1 248 233	1 321 774	1 272 867	1 181 961	7,58	3,63
954 318	Carrying value - opening balance	954 318	1 026 702	1 181 637	1 248 233	1 321 774	1 272 867		4,92
	Additions - (will be carried to cashflow)	131 953	216 484	135 391	140 209	18 255	1 450		
	Depreciation - (ex income statement)	(67 685)	(80 076)	(90 339)	(93 121)	(89 928)	(92 356)		
	Disposals - carrying value	(59 556)	(68 964)	(81 028)	(85 381)	(83 821)	(85 356)		
	Impairments - (ex income statement)	59 556	68 964	81 028	85 381	83 821	85 356		
	Revaluations - (ex income statement)	(683)							
	Interest capitalised	8 799	18 528	21 545	26 452	22 766			
4 643	Intangible assets	4 643	4 643	4 643	4 643	4 643	4 643		
4 643	Carrying value - opening balance	4 643	4 643	4 643	4 643	4 643	4 643		
	Additions - (will be carried to cashflow)								
	Amortisation - (ex income statement)								
	Disposals - carrying value								
	Impairments - (ex income statement)								
	Revaluations - (ex income statement)								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF FINANCIAL POSITION *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	Biological assets								
	Carrying value - opening balance								
	Additions - (will be carried to cashflow)								
	Amortisation - (ex income statement)								
	Disposals - carrying value								
	Impairments - (ex income statement)								
	Fair value adjustment								
	Investments in subsidiaries and associates								
	Opening balance								
	Changes in year								
	Investments - financial instruments								
	Held to maturity								
	Loans receivable								
	Employee loans								
	Other financial assets								
	General								
958 961		1 031 345	1 186 280	1 252 876	1 326 417	1 277 510	1 186 604	7,55	3,61
	Assets held for sale - net								
	Dams								
	Farms								
	Reservoirs								
	Other								
	Current assets								
	Investments								
	Short term								
	Available for sale								
32 828	Inventories	33 198	34 698	35 898	36 998	38 298	39 598	1,13	3,17
	Piping								
	Electrical								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF FINANCIAL POSITION *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
21 996	Maintenance spares	33 198	34 698	35 898	36 998	38 298	39 598	50,93	10,30
174	Water							(100,00)	(100,00)
3 088	Chemical stores							(100,00)	(100,00)
7 570	Consumables							(100,00)	(100,00)
	Miscellaneous								
114 174	Trade receivables	90 601	90 643	89 243	96 769	112 859	127 344	(20,65)	1,84
67 651	Trade receivables - bulk and waste water	90 601	90 643	89 243	96 769	112 859	127 344	33,92	11,12
46 535	Trade receivables - other activities							(100,00)	(100,00)
(13)	less: provision for doubtful debts / impairments - balance b/f							(100,00)	(100,00)
	Change in prov - doubtful/impairments - ex income statement								
	Sundry debtors								
	Interest receivable								
	Loans and financial receivables								
	Employee loans								
	Other loans								
265 529	Cash and cash equivalents	220 245	209 463	196 760	206 848	285 833	423 524	(17,05)	8,09
5	Cash on hand							(100,00)	(100,00)
36 247	Bank current account							(100,00)	(100,00)
229 277	Short term deposits							(100,00)	(100,00)
	Cash Reserves	220 245	209 463	196 760	206 848	285 833	423 524		
412 531		344 044	334 805	321 901	340 615	436 990	590 466	(16,60)	6,16
1 371 492	TOTAL ASSETS	1 375 388	1 521 084	1 574 777	1 667 031	1 714 500	1 777 070	0,28	4,41
	EQUITY AND LIABILITIES								
	Capital and reserves								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF FINANCIAL POSITION *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
270 411	Capital Reserves	270 411	270 411	270 411	270 411	270 411	270 411		
270 411	Opening balance	270 411	270 411	270 411	270 411	270 411	270 411		
	Transfers in (out)								
	Transfer in reserves								
809 527	Accumulated profit (loss)	904 691	934 727	950 462	986 169	1 073 959	1 175 037	11,76	6,41
809 527	Opening balance	809 527	904 691	934 727	950 462	986 169	1 073 959		4,82
	Comprehensive income (loss) for year - (ex income statement)	95 164	30 036	15 735	35 707	87 790	101 078		
	Other								
1 079 938		1 175 102	1 205 138	1 220 873	1 256 580	1 344 370	1 445 448	8,81	4,98
	Non-current liabilities								
143 146	Long term debt	113 588	211 119	256 203	298 904	251 605	204 307	(20,65)	6,11
79 679	Bank loan - fixed rate	57 571	161 461	212 881	261 870	220 859	179 849	(27,75)	14,53
	Bank loan - variable rate								
	Bonds - fixed rate								
	Bonds - variable rate								
	Loans - interest free								
279	Settlement agreements	258	257	257	257	257	258	(7,59)	(1,31)
63 189	Income received in advance	55 759	49 400	43 065	36 777	30 488	24 200	(11,76)	(14,78)
	Finance lease obligation								
	Other non-current liabilities								
	Post retirement benefit obligations								
	Defined benefit and contribution plans - opening								
	Actuarial movement on defined benefit contribution								
	> Healthcare benefits								
143 146		113 588	211 119	256 203	298 904	251 605	204 307	(20,65)	6,11
	Current liabilities								
46 720	Current portion of long term loans	36 295	49 424	42 835	53 454	53 454	53 454	(22,31)	2,27

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF FINANCIAL POSITION *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
22 110	Bank loan - fixed rate	22 110	36 110	30 345	41 011	41 011	41 011	0,00	10,85
	Bank loan - variable rate								
	Bonds - fixed rate								
	Bonds - variable rate								
	Loans - interest free								
16 645	Settlement agreements	6 755	6 955	6 155	6 155	6 155	6 155	(59,42)	(15,28)
7 965	Income received in advance	7 430	6 359	6 335	6 288	6 288	6 288	(6,72)	(3,86)
	Finance lease obligations								
	Interest payable								
101 688	Trade and other payables	50 404	55 404	54 865	58 094	65 071	73 861	(50,43)	(5,19)
100 298	Trade payables	48 479	52 408	51 846	55 027	62 003	70 747	(51,67)	(5,65)
	Trade payables - related parties								
	Statutory payables - employees tax / benefits funds								
1 390	SARS - VAT	1 925	2 996	3 019	3 067	3 068	3 114	38,51	14,39
	Amounts received in advance								
	Accrual - audit fees								
	Accruals - other								
	Other payables / loans								
	Provisions								
	Leave pay								
	Bonuses								
	Legal fees - costs and claims								
	Other								
	Bank overdraft								
	Current account 1								
	Current account 2								
	Current account 3								
148 408		86 698	104 827	97 700	111 548	118 525	127 315	(41,58)	(2,52)
1 371 492	Total equity and liabilities	1 375 388	1 521 084	1 574 777	1 667 031	1 714 500	1 777 070	0,28	4,41
(1)		0	0	1	0	(0)	0		

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF CASHFLOW

ACTUAL	ELEMENT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	OPERATING ACTIVITIES								
81 949	Net profit for period before changes	95 847	30 036	15 735	35 707	87 790	101 078	16,96	3,56
56 382	Adjustments for non-cash items, interest and other	(2 803)	1 815	220	(1 011)	(6 514)	8 358	(104,97)	(27,25)
7 851	> Depreciation and amortisation	67 685	80 076	90 339	93 121	89 928	92 356	762,07	50,81
38 471	> Impairments of PPE, intangibles and biological assets	(59 556)	(68 964)	(81 028)	(85 381)	(83 821)	(85 356)	(254,81)	(258,60)
	> Retirement benefits provisions								
10 000	> Profit (loss) on sale of fixed, intangible and biological assets							(100,00)	(100,00)
	> Interest received (deduct from profit)	(12 278)	(12 524)	(13 005)	(13 422)	(16 678)	(21 293)		
	> Interest paid (add to profit)	1 346	3 226	3 914	4 672	4 057	22 651		
59	> Revaluations of assets							(100,00)	(100,00)
	> Impairment of trade receivables								
	Net Finance costs capitalised								
(6 422)	Adjustments for:	(8 799)	(18 527)	(21 546)	(26 452)	(22 766)			
	> Discontinued operations								
(6 422)	Finance cost capitalised	(8 799)	(18 527)	(21 546)	(26 452)	(22 766)			
20 603	Working capital changes	(28 081)	3 458	(339)	(5 396)	(10 413)	(6 995)	(236,30)	(111,30)
(2 241)	> Inventories	(370)	(1 500)	(1 200)	(1 100)	(1 300)	(1 300)	(83,49)	(8,68)
45 343	> Trade debtors	23 573	(42)	1 400	(7 525)	(16 090)	(14 485)	(48,01)	(114,80)
	> Sundry debtors								
(25 613)	> Trade and other payables	(51 283)	5 000	(539)	3 229	6 977	8 790	100,22	(1022,10)
3 115	> Provisions							(100,00)	(100,00)
152 511	Net cash generated from operating activities	56 164	16 782	(5 929)	2 848	48 097	102 441	(63,17)	(6,42)
(80 803)	INVESTING ACTIVITIES - NET CASH UTILISED	(72 397)	(147 520)	(54 363)	(54 828)	65 566	83 906	(10,40)	(173,70)
(79 909)	> Additions to property, plant and equipment	(131 953)	(216 484)	(135 391)	(140 209)	(18 255)	(1 450)	65,13	(48,74)
	> Additions to intangible assets								
	> Additions to biological assets								
(895)	> Proceeds on disposal of fixed and intangible assets	59 556	68 964	81 028	85 381	83 821	85 356	(6757,03)	(6915,60)
	> Proceeds on disposal of biological assets								
	> Investments in subsidiaries and associates								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF CASHFLOW *...continued*

ACTUAL	ELEMENT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	> Interest receivable movement								
	> Movement in assets held for sale								
	> Increase (decrease) in capital								
(30164)	FINANCING ACTIVITIES - NET CASH UTILISED	(29 053)	119 958	47 588	62 069	(34 678)	(48 656)	(3,68)	8,29
(22199)	> Movement in long term borrowings	(29 560)	97 531	45 084	42 700	(47 298)	(47 298)	33,16	13,44
	> Movement in investments								
	> Proceeds (repayment) short term borrowings	(10 425)	13 129	(6 588)	10 619	0			
	> Movement in loan receivables								
	> Interest received	12 278	12 524	13 005	13 422	16 678	21 293		
	> Interest paid	(1 346)	(3 226)	(3 914)	(4 672)	(4 057)	(22 651)		
	> Movement in retirement benefit obligations								
	> Adjustment for non-cash interest								
(7965)	> Decrease in income received in advance								
	CASH AND CASH EQUIVALENTS								
41544	> Net increase (decrease) in cash utilised for the year	(45 286)	(10 780)	(12 705)	10 089	78 985	137 690	(209,01)	22,10
223987	> At beginning of year	265 529	220 245	209 463	196 760	206 848	285 833	18,55	4,15
265 531	> AT END OF YEAR	220 243	209 464	196 759	206 849	285 833	423 523	(17,06)	8,09
(2)		2	(1)	1	(1)	(0)	1		
265529	> End of year per balance sheet	220 245	209 463	196 760	206 848	285 833	423 524		

CAPITAL EXPENDITURE PROGRAM

ACTUAL	CAPEX CATEGORY	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	Immovable capex								
49765	Augmentation and upgrade	10 626	45 747	118 872	140 092	18 005		(78,65)	(100,00)
	Expansion	102 929	144 600	3 656					
	Rehabilitation	4 770	6 200						
	Development projects								
	Capitalised interest								
49765		118 325	196 547	122 528	140 092	18 005		137,77	(100,00)
	Movable capex								
	Equipment and vehicles	11 328	6 937	2 863	117	250	1 450		
	Information technology communication	2 300	13 000	10 000					

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

CAPITAL EXPENDITURE PROGRAM *...continued*

ACTUAL	CAPEX CATEGORY	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	Laboratory and process services								
		13 628	19 937	12 863	117	250	1 450		
	Summary								
49765	Immovable capex	118 325	196 547	122 528	140 092	18 005		137,77	(100,00)
	Movable capex	13 628	19 937	12 863	117	250	1 450		
49765		131 953	216 484	135 391	140 209	18 255	1 450	165,15	(44,53)
	% of total	20,5%	33,6%	21,0%	21,8%	2,8%	0,2%		
	Total forecast period - 2014 to 2019	643 742	54,1%	54,7%	42,8%	24,6%	3,1%		
	Reconciliation								
49765	Capex above	131 953	216 484	135 391	140 209	18 255	1 450	165,15	(44,53)
	Capitalised fixed assets - per fixed assets entry	(131 953)	(216 484)	(135 391)	(140 209)	(18 255)	(1 450)		
	Capitalised intangibles - per intangibles entry								
	Written off to expenses								
49765	Difference							(100,00)	(100,00)
	Cumulative difference								

FINANCIAL RATIOS

ACTUAL	CATEGORY	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	Performance indicators								
0,578	> Cost of raw water / primary revenue	0,688	0,660	0,673	0,666	0,657	0,658	19,04	2,20
0,764	> Cost of sales / total revenue	0,753	0,803	0,819	0,791	0,761	0,754	(1,36)	(0,21)
0,120	> General expenses / total revenue	0,140	0,169	0,172	0,175	0,157	0,147	16,38	3,40
848,433	> Employees costs / per megalitre	546,989	614,689	661,835	637,394	590,368	612,863	(35,53)	(5,28)
0,161	> Employee costs / total costs excl finance costs	0,103	0,103	0,110	0,111	0,108	0,105	(36,11)	(6,94)
	> Operating profit (loss) per employee								
	> Total staff complement								
	> Management								
	> Other								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

FINANCIAL RATIOS *...continued*

ACTUAL	CATEGORY	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	Operating risks								
55,5	> Debtors days (trade debtors excl VAT/ revenue x 365 days)	39,5	39,5	39,5	39,5	39,5	39,5	(28,89)	(5,52)
5,7%	> Return on assets (EBIT / total assets excluding investments)	6,2%	1,4%	0,4%	1,6%	4,4%	5,8%	8,46	0,21
	Financial risks								
2,780	> Current ratio (current assets / current liabilities)	3,968	3,194	3,295	3,054	3,687	4,638	42,76	8,91
0,176	> Gross debt / equity ratio (total debt liabilities / total equity)	0,128	0,216	0,245	0,280	0,227	0,178	(27,45)	0,24
0,138	> Debt / assets ratio (total debt / total assets)	0,109	0,171	0,190	0,211	0,178	0,145	(21,28)	0,78
	Business credit risk								
12,967	> interest cover (EBIT / interest paid)	63,098	6,428	1,698	5,770	18,526	4,522	386,61	(16,10)
	Surplus ratios								
0,12	> Return on turnover (net profit / turnover)	0,13	0,04	0,02	0,05	0,10	0,10	4,07	(3,93)

STATEMENT OF COMPREHENSIVE INCOME

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
110 470	Water sold (kilolitres)	123 435	119 159	118 834	132 487	153 586	158 860	11,74	6,24
3 652	> Raw water sales (kl)	10 350	4 211	4 199	5 199	15 419	13 394	183,44	24,19
39 701	> Potable water sales (kl)	46 661	45 781	45 656	58 431	69 309	76 609	17,53	11,58
67 118	> Waste water sales (kl)	66 424	69 168	68 979	68 857	68 857	68 857	(1,03)	0,43
658 571	TOTAL REVENUE (Primary and secondary activities)	734 875	735 219	723 860	784 900	915 409	1 032 901	11,59	7,79
402 338	Revenue (Primary activity)	472 412	521 183	564 113	663 705	805 812	911 233		
65 026	> Raw water sales	80 860	88 891	96 143	117 322	172 247	186 168	24,35	19,16
183 748	> Potable water sales	223 739	245 963	268 869	333 746	404 944	485 152	21,76	17,56
145 265	> Waste water sales	162 135	178 240	191 224	205 968	221 943	233 346	11,61	8,22
	> Industrial water sales								
	> Implementing Agency fee								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF COMPREHENSIVE INCOME *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
8 299	> Connection Fees	5 679	8 089	7 876	6 668	6 678	6 567	(31,58)	(3,83)
	> O & M Activities								
	> Lab Analysis								
256 233	Revenue (Secondary activity)	262 463	214 035	159 748	121 195	109 597	121 668	2,43	(11,67)
	> Retail water operation								
	Waste water management fee								
	> Management fee - consulting								
	> Management fee - other								
119 575	> Section 30 activities	82 816	96 695	62 902	20 318			(30,74)	(100,00)
5 831	> Implementing Agency fee	4 141	9 670	6 290	2 032				
3 457	> Lab Analysis	3 337	3 665	3 881	4 106	4 344	4 596		
127 370	> O & M Activities	172 170	104 006	86 674	94 740	105 253	117 072		
352 015	TOTAL COST OF SALES	407 699	440 527	442 680	462 350	529 501	599 987	15,82	9,29
232 440	Cost of sales (raw water purchased)	324 883	343 832	379 778	442 033	529 501	599 987	39,77	17,12
44 378	> Raw water	60 945	61 713	70 825	103 960	164 858	202 303	37,33	28,77
188 063	Electricity, Chemicals, Employee costs, Depreciation	263 938	282 120	308 953	338 072	364 643	397 684	40,35	13,29
119 575	Cost of sales (secondary activities)	82 816	96 695	62 902	20 318			(30,74)	(100,00)
	> Employee costs								
	> Chemicals and purification								
	> Energy								
	> Repairs and maintenance								
	> General and administration expenses								
	> Project / WIP costs								
119 575	> Other direct operating activities	82 816	96 695	62 902	20 318			(30,74)	(100,00)
306 556	GROSS INCOME	327 177	294 691	281 180	322 550	385 908	432 914	6,73	5,92
46,5	Gross profit %	44,5	40,1	38,8	41,1	42,2	41,9	(4,36)	(1,73)
42,2	> Gross profit % - primary activity	31,2	34,0	32,7	33,4	34,3	34,2	(26,05)	(3,47)
53,3	> Gross profit % - secondary activity	68,4	54,8	60,6	83,2	100,0	100,0	28,34	11,05
	Government grants and other funding								
1 444	Other operating income	6 204						329,74	(100,00)

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF COMPREHENSIVE INCOME *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	> Commission income and insurance								
	> Game and grazing sales (net of expenses)								
	> House and other rentals - all related income								
1 444	> Other income (scrap, telephone, refurbishment, lab)	6 204						329,74	(100,00)
	> Project income								
	> Bad debts recovered								
	> Profit (loss) on sale of fixed assets								
	> Profit (loss) on disposal of investments								
	> Profit (loss) on sale of biological assets								
	> Profit (loss) on sale of intangible assets								
	> Wastewater - Darville revenue amount								
	> Sundry income								
308 000	TOTAL OPERATING INCOME	333 380	294 691	281 180	322 550	385 908	432 914	8,24	5,84
229 928	TOTAL EXPENSES	248 466	273 953	274 537	295 594	310 738	330 478	8,06	6,23
150 960	> Variable costs (related to cost of sales)	145 916	149 495	150 231	158 346	167 098	179 123	(3,34)	2,89
93 107	> Employee costs	64 720	68 463	73 583	79 088	85 002	91 361	(30,49)	(0,31)
	> Directors emoluments (include in general)								
80 497	> Employee salaries - (including leave, annual bonus, 13th cheque)	147 419	137 401	141 026	151 200	162 522	174 692	83,14	13,78
6 026	> Performance bonuses	1 521	10 597	11 258	12 103	13 011	13 986	(74,76)	15,06
120	> Company contributions - Medical contributions and expenses	59	90	96	103	111	119	(51,25)	(0,17)
1 070	> Company contribution - UIF and SDL	2 124	1 751	1 763	1 895	2 037	2 190	98,59	12,68
	> Contributions to pension and provident funds								
855	> OID contributions	614	369	388	417	449	482	(28,18)	(9,11)
	> Changes in post employment liabilities								
	> Direct cost of Water Schemes allocated to Cost of Sales	(97 120)	(89 868)	(89 024)	(95 308)	(102 452)	(110 130)		
4 538	> Allowances	10 103	8 124	8 076	8 678	9 326	10 021	122,66	14,12
	> Chemicals			0	(0)	0	(0)		
1 914	> Energy	2 937	2 990	3 410	3 889	4 435	5 058	53,46	17,58
48 088	> Repairs and maintenance - (cost of sales related)	70 130	66 930	63 926	67 631	71 554	75 704	45,84	7,86
6 455	> Property and buildings	5 737	4 819	4 877	5 159	5 459	5 775	(11,12)	(1,84)

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF COMPREHENSIVE INCOME *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
16 556	> Plant, machinery and equipment	30 798	24 614	23 433	24 792	26 230	27 751	86,02	8,99
21 538	> Other - to be included in general expenses	26 937	25 668	23 142	24 484	25 905	27 407	25,07	4,10
2 872	Sealine inspection	5 829	11 049	11 701	12 380	13 098	13 858	102,98	29,99
667	Vehicles	829	779	773	815	863	913	24,32	5,37
7 851	> Depreciation	8 129	11 112	9 312	7 739	6 107	7 000	3,53	(1,89)
5 192	> Depreciation property, plant and equipment	67 685	80 076	90 339	93 121	89 928	92 356	1203,68	61,57
2 660	> Amortisation of intangible assets							(100,00)	(100,00)
	> Impairments of property, plant and equipment	(59 556)	(68 964)	(81 028)	(85 381)	(83 821)	(85 356)		
	> Impairments of intangible assets								
	> Impairment of trade receivables								
	> Other direct costs								
	> Motor vehicle repairs and running expenses								
	> Other direct								
	> Motor vehicle repairs and running expenses								
	> Other direct								
78 968	> General expenses	102 549	124 458	124 306	137 247	143 641	151 356	29,86	11,45
	> Advertising and promotions	181	830	879	930	984	1 041		
	> Amortisation - office intangibles								
	> Amortisation of biological assets								
3 703	> Audit fees	3 707	6 290	6 661	7 047	7 456	7 888	0,13	13,43
	> Bad debts								
896	> Bursaries, donations and gifts	1 268	1 097	1 162	1 230	1 301	1 376	41,49	7,41
2 608	> Cleaning - all administration areas	4 232	2 235	1 999	2 114	2 237	2 367	62,26	(1,61)
8 495	> Computer and IT consumables	8 902	9 183	9 614	11 547	12 217	12 925	4,79	7,25
662	> Conferences, seminars and workshops	218	636	673	712	754	797	(67,06)	3,16
1 930	> Consultants and professional fees	461	2 209	2 339	2 475	2 618	2 770	(76,11)	6,21
3 029	> Contractors	3 466	3 161	2 981	3 154	3 337	3 531	14,45	2,59
81	> Courier and postage	59	105	111	117	124	131	(27,08)	8,31
	> Depreciation of office assets								
	> Directors - performance bonuses								
620	> Directors emoluments	2 797	4 783	5 065	5 359	5 670	5 999	351,18	45,98
	> Employee costs - (related to administration)								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF COMPREHENSIVE INCOME *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	> Energy - related to administration areas								
	> Impairments of biological assets								
3 010	> Insurance	4 204	5 021	5 318	5 621	5 947	6 292	39,66	13,08
2 266	> Lease costs	2 300	2 458	2 582	2 732	2 890	3 058	1,52	5,12
6 721	> Legal and contract fees	15 592	15 052	15 909	16 831	17 808	18 840	131,97	18,74
1 604	> Marketing - not advertising and promotions	1 325	1 909	2 022	2 139	2 263	2 395	(17,38)	6,91
7 177	> Motor vehicle expenses (not in direct costs)	6 584	4 407	3 513	3 694	3 908	4 135	(8,27)	(8,78)
540	> Operating leases - photocopiers etc	720	659	650	688	728	770	33,22	6,09
20 734	> Other operating expenses	28 715	42 097	40 228	46 361	47 564	50 138	38,49	15,86
1 601	> Printing and stationery	650	660	686	726	768	813	(59,41)	(10,69)
1 644	> Protective clothing and uniforms	1 552	1 142	1 097	1 159	1 226	1 298	(5,62)	(3,87)
612	> Rates and taxes	492	860	911	964	1 020	1 079	(19,62)	9,92
	> Relocation costs - all items								
	> Rent paid - equipment hire and other hiring costs								
	> Repairs and maintenance								
4 830	> Safety and security	7 053	9 511	9 040	9 565	10 119	10 706	46,01	14,19
	> Service contracts								
	> Software and other small assets expensed								
695	> Staff welfare	2 086	760	802	849	898	950	199,98	5,34
568	> Subscriptions, licences and membership fees	395	723	766	810	857	907	(30,54)	8,11
1 979	> Training and development	2 231	4 029	4 408	5 249	5 472	5 358	12,73	18,06
758	> Telephone and fax	753	707	726	768	812	859	(0,64)	2,11
2 205	> Travel and entertainment	2 606	3 934	4 165	4 407	4 662	4 933	18,19	14,36
	> Veterinary services, supplies and biological costs								
78 072	OPERATING PROFIT (LOSS) FOR YEAR	84 915	20 738	6 644	26 956	75 170	102 436	8,77	4,63
15 956	Finance income - (enter as positive)	12 278	12 524	13 005	13 422	16 678	21 293	(23,05)	4,93
	> Trade receivables								
	> Extended payment trade receivables - deemed interest								
	> Held to maturity financial assets								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF COMPREHENSIVE INCOME *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	> Available for sale investments								
	> Employee advances								
	> SARS								
	> Other								
	> 57 pipeline								
(6 021)	Finance costs - (enter as negative)	(1 346)	(3 226)	(3 914)	(4 672)	(4 057)	(22 651)	(77,65)	24,71
(12 457)	> Long term borrowings	(10 145)	(21 754)	(25 458)	(31 124)	(26 824)	(22 651)	(18,56)	10,48
	> Bank overdraft								
	> SARS								
	> Finance leases								
6 436	> Borrowing costs capitalised (positive)	8 799	18 528	21 545	26 452	22 766		36,71	(100,00)
	> Other								
	> Darvill revenue in advance								
88 007	PROFIT (LOSS) FOR YEAR	95 847	30 036	15 735	35 707	87 790	101 078	8,91	2,33
6 058	Other comprehensive income	683						(88,72)	(100,00)
6 058	> Gain on revaluation of property, plant and equipment	683						(88,72)	(100,00)
	> Gain on revaluation of intangible assets								
	> Transfers (to) from general reserves								
	> Gains / (losses) on retirement benefit plans								
	> Retirement benefit adjustment (IAS19)								
81 949	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	95 164	30 036	15 735	35 707	87 790	101 078	16,13	
		95 164	30 036	15 735	35 707	87 790	101 078		
		(0)	0	(0)	0	0	0		

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF FINANCIAL POSITION

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	ASSETS								
	Non-current assets								
954 318	Property, plant and equipment	1 026 702	1 181 637	1 248 233	1 321 774	1 272 867	1 181 961	7,58	3,63
954 318	Carrying value - opening balance	954 318	1 026 702	1 181 637	1 248 233	1 321 774	1 272 867		4,92
	Additions - (will be carried to cashflow)	131 953	216 484	135 391	140 209	18 255	1 450		
	Depreciation - (ex income statement)	(67 685)	(80 076)	(90 339)	(93 121)	(89 928)	(92 356)		
	Disposals - carrying value	(59 556)	(68 964)	(81 028)	(85 381)	(83 821)	(85 356)		
	Impairments - (ex income statement)	59 556	68 964	81 028	85 381	83 821	85 356		
	Revaluations - (ex income statement)	(683)							
	Interest capitalised	8 799	18 528	21 545	26 452	22 766			
4 643	Intangible assets	4 643	4 643	4 643	4 643	4 643	4 643		
4 643	Carrying value - opening balance	4 643	4 643	4 643	4 643	4 643	4 643		
	Additions - (will be carried to cashflow)								
	Amortisation - (ex income statement)								
	Disposals - carrying value								
	Impairments - (ex income statement)								
	Revaluations - (ex income statement)								
	Biological assets								
	Carrying value - opening balance								
	Additions - (will be carried to cashflow)								
	Amortisation - (ex income statement)								
	Disposals - carrying value								
	Impairments - (ex income statement)								
	Fair value adjustment								
	Investments in subsidiaries and associates								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF FINANCIAL POSITION *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	Opening balance								
	Changes in year								
	Investments - financial instruments								
	Held to maturity								
	Loans receivable								
	Employee loans								
	Other financial assets								
	General								
958 961		1 031 345	1 186 280	1 252 876	1 326 417	1 277 510	1 186 604	7,55	3,61
	Assets held for sale - net								
	Dams								
	Farms								
	Reservoirs								
	Other								
	Current assets								
	Investments								
	Short term								
	Available for sale								
32 828	Inventories	33 198	34 698	35 898	36 998	38 298	39 598	1,13	3,17
	Piping								
	Electrical								
21 996	Maintenance spares	33 198	34 698	35 898	36 998	38 298	39 598	50,93	10,30
174	Water							(100,00)	(100,00)
3 088	Chemical stores							(100,00)	(100,00)
7 570	Consumables							(100,00)	(100,00)
	Miscellaneous								
114 174	Trade receivables	90 601	90 643	89 243	96 769	112 859	127 344	(20,65)	1,84
67 651	Trade receivables - bulk and waste water	90 601	90 643	89 243	96 769	112 859	127 344	33,92	11,12
46 535	Trade receivables - other activities							(100,00)	(100,00)
(13)	less: provision for doubtful debts / impairments - balance b/f							(100,00)	(100,00)
	Change in prov - doubtful/ impairments - ex income statement								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF FINANCIAL POSITION *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	Sundry debtors								
	-								
	Interest receivable								
	Loans and financial receivables								
	Employee loans								
	Other loans								
265 529	Cash and cash equivalents	220 245	209 463	196 760	206 848	285 833	423 524	(17,05)	8,09
5	Cash on hand							(100,00)	(100,00)
36 247	Bank current account							(100,00)	(100,00)
229 277	Short-term deposits							(100,00)	(100,00)
	Cash Reserves	220 245	209 463	196 760	206 848	285 833	423 524		
412 531		344 044	334 805	321 901	340 615	436 990	590 466	(16,60)	6,16
1 371 492	TOTAL ASSETS	1 375 388	1 521 084	1 574 777	1 667 031	1 714 500	1 777 070	0,28	4,41
	EQUITY AND LIABILITIES								
	Capital and reserves								
	Capital								
270 411	Reserves	270 411	270 411	270 411	270 411	270 411	270 411		
270 411	Opening balance	270 411	270 411	270 411	270 411	270 411	270 411		
	Transfers in (out)								
	Transfer in reserves								
809 527	Accumulated profit (loss)	904 691	934 727	950 462	986 169	1 073 959	1 175 037	11,76	6,41
809 527	Opening balance	809 527	904 691	934 727	950 462	986 169	1 073 959		4,82
	Comprehensive income (loss) for year - (ex income statement)	95 164	30 036	15 735	35 707	87 790	101 078		
	Other								
1 079 938		1 175 102	1 205 138	1 220 873	1 256 580	1 344 370	1 445 448	8,81	4,98
	Non-current liabilities								
143 146	Long term debt	113 588	211 119	256 203	298 904	251 605	204 307	(20,65)	6,11
79 679	Bank loan - fixed rate	57 571	161 461	212 881	261 870	220 859	179 849	(27,75)	14,53
	Bank loan - variable rate								
	Bonds - fixed rate								
	Bonds - variable rate								
	Loans - interest free								
279	Settlement agreements	258	257	257	257	257	258	(7,59)	(1,31)
63 189	Income received in advance	55 759	49 400	43 065	36 777	30 488	24 200	(11,76)	(14,78)
	Finance lease obligation								
	Other non-current liabilities								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF FINANCIAL POSITION *...continued*

ACTUAL	ACCOUNT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	Post retirement benefit obligations								
	Defined benefit and contribution plans - opening								
	Actuarial movement on defined benefit contribution								
	> Healthcare benefits								
143 146		113 588	211 119	256 203	298 904	251 605	204 307	(20,65)	6,11
	Current liabilities								
46 720	Current portion of long term loans	36 295	49 424	42 835	53 454	53 454	53 454	(22,31)	2,27
22 110	Bank loan - fixed rate	22 110	36 110	30 345	41 011	41 011	41 011	0,00	10,85
	Bank loan - variable rate								
	Bonds - fixed rate								
	Bonds - variable rate								
	Loans - interest free								
16 645	Settlement agreements	6 755	6 955	6 155	6 155	6 155	6 155	(59,42)	(15,28)
7 965	Income received in advance	7 430	6 359	6 335	6 288	6 288	6 288	(6,72)	(3,86)
	Finance lease obligations								
	Interest payable								
101 688	Trade and other payables	50 404	55 404	54 865	58 094	65 071	73 861	(50,43)	(5,19)
100 298	Trade payables	48 479	52 408	51 846	55 027	62 003	70 747	(51,67)	(5,65)
	Trade payables - related parties								
	Statutory payables - employees tax / benefits funds								
1 390	SARS - VAT	1 925	2 996	3 019	3 067	3 068	3 114	38,51	14,39
	Amounts received in advance								
	Accrual - audit fees								
	Accruals - other								
	Other payables / loans								
	Provisions								
	Leave pay								
	Bonuses								
	Legal fees - costs and claims								
	Other								
	Bank overdraft								
	Current account 1								
	Current account 2								
	Current account 3								
148 408		86 698	104 827	97 700	111 548	118 525	127 315	(41,58)	(2,52)
1 371 492	Total equity and liabilities	1 375 388	1 521 084	1 574 777	1 667 031	1 714 500	1 777 070	0,28	4,41
(1)		0	0	1	0	(0)	0		

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF CASHFLOW

ACTUAL	ELEMENT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	OPERATING ACTIVITIES								
81 949	Net profit for period before changes	95 847	30 036	15 735	35 707	87 790	101 078	16,96	3,56
56 382	Adjustments for non-cash items, interest and other	(2 803)	1 815	220	(1 011)	(6 514)	8 358	(104,97)	(27,25)
7 851	> Depreciation and amortisation	67 685	80 076	90 339	93 121	89 928	92 356	762,07	50,81
38 471	> Impairments of PPE, intangibles and biological assets	(59 556)	(68 964)	(81 028)	(85 381)	(83 821)	(85 356)	(254,81)	(258,60)
	> Retirement benefits provisions								
10 000	> Profit (loss) on sale of fixed, intangible and biological assets							(100,00)	(100,00)
	> Interest received - (deduct from profit)	(12 278)	(12 524)	(13 005)	(13 422)	(16 678)	(21 293)		
	> Interest paid - (add to profit)	1 346	3 226	3 914	4 672	4 057	22 651		
59	> Revaluations of assets							(100,00)	(100,00)
	> Impairment of trade receivables								
	Net Finance costs capitalised								
(6 422)	Adjustments for:	(8 799)	(18 527)	(21 546)	(26 452)	(22 766)			
	> Discontinued operations								
(6 422)	Finance cost capitalised	(8 799)	(18 527)	(21 546)	(26 452)	(22 766)			
20 603	Working capital changes	(28 081)	3 458	(339)	(5 396)	(10 413)	(6 995)	(236,30)	(111,30)
(2 241)	> Inventories	(370)	(1 500)	(1 200)	(1 100)	(1 300)	(1 300)	(83,49)	(8,68)
45 343	> Trade debtors	23 573	(42)	1 400	(7 525)	(16 090)	(14 485)	(48,01)	(114,80)
	> Sundry debtors								
(25 613)	> Trade and other payables	(51 283)	5 000	(539)	3 229	6 977	8 790	100,22	(1022,10)
3 115	> Provisions							(100,00)	(100,00)
15 2511	Net cash generated from operating activities	56 164	16 782	(5 929)	2 848	48 097	102 441	(63,17)	(6,42)
(80 803)	INVESTING ACTIVITIES - NET CASH UTILISED	(72 397)	(147 520)	(54 363)	(54 828)	65 566	83 906	(10,40)	(173,70)

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

STATEMENT OF CASHFLOW *...continued*

ACTUAL	ELEMENT	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
(79 909)	> Additions to property, plant and equipment	(131 953)	(216 484)	(135 391)	(140 209)	(18 255)	(1 450)	65,13	(48,74)
	> Additions to intangible assets								
	> Additions to biological assets								
(895)	> Proceeds on disposal of fixed and intangible assets	59 556	68 964	81 028	85 381	83 821	85 356	(6 757,03)	(6 915,60)
	> Proceeds on disposal of biological assets								
	> Investments in subsidiaries and associates								
	> Interest receivable movement								
	> Movement in assets held for sale								
	> Increase (decrease) in capital								
(30164)	FINANCING ACTIVITIES - NET CASH UTILISED	(29 053)	119 958	47 588	62 069	(34 678)	(48 656)	(3,68)	8,29
(22199)	> Movement in long-term borrowings	(29 560)	97 531	45 084	42 700	(47 298)	(47 298)	33,16	13,44
	> Movement in investments								
	> Proceeds (repayment) short-term borrowings	(10 425)	13 129	(6 588)	10 619	0			
	> Movement in loan receivables								
	> Interest received	12 278	12 524	13 005	13 422	16 678	21 293		
	> Interest paid	(1 346)	(3 226)	(3 914)	(4 672)	(4 057)	(22 651)		
	> Movement in retirement benefit obligations								
	> Adjustment for non-cash interest								
(7965)	> Decrease in income received in advance								
	CASH AND CASH EQUIVALENTS								
41544	> Net increase (decrease) in cash utilised for the year	(45 286)	(10 780)	(12 705)	10 089	78 985	137 690	(209,01)	22,10
223987	> At beginning of year	265 529	220 245	209 463	196 760	206 848	285 833	18,55	4,15
265 531	> AT END OF YEAR	220 243	209 464	196 759	206 849	285 833	423 523	(17,06)	8,09
(2)		2	(1)	1	(1)	(0)	1		
265529	> end of year per balance sheet	220 245	209 463	196 760	206 848	285 833	423 524		

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

CAPITAL EXPENDITURE PROGRAM

ACTUAL	CAPEX CATEGORY	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	Immovable capex								
49 765	Augmentation and upgrade	10 626	45 747	118 872	140 092	18 005		(78,65)	(100,00)
	Expansion	102 929	144 600	3 656					
	Rehabilitation	4 770	6 200						
	Development projects								
	Capitalised interest								
49 765		118 325	196 547	122 528	140 092	18 005		137,77	(100,00)
	Movable capex								
	Equipment and vehicles	11 328	6 937	2 863	117	250	1 450		
	Information technology communication	2 300	13 000	10 000					
	Laboratory and process services								
		13 628	19 937	12 863	117	250	1 450		
	Summary								
49 765	Immovable capex	118 325	196 547	122 528	140 092	18 005		137,77	(100,00)
	Movable capex	13 628	19 937	12 863	117	250	1 450		
49 765		131 953	216 484	135 391	140 209	18 255	1 450	165,15	(44,53)
	% of total	20,5%	33,6%	21,0%	21,8%	2,8%	0,2%		
	Total forecast period - 2014 to 2019	643 742	54,1%	54,7%	42,8%	24,6%	3,1%		
	Reconciliation								
49 765	Capex above	131 953	216 484	135 391	140 209	18 255	1 450	165,15	(44,53)
	Capitalised fixed assets - per fixed assets entry	(131 953)	(216 484)	(135 391)	(140 209)	(18 255)	(1 450)		
	Capitalised intangibles - per intangibles entry								
	Written off to expenses								
49 765	Difference							(100,00)	(100,00)
	Cumulative difference								

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR THE SIX YEARS ENDING 2023 *...continued*

FINANCIAL RATIOS

ACTUAL	CATEGORY	ESTIMATED ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	GROWTH %	
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2015/2014	2020/2014
	Performance indicators								
0,578	> Cost of raw water / primary revenue	0,688	0,660	0,673	0,666	0,657	0,658	19,04	2,20
0,764	> Cost of sales / total revenue	0,753	0,803	0,819	0,791	0,761	0,754	(1,36)	(0,21)
0,120	> General expenses / total revenue	0,140	0,169	0,172	0,175	0,157	0,147	16,38	3,40
848,433	> Employees costs / per megalitre	546,989	614,689	661,835	637,394	590,368	612,863	(35,53)	(5,28)
0,161	> Employee costs / total costs excl finance costs	0,103	0,103	0,110	0,111	0,108	0,105	(36,11)	(6,94)
	> Operating profit (loss) per employee								
	> Total staff complement								
	> Management								
	> Other								
	Operating risks								
55,5	> Debtors days (trade debtors excl VAT/ revenue x 365 days)	39,5	39,5	39,5	39,5	39,5	39,5	(28,89)	(5,52)
5,7%	> Return on assets (EBIT / total assets excluding investments)	6,2%	1,4%	0,4%	1,6%	4,4%	5,8%	8,46	0,21
	Financial risks								
2,780	> Current ratio (current assets / current liabilities)	3,968	3,194	3,295	3,054	3,687	4,638	42,76	8,91
0,176	> Gross debt / equity ratio (total debt liabilities / total equity)	0,128	0,216	0,245	0,280	0,227	0,178	(27,45)	0,24
0,138	> Debt / assets ratio (total debt / total assets)	0,109	0,171	0,190	0,211	0,178	0,145	(21,28)	0,78
	Business credit risk								
12,967	> interest cover (EBIT / interest paid)	63,098	6,428	1,698	5,770	18,526	4,522	386,61	(16,10)
	Surplus ratios								
0,12	> Return on turnover (net profit / turnover)	0,13	0,04	0,02	0,05	0,10	0,10	4,07	(3,93)

PONGOLAPOORT DAM

ANNEXURE C: ACCOUNTING POLICIES

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. All information presented has been rounded to the nearest thousand rand.

1.2 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the Accounting Authority of Mhlathuze Water has reasonable grounds to believe that the business has adequate resources to continue as a going concern in operational existence for the foreseeable future. Refer to note 36 for more detail.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Significant judgements include: provision for doubtful debts, bonus provision, leave provision, useful lives and depreciation methods and asset impairment. Notes relating to the subject are included under the affected areas of the financial statements.

TRADE RECEIVABLES

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for trade receivables is assessed on significant debtors first, then on portfolio basis, for all trade receivables that are not already impaired as part of the significant trade receivable impairment assessment.

1.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, short term cash investments and call deposits. Bank overdrafts that are payable on demand and form an integral part of the entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

ANNEXURE C: ACCOUNTING POLICIES *...continued*

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequent to acquisition, improvement and refurbishment. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. Items such as spare parts, standby equipment and refurbished equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

The straight line depreciation method has been used in the table below.

ITEM	AVERAGE USEFUL LIFE
Buildings	20-45 years
Plant and machinery	10-20 years
Furniture and fixtures	3-10 years
Motor vehicles	5-10 years
Office equipment	3-10 years
Library	5 years
Electrical supply	15-20 years
Communication equipment	5 years
Pipelines	20-40 years
Tools and loose gear	5 years

Land is not depreciated. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised on qualifying assets in accordance with the requirements of GRAP 5 Borrowing Costs.

CAPITAL WORK IN PROGRESS

Capital work in progress is non-current assets under construction and is stated at cost less accumulated impairment losses.

Depreciation is not provided on capital work in progress.

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

ANNEXURE C: ACCOUNTING POLICIES *...continued*

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	AVERAGE USEFUL LIFE
Computer software	3 years

1.7 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets on the date of origination.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures a financial asset and financial liability initially at its fair value plus in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures all financial assets and financial liabilities after initial recognition at amortised cost, which includes receivables from exchange transactions, cash and cash equivalents and payables from exchange transactions.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

DE-RECOGNITION OF FINANCIAL INSTRUMENTS

The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the entity is recognised as a separate asset or liability.

The entity derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

SECTION 30 FINANCIAL ASSETS AND LIABILITIES

All financial assets and liabilities relating to section 30 activities are measured in accordance with the relevant financial instrument account policies listed above.

Additional detail on section 30 activities are set out in note 25.

1.8 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

OPERATING LEASES - LESSOR

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

ANNEXURE C: ACCOUNTING POLICIES *...continued*

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Inventories held by the entity comprise of water, maintenance spares, consumables and chemicals.

1.10 IMPAIRMENT

FINANCIAL ASSETS

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include: default or delinquency by a debtor, restructuring of an amount due to the entity on terms that the entity would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The entity considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment the entity uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Losses are recognised in the statement of financial performance and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. "If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit."

NON-FINANCIAL ASSETS

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of financial performance.

For impairment of a cash generating unit (CGU), GRAP 26 states that "The impairment loss shall be allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit".

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash flows of other assets or groups of assets (the "cash generating unit").

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a risk free discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss been recognised.

ANNEXURE C: ACCOUNTING POLICIES *...continued*

1.11 PAYABLES FROM EXCHANGE TRANSACTION

Payables from exchange transactions are not interest bearing and are stated at their nominal value.

1.12 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and nonmonetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

1.13 EMPLOYEE BENEFIT LIABILITY

Employee benefit liabilities are recognised when:

> the entity has a present obligation as a result of a past event;
> it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
> a reliable estimate can be made of the obligation.

The amount of an Employee benefit liability is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

1.14 PROVISIONS

A provision is recognised if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

1.15 EXPENDITURE

Expenditure is recognised when Mhlathuze Water is deemed to have been supplied with the service or has control of the goods supplied.

1.16 ACCRUED EXPENSES

The accrual basis recognise expenses in the accounting period in which those transactions, events or circumstances occur (goods or services are received) and become measurable.

1.17 RESERVES

Reserves are portions of Mhlathuze Water's profits set aside to strengthen the business's financial position. They are also known as retained earnings.

1.18 REVENUE FROM EXCHANGE TRANSACTIONS

An exchange transaction is one in which Mhlathuze Water receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

MEASUREMENT

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

ANNEXURE C: ACCOUNTING POLICIES *...continued*

SALE OF GOODS AND SERVICES

Revenue from the sale of goods and services is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In respect of the sale of water, these conditions are met when water is consumed by the end user. For practical purposes revenue is recognised upon billing as there is no significant delay between consumption and billing.

Revenue comprises primarily the net invoiced value of water sales, exclusive of VAT, at declared tariffs arising from normal trading activities.

INTEREST INCOME

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in the statement of financial performance, using the effective interest rate method.

MANAGEMENT SERVICES

Management services is recognised in the period in which the services are rendered in terms of the agreements with external water services entities.

LABORATORY SERVICES

Laboratory services are recognised in the period in which the services are rendered in terms of the agreements signed with external stakeholders.

IMPLEMENTING AGENCY REVENUE

Implementing agency revenue is recognised by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total service to be provided.

OPERATION AND MAINTENANCE SERVICES (O & M)

Operation and maintenance services are recognised in the period in which the services are rendered. O & M revenue relates to bulk water and bulk waste water services operated on behalf of water service authorities.

1.19 COST OF SALES

Cost of sales includes the costs of raw water and all other direct operating costs associated with the production processes. The costs directly attributable to sales as defined in Section 30 of the Water Services Act (Act 108 of 1997), are disclosed as cost of sales.

1.20 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale where a substantial period of time would usually be in excess of twelve months. These assets comprise items of plant and equipment which the entity would utilise to facilitate the provision of water and other related services.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the entity, and the costs can be measured reliably. The entity applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the entity. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

ANNEXURE C: ACCOUNTING POLICIES *...continued*

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.8 and 1.9. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 RELATED PARTIES

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.23 BULK PURCHASES

This represents the cost of raw water purchased from the Thukela/ Goedetrouw/Mhlathuze River System scheme.

1.24 INCOME RECEIVED IN ADVANCE

The entity measures income received in advance as a financial liability in the statement of financial position.

The income received in advance comprise of funds received for which the related goods or services have not been provided at the period end. Thus the entity has an obligation to deliver the related goods or services in the future. Once the goods or services have been delivered, the entity will recognise this revenue in accordance with the manner which most accurately reflects the transfer of risks and rewards.

1.25 EVENTS AFTER BALANCE SHEET

Events may occur between the end of the reporting period and the date when the annual financial statements are authorised for issue which may present information that should be considered in the preparation of financial statements.

Only events that provide further evidence about conditions that existed at the end of reporting period are adjusted for in the annual financial statements. Non-adjusting events are disclosed in the annual financial statements accordingly.

ANNEXURE C: ACCOUNTING POLICIES *...continued*

1.26 STANDARD AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 20- RELATED PARTY DISCLOSURES

This standard provides guidance on:

- Identifying related party relationships and transactions;
- Identifying outstanding balances, including commitments, between an entity and its related parties;
- Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- Determining the disclosures to be made about those items.

The entity currently adopted GRAP 20 to formulate its accounting policies and disclosures in respect of related parties and therefore there will be no impact on application of GRAP 20.

GRAP 32-SERVICE CONCESSION ARRANGEMENTS

In recognising certain intangible assets, Mhlathuze Water has adopted the provisions within AC445 (IFRIC 12):

Service concession arrangements to recognise the right of use of assets owned by the executive authority but utilised by the Board to provide goods and services to its customer.

While the interpretation applies to the public-to-private service concessions, the Group is of the view that the interpretation is relevant and more accurately provides information concerning the transaction.

GRAP 108- STATUTORY RECEIVABLES

This Standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. Specifically it gives requirements on when a statutory receivables should be recognised and derecognised with reference to other GRAP standards i.e. GRAP on Revenue from Exchange Transactions. It also requires that statutory receivables be initially measured at transaction amount and subsequently using the cost method. This standard is in line with the entity's current accounting policy and therefore the impact of the application of this standard is not expected to be significant.

The entity will apply the standard from the effective date. The effective date of this interpretation has not been determined by the Minister of Finance.

GRAP 109- PRINCIPAL AND AGENTS

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. As this Standard does not introduce new recognition or measurement requirements the impact of the application of this standard is not expected to be significant.

The entity will apply the standard from the effective date. The effective date of this interpretation has not been determined by the Minister of Finance.

ANNEXURE D: SHAREHOLDERS AGREEMENT: MANDATORY PERFORMANCE TARGETS

			ALIGNMENT			OUTCOME/ IMPACT	INDICATORS/ CALCULATION	MEASURE	ANNUAL PERFORMANCE TARGETS		
PERFORMANCE PERSPECTIVE	PERFORMANCE OBJECTIVE		MINISTERIAL OUTCOMES	DWS STRATEGIC GOALS	WB STRATEGIC OBJECTIVES				ACTUAL- PRIOR YEAR 2017/18	UNAUDITED 2ND QUARTER 2018/19 ACTUAL	PROJECTED TARGET 2019/20
Organisational Effeciency and Effectiveness	1	Bulk potable water quality compliance	MO A, OP1, Ta) & c). MO B, OP2, Ta)	SG1 (SO1.1, 1.2, 1.3) SG2 (SO3.2)	SO 1	Water quality standards met	Percentage compliance to water quality standard	%	99.60%	99.8%	97%
	2	Manage avoidable water losses	MO A, OP1, Ta) MO B, OP2, Ta)	SG2 (SO2.1) SG3 (SO 3.1, 3.2)	SO 1	Reduced avoidable water losses in treatment and distribution systems	Percentage of avoidable water losses on water abstracted	%	2.72%	0.85%	5%
	3	Reliability of water supply	MO A > G OP1, Ta), b) & c). OP2, Ta)	SG2 (SO2.1, 2.4) SG3 (SO 3.1)	SO 1	No unplanned interruptions to bulk supply exceeding 24 hours	Number of instances of unplanned supply interruptions exceeding 24 hours (1 day)	Number	0	0	3
	4	Increased access to Services	MO A,B & D OP1, Ta), b) & c). OP2, Ta).	SG2 (SO2.2, 2.3)	SO 1	Increased access to services by implementing expansion projects	Percentage of CAPEX budget spend on expansion related projectst	%	80.75%	80%	80%
Financial Performance	5	Financial reporting compliance	MO A > G	SG1 (SO1.2) SG3 (SO3.2)	SO 2	Unqualified audit report	Unqualified opinion received	Unqualified report with no matters of emphasis (Clean Audit)	Qualified audit opinion		Unqualified Audit Opinion
	6	Improve key financial ratios	MO A B & D OP1, Ta), b) & c). OP2, Ta)	SG1 (SO1.2) SG3 (SO3.2)	SO 2	Improved viability and sustainability	Current Ratio	Ratio	2.78%	3	3.7
							Percentage of primary gross profit margin (primary activity)	%	57%	68%	46%
							Percentage of primary net profit margin (primary activity)	%	16%	21%	15%
							Debt equity Ratio	Ratio	16%	0.14%	0.15
							Percentage of return on assets	%	6.42%	7.24%	4.3%
							Number of days to collect primary activities debts (primary activities)	Number	45 days	52 days	46 days
							Percentage of repairs and maintenance of PPE	%	5.01%	1.56%	3%
							Percentage of staff remuneration of total operating expenditure	%	31%	26%	30%

ANNEXURE D: SHAREHOLDERS AGREEMENT: MANDATORY PERFORMANCE TARGETS *...continued*

			ALIGNMENT			OUTCOME/ IMPACT	INDICATORS/ CALCULATION	MEASURE	ANNUAL PERFORMANCE TARGETS		
PERFORMANCE PERSPECTIVE	PERFORMANCE OBJECTIVE		MINISTERIAL OUTCOMES	DWS STRATEGIC GOALS	WB STRATEGIC OBJECTIVES				ACTUAL- PRIOR YEAR 2017/18	UNAUDITED 2ND QUARTER 2018/19 ACTUAL	PROJECTED TARGET 2019/20
Financial Performance	7	Increase BBBEE expenditure relative to operational projects	MO E	SG1(SO1.2) SG3(SO3.2)	SO3	Procurement spent on BBBEE services providers	Percentage of total procurement spent on BBBEE services providers	%	53.14%	68%	55%
	8	Manage costs within the approved budget	MO B OP2 Ta)	SG1(SO1.2) SG3(SO3.2)	SO 2	Actual expenditure compared with budgeted expenditure	Percentage of actual expenditure within total budget	%	81.68%	89.68%	Actual expenditure within 10% of total budget
	9	Capital expenditure programme	MO E MO A,B & D	SG1 (SO1.2) SG 3 (SO3.2)	SO 2	Infrastructure available to meet demands	Percentage of CAPEX spend against budget	%	80.75%	23.95%	80%
							Percentage of Capital projects completed within targeted dates	%	100%	0%	100%
	10	Engagement in secondary activities	MO A,D.E & G	SG1(SO1.2) SG3(SO3.4)	SO 2	Growth in turnover from secondary (other activities)	Percentage of growth in turnover secondary activities	%	25.35%	10%	18%
Customer/ Stakeholder Interaction	11	Bulk supply agreements concluded with municipalities/ other customers	MO A,B & D Op1, Ta), b) & c). OP2, Ta)	SG1(SO1.3) SG2(SO2.3) SG3(SO3.2, 3.4)	SO 3	Statutory and Service Level Agreements in place	Number of bulk supply agreements in place	Number	7	7	7
	12	Implementation of Ministerial directives	MO B,C	SG1(SO1.3) SG2(SO2.2) SG3(SO3.2)	SO 3	Ministerial directives issued are implemented on time	Percentage of Ministerial directives implemented against allocated budget	%	100%	100%	100%
	13	Support Rural Development	MO C,G,F	SG1(SO1.1, 1.3) SG2(SO2.3)	SO 3	Total Number of identified Municipalities supported	Number of municipalities supported through rural development initiatives	Number	0	0	2
	14	Achieve statutory reporting compliance	MO A,B & D OP1, Ta), b) & c). OP2, Ta)	SG1(SO1.2) SG3(SO3.2)	SO 3	All statutory reports submitted on time	Number of approved statutory documents submitted	Number	7	2	7

ANNEXURE D: SHAREHOLDERS AGREEMENT: MANDATORY PERFORMANCE TARGETS *...continued*

			ALIGNMENT			OUTCOME/ IMPACT	INDICATORS/ CALCULATION	MEASURE	ANNUAL PERFORMANCE TARGETS		
PERFORMANCE PERSPECTIVE	PERFORMANCE OBJECTIVE		MINISTERIAL OUTCOMES	DWS STRATEGIC GOALS	WB STRATEGIC OBJECTIVES				ACTUAL- PRIOR YEAR 2017/18	UNAUDITED 2ND QUARTER 2018/19 ACTUAL	PROJECTED TARGET 2019/20
Organisational Capacity	15	Staff levels	MO E	SG1 (SO1.1, 1.3)	SO 4	Optimal staff turnover	Percentage of staff turnover	%	6.99%	2.8%	8%
	16	Training and Skills Development	MO E	SG1 (SO1.1, 1.3)	SO 4	Skills and capacity building	Number of learners trained and equipped with skills	Number	6	8	5
							Number of new internal bursaries awarded to MW employees	Number	18	5	3
							Number of temporary jobs created through MW external programme	Number	2	2	2
	17	Training and Skills Development	MO E	SG1 (SO1.1, 1.3)	SO 4	Temporary jobs created	Number of temporary jobs created through MW external programme	Number	155	71	200
General Performance	18	Board Effectiveness	MO A > G	SG1 (SO1.1, 1.2) SG3 (SO3.1, 3.2)	SO5	Improved performance of fiduciary duties/ governance	Percentage of attendance of Board members at Board meetings	%	100%	91%	90%
							Percentage of Attendance of members at subcommittee meetings	%	82%	90%	90%
							Percentage of resolutions adopted by the Board	%	100%	100%	100%
	19	Effective Internal Controls and Risk Management	MO B	SG1 (SO1.2) SG3 (SO3.2)	SO 5	Internal audit findings dealt with	Number of repeat internal audit findings	Number	31	2	0
							Number of unresolved internal audit findings	Number	5	5	0
	20	Good Governance	MO E,F & G	SG1 (SO1.2) SG3 (SO3.2)	SO 5	Improved controls and risk mitigation	Number of breaches of materiality and significant framework	Number	8	0	0
	21	Corporate Social Responsibility Initiatives	MO E	SG2 (SO2.2) SG3 (SO3.2)	SO3	Good corporate citizenship	Number of CSI initiatives undertaken	Number	5	3	4
Optional WB Specific Performance objectives	22	Health and Safety within working environment	MO B	SG1 (SO1.2) SG3 (SO3.2)	SO4	Reduced number of disabling injuries	Number of Disabling injuries on occupational health and safety	Number	1	2	0

JCA 2729

MHLATHUZE
WATER • AMANZI

Private Bag 1047
Richards Bay, KwaZulu-Natal, 3900

Tel: +27 (0) 35 902 1000
Fax: +27 (0) 35 902 1111
Email: mw_info@mhlathuze.co.za

www.mhlathuze.co.za