



bringing water to life

AMATOLA WATER

CORPORATE PLAN

2023/24-2027/28

GENERAL INFORMATION

| REGISTERED NAME | AMATOLA WATER BOARD |
|---|---|
| Country of incorporation and domicile | Republic of South Africa |
| Nature of business and principal activities | Water Services <ul style="list-style-type: none"> • Ms P Yako (Chairperson) • Mr N Tyibilika • Mr A Mjekula |
| Interim Board Members | <ul style="list-style-type: none"> • Mr S Dzengwa • Ms Z Kiviet • Ms B Mokgatle • Ms SP Xulu <p>Established by the Minister of Water Affairs and Forestry, proclaimed in the Government Gazette Number 18409 of 14 November 1997, as empowered by the Water Services Act, 1997, (Act 108 of 1997), and the Public Finance Management Act, 1999 (Act 1 of 1999, as amended by Act 29 of 1999). The organisation is a Schedule 3(B) national government business enterprise</p> |
| Registration | <p>6 Lancaster Road Vincent, 5217, East London Eastern Cape, South Africa</p> |
| Registered Office Address | <p>Postal address Private Bag X3 Vincent 5217</p> |
| Telephone | +27 (0)43 707 3700 |
| Email | aw@amatolawater.co.za |
| Website | www.amatolawater.co.za |
| External Auditors | <p>Auditor-General of South Africa Frere Road, Trust Building 69 Frere Road, Vincent East London 5217</p> |
| Bankers | <ul style="list-style-type: none"> • Standard Bank Ltd • Nedbank Ltd |
| Company Secretary | <p>Advocate Thulani Sagela</p> <p>Ms Nosisa Sogayise</p> |
| Stakeholder Liaison Officer | <p>Communications and Stakeholder Manager Telephone +27 (0)43 707 3700 Email nsogayise@amatolawater.co.za</p> |
| Accounting Officer | <p>Mr Siyabulela Koyo Acting Chief Executive</p> |

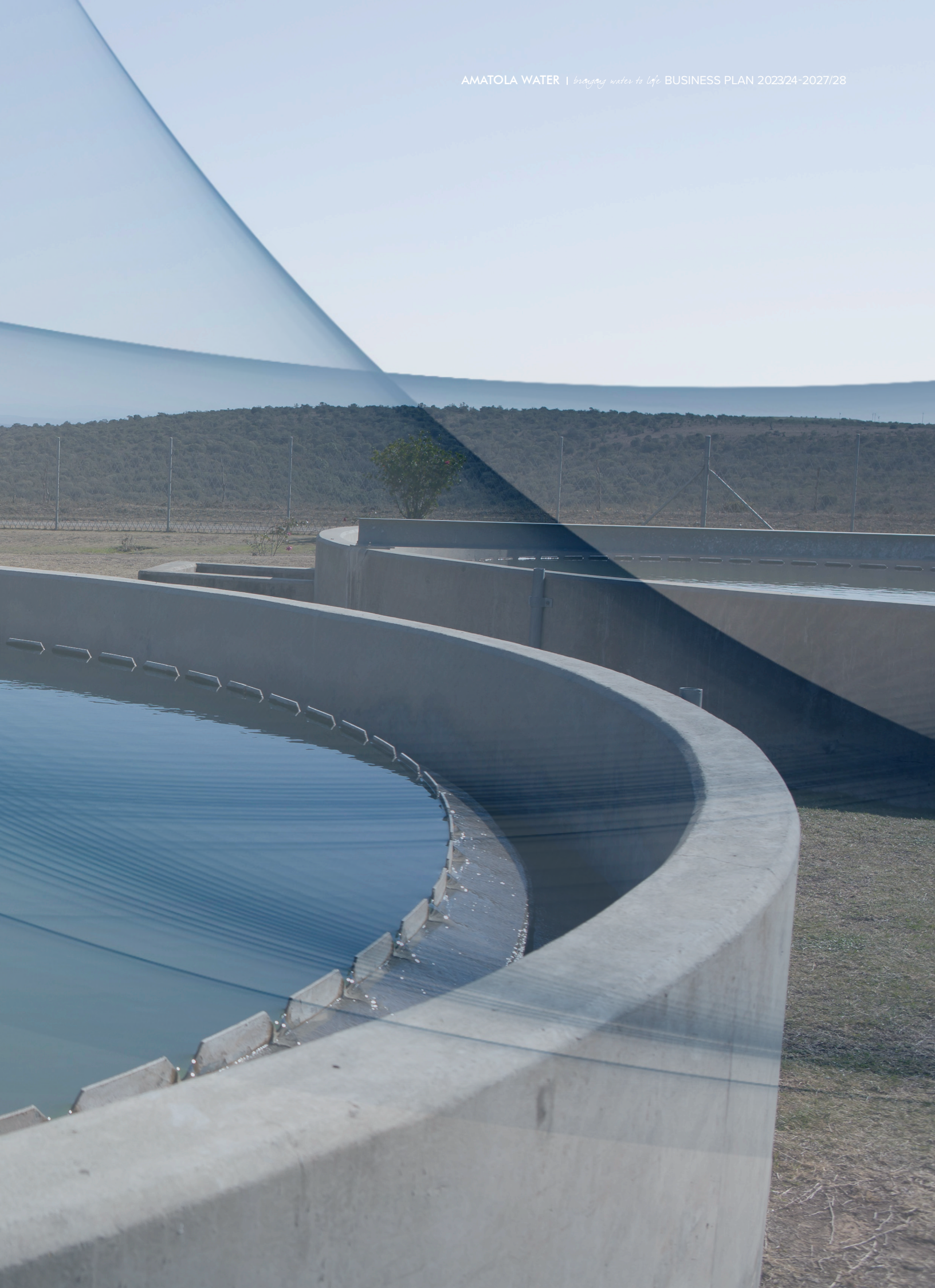


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LIST OF ABBREVIATIONS AND ACRONYMS

| | |
|-----------------|--|
| AC-RO | Albany Coast Reverse Osmosis |
| ADM | Amathole District Municipality |
| AIP | Audit Intervention Plan |
| APP | Annual Performance Plan |
| ARC | Audit and Risk Committee |
| ASATSG | Amathole System Administrative and Technical Support Group |
| ASSOCC | Amathole Supply System Operation Co-ordination Committee |
| AU | African Union |
| AW | Amatola Water Board |
| AWSS | Amathole Water Supply System |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BCMM | Buffalo City Metropolitan Municipality |
| CAPEX | Capital Expenditure |
| CCMA | Commission for Conciliation, Mediation and Arbitration |
| CEO | Chief Executive Officer |
| CFP | Certified Financial Planner |
| CGICT | Corporate Governance of ICT |
| CMMS | Computerised Maintenance Management System |
| CO ₂ | Carbon dioxide |
| COBIT | Control Objectives for Information and Related Technologies |
| CoGTA | Department of Cooperative Governance and Traditional Affairs |
| COVID-19 | Coronavirus |
| CPIX | Consumer Price Index |
| CRS | Common Reporting Standard |
| DHSWS | Department of Human Settlements, Water and Sanitation |
| DMs | District Municipalities |
| DOA | Delegation of Authority |
| DPWI | Department of Public Works and Infrastructure |
| DRDAR | Department of Rural Development and Agrarian Reform |
| DRP | Disaster Recovery Plan |
| DST | Decision Support Tool |
| DWS | Department of Water and Sanitation |
| EAP | Employee Assistance Programme |
| EBIT | Earnings Before Interest and Tax |
| EC | Eastern Cape Province |
| ECTC | Electronic Components and Technology Conference |
| EE | Employment Equity |
| EEA | Employment Equity Act |
| EIA | Environmental Impact Assessment |

| | |
|--------|---|
| EIA | Environmental Impact Assessment |
| EME | Emerging Micro-Enterprise |
| ERP | Enterprise Resource Planning |
| EWR | Environmental Water Requirements |
| EWSETA | Energy and Water Sector Education and Training Authority |
| FRP | Financial Recovery Plan |
| FY | Financial Year |
| GDP | Gross Domestic Product |
| GIS | Geographic Information System |
| GPS | Global Positioning System |
| GTAC | Government Technical Advisory Centre |
| GVA | Gross Value Added |
| HR | Human Resource |
| IAS | International Accounting Standards |
| ICCRMF | Institutional Credit Control and Revenue Management Framework |
| ICP-MS | Inductively Coupled Plasma Mass Spectrometry |
| ICT | Information and Communication Technology |
| IDP | Integrated Development Plans |
| IGR | Inter-governmental Relations |
| IMESA | Institute of Municipal Engineering of South Africa |
| IMP | Infrastructure Master Plan |
| IMS | Integrated Management System |
| IRIS | Integrated Regulatory Information Systems |
| iro | In Respect Of |
| ISO | International Organisation for Standardization |
| IT | Information Technology |
| Kl | Kilolitre |
| KPI | Key Performance Indicators |
| KSDPI | King Sabata Dalindyebo Presidential Intervention |
| LIMS | Laboratory Information Management System |
| LLF | Local Labour Forum |
| LMs | Local Municipalities |
| MIG | Municipal Infrastructure Grant |
| MTEF | Medium Term Expenditure Framework |
| NDP | National Development Plan |
| NQF | National Qualifications Framework |
| OD | Organisational Development |
| OHS | Occupational Health and Safety |
| ORTDM | OR Tambo District Municipality |
| PAT | Progress Assessment Tool |
| PFMA | Public Finance Management Act |
| PIA | Post Impact Assessment |
| PMS | Performance Management Strategy |
| PPE | Property Plant and Equipment |
| PPPFA | Preferential Procurement Policy Framework Act |
| PSP | Professional Service Provider |


| | |
|-------|--|
| RFQ | Request for Quotation |
| ROU | Right of Use |
| SAMWU | South African Municipal Workers Union |
| SANAS | South African National Accreditation System |
| SANS | South African National Standard |
| SARS | South African Revenue Service |
| SC | Scorecard |
| SCADA | Systems Control and Data Acquisition |
| SCM | Supply Chain Management |
| SD | Skills Development |
| SDL | Skills Development Levy |
| SHC | Shareholder Compact |
| SHEQ | Safety, Health, Environment and Quality |
| SLA | Service Level Agreement |
| SMME | Small Medium Micro Enterprise |
| SOP | Standard Operating Procedure |
| SSA | State Security Agency |
| TOR | Terms of Reference |
| VAT | Value Added Tax |
| WAN | Wide Area Network |
| WCWDM | Water Conservation and Water Demand Management |
| WTW | Water Treatment Works |

OFFICIAL SIGN-OFF

OFFICIAL SIGN-OFF

It is hereby certified that this corporate plan was developed by the management of Amatola Water, a Schedule 3B public entity in terms of the Public Finance Management Act, 1999 (Act 1 of 1999). The corporate plan considers all relevant policies, legislative and other mandates, and accurately reflects the strategic outcomes and outputs that Amatola Water will endeavour to achieve during the fiscal period 2023/24- 2027/28.

SUPPORTED AND RECOMMENDED FOR APPROVAL BY:

Signature: _____

Mr. S. Koyo

Acting Chief Executive Officer

Date: 26 April 2023

Signature: _____

Mr S Galada

Chief Financial Officer

Date: 26 April 2023

APPROVED BY:

Signature: _____

Ms. P. Yako

Chairperson of the Board

Date: 26 April 2023

FOREWORD BY THE CHIEF EXECUTIVE

FOREWORD BY THE CHIEF EXECUTIVE

Amatola Water is pleased to submit to the Department of Water and Sanitation its Corporate Plan for the period 2023/24–2027/28 in fulfilment of section 40 of the Water Service Act, 1997 (Act 108 of 1997).

The Corporate Plan is a product of extensive consultation and engagement of different internal stakeholders within the organisation. The Corporate Plan articulates comprehensively how Amatola Water intends to realise the outcomes stated in its Strategic Plan 2021 – 2024/25, which are designed to contribute to the department's Medium Term Strategic Framework targets.



Acting CEO : Mr Siyabulela Koyo

The Corporate Planning process for 2023/24 was characterised by deep reflection on the role of the utility in the socio-economic development of the Eastern Cape province. It included an assessment of the organisation's performance over the past 10 years and the extent to which management and employees had internalised the values adopted when the current strategy was developed.

The theory of change, which articulates the organisation's contribution to the department's outcomes and impact, is stated as follows:

If Amatola Water employs a highly skilled, engaged, productive workforce, employs efficient business and operating systems, promotes and encourages innovation, works effectively and harmoniously with its stakeholders, is financially healthy and viable, undertakes its operations in an environmentally responsible and sustainable manner, ensures the provision of safe and reliable water services to its clients, then the organisation will contribute to the improved health, dignity and wellbeing of the people of the Eastern Cape.

Since the Minister announced his intention to reconfigure and extend the area of service of water boards, Amatola Water has actively engaged its internal stakeholders and external stakeholders to solicit their views on this critical development. The organisation is currently evaluating the implications of the policy shift and how it may impact its operations.

In the context of this development and the organisation's mandate, the Board has identified the five priorities for the 2023/24 financial year:

1. Financial and business sustainability
2. Reputation and stakeholder engagement
3. Alignment of organisational performance and individual performance
4. Leadership development, management effectiveness and organisational culture renewal
5. Procurement and contract management.

The management and Board are deliberate about these, and each of these priorities, which have been factored in the Shareholder Compact, the organisation's Scorecard and the Annual Performance Plan found in this Corporate Plan.

We are ready to support the work of the department and government to achieve the goals set out in the National Development Plan 2030 and the Medium Term Strategic Framework 2019-2024.



Mr S Koyo

Acting Chief Executive

Date: 26 April 2023

1. INTRODUCTION

INTRODUCTION

PURPOSE

The purpose of the Corporate Plan is to give operational effect to the strategic mandate of Amatola Water and ensure the effective and efficient implementation of the organisational strategy in accordance with the Shareholder Compact and all related legislative imperatives.

Section 52(b) of the Public Finance Management Act, 1999 (Act 1 of 1999) further prescribes that “the accounting authority for a public entity listed in Schedule 2 or a government enterprise listed in Schedule 3 must submit to the accounting officer for a department designated by the executive authority responsible for that public entity or government business enterprise, and to the treasury, at least one month, or another period agreed with the National Treasury, before the start of that financial year, a corporate plan in the prescribed format covering the affairs of that public entity or business enterprise for the following three financial years and it has subsidiaries, also the affairs of the subsidiaries”.

The purpose of the Corporate Plan is to give operational effect the legislated cited above and to outline the strategic mandate of Amatola Water and ensure the effective and efficient implementation of the organisational strategy in accordance with the Shareholder Compact and all related legislative requirements.

CONSTITUTIONAL MANDATE

The constitutional mandate of the Amatola Water Board emanates from four (4) sections from the Constitution of the Republic of South Africa.

These sections include:

Section 10 “Everyone has inherent dignity and the right to have their dignity respected and protected.”

The same provision also applies to sanitation.

Section 24(a) “Everyone has a right to an environment that is not harmful to their health or well-being”.

Section 27(1)(b) “Everyone has the right to have access to sufficient water”

Section 27(2) The State must “take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation” of everyone’s right to access sufficient water.

Accordingly, the Constitution of the Republic of South Africa defines water resources management as a national competency and sets out the institutional framework for providing these services.

Chapter 6 on **Provinces** makes the following provisions:

- **Section 139 Provincial intervention in local government**

When a municipality cannot or does not fulfil an executive obligation in terms of the Constitution or legislation, the relevant provincial executive may intervene by taking appropriate steps to ensure the fulfilment of that obligation.

Chapter 7 on Local Government makes the following provisions:

- **S154 Municipalities in cooperative government**

The national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions.

Schedule 4 on **Functional Areas of Concurrent National and Provincial Legislative Competence** makes the following provisions:

- Water and sanitation services are limited to potable water supply systems and domestic wastewater and sewage disposal systems.

LEGISLATIVE AND POLICY MANDATES

In line with the stated constitutional imperatives, Amatola Water has been established as a water board in terms of Section 28(1) (a) of the Water Services Act, 1997 (Act 108 of 1997), as a Schedule 3B business entity in terms of the Public Finance Management Act, 1999 (Act 1 of 1999).

In terms of its legislative mandate, Amatola Water, as its primary function, is required to provide water services (bulk water supply and sanitation services) to other water services institutions (water services authorities and water services providers) within its service area.

As a water services provider in the Eastern Cape Province, Amatola Water is designated to act within the prescribed areas as proclaimed in Government Gazette No. 18409 of 14 November 1997 service area. The department is currently processing these submissions for expanding Amatola Water's service area.

The Minister, in accordance with the Water Services Act, serves as the Executive Authority and performs the oversight role over the institution.

Accordingly, the primary legislative and policy mandates that guide the operations of the Amatola Water Board include:

- Applicable municipal by-laws
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended
- Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)
- Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983);
- Consumer Protection Act, 2008 (Act 68 of 2008);¹⁸ and Labour Relations Act, 1995 (Act 66 of 1995), as amended
- Criminal Procedures Act, 1977 (Act 51 of 1977), as amended
- Division of Revenue Act (as amended annually)
- Employment Equity Act, 1998 (Act 55 of 1998), as amended
- Infrastructure Development Act, 2014 (Act 23 of 2014)
- Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)

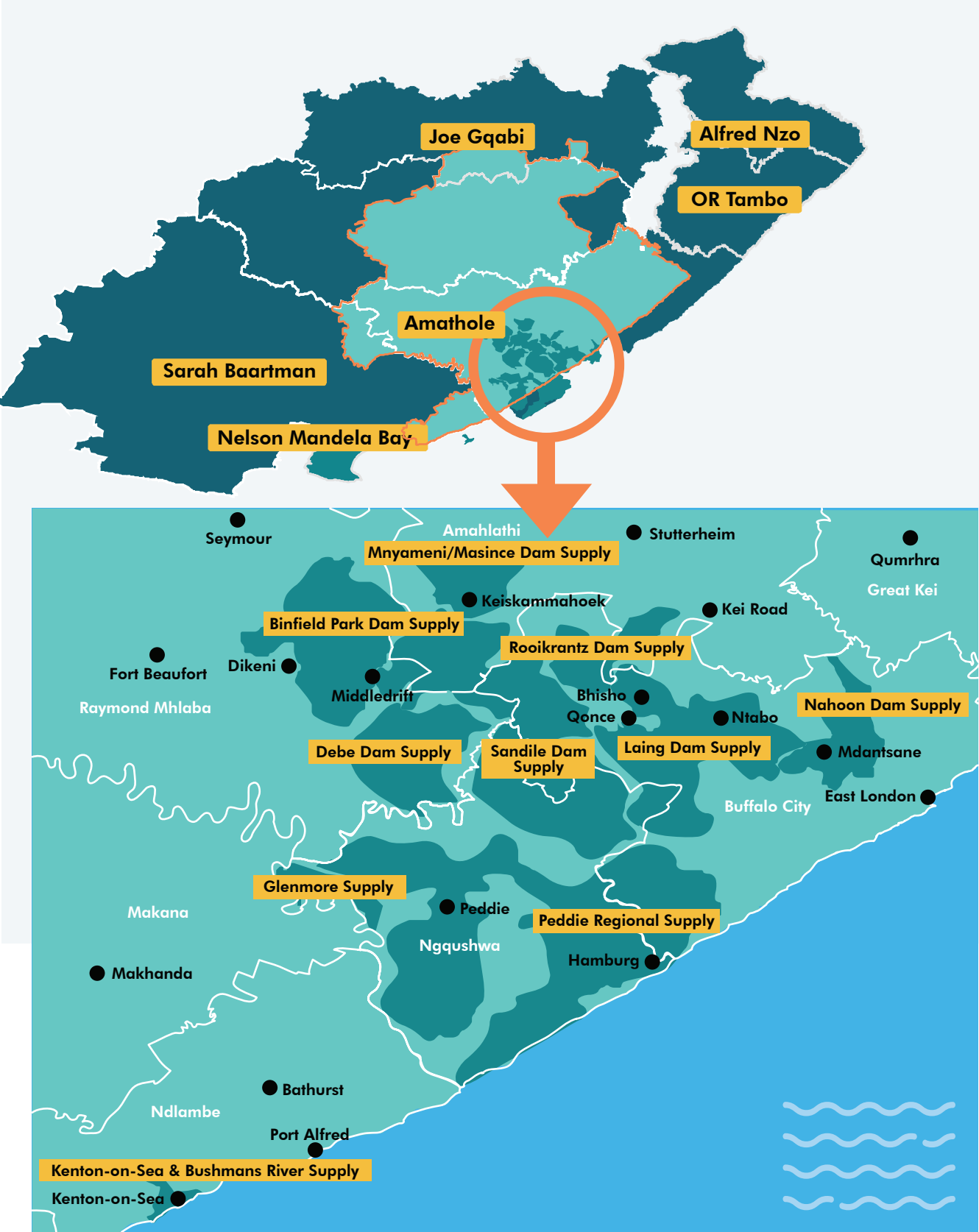
- Labour Relations Act, 1995 (Act 66 of 1995).
- Municipal Finance Management Act, 2003 (Act 56 of 2003)
- National Environmental Management Act, 1998 (Act 107 of 1998), as amended by the National Environmental Management Amendment Act, 2008 (Act 62 of 2008)
- National Environmental Management: Waste Act, 2008 (Act 59 of 2008), as amended by the National Environmental Management: Waste Amendment Act, 2014 (Act 26 of 2014).
- Occupational Health and Safety Act, 1993 (Act 85 of 1993)
- Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), as amended
- Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004)
- Promotion of Access to Information Act, 2000 (Act 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000)
- Protected Disclosures Act, 2000 (Act 26 of 2000)
- Protection of Personal Information Act, 2013 (Act 4 of 2013)
- Public Audit Act, 2004 (Act 25 of 2004) as amended
- Public Finance Management Act, 1999 (Act 1 of 1999)
- Public Service Act, 1994 (Act 103 of 1994), as amended by the Public Services amendment (Act 30 of 2007)
- Public Service Regulations (2001)
- Skills Development Act, 1998 (Act 97 of 1998)
- Skills Development Levies Amendment Act, 2010 (Act 24 of 2010)
- South African Qualifications Authority Act, 1995 (Act 58 of 1995)
- Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013)
- The National Water Act, 1998 (Act 36 of 1998)
- The Water Research Act, 1971 (Act 34 of 1971)
- The Water Services Act, 1997 (Act 108 of 1997)
- Treasury Regulations for Departments, Trading Entities, Constitutional Institutions and Public Entities 2005
- Use of Official Languages Act, 2012 (Act 12 of 2012).

SERVICE AREA AND CUSTOMERS

Amatola Water's gazetted service area incorporates 47,515 km² of the Eastern Cape Province, which includes most of the Amathole and Chris Hani district municipalities, the Ndlambe Local Municipality and smaller portions of the Sarah Baartman and Joe Gqabi district municipalities.



AMATOLA WATER: AREA OF OPERATION AND GAZETTED AREA



2. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

In terms of Section 39 (1) of the Water Services Act, every water board must prepare and adopt a Policy Statement which may be amended from time to time and revised every five years at a minimum.

Through its policies and strategies, Amatola Water will align with government policies as indicated in the preceding section.

In determining its priority areas, Amatola Water is guided by the priorities set out by the Department of Water and Sanitation but considers the local imperatives in terms of the water services needs of the Eastern Cape province. This is mainly guided by the provincial priorities as announced from time to time by the provincial government.

Amatola Water's strategic response to government policies and planning outcomes from 2020/21 to 2024/25 includes:

- a. Universal access to water and sanitation as a mechanism for ensuring the health and dignity of the citizens
- b. Reliable provision of safe water to enhance all economic activities in Amatola Water's area of operation
- c. Expansion of job opportunities as a contribution to the challenge of high unemployment
- d. Adoption and/or contribution to the District Development Model to realise the impact
- e. Implementation of adaptation and mitigation measures directly contributes to the country's climate change initiatives to enhance sustainability.

3. STRATEGY AND SELF-APPRAISAL OF AMATOLA WATER'S ACHIEVEMENTS

STRATEGY AND SELF-APPRAISAL OF AMATOLA WATER'S ACHIEVEMENTS

AMATOLA WATER'S STRATEGIC FOCUS



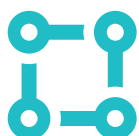
VISION

A leader in bulk water services in the Eastern Cape.



MISSION

To contribute to the Eastern Cape's socio-economic development by providing sustainable, safe and reliable water services.



VALUES

Amatola Water strives to live by the following values embodied within the seeks make

Organisational values represent the cultural footprint of an organisation and how it wishes to be perceived by its internal and external stakeholders. In line with the organisation's renewal efforts, embedding the values in every facet of the organisation includes keeping the values uppermost with employees by placing them on various communication platforms and integrating them into the performance management system at all levels.








| Values | Description |
|--|---|
| 1. Professionalism  | <p>Amatola Water demonstrates a commitment to professionalism in all interactions and dealings with stakeholders. Giving consideration and respect for others guides our manners and that is the main determination for the entity's character.</p> |
| 2. Accountability  | <p>Amatola Water takes full responsibility for our actions and strives to exceed expectations. The entity aims to make the right decisions and always honour its commitments.</p> |
| 3. Excellence  | <p>Amatola Water uses the best knowledge, understanding, and innovative thinking. The entity seeks continuous improvement in all that it does in the pursuit of excellence.</p> |
| 4. Innovation  | <p>Amatola Water strives to understand the customer's needs, embrace constant change in the sector and adapt to meeting those needs through creativity and new technology.</p> |
| 5. Stakeholder focus  | <p>Amatola Water recognises that stakeholders have an interest in the work it does and always strives to satisfy its stakeholders. Amatola Water is committed to listening and responding positively to their needs.</p> |
| 6. Team orientation  | <p>Amatola Water strives to work together to be more effective. It values individual strengths and talents but celebrates collaboration. Amatola Water employees collaborate towards a common goal and in the process inspire one another.</p> |
| 7. Integrity  | <p>Amatola Water strives to be honest in its dealings with one another and stakeholders. It prides itself on ethical conduct, and acts with openness and respect.</p> |

Table 3.1 Amatola Water Values

STRATEGIC OUTCOMES

Amatola Water recognises that stakeholders have an interest in the work it does and always strives to satisfy its stakeholders. Amatola Water is committed to listening and responding positively to their needs following for example, can deliver on its mandate efficiently and effectively.

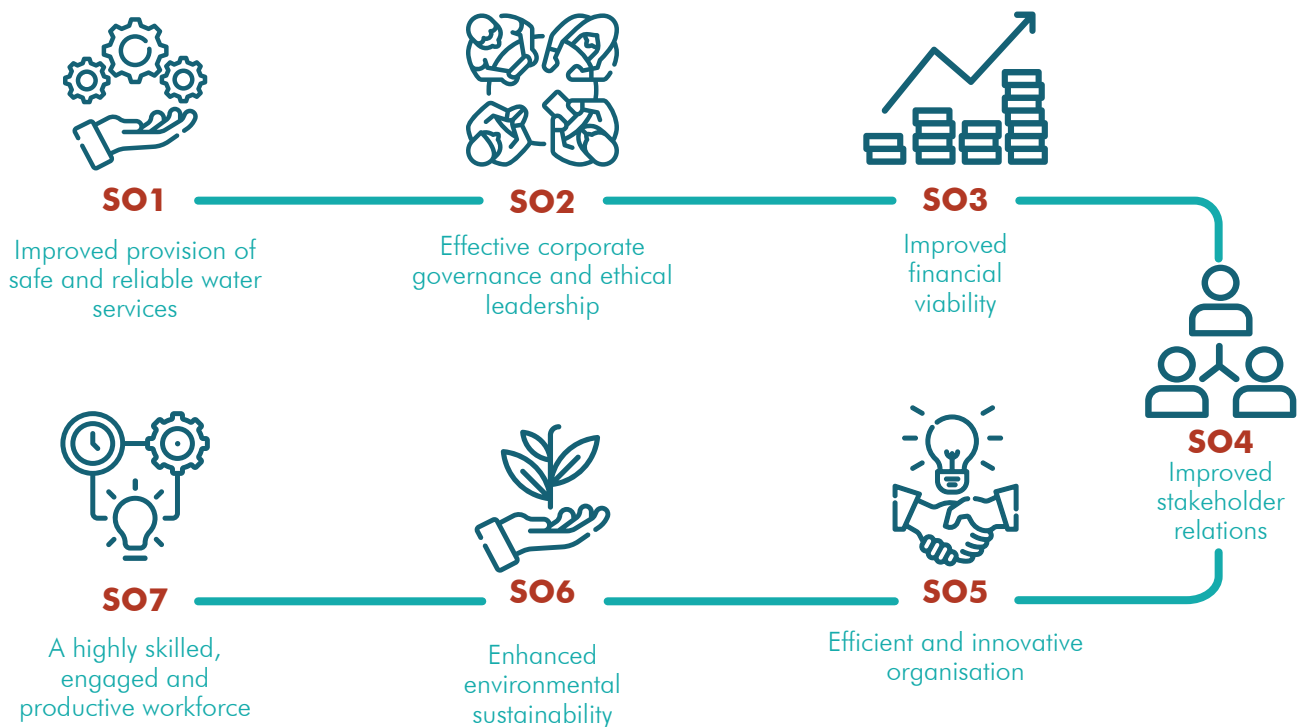


Figure 3.1 Amatola Water Strategic Outcomes

STRATEGIC APPROACH AND PERSPECTIVE

The SOs constitute the building blocks of the roadmap to the entity's desired end state as represented by its vision and mission statement. The SOs represent the entity's strategies, actions and collective efforts. In addition to the long-term focus on the approved strategic direction, the interim Board is convinced that to achieve these deliverables of a well-functioning water board, and more is needed.

Hence, the interim Board has opted to adopt a three-pillar focused intervention.

Here follows a representation of the short-term intervention plan that will stabilise the organisation while also laying a solid foundation for the incoming Board to ensure the institution's long-term sustainability.

| PILLAR 1 Creating Primary Business Focus | PILLAR 2 Strengthen Governance | PILLAR 3 Leadership Restoration |
|--|---|--|
| <ul style="list-style-type: none"> Resolve Amathole District Municipality issues relating to contract expiry and outstanding debt. Address and resolve Buffalo City Metropolitan Municipality's additional capacity request. Resolve Ndlambe Local Municipality water supply issues. Strengthen stakeholder management (political, clients and public). Consolidate and improve Amatola Water's financial position. Increase awareness of the effects of climate change. | <ul style="list-style-type: none"> Restore normal board functioning. Implement the audit improvement plan. Implement consequence management. Reorganise for modernisation. Restore systems, policies and standard operating procedures across the organisation including the systems of internal controls. | <ul style="list-style-type: none"> Fill the Chief Executive Officer and Chief Financial Officer posts. Fill critical core function posts (and governance-related posts). Facilitate leadership training. Strengthen workplace relations. |

Table 3.2: Interim Board Pillars.

MEASURING PERFORMANCE

INSTITUTIONAL PERFORMANCE INFORMATION

To ensure that Amatola Water achieves its strategic imperatives, it must deliver on seven strategic outcomes.

This section defines how Amatola Water intends to measure, manage and achieve its outcomes:

| STRATEGIC OUTCOMES (SOs) | |
|--------------------------|--|
| SO1 | Improved provision of safe and reliable water services |
| SO2 | Effective corporate governance and ethical leadership |
| SO3 | Improved financial viability |
| SO4 | Improved stakeholder relations |
| SO5 | Efficient and innovative organisation |
| SO6 | Enhanced environmental sustainability |
| SO7 | A highly-skilled, engaged and productive workforce |

Table 3.3: Strategic Outcomes (SOs).

MEASURING IMPACT

| | |
|------------------|---|
| IMPACT STATEMENT | Improved health, dignity and well-being of the people of Eastern Cape through the provision of safe and reliable water services |
|------------------|---|

MEASURING AMATOLA WATER STRATEGIC OUTCOMES

A technical assessment of the Strategic Plan, informed by the framework and guidelines for developing Strategic Plans and Annual Performance Plan (APP), established conflation of the outcome indicators in the organisation's Strategic Plan with output indicators in the APP.

The following table shows revised outcome indicators linked to the seven strategic outcome indicators. The process of strengthening outcome indicators for the sector is an ongoing sector-wide endeavour which the Department of Water and Sanitation (DWS) drives.

The following table shows the five-year targets for Amatola Water

| SO # | STRATEGIC OUTCOME | OUTCOME INDICATOR | AUDITED BASELINE (2020/21) | 5-YEAR TARGET |
|------|--|---|----------------------------|---------------|
| SO1 | Improved provision of safe and reliable water services | Number of water treatment plants achieving "GOOD & EXCELLENT" quality SANS 241:2015 | 9 | 7 |
| | | Percentage assurance of potable water supply | 98.63% | 98% |
| | | Number of Green Drop compliance for Amatola Water-owned plants | 9 | 7 |
| SO2 | Effective corporate governance and ethical leadership | Score of the external Board evaluation | New | 4 |
| | | Score of the Ethics Health Index (1-5) | New | 3 |
| | | Score of the Risk Maturity Assessment (1-5) | New | 3 |
| SO3 | Improved financial viability | Percentage growth in total revenue | -6.41% | 23% |
| | | Return on Assets | -10.27% | 1.19% |
| | | Solvency ratio | 2.62 | 5.27 |

| SO # | STRATEGIC OUTCOME | OUTCOME INDICATOR | AUDITED BASELINE (2020/21) | 5-YEAR TARGET |
|------|---|--|----------------------------|---------------|
| SO4 | Improved stakeholder relations | Percentage customer satisfaction level | 56.48% | 80% |
| SO5 | Effective and innovative organisation | Increase in customer base | New | 4 |
| | | Average turnaround times to resolve service delivery queries (in days) | New | 7 |
| SO6 | Enhanced environmental sustainability | Percentage reduction of carbon footprint | New | 1% |
| | | Number of facilities with renewable solutions | New | 5 |
| SO7 | A highly-skilled, engaged, and productive workforce | Score of the employee satisfaction survey | New | 80% |
| | | Staff turnover rate | New | 10% |
| | | Score of the Employee Productivity Index (1-5) | New | 3 |

Table 3.4: Outcome indicators and five-year targets.

EXPLANATION OF PLANNED PERFORMANCE OVER THE FIVE-YEAR PLANNING PERIOD

The realisation is that providing safe and reliable water services (Strategic Outcome SO1) to the water services authorities and providers will address a key priority of equitable water provision to previously un-serviced communities in the Eastern Cape. Access to clean drinking water is a constitutional obligation and a basic human right.

Strategic Outcome (SO) 6 (enhanced environmental sustainability) aligns with the government's goals of reducing greenhouse gas emissions and mitigating the impact of climate change.

Strategic Outcomes 2, 3, 4, 5 and 7 aim to strengthen Amatola Water's capacity and capability to implement the current administration's mandate in line with Priority 1 (capable, ethical and developmental state).

The following table shows the alignment of Amatola Water's Strategic Outcomes with the key government initiatives (Medium Term Strategic Framework, DWS Strategic Plan, and Provincial Development Plan)

| Strategic outcome | MTSF | DWS outcome | PDP goals |
|--|---|---|---|
| SO1: Improved provision of safe and reliable water services | <ul style="list-style-type: none"> • Priority 5: spatial integration, human settlements, and local government | <ul style="list-style-type: none"> • 2: Ecological infrastructure protected and restored • 6: Water redistributed for transformation | <ul style="list-style-type: none"> • Goal 2: An enabling infrastructure network • Goal 5: Environmental Sustainability: |
| SO2: Effective corporate governance and ethical leadership | <ul style="list-style-type: none"> • Priority 1: Building a capable, ethical and developmental state | <ul style="list-style-type: none"> • 1: Efficient, effective and development orientated department | <ul style="list-style-type: none"> • Goal 6: Capable democratic institutions |
| SO3: Improved financial viability | <ul style="list-style-type: none"> • Priority 1: Building a capable, ethical and developmental state | <ul style="list-style-type: none"> • 1: Efficient, effective and development orientated department | <ul style="list-style-type: none"> • Goal 6: Capable democratic institutions |
| SO4: Improved stakeholder relations | <ul style="list-style-type: none"> • Priority 1: Building a capable, ethical and developmental state | <ul style="list-style-type: none"> • 1: Efficient, effective and development orientated department • 2: Ecological infrastructure protected and restored | <ul style="list-style-type: none"> • Goal 6: Capable democratic institutions |
| SO5: Efficient and innovative organization | <ul style="list-style-type: none"> • Priority 1: Building a capable, ethical and developmental state | <ul style="list-style-type: none"> • 2: Ecological infrastructure protected and restored • 6: Water redistributed for transformation • 1: Efficient, effective and development orientated department | <ul style="list-style-type: none"> • Goal 6: Capable democratic institutions |
| SO6: Enhanced environmental sustainability | <ul style="list-style-type: none"> • Priority 5: spatial integration, human settlements and local government | <ul style="list-style-type: none"> • 2: Ecological infrastructure protected and restored | <ul style="list-style-type: none"> • Goal 5: Environmental Sustainability |
| SO7: A highly skilled, engaged, and productive workforce | <ul style="list-style-type: none"> • Priority 1: Building a capable, ethical and developmental state • Priority 3: Education, skills and health | <ul style="list-style-type: none"> • 1: Efficient, effective and development orientated department | <ul style="list-style-type: none"> • Goal 6: Capable democratic institutions |

Table 3.5: Alignment with key government initiatives.

Enablers for achieving the five-year targets

The key enablers that will facilitate the achievement of the targets include:

- Partnership and continuous engagement between Amatola Water, DWS, South African Police Services, water service authorities, water service providers and local communities in protecting the water infrastructure and eliminating acts of vandalism of the infrastructure
- Regular and up-to-date payment for services rendered by Amatola Water by its clients
- Improved water provision capacity
- Effective project and contract management
- Productive Amatola workforce and working environment for employees, contractors and other key partners
- Availability of budget to procure inputs required to operate and maintain water infrastructure
- Effective supply chain management and other internal business processes and systems
- Effective oversight by the Board and support from DWS
- Investment in the bulk and distribution infrastructure
- Partnerships with municipalities, sector departments, and financial development institutions for accessing funding for infrastructure development.
- Strengthening Amatola Water revenue management capabilities.

Outcomes contribution to achieving the intended impact

If Amatola Water employs a highly skilled, engaged, productive workforce, employs efficient business and operating systems, promotes and encourages innovation, works effectively and harmoniously with its stakeholders, is financially healthy and viable, undertakes its operations in an environmentally responsible and sustainable manner, ensures the provision of safe and reliable water services to its clients, then the organisation will contribute to the improved health, dignity and wellbeing of the people of the Eastern Cape.

4.ORGANISATIONAL MID-YEAR PERFORMANCE 2022/23 FINANCIAL YEAR

AMATOLA WATER ORGANISATIONAL PERFORMANCE 2022/23 FINANCIAL YEAR

The Amatola Water Annual Scorecard 2022/23 contains 40 predetermined performance targets for the second quarter (Q2). The results at the end of the Q2 showed that 56% of the overall corporate targets were achieved. In comparison with the Q1 actual outcome of 57%, the Q2 performance outcome showed a decline of 1% point.

The following graphic representation summarises Amatola Water's overall organisational performance outcome for the second quarter:

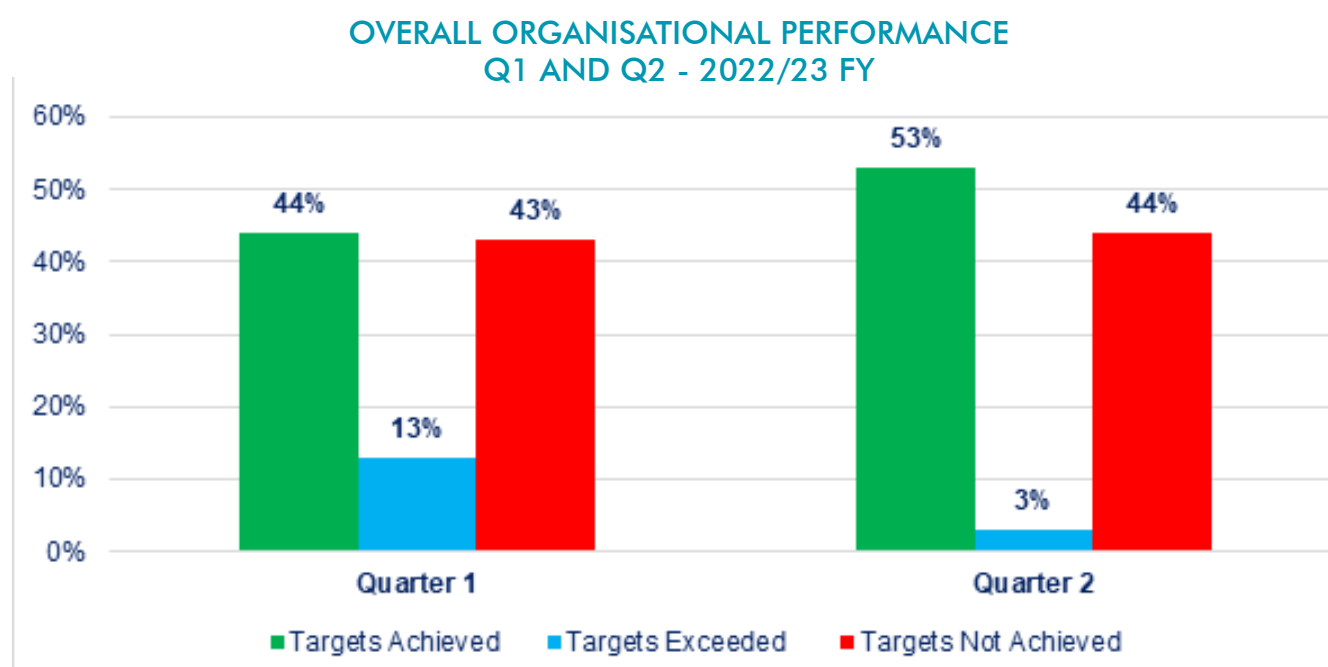


Figure 4.1: Organisational performance for Q1 and Q2 in the 2022/23 Financial Year

Strategic outcomes performance dashboard for Quarter 1 and 2 of the 2022/23 financial year

The strategic outcomes constitute the building blocks of the roadmap to the entity's desired end state as represented by its vision and mission statement. The strategic outcomes underpins the entity's strategies, actions, and collective efforts.

The following table and graph summaries the performance of strategic outcomes:

Q1 ANALYSIS OF PERFORMANCE BY STRATEGIC OUTCOMES

| Strategic outcome on | Description of the Strategic Outcome | Target achieved | Targets exceeded | Target not achieved | Target not achieved |
|----------------------|---|-----------------|------------------|---------------------|---------------------|
| SO1 | Improve the provision of safe and reliable water services | 5 | 2 | 2 | 9 |
| SO2 | Effective corporate governance and ethical leadership | 2 | 0 | 4 | 6 |
| SO3 | Improved financial viability | 3 | 2 | 10 | 15 |
| SO4 | Improved stakeholder relations | 1 | 0 | 0 | 1 |
| SO5 | Efficient and innovative organisation | 3 | 1 | 0 | 4 |
| SO7 | A highly skilled, engaged and productive workforce | 3 | 0 | 1 | 4 |
| | | 17 | 5 | 17 | 39 |

Table 4.1: Analysis of performance by strategic outcome for quarter 1 of 2022/23 FY.

There was no predetermined target during Quarter 1 for the Strategic Outcome 6: Enhanced environmental sustainability.

STRATEGIC OUTCOME PERFORMANCE, Q1 OF THE 2022/23 FY

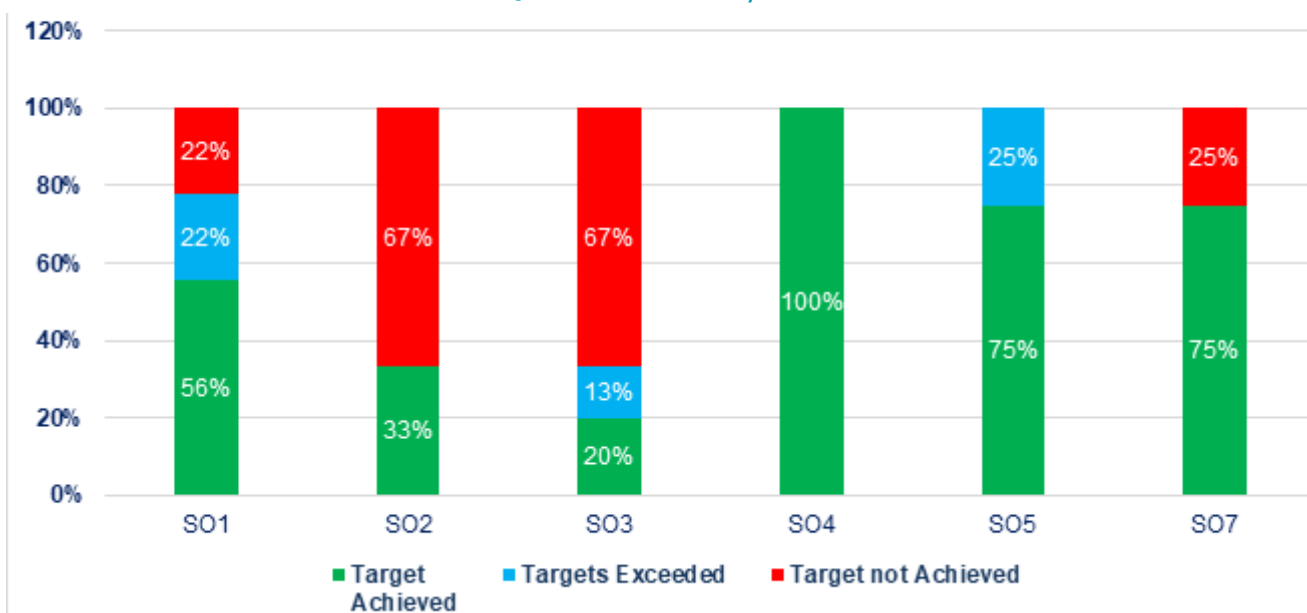


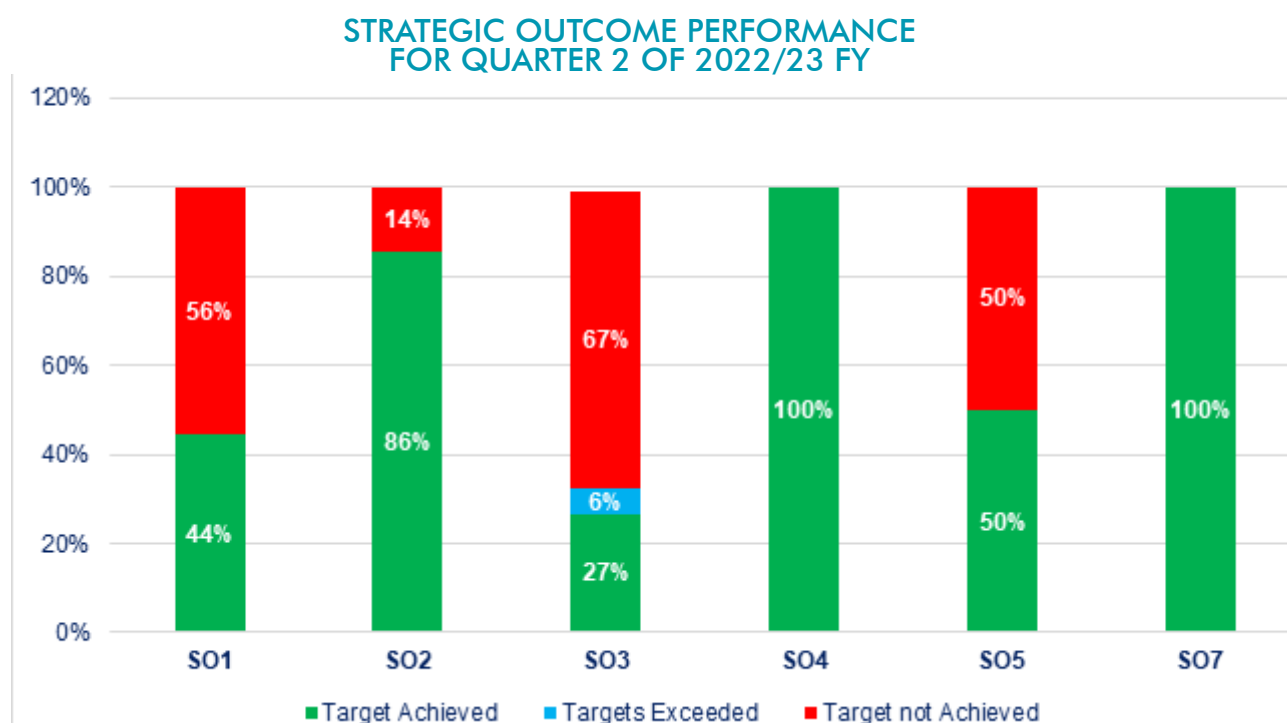
Figure 4.2: Q1 Performance analysis by Strategic Outcome

Q2 ANALYSIS OF PERFORMANCE BY STRATEGIC OUTCOMES

| Strategic outcome | Description of the Strategic Outcome | Target achieved | Targets exceeded | Target not achieved | Target not achieved |
|-------------------|---|-----------------|------------------|---------------------|---------------------|
| SO1 | Improve the provision of safe and reliable water services | 4 | 0 | 5 | 9 |
| SO2 | Effective corporate governance and ethical leadership | 6 | 0 | 1 | 7 |
| SO3 | Improved financial viability | 4 | 1 | 10 | 15 |
| SO4 | Improved stakeholder relations | 1 | 0 | 0 | 1 |
| SO5 | Efficient and innovative organisation | 2 | 0 | 2 | 4 |
| SO7 | A highly skilled, engaged and productive workforce | 4 | 0 | 0 | 4 |
| | | 21 | 1 | 18 | 40 |

Table 4.2: Analysis of performance by strategic outcome for quarter 2 of 2022/23 FY.

There was no predetermined target during Quarter 2 for the Strategic Outcome 6: Enhanced environmental sustainability.



Please see earlier correction regarding the legend and reading case

Figure 4.3: Q2 Strategic Outcome performance analysis

STRATEGIC OUTCOMES PERFORMANCE DASHBOARD FOR QUARTER 1 & 2 OF 2022/23 FINANCIAL YEAR

| Strategic Outcome | Output | Output indicator | Output indicator reference number | SHC/SC | Annual target 2022/23 | Target (Q1) | Actual result achieved Q1 | Target (Q2) | Actual result achieved Q2 |
|---|--|------------------|---|--------|-----------------------|-------------|---------------------------|-------------|---------------------------|
| SO1 Improve the provision of safe and reliable water services | Availability and accessibility to services sustained | | Number of AW plants achieving "GOOD & EXCELLENT" quality SANS 241:2015 Edition 2 in Table 4 | SHC | 7 | 7 | 7 | 7 | 5 |
| | | | Percentage assurance of potable water supply | SHC | 98% | 98% | 96% | 98% | 96.13% |
| | | | Percentage assurance of raw water supply | SHC | 98% | 98% | 59% | 98% | 60.1% |
| | | | Number of Ml/days sold | SC | 80Ml/day | 80Ml/day | 83.8Ml/day | 80Ml/day | 81.3Ml/day |
| | | | Percentage of total water losses on production and distribution | SHC | 14% | 14% | 14% | 14% | 15.97% |
| | | | Percentage of water service providers in the province contracted as customers | SHC | 30% | 30% | 38% | 30% | 38% |
| | | | Percentage of actual capex budget spend on expansion-related projects (initiatives by the Minister) | SHC | 80% | 20% | 25% | 40% | 34% |
| | | | Percentage progress against the Ministerial directives implementation plan | SHC | 80% | 20% | 100% | 40% | 100% |
| | | | Percentage of capex projects within target completion dates against planned number | SHC | 80% | 20% | 3.48% | 40% | 10.54% |

■ Target Achieved
 ■ Targets Exceeded
 ■ Target not Achieved

| Strategic Outcome | Output | Output indicator | Output indicator reference number | SHC/SC | Annual target 2022/23 | Target (Q1) | Actual result achieved Q1 | Target (Q2) | Actual result achieved Q2 |
|--|--------------------------|---|-----------------------------------|--------|-----------------------|-------------|---------------------------|-------------|---------------------------|
| SO2: Effective corporate governance and ethical leadership | Leadership effectiveness | | | | | | | | |
| | | Percentage compliance with planning and reporting timeframes | 4.1.11 | SHC | 100% | 100% | 100% | 100% | 100% |
| | | Percentage compliance with all Board and committee charter(s) provisions | 4.1.12 | SHC | 80% | 80% | 0.00% | 80% | 92% |
| | | Percentage of Board and Committee resolutions implemented | 4.1.13 | SHC | 80% | 80% | 0.00% | 80% | 87% |
| | | Percentage of compliance with applicable legislation | 4.1.14 | SHC | 80% | 60% | 0.00% | 60% | 62% |
| | | Percentage of policies reviewed within applicable timelines | 4.1.15 | SC | 90% | N/A | N/A | 45% | 79% |
| | | Percentage of risk management actions implemented | 4.1.17 | SHC | 80% | 80% | 0.00% | 80% | 75% |
| | | Percentage of information and communication technology (ICT) action plans implemented | 4.1.18 | SC | 80% | 80% | 87% | 80% | 87% |

■ Target Achieved

■ Targets Exceeded

■ Target not Achieved

| Strategic Outcome | Output | Output indicator | Output indicator reference number | SHC/SC | Annual target 2022/23 | Target (Q1) | Actual result achieved Q1 | Target (Q2) | Actual result achieved Q2 |
|-----------------------------------|----------------------|--|-----------------------------------|--------|-----------------------|-------------|---------------------------|-------------|---------------------------|
| SO3. Improved financial viability | Financial management | | | | | | | | |
| | | Percentage of growth in total revenue | 2.1.9 | SC | 51,14% | 37,37% | 0,62% | 42,35% | 1,58% |
| | | Current ratio | 1.1.1 | SHC | 1,37 | 1,37 | 1,35 | 1,37 | 1,27 |
| | | Gross profit margin (primary activity) | 1.1.2 | SHC | 34,19% | 25,46% | 11,80% | 26,64% | 4,79% |
| | | Gross profit margin (secondary activity) | 1.1.3 | SHC | 34,12% | 27,10% | -47,36% | 34,78% | -28,50% |
| | | Net profit margin (primary activity) | 1.1.5 | SHC | 1,89% | -10,04% | -21,01% | -3,62% | -29,59% |
| | | Net profit margin (secondary activity) | 1.1.6 | SHC | -10,25% | -14,21% | -129,99% | -9,46% | -121,15% |
| | | Debt equity | 1.1.7 | SHC | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% |
| | | Return on Assets | 1.1.8 | SHC | -2,54% | -0,32% | -2,04% | 0,68% | -5,27% |
| | | Debtor days | 1.1.9 | SHC | 98.19 days | 103.96 days | 156.69 days | 103.8 days | 156.98 days |
| | | Percentage variance on operating expenditure | 1.1.10 | SHC | 0,00% | 0,00% | 18,00% | 0,00% | 10,94% |
| | | Solvency ratio | 1.1.12 | SC | 5,34% | 5,34% | 5,91% | 5,34% | 5,09% |
| | | Creditor days | 1.1.13 | SC | 65.95 days | 64.08 days | 150.93 days | 67.33 days | 151.12 days |
| | | Repairs and maintenance as % of PPE and Investment Property (carrying value) | 1.1.14 | SHC | 1,56% | 0,60% | 0,33% | 0,89% | 0,65% |
| | | Actual B-BBEE spend as a % of total discretionary expenditure | 3.3.5 | SHC | 100% | 100% | 100% | 100% | 105% |
| | | Percentage of staff remuneration to total operating expenditure | 1.1.15 | SHC | 33,00% | 31,00% | 39,17% | 31,20% | 39,70% |

■ Target Achieved
 ■ Targets Exceeded
 ■ Target not Achieved

| Strategic Outcome | Output | Output indicator | Output indicator reference number | SHC/SC | Annual target 2022/23 | Target (Q1) | Actual result achieved Q1 | Target (Q2) | Actual result achieved Q2 |
|--|-----------------------------------|--|-----------------------------------|--------|-----------------------|----------------------|---------------------------|----------------------|---------------------------|
| SO4 Improved stakeholder relations | Stakeholder management | Number of community/school initiatives undertaken | 3.3.4 | SHC | 16 | 4 | 9 | 4 | 11 |
| | | Average number of days to report on tests performed | 5.1.1 | SC | 7 days | 7 days | 5,91 days | 7 days | 22.81 days |
| SO5 Efficient and innovative organisation | Organisational efficiency | Number of determinants SANAS accredited | 5.1.2 | SC | 36 | 16 | 16 | 26 | 16 |
| | | Percentage expenditure on maintenance of total primary business operating budget | 5.1.3 | SC | 8% | 8% | 12,86% | 8% | 10,36% |
| | | Electrical consumption over production ratio | 6.1.2 | SC | 0.88 kWh/cubic meter | 0.88 kWh/cubic meter | 0.878 kWh/cubic meter | 0.88 kWh/cubic meter | 0.88 kWh/cubic meter |
| SO7 A highly skilled, engaged and productive workforce | Effective and efficient workplace | Percentage implementation of a Human Resources Plan | 5.1.10 | SHC | 90% | 20% | 16,36% | 40% | 40% |
| | | Percentage implementation of the training and skills development programme/plan | 5.1.11 | SHC | 80% | 15% | 22% | 30% | 35% |
| | | Number of employee wellness initiatives implemented | 5.1.13 | SC | 4 | 1 | 1 | 1 | 1 |
| | | Percentage implementation of the performance management and development system | 5.1.14 | SC | 90% | 90% | 95% | 90% | 96% |

■ Target Achieved
 ■ Targets Exceeded
 ■ Target not Achieved

THE FOLLOWING TABLES PROVIDE A DETAILED EXPLANATION FOR THE TARGETS NOT ACHIEVED DURING Q2 AND REMEDIAL ACTION PLANS FOR IMPROVING CORPORATE PERFORMANCE:

| Strategic Outcome: SO1 – Improve the provision of safe and reliable water services | | | | | | |
|--|---|-------------------------|-------------------------|----------|--|---|
| Indicator number | Indicator description | Performance target (Q2) | Performance result (Q2) | Variance | Reasons for variance | Remedial action plan |
| 3.1.1 | Number of AW plants achieving “GOOD & EXCELLENT “quality SANS 241:2015 Edition 2 in Table 4 | 7 | 5 | -2 | The target was not achieved. 1. The system failures, which include the Desolving Air Filtration and Flocculation (DAFF) system at Laing 2. Failure of sand filters at Binfield - 2 that requires a sand top-up; all the sand filters require automation. 3. Failure of sand filters at Masincedane; three of the six sand filters are currently inoperational due to an electrical panel failure. The service provider is finding it difficult to find spare parts to refurbish the panel. 4. Continuous shortages of chlorine in the country have had a critical impact on the number of Amatola Water plants achieving “GOOD & EXCELLENT “quality SANS 241:2015 Edition 2 in Table 4 during the period under review. | 1. Repairs of the DAFF system at Laing will be finalised at the end of February 2023. 2. Automation of sand filters at Binfield will be finalised by the end of June 2023. 3. Sand filter repairs at Masincedane by the end of March 2023. 4. The new chemical contract is currently at the bid evaluation committee stage; it is expected to be awarded by the end of March 2023. |
| 3.2.1 | Percentage assurance of potable water supply | 98% | 96.13% | -1.87% | The target was not achieved. 1. Loadshedding continues to have a negative impact on plant production. 2. The Amatola Water water treatment works are currently running at designed capacity. | 1. Application for exemption from loadshedding at the Amatola water treatment works (WTW) was made to Eskom on 19 September 2022. Amatola Water is awaiting a response from Eskom (partial exemption has been implemented by Eskom for Albany, Laing and Nahoon). A second application was sent to Buffalo City Metropolitan Municipality (BCMm). |

| Strategic Outcome: SO1 - Improve the provision of safe and reliable water services | | | | | | |
|--|---|-------------------------|-------------------------|----------|--|--|
| Indicator number | Indicator description | Performance target (Q2) | Performance result (Q2) | Variance | Reasons for variance | Remedial action plan |
| | | | | | | <p>BCMM indicated the infrastructure will require modification and they will conduct an assessment because it is embedded with other users (BCMM could provide no time lines). As at 10 January 2023, BCMM requested the relevant account numbers of pump stations to facilitate the loadshedding exception of these pump stations.</p> <p>2. The package plants were awarded by the bid adjunction committee in November 2022. The delivery of goods and services is expected in six weeks (Q3) if no objections are raised.</p> |
| 2.1.2 | Percentage of total water losses on production and distribution | 14% | 15.97% | -1.97% | <p>The target was not achieved due to:</p> <ol style="list-style-type: none"> 1. Frequent system stop/start of systems due to Eskom load shedding, contributes to continuous pipe breaks on the scheme system, which results in higher water losses. 2. Equipment failure, pipe bursts, and non-availability of communication network systems have directly impact the response time for water losses. | <ol style="list-style-type: none"> 1. Ongoing communication regarding the Eskom exception 2. Re-configuration of pipeline team's working hours in line with possible shift work to avoid capacity shortages. <ol style="list-style-type: none"> a. Repairs on Tsholomnqa line to be completed on 20 May 2023. b. The tender to increase the Sandile pipeline will close on 3 February 2023; this will increase the conveyance capacity and reduce the pipebursts. c. Amatola Water is working with South African National Roads Agency (SANRAL) to relocate the N2 road crossing to Bhisho on 30 November 2023. d. Replacement of river crossings pipes at Mtati, Mgwelana, Mphokweni are currently at the bid evaluation stage and are expected to be completed in November 2023 |

| Strategic Outcome: SO1 - Improve the provision of safe and reliable water services | | | | | | |
|--|--|-------------------------|-------------------------|----------|--|---|
| Indicator number | Indicator description | Performance target (Q2) | Performance result (Q2) | Variance | Reasons for variance | Remedial action plan |
| 2.1.8 | Percentage of actual capex budget spend on expansion-related projects (initiatives by the Minister | 40% | 34% | -6% | The target was not achieved. Although the Nootitdaght project is 100% complete, outstanding payments are still due to the contractor and the PSP for professional fees, mechanical and electrical work. During Q2, payment certificates have slowed due to the limited construction activity based on the finalisation process of the optimising the settling tanks. | The process of optimising the settling tanks which will be completed at the end of January 2023. |
| 2.1.7 | Percentage of capex projects within target completion dates against planned number | 40% | 10.54% | -29.46% | <p>The target was not achieved.</p> <p>1. Amatola Water pipelines: The procurement process for one pipeline could not be completed as the bid evaluation was completed after the date provided in the National Treasury instruction note.</p> <p>2. Amatola Water upgrades: a. Debe Phase 2C: The project is almost complete. Delays on the final inspection and handover due to an inlet alteration required at the Far East Reservoir which will resolve the low flow noted on the pumping main. b. Binfield: There have been delays in the completion of projects due to slow progress on site. The professional service provider (PSP) held discussions with Amatola Water and contractors to discuss a catchup plan to conclude the projects. c. Sandile: The rising main from the wastewater treatment works to the British Ridge contract is a new project. It commenced in Q2 with planning and procurement.</p> | <p>1. Amatola Water pipelines: The procurement process will be completed in January for awarding. The Request for Quotation (RFQ) for the Nahoon pipeline will be advertised for a third time in January 2023. Previous RFQs were non-responsive.</p> <p>2. Amatola Water upgrades: a. Debe Phase 2C: The PSP is preparing detailed drawings and BOQ for Amatola Water to prepare a VO for the alteration in January 2023. b. Binfield: Due to civil contract glitches, the final handover will be completed in January 2023. A M&E contract will complete all installations in February 2023.</p> <p>3. Coffee Bay: The M&E programme will be accelerated, and progress to be monitored by Project Management Unit. Amatola Water management to engage with the Hawks team on way forward on civils project. Amatola Water is finalising the termination account, which will be completed by 14 February 2023.</p> |

| Strategic Outcome: SO1 - Improve the provision of safe and reliable water services | | | | | | |
|--|-----------------------|-------------------------|-------------------------|----------|---|---|
| Indicator number | Indicator description | Performance target (Q2) | Performance result (Q2) | Variance | Reasons for variance | Remedial action plan |
| | | | | | <p>3. Coffee Bay: The civils contract remains under investigation by the Hawks. The M&E contractor was appointed in December 2022.</p> <p>4. Drought: Delays in budget approval have hampered the project’s progress. Amatola Water submitted a request for an additional budget but was not approved by the end of Q2.</p> <p>5. James Kleynhans: A new procurement process was initiated due to the non-eligibility of previous bids.</p> <p>6. KSD: Contractual disputes between OR Tambo District Municipality (ORTDM) and Amatola Water. It impacted the Amatola Water procurement process.</p> <p>7. Kirkwood: Tender documentation was completed in December 2022 but could not be presented to the bid steering committee before the shutdown period began on 15 December 2022) due to other organisational project backlogs.</p> <p>8. Misgund: The contractor established the site on 13 December 2022 and commenced construction activities; the contractor only achieved site establishment (5%).</p> <p>9. Ndlambe: AW is no longer the implementing agency (IA) on this project. Amatola Water was terminated on 6 December 2022 due to a lack of capacity and poor performance.</p> | <p>4. Drought: Budget confirmation was received in January 2023. Amatola Water aims to spend the remaining budget in Q3.</p> <p>5. James Kleynhans: The process was closed in December 2022. A contractor will commence on 18 January 2023, with construction set to be completed by September 2023.</p> <p>6. King Sabata Dalindyebo (KSD) Local Municipality: The municipality’s resolved to procure future contracts from 20 December 2022; Amatola Water will continue with the current contracts.</p> <p>7. Kirkwood: Anticipated date for the award is the end of February 2023 whereafter progress and expenditure will be monitored and accelerated during Q3. The contract is 12 months.</p> <p>8. Misgund: Progress and expenditure will be monitored and accelerated from January 2023. The contract duration is for six months with a completion date set for the end of July 2023.</p> <p>9. Paterson: The PSP was paid their overdue fees on 4 November 2022. Construction will be monitored and accelerated; the completion date is 31 March 2023, as per the revised construction work programme.</p> <p>10. Sterkspruit: Amatola Water and the Joe Gqabi District Municipality have ensured that contractual obligations (including payments) are met. Zero expenditure is due to the contractor’s rework (Testing and fixing leaks). Payments were made in January 2023 with bridging finance from Amatola Water. The contractor has been on site as from 20 October 2022.</p> |

| Strategic Outcome: SO1 - Improve the provision of safe and reliable water services | | | | | | |
|--|---|-------------------------|-------------------------|----------|---|--|
| Indicator number | Indicator description | Performance target (Q2) | Performance result (Q2) | Variance | Reasons for variance | Remedial action plan |
| | | | | | <p>10. Paterson: All contractual issues have been resolved; the PSP and contractor returned to the site on 24 November 2022.</p> <p>11. Sterkspruit: Late payments have hampered the project's progress (the October 2022 payment was paid in January 2023).</p> <p>12. Water tankers: The new project commenced in Q2 with planning and procurement.</p> <p>13. Zalu Dam: The new project commenced in Q2 with planning and procurement.</p> | |
| 4.1.17 | Percentage of risk management actions implemented | 80% | 75% | -5% | <p>The target was not achieved.</p> <p>The absence of a Risk and Compliance Manager to coordinate risk management functions led to:</p> <p>1. Internal audit being unable to audit Q1's Risk Management Report; the Strategic Risk Register was not updated.</p> <p>2. Delays in finalising the update and development of Operational Risk Registers for the divisions.</p> | <p>1. The Risk and Compliance Manager assumed duties during the last month of Q2 (1 December 2022).</p> <p>2. The review of the operational risk registers has commenced; it is anticipated it will be completed at the end of March 2023.</p> <p>3. Internal Audit review's of Risk Management (update on Strategic Risk Register) will be conducted from Q3.</p> |
| 2.1.9 | Percentage of growth in total revenue | 42.35% | 1.58% | -40.77% | <p>The target was not achieved.</p> <p>This is due to ongoing loadshedding and delays in the procurement of the packaged modular plant rent-to-own for Buffalo City Metropolitan Municipality additional volumes requested in response to the Pillar 1 of Interim Board Intervention.</p> | <p>The package plants were awarded by bid adjudication committee in November 2022; the delivery of goods and services is expected in six weeks (Q3) if no objections are raised.</p> |

| Strategic Outcome: SO1 - Improve the provision of safe and reliable water services | | | | | | |
|--|--|-------------------------|-------------------------|----------|--|---|
| Indicator number | Indicator description | Performance target (Q2) | Performance result (Q2) | Variance | Reasons for variance | Remedial action plan |
| 1.1.1 | Current ratio | 1.37 | 1.27 | -0.10 | <p>The target was not achieved.</p> <p>The underperformance was a result of Cash and Cash Equivalents of planned cash receipts from the Amathole District Municipality (ADM) amounting to R30m which did not materialise in Q1. In December 2022, ADM paid R31m.</p> | DWS is piloting the Institutional Credit Control and Revenue Management Framework (ICCRMF) from Q3 to Q4 of the 2022/23 FY. A cabinet memo, drafted by DWS, relates to agreements with all water boards, National Treasury and Department of Cooperative Governance and Traditional Affairs (COGTA) to enforce municipalities to pay. |
| 1.1.2 | Gross profit margin (primary activity) | 26.64% | 4.79% | -21.85% | The target was not achieved. | The package plants were awarded by the bid adjudication committee in November 2022; the delivery of goods and services are expected in Q3 if no objections are raised by tenderers. |
| 1.1.5 | Net profit margin (primary activity) | -3.62% | -29.59% | -25.97% | This is due to ongoing loadshedding and delays in procuring packaged modular plant rent-to-own for BCMM additional volumes requested in response to the Pillar 1 of Interim Board Intervention. | |
| 1.1.3 | Gross profit margin (secondary activity) | 34.78% | -28.50% | -63.28% | Refer to percentage of capex projects within target completion dates against planned number key performance indicator (KPI) 2.1.7 for an explanation | Refer to percentage of capex projects within target completion dates against the planned number KPI 2.1.7 for the remedial action plan. |
| 1.1.6 | Net profit margin (secondary activity) | -9.46% | -121.15% | 111.69% | Refer to gross profit primary activity KPI 1.1.3 for an explanation. | Refer to gross profit primary activity KPI 1.1.3 for the remedial action plan. |
| 1.1.8 | Return on Assets | 0.68% | -5.27% | -5.95% | <p>The target was not achieved due to the higher than planned deficit.</p> <p>The deficit was a result of revenue not being achieved</p> | Amatola Water is revising the 2022/23 budget, which is to be concluded in January 2023. |

| Strategic Outcome: SO1 - Improve the provision of safe and reliable water services | | | | | | |
|--|---|-------------------------|-------------------------|--------------|---|---|
| Indicator number | Indicator description | Performance target (Q2) | Performance result (Q2) | Variance | Reasons for variance | Remedial action plan |
| 1.1.9 | Debtors' days | 103.84 days | 156.98 days | - 53.14 days | The target was not achieved. The underperformance in debtors' days is as the result of outstanding ADM debt of R271m (R226m over 120 days). | 1.DWS is piloting the Institutional Credit Control and Revenue Management Framework (ICCRMF) from Q3 to Q4 of the 2022/23 FY. A cabinet memo drafted by DWS relates to agreements with all water boards, National Treasury and COGTA to enforce municipalities to pay. 2.Management will continue engaging ADM to recover the outstanding debt to improve the debtor days. |
| 1.1.13 | Creditors' days | 67.33 days | 151.12 days | -83.79 days | The target was not achieved. The underperformance on creditor days is a result of outstanding debt amounting to R259m (120 days) owed to the DWS for bulk water purchases, including research levies. | Amatola Water continues to honour DWS on a monthly basis in respect of current billing. DWS payments are made on receipt of ADM's long outstanding debt. |
| 1.1.15 | Percentage of staff remuneration to total operating expenditure | 31.20% | 39.70% | -8.50% | The target was not achieved. During Q1 and Q2, there was underexpenditure in total input costs against the operating budget due to the challenges experienced in procuring goods and services. Staff remuneration has been within budget and not affected by procurement delays. | 1.The budget will be revised due to the changes in the procurement plan. 2.Management will continue to monitor staff-related discretionary spend (overtime, subsistence and travel expenses), which should not exceed the budget. |
| 5.1.1 | Average number of days to report on tests performed | 7 days | 22.81 days | -15.81 days | The target was not achieved. This is due to the ICP instrument breaking during November 2022, coupled with the delays to generate and send a purchase order to the supplier. | The supplier serviced the instrument on 20 December 2022. Unfortunately, it was late to cover the backlog before the end of Q2. |
| 5.1.2 | Number of determinants South African National Accreditation System (SANAS) accredited | 26 | 16 | -10 | Target was not achieved. The assessment could not be conducted by SANAS in Q2. SANAS only responded in November 2022 to the request for an assessment by Amatola Water. | The assessment date of additional determinants for accreditation is set to take place on 23 January 2023. |

5. DIRECTIVES BY MINISTER

DIRECTIVES BY MINISTER

Nature of the directive

Amatola Water is implementing one directive (as defined in Section 41 of the Water Services Act) from the Minister of Water and Sanitation. It relates to the implementation of Phase 3 of the Nooitgedagt/Coega Low-Level Scheme in the Nelson Mandela Bay Metropolitan Municipality (NMBMM).

Implications of the directive

Implement Phase 3 of Nooitgedagt/Coega Low-Level Scheme at NMBMM. The municipality has high water demand due to its population of approximately 1,1 million people and extensive industrial development, including the Coega Industrial Development Zone and several smaller towns within the Kouga Municipality Area. The current Nooitgedagt/Coega Low-Level Scheme (NCLSS) will improve water security in the metro and surrounding municipalities.

Progress with implementing the directive

- The project commenced in May 2017 and reached practical completion in September 2022, producing 70ML/d.
- The final completion certificate will be issued by 30 June 2023.



6. PARTICIPATION IN COMPANIES, TRUSTS, JOINT VENTURES AND TRANSACTIONS

At the time of the drafting of the Corporate Plan, Amatola Water does not envisage participating in any separate company, trust, joint venture or similar transaction in the implementation of its strategy over the next five years.

7. WATER RESOURCES DEVELOPMENT AND INTER-BASIN TRANSFER SCHEMES

WATER RESOURCES DEVELOPMENT AND INTER-BASIN TRANSFER SCHEMES

Water resource development and inter-basin transfers form part of Amatola Water's primary business. The business is implemented by increasing its available water resources to achieve primary business growth and through its annual dam management contract with the Department of Water and Sanitation (DWS).

The dam management contract has a direct impact on the organisation's primary business in terms of raw water adequacy and quality control.

Contractual obligation with the Department of Water and Sanitation

Amatola Water has a contract with the DWS. The Department supplies bulk raw water to Amatola Water who operates and maintains 21 state dams.

Raw water supply agreements

The raw water supplied to Amatola Water is licensed by the Department of Water and Sanitation and is managed by registering the volume of water required.

Operating and maintenance management of dams agreement

The Operation and Maintenance Management Agreement is between Amatola Water and the DWS to manage the 21 dams within its area of operation commenced at the inception of Amatola Water. The agreement remains in effect until terminated by mutual agreement with a one-year notice period. The contract requires Amatola Water to maintain the 21 dams on behalf of the DWS in line with an annually reviewed and approved budget.

Projected demand

Description of major consumers/consumer groups and projected demand

The following table indicates the registered raw water use and the projected raw water demands in cubic meters per annum:

| Amatola Water - Projected raw water demand in m3/annum | | | | | | | | | |
|--|--|-----------------------------|------------|------------|------------|------------|------------|--|--|
| WTW | Dam and registered abstractions | Licensed/ Registered volume | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | | |
| Nahoon + Wriggleswade Dam | Nahoon Dam (8,409,965) + Wriggleswade Dam (14,590,145) = Amatole System Tot = (23,000,110) | 23,000,110 | 9,871,804 | 9,970,522 | 10,070,228 | 12,316,890 | 12,623,536 | | |
| Laing | Laing Dam | 8,400,000 | 10,268,125 | 10,370,806 | 10,474,514 | 11,463,045 | 12,186,009 | | |
| Sandile | Sandile Dam | 13,558,000 | 7,422,601 | 7,496,827 | 7,571,795 | 7,509,586 | 8,014,094 | | |
| Peddle Regional | Sandile Dam | 3,700,000 | 2,752,092 | 2,779,613 | 2,807,409 | 3,116,559 | 3,293,147 | | |
| Qonce (BCMM) | Rooikrantz Dam | 4,530,000 | 4,609,204 | 4,655,296 | 4,701,849 | 4,748,867 | 4,796,356 | | |
| Debe | Debe Dam | 680,000 | 301,535 | 681,818 | 688,636 | 695,523 | 702,478 | | |
| Binfield | Binfield Park Dam | 2,370,000 | 1,690,641 | 1,707,547 | 1,724,623 | 1,741,869 | 1,759,288 | | |
| Binfield (Dikeni - ADM) | Binfield Park Dam | 0 | 2,702,108 | 2,729,129 | 2,756,420 | 2,783,984 | 2,811,824 | | |
| Masinedane | Mnyameni Dam | 1,600,000 | 1,596,478 | 1,650,645 | 1,707,263 | 1,766,454 | 1,828,342 | | |
| Stutterheim (ADM) | Gubu Dam | 1,100,000 | 2,083,813 | 2,104,651 | 2,125,698 | 2,146,955 | 2,168,424 | | |
| Glenmore | Glen Melville/ Glen Boyd Dams | 180,000 | 243,619 | 246,055 | 248,516 | 251,001 | 253,511 | | |
| Boesmans River | Albany Coast RO Plant + Wells | 724,226 | 913,698 | 922,836 | 932,064 | 941,385 | 950,799 | | |
| Dabi | Dabi Dam | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | | |

Table 7.1: Projected raw water demand in m3/annum

WATER CONSERVATION ON SOURCE

Amathole Bulk Water Supply System

Nahoon/Laing/Wriggleswade/Bridledrift (BCMM)/Rooikrantz/ Maden/Gubu dams

These dams form part of the Amathole System. Amatola Water monitored water losses within this bulk treatment and distribution system since its inception. Amatola Water has also been assisting DWS with the control of water hyacinth at the Laing and Wriggleswade dams.

Keiskamma Catchment/Sandile/Debe/Mnyameni/Cata/Pleasant View/Binfield Park dams

These dams are located within the Keiskamma River Catchment. Numerous water conservation interventions are underway at each dam.

Sandile Dam

The Sandile Dam supplies raw water to the Sandile and Peddie Regional Water Treatment Works (WTW) for potable use. Raw water is released from Sandile Dam via the Keiskamma River to Craighead Weir from where it is pumped to the Peddie WTW.

To ensure sufficient water availability at the Craighead Weir, Amatola Water releases a constant stream of 210 l/s (6,6 million cubic meters per annum or 550,000 cubic meters per month) from the Sandile Dam.

Between the Sandile Dam and Craighead Weir, there are significant water losses on route, due to the absence of a proper water use monitoring system (water meters to measure irrigation water use) by the DWS. The Craighead Weir is approximately 143 kilometres downstream of the Sandile Dam. As there is limited monitoring of the farmer abstractions by the DWS, it is difficult for Amatola Water to determine what the correct release should be for the system. Stricter monitoring of the farmer water abstraction by the DWS would enable the continued releases to be more accurately defined and implemented.

The original plan to provide Ndlambe with potable water from the planned Sandile Regional Scheme was revisited during 2018/19. The DWS decided not to approve additional water from Sandile Dam to supplement water supply to the Ndlambe Municipality. The result is that the enlarged Sandile Water Treatment Works will only be used to supplement potable water supplies to the Buffalo City Metropolitan Municipality (BCMM) and the Amathole District Municipality (ADM).

Debe Nek Dam

The Debe Nek Dam supplies raw water to the Debe WTW for potable water production. Due to the drought, Amatola Water was unable to provide bulk water due to the low level of dam since October 2021. Amatola Water continues to manage the water losses on the bulk conveyance systems.

Mnyameni Dam

The Mnyameni Dam supplies raw water to the Masincedane WTW. The area supplied by the Upper Mnyameni WTW is now supplied from the Masincedane WTW. A portion of the available Mnyameni Dam yield is allocated for irrigation purposes, supplying the high lying agricultural lands of Keiskammahoek. Amatola Water monitors water losses within the two schemes on a continual basis.

Cata Dam

The Cata Dam's available yield is solely dedicated to irrigation in Keiskammahoek. None of the farming off-take agreements are metered. This is typical of the DWS schemes that do not have any control systems to monitor the water use by the various farming units. The installation of meters will enable proper introduction of a water loss monitoring system for the irrigation scheme.

Pleasant View and Binfield Park Dams

The Pleasant View Dam is kept at a level of up to 50% of its capacity due to dam safety issues. There are no significant water conservation issues at this resource.

Binfield Park Dam

The Binfield Park Dam provides raw water for irrigation, domestic and industrial use. Raw water is treated at the Binfield Park and the Dikeni WTW, providing potable water to Dikeni and villages within the Gaga Tyume area. The monitoring of distribution losses is now a function of the ADM as the owner of the bulk distribution infrastructure.

The volume of raw water abstracted from the raw water pipeline between Binfield Park Dam and Dikeni for irrigation purposes are not monitored. A raw water meter has been installed at the dam to monitor total monthly raw water abstractions. The installation of bulk raw water meters on farmer off-takes might reduce raw water losses. A proper monitoring system for all raw water abstraction could promote major raw water savings.

Glenmore System

The Glenmore WTW abstracts water from the Glen Boyd Dam irrigation pipeline which forms part of the Lower Fish Government Water Scheme, The Glen Melville Dam is a main source. Annual water use is in the order of 300,000 cubic meters per annum and losses are minimal. The bulk distribution system is under the management of the ADM.

Bushman's River System

The Albany Reverse Osmosis WTW abstracts water from sea wells (boreholes within the river mouth dunes) and some boreholes from the Diaz Cross Well system. All abstraction points are metered. Amatola Water has also created a water balance monitoring system to monitor the operational efficiency of the reverse osmosis plant.

RAW WATER SUPPLY TO LOCAL MUNICIPALITIES

Amatola Water manages raw water supply on behalf of the DWS, and supplies to the following municipalities, in line with the projected water demands:

BUFFALO CITY METROPOLITAN MUNICIPALITY

| m3/annum | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| SOURCE | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Rooikrantz Dam (King William's Town WTW) | 4,473,000 | 4,517,730 | 4,562,907 | 4,608,536 | 4,654,622 |

Table 7.2 Projected water demand for BCMM

RAYMOND MHLABA LOCAL MUNICIPALITY (ADM)

| m3/annum | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|
| SOURCE | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| Binfield Dam (to Alice WTW) | -2,148,763 | -2,170,251 | -2,191,954 | -2,213,873 | -2,236,012 |

Table 7.3 Projected water demand for Raymond Mhlaba Municipality

AMAHLATHI LOCAL MUNICIPALITY (ADM)

| m3/annum | | | | | |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| SOURCE | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Gubu Dam (to Stutterheim WTW) | 2,083,813 | 2,104,651 | 2,125,698 | 2,146,955 | 2,168,424 |

Table 7.4: Projected water demand for Amahlathi Local Municipality

Raw water is used by the various municipalities to produce potable water for consumers.

Industry

Da Gama Textiles is the only major industry supplied with raw water (from the Rooikrantz Dam) by Amatola Water. Expected annual demand follows:

| m3/annum | | | | | |
|----------------|---------|---------|---------|---------|---------|
| SOURCE | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Rooikrantz Dam | 542,420 | 547,844 | 553,322 | 558,856 | 560,709 |

Table 7.5: Projected water demand for the industry

Individual/Industrial/Irrigation consumers

Individual customers on-route the Nahoon Rising Main supply potable water to several farmers. Small volumes of the potable supply are supplied to nearby industry. Furthermore, two farmers are utilising small volumes per month for micro-irrigation use. The expected demand is outlined as:

| SOURCE | m3/annum | | | | 2026/27 |
|------------|----------|---------|---------|---------|---------|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | |
| Nahoon Dam | 60,000 | 60,600 | 61,206 | 61,818 | 62,436 |

Table 7.6: Projected water demand for Individual/Industrial/Irrigation consumers

GROWTH IN WATER DEMAND

General

In determining the projected demands, cognisance has been taken of the growth arising from:

- New water supplies to communities as part of eliminating a backlog
- The need for improved levels of service from communities
- Natural population growth.

A key consideration that will influence demand in the future is the requirement for improved levels of service. The National Development Plan prescribes that by 2030 every household should have access to running water. Amatola Water has referred to the Guidelines for Human Settlement Planning and Design to determine an appropriate level of water supply to support the 2030 vision.

Over the next five years, Amatola Water is positioning itself to be able to supply a minimum bulk supply per household per day in line with the current legislative requirements.

This will be achieved in part through the augmentation of water treatment, bulk infrastructure distribution, and storage capacities. This augmentation is an absolute necessity as several the water treatment plants are operated above 100% of their treatment capacity. At the same time, Amatola Water will continue to place a concerted effort on improving water demand management and conservation interventions.

Amathole Bulk Water Supply System

Nahoon/Laing/Wriggleswade/Bridle Drift/Rooikrantz/Maden/Gubu Dams

Growth in water demand for the Amathole System is discussed under the Water Resources Inter-Basin Transfer Supply Scheme Supply Capacity and Development section.

Keiskamma Catchment

Sandile/Debe/Mnyameni/Cata/Pleasant View/Binfield Park Dams These dams are located within the Keiskamma River catchment.

Sandile Dam

The Planning Review Report of 1987 for the Sandile Regional Water Supply Scheme states the safe yield for the Sandile Dam is 18 million cubic meters per annum, of which 11,6 million cubic meters per annum, at an assurance level of 98%, is for domestic use. The balance is earmarked for irrigation at an assurance level of 90%.

The report also states that the Sandile WTW has been designed and constructed so that it can double its treatment capacity in the future. The Sandile and Peddie Regional WTWs operate at 100% or more of their treatment capacity. Therefore, there is a need to increase the treatment capacity at both works.

The current domestic allocation from the dam is deemed for the supply of the current users, such as BCMM and ADM. There is no surplus yield available from the Sandile Dam that can be allocated to the Ndlambe Municipality.

The potential dam-raising options were analysed for Sandile Dam, taking into account expected long-term water demand requirements. The historical firm yield for Sandile Dam is estimated to be 20 million m³/a. The historical firm yield for the Sandile Dam if raised by 4 metres is estimated to be 24,8 million m³/a; and if raised by 10 metres is estimated to be 27,6 million m³/a. A critical intervention for the next five years will be the consideration of the augmentation of the Sandile Dam to meet the expected future demand.

Debe Dam

The current domestic demand from Debe Dam is in the order of 0,9 million cubic meters per annum. To meet the expanded medium to long-term potable water requirements, Amatola Water has appointed consultants to increase treatment capacity from 1,5 Ml/day to 5,0 Ml/day. This action will increase the demand for raw water supply for domestic purposes from the current 0,900 million cubic meters per annum to 1.825 million cubic meters per annum from the Debe Dam. The dam does not have sufficient capacity to accommodate the full increase in demand as originally planned.

Revised studies show the safe yield is 0,73 million cubic meters per annum. This implies a shortfall in available raw water for the long-term planning horizon should raw water demand increase above the current safe yield levels. With the augmentation of the Sandile Regional Scheme, there is an opportunity to supplement the shortfall in available yield to this area from the new Sandile gravity pipeline. This option has been built into the current Sandile Augmentation Scheme.

Mnyameni Dam

The current domestic and industrial demand by the Upper Mnyameni and Masincedane WTWs from the Mnyameni Dam is in the order of 1.60 million cubic meters per annum. To meet the expanded medium to long-term potable water requirements, Amatola Water has increased treatment capacity at the works from 4.0 ML/day to 6.0 ML/day. This action will increase the demand for raw water supply for domestic purposes from Mnyameni Dam from the current 1,60 million cubic meters per annum to 1,82 million cubic meters per annum.

The current irrigation allocation from the Mnyameni Dam is 0,7 million cubic meters per annum. The recent DWS (2014 Operating Rules for Keiskamma A) study indicates the safe yield is in the order of 1,8 million cubic metres per annum, reflecting a possible shortfall. The matter around the relevant approved water allocations for domestic versus irrigation water use is being discussed at regional level.

Cata Dam

The Cata Dam is the only dam that supplies irrigation water to farmers in the Keiskammahoek Valley and is therefore not part of Amatola Water's current water demand planning.

Pleasant View and Binfield Park Dams

The Pleasant View Dam is not in use at the moment.

Binfield Park Dam

The current domestic and industrial demand from the Binfield Park Dam is in the order of 4,5 million cubic metres per annum. To meet the expanded medium to long-term potable water requirements, Amatola Water is in the process of increasing the treatment capacity from 4,8 ML/d to 10 ML/day. This action will increase the total raw water demand for domestic purposes from Binfield Park Dam to 5,2 million cubic metres per annum. This is well within the firm yield of 16,5 million cubic meters per annum for the dam.

Glenmore System

There is very little growth expected within this scheme. There are, however, plans to link the scheme with the Peddie Regional Scheme within the next four years. This intervention will have the benefit of increasing regional economies of scale, thus, improving long-term sustainability.

Bushman's River System

The options to expand the capacity of the plant will be investigated with the purpose of assisting Ndlambe to meet its medium-term growth needs.

It is, however, anticipated that such a process will require further environmental impact assessments. Other water resource options are being investigated within the Ndlambe Bulk Water Supply Option Study. Additional ground water sources will be sought should demand rise above the projected levels via additional sea wells.

ASSURANCE OF SUPPLY AT WHICH DEMAND IS SUPPLIED

There is a reasonable assurance of supply to all water treatment works except for the Sandile and Debe dams. The inter-basin transfers from the Wiggleswade Dam to Laing/Bridle Drift and Nahoon dams are sufficient to supplement individual dam shortfalls in available yield through transfers of water from Wiggleswade Dam as reflected in Table 6.7.

DWS' Amatole System Reconciliation Study (October 2016) indicates that with the implementation of the ecological water requirements, it will be necessary to augment the supply, implement certain strategies such as water demand management or other measures to address the shortfall. If the affected water service authorities and Amatola Water implement these strategies in an aligned and consistent manner, then the need to implement the construction of a new scheme can be postponed.

The strategies have been finalised, and the necessary bodies to manage the process have been put in place by the DWS. The Amathole System Strategy Steering Committee and the Technical Support Group have been established for this purpose and are supported by the DWS' appointed consultants to ensure the Amathole System is managed in a sustainable manner.

PROJECTED WATER AVAILABILITY AND RESOURCES DEVELOPMENT

Projected water availability

A water use license was issued to Amatola Water in June 2002. Projected water use figures are registered with the DWS. The registered volumes have been adjusted accordingly over the past financial years and are reflected in Table 7.1.

Amatola Water is in the process of applying for increased registration volumes for all its plants. The Nahoon Dam shortfalls are provided via transfers from the Wiggleswade Dam. The Rooikrantz shortfall will be managed by implementing strict operating rules. The Laing Scheme continues to provide potable water to a small part of Qonce.

The Albany Coast system shortfall is also managed under strict operating rules in combination with consumers being required to provide for onsite water supply via rainwater harvesting installations. At the Albany Coast RO (AC-RO) plant, Amatola Water has installed a sand water abstraction unit to supplement its shortfall.

During 2022 and 2023, three new sea wells were drilled (about 20m deep) near the existing sea wells to provide additional raw sea water for treatment by the AC-RO plant. Amatola Water is investigating other options for augmenting its raw water resources for the AC-RO WTW by finding additional sea wells or ground water boreholes.

The environmental water requirements and allocations have not been finalised on any of the schemes. The DWS has completed the determination of the environmental flow requirements and potential environmental impacts of possible future developments on the Amathole System. Guidance is outstanding at present on the how the required environmental releases will be implemented.

A drought management model has been set up to ensure effective utilisation of the water within the systems. The average level of the Amatole System and all dam levels are monitored weekly.

Resources development

Table 7.1 indicates that there is a reasonable assurance of supply in the region if no releases are made for the environment. The increased water demands on the Sandile, Debe and Mnyameni dams show a shortfall in available yield for the medium to long term time frames.

The Amathole Reconciliation Study promotes the integrated management and utilisation of the available system yield.



WATER RESOURCES INTER-BASIN TRANSFER SUPPLY SCHEME CAPACITY AND DEVELOPMENT

Amatola Water's treatment plants are supplied with raw water from various dams. A total of seven dams make up the Amathole System. The system has the ability to transfer water from one catchment to another.

Amathole Water Resource System

The Amathole Water Resource System supplies the water requirements of the Buffalo City Metropolitan Municipality consisting of East London, Mdantsane, Qonce and the Bhisho urban complex, the town of Stutterheim and Mlungisi, and villages in the surrounding rural areas.

The seven dams - Gubu, Wiggleswade, Maden, Rooikrantz, Laing, Bridledrift and Nahoon - form part of the Amathole System and are managed in an integrated manner. The main purpose of the Wiggleswade Dam, which was built between 1990 to 1994, was to supplement the shortfall for industrial and domestic use in the East London area.

The Amathole System is expected to have sufficient raw water storage until 2026, considering the effect of migration patterns (excluding any environmental water requirements). The date of 2026 is dependent on the successful implementation of the various key strategies listed within the study. The Wiggleswade Dam provides an additional safe yield of 31,8 million m³/a. The finalisation of the volume of water required for environmental purposes will reduce the available yield for domestic and/or industrial use and thereby move the augmentation date forward.

Various water demand strategies that need to be implemented by the relevant stakeholders soon have been compiled and tabled in the report. The effective implementation of these strategies will determine the expected augmentation date within the Amathole System for additional or new resources.

The operating rules entail a transfer of water from the Wiggleswade Dam to dams downstream in the system when the water levels in these lower dams drop to predetermined levels. The transfer rates are such that they sustain the requirements on the dams only and are not used to refill the dams. The Amathole System Strategy Steering Committee and the Technical Support Group (ASATSG) has reviewed the system yield based on the adopted operating rules, using the Water Resources Yield Model.

The ASATSG has reviewed the system yield, based on varying operating rules, the results of which indicate that the system yield could be increased to 108,1 million m³/a by adjusting the transfer trigger dam levels of the downstream dams under Scenario 1, that is, transfer water when the Wiggleswade Dam is spilling.

The yield of the system, when operated as an integrated system in accordance with the current approved operating rules, is some 5,2 million m³/a (5,4%) greater than the sum of the yields of the individual dams. The integrated system operation is, therefore, imperative to ensuring the reconciliation of supply and the requirements going forward.

The Buffalo City Metropolitan Municipality recently accepted the proposed system's operating rules which will enhance the systems yield capacity. Despite this decision, the system yield of 100,1 million m³/a, has been used as the basis for the current reconciliation planning.

The higher possible yield of 108,1 million m³/a (as per the ASATSG presentation of June 2012) has been considered as a scenario in the reconciliation planning.

STATUS OF THE WATER RESOURCES AND INTER-BASIN TRANSFER INFRASTRUCTURE

The capacity of the Wiggleswade Dam can be utilised to supplement the Bridle Drift or Nahoon dams. This is possible via a tunnel and canal system that has the capacity to transport 3m³/ sec (+/- 260 000 kl/ day) either into the Buffalo River and/or the Nahoon River catchments. Water can be released either into the Yellowwoods River, which flows into the Buffalo River, to supplement the Laing and Bridle Drift Dams; or into the Inkobongo River that flows into the Nahoon River, feeding into the Nahoon Dam.

Previous environmental studies on the Kwa-Nkwebu River, a tributary of the Yellowwoods River, recommended limiting the rate of transfer between the Wiggleswade and Laing dams to a rate lower than that for which the transfer system had been designed. This will protect the environmentally sensitive reach of the river.

However, the newly adopted operating rules allow for transfers to be undertaken at lower rates over longer periods of time, thereby avoiding the need for by-pass infrastructure to ensure the system yield is achievable. The Amathole Supply System Operation Coordination Committee (ASSOCC) still needs to review the need for pedestrian bridges across the river.

Figure 7.2 shows the current high and low-growth water requirement scenarios against the supply available from the system as per the current operating rules, excluding the environmental water requirements (EWRs).

Based on the high growth water requirement scenario, measures to reduce the requirement or to increase the system yield would have to be implemented. Based on the low water requirement scenario, the system has an adequate yield and can meet the requirements inclusive of supplies to the Great Kei area.

WATER SUPPLY VS REQUIREMENT

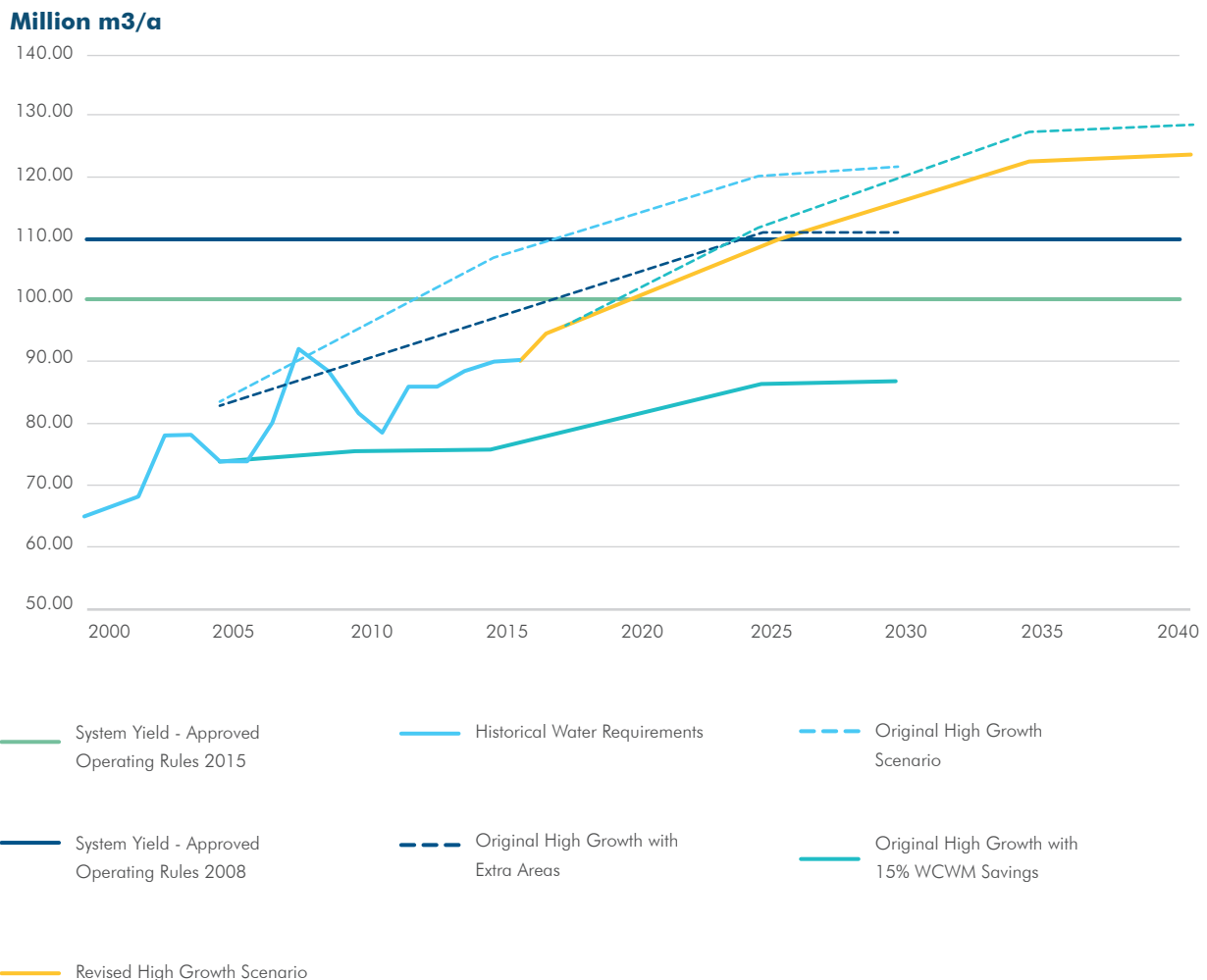


Figure 7.1: Water supply vs requirement

Amathole Water Supply System

The Amathole Water Supply System (ASATSG) has undertaken a conceptual review of the Sandile/Binfield Park dams supply augmentation option which the Strategy Study identified as one of the more favourable augmentation options due to its low URV and short lead time (no need to construct a dam; it uses surplus yields from these existing dams).

The need to register and monitor water use from these dams was also identified. It must also be noted that the Department of Rural Development and Agrarian Reform (DRDAR) is reviewing the agricultural water requirements from these dams while the DWS has developed operating rules for the respective dams. A screening of surface water supply options has been completed. The following schemes have been identified as the most viable options and warrant further investigation:

- Wesselshoek Dam (Kwelera River) – the most favourable of the options at this point
- Ravenswood Dam (Keiskamma River) – only if a large yielding dam is required
- Stone Island Dam (Nahoon River) – potential environmental implications.

DWS has successfully appointed a new service provider to do a review of the AWSS system. The service provider started the three-year study in 2022.

MAINTENANCE TO DAMS

Most storage infrastructure in the form of dams belong to the Department Water and Sanitation (DWS) and capital improvements and maintenance are planned and funded by the Department.

Major refurbishment is required on the inlet works at the Rooikrantz Dam and the service gate has been removed. The delivery of a new service gate is anticipated soon, after which the refurbishment of the inlet works will commence. One gate valve needs to be replaced. Delays in this regard have resulted in the DWS not appointing a service provider for maintenance.

DWS has finalised the maintenance work that was done at Laing dam. Laing WTW is abstracting its water through the newly constructed pipeline. The WTW is able to access water within the different levels of the dam to access a better raw water quality. However due to deteriorating water quality from Buffalo River, there is no better raw water quality irrespective of the levels.

OPERATIONS AND MAINTENANCE OF WATER RESOURCES AND INTERBASIN TRANSFER INFRASTRUCTURE

Amatola Water maintains and operates 21 state dams on behalf of the DWS. Amatola Water compiles an annual budget for the maintenance and operating items for review and approval by the DWS. The DWS approves a budget for the operation and maintenance of water resources on an annual basis.

8. BULK POTABLE SUPPLY PLAN

BULK POTABLE SUPPLY PLAN

PLANNING

Amatola Water Infrastructure Master Planning

The Amatola Water Infrastructure Master Plan (IMP) is integral to the execution of Amatola Water's growth strategy and water service delivery. Consequently, the IMP is a significant component of Amatola Water's Corporate Plan. The main purpose of the Amatola Water IMP is to outline the organisation's future bulk infrastructure requirements to meet the regional requirements.

The development of the IMP is underway and was started with an extensive review of the current AW IMP. This approach aims to support the organisational growth strategy and aligns with the DWS' IMP.

Data has been gathered through water sector stakeholder engagements as part of the review to establish an accurate and complete baseline of information.

The data gathering stage takes serious consideration of water service authorities' IDPs and WSDPs and aligning these to the Eastern Cape Provincial Development Plan - 2030 Vision. The review focuses on the settlement and financial feasibilities to ensure the envisaged state is realised and sustainability is certain.

The AW IMP focuses on the operational area of Amatola Water and once approved, it will reach 80% implementation by 2025/26. This plan is divided into business cases and each business case will result into a corporate plan. The business cases are:

- **Nahoon Business Case**
- **Laing Business Case**
- **Sandile Business Case**
- **Albany Business Case**
- **Binfield Business Case.**

The implementation of these business cases will result in Amatola Water doubling its current volumes and reducing its treatment works by 40%.

Due to the current climate changes and persistent loadshedding, the IMP will focus on maximising gravity and reducing energy consumption. The integration of the current schemes and transfer of the water resources will ensure Amatola Water's sustainability by maximising the economies of scale.

The IMP will incorporate the high-level Infrastructure functional assessment, aspects of conditional assessment, maintenance/ operations strategy and financial investment strategy.

boards. In the case of Amatola Water, its boundaries will be expanded to include the whole Eastern Cape. The notice gave interested and affected parties and municipalities 60 days to provide comments to the minister if they have any objection to such an extension.

SECTION 29 BUSINESS

Contractual obligations with customers

All agreements between customer institutions and Amatola Water need to meet the requirements set out in the Water Services Act, the National Water Act, and other relevant local government legislation.

The legislation provides for water board business relationships to be concluded with recognised water services authorities that have been tasked with the administration of water service delivery.

Amatola Water regularly reviews its current capacities and assesses the needs of district and local municipalities for opportunities to expand its primary business of bulk potable water production.

Amatola Water also invests considerable effort in building supply relationships and concluding underlying agreements with district and local municipalities. The outcomes of these local government partnerships follow:

Amathole District Municipality (ADM)

Amatola Water provides bulk raw and potable water services to ADM. In July 2017, Amatola Water entered into a three-year supply agreement with ADM, which was extended for a further two years to 30 June 2022 whereafter it was extended again for one year to 30 June 2023. This agreement is currently under review for renewal.

Buffalo City Metropolitan Municipality (BCMM)

Amatola Water entered into a 30-year bulk water supply contract with BCMM on 30 May 2000. This agreement remains valid until 30 May 2030.

Ndlambe Local Municipality

Amatola Water entered into a bulk water supply agreement with the Ndlambe Municipality to supply the Kenton-on-Sea and Bushman's River areas with potable water. The agreement was signed on 30 March 2010 and runs for 20 years until July 2030.

PROJECTED DEMAND: DESCRIPTION OF CONSUMERS OR CONSUMER GROUPS AND PROJECTED DEMAND

The major consumers or consumer groups supplied are:

District municipalities

This is a list of schemes and its projected water demands by the Raymond Mhlaba, Amahlathi, and Ngqushwa local municipalities that are part of the ADM:

Local municipalities

The projected BCMM and Ndlambe Local Municipality water demands.

BUFFALO CITY METROPOLITAN MUNICIPALITY (BCMM)

| | | m3/annum | | | | |
|-----------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| WTW | DAM | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| Nahoon | Nahoon | -11,185,455 | -11,465,091 | -13,290,091 | -15,115,091 | -16,575,091 |
| Laing | Laing | -6,434,050 | -6,755,752 | -7,093,540 | -7,448,217 | -7,820,628 |
| Sandile | Sandile | -3,921,835 | -4,618,053 | -5,321,234 | -6,031,446 | -6,748,761 |
| Peddie Regional | Sandile | -290,154 | -294,506 | -298,924 | -303,408 | -307,959 |
| Totals | | -21,831,493 | -23,133,403 | -26,003,789 | -28,898,162 | -31,452,438 |

Table 8.1 Projected water demand in BCMM

NDLAMBE LOCAL MUNICIPALITY

| | | m3/annum | | | | |
|------------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| WTW | SOURCE | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| Kenton-on-Sea + | Sea wells & | -727,060 | -785,430 | -844,385 | -903,928 | -964,068 |
| Bushmans River Mouth | Diaz Cross | | | | | |
| Supply reverse osmosis plant | Boreholes | | | | | |
| Total | | -727,060 | -785,430 | -844,385 | -903,928 | -964,068 |

Table 8.2 Projected water demand in Ndlambe Municipality

Individual consumers

Amatola Water directly supplies individual consumers with potable water only under exceptional circumstances. The respective water treatment works supplying individuals or groups of individuals and their projected water demands are outlined below:

| m3/annum | | | | | | |
|-----------------|----------|----------|----------|----------|----------|----------|
| WTW | DAM | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| Nahoon | Nahoon | -46,356 | -46,820 | -47,288 | -47,761 | -48,238 |
| Laing | Laing | -144,829 | -146,277 | -147,740 | -149,217 | -150,709 |
| Sandile | Sandile | -5,662 | -5,719 | -5,776 | -5,834 | -5,892 |
| Peddie Regional | Sandile | - | - | - | - | - |
| Binfield | Binfield | - | - | - | - | - |
| Totals | | -196,847 | -198,815 | -200,803 | -202,811 | -204,840 |

Table 8.3 Projected water demand for Individual consumers⁴

ASSURANCE OF SUPPLY TO MEET DEMAND

The Amatola Water infrastructure is being upgraded to meet the required demand. The upgrades are guided by the Amatola Water IMP. The upgrades are funded through a National Treasury grant, and include the extension of six water treatment works and associated distribution infrastructure that supply the Ndlambe, Raymond Mhlaba, Ngqushwa, Amahlathi local municipalities and the Buffalo City Metropolitan Municipality (BCMM) for the foreseeable future. It will allow for improved levels of service, including a reduction in service delivery backlogs, improved rural livelihoods and support for productive use activities as envisaged in the South African Constitution. Work has commenced at five water treatment works.

In addition, Amatola Water has submitted two business plans to National Treasury to fund additional upgrades. Three WTWs were upgraded. However, the upgrade to Debe and Binfield WTWs are still in progress.

Nahoon Water Treatment Works

A feasibility study to determine how the Nahoon WTW can be utilised to service the eastern part of the city of East London was concluded. This project forms part of Amatola Water's capital expenditure programme and is planned in conjunction with BCMM to ensure that the sub-region's infrastructure capacity is efficiently and effectively used to meet future water demand.

Amatola Water and BCMM are in the process of reviewing the Nahoon East Coast Water Supply Scheme, taking into consideration BCMM's long-term water needs. The first phase of the upgrade will result in the provision of an additional 20ML/day capacity for the East Coast Pipeline project. An additional 20ML/day will be provided by 2028/29 depending on the realisation of demand from BCMM.

Binfield Water Treatment Works

The Binfield WTW, which has a capacity of 4.8 ML/day, was constructed in 1984, and is currently operating at 100% of its treatment capacity. The Binfield plant is being upgraded to 10ML/day to make provision for the growing demand in the area and to supplement shortfalls in the Sandile Dam supply area. The project is expected to be completed by April 2023.

Masinedane Water Treatment Works

The Masinedane WTW has been augmented from 4 MI/ day to 6 MI/ day to make provision for the growth in water demand in the Keiskammahoek area as a result of a housing development by ADM. The new rising main from the Masinedane WTW towards the Upper Mnyameni area was completed during 2019, making the Upper Mnyameni WTW obsolete.

Peddie Regional Water Treatment Works

The 6.5MI/day Peddie WTW supplies water to approximately 13,303 households. Currently, 1,563 households in the supply area are unserved. Currently, the plant supplies above its design capacity at approximately 9 MI/day. Sufficient spare yield is available from the water resource to allow for improved levels of service and sustainable water supply in the area. Amatola Water has undertaken an assessment of the Keiskamma River System and associated demand for water supply in the area. Augmentation options for the Peddie Regional Scheme are being reviewed as part of the IMP.

Sandile Water Treatment Works

Amatola Water has started with the upgrade of the Sandile WTW, which will increase the capacity of the plant from 18 MI/day to 50 MI/day. Currently, the plant is supplying above its design capacity and does not have any spare capacity.

The first phase of the upgrade, which includes two new bulk reservoirs and the civil works for a gravity filter system, has been completed. The pipeline linkage between the Sandile British ridge Reservoir is at the design stage. The supply agreement, once completed, will result in additional water supply from the Sandile Dam becoming available to BCMM.

Debe Water Treatment Works

Amatola Water is upgrading the Debe WTW to increase the plant's capacity from 1,5 MI/day to 5 MI/day with the installation of a portable package plant. While not all bulk infrastructure is operational yet, the plant can deliver about 3MI/d. The associated bulk water conveyance infrastructure will also be upgraded to allow for future developments and improve the level of service to some 2,847 households supplied by the scheme. About 155 households in the supply area are unserved.

The first phase of the augmentation of the water treatment works has been completed. With the shortfall in available yield from Debe Dam, it has become important that alternative bulk water source/s for the Debe Scheme are found by pumping from the Keiskamma River near Middeldrift or replacing supply from the augmented Sandile Scheme.

PROJECTED WATER AVAILABILITY AND RESOURCES DEVELOPMENT

Description of major sources of water and abstraction rights

Annexure E lists the major dams and compares expected raw water requirements against respective firm yields to determine the surplus or shortfall in water supply.

A study undertaken by the DWS for the Amathole System - Gubu, Wiggleswade, Laing, Bridle Drift, Rooikrantz and Nahoon Dams - indicated that there should be sufficient water available until 2026. It is anticipated, therefore, no new resource development is required in the short-term.

The proposed Amatola Water System Reconciliation Study presents the implementation of environmental water requirements that will impact on the availability of resources by moving the augmentation dates for raw water sources forward. However, with the proposed strategy framework to improve water demand management, these augmentation dates can be delayed. The registered volumes will need to be adjusted over time to meet increased water demand levels.

Ability of available resources and abstraction rights to meet demand

Chapter 8 (Table 8.1) indicates that most schemes will be able to meet the estimated demands.

Any water shortfall at the Nahoon Dam are supplemented from the Wiggleswade Dam when needed. The Amathole Water Resource System Analysis suggested that the available yield at the Wiggleswade Dam be split with 40% of the available yield going to Nahoon Dam and 60% of the available yield going to Bridledrift Dam. This was also the best option for obtaining the best water quality results.

Any shortfall in supply from the Rooikrantz Dam needs to be supplied from the Laing and/or Wiggleswade Dams. This would be possible by duplicating the Qonce water needs at the Laing WTW. Currently, Amatola Water is unable to provide the full additional demand required from the Laing WTW to Qonce, particularly during droughts due to conveyance capacity constraints.

BCMM is in the process of planning the construction of a new water treatment works near Kei Road with the aim of augmenting the shortfall of water to the Bhisho and Ntabozuko areas from the Wiggleswade Dam. The Rooikrantz WTW has been closed due to the increased treatment capacity at the ADM Kei Road WTW. The water is now supplied to the Rooikrantz area from the Wiggleswade Dam, which has reduced the demand from the Rooikrantz Dam.

Amatola Water is operating the Rooikrantz Dam in accordance with the proposed operating rule. The Reconciliation Study and approved operating rules, established for the system, provide an operational framework for the system during drought conditions. These operating rules are used so that the system is better managed. The Reconciliation Study has taken a different approach from the previous studies.

The adopted strategy of the study was not to select a “favoured scenario”. Instead it identified which interventions and potential assets should be studied to allow for a range of possible water requirement scenarios:

- Interventions that would reduce water requirements
- Interventions that would result in treated waste water being returned to the water courses to augment the yields of the dams or to contribute towards the Ecological Water Requirement (EWR)
- Interventions that would result in treated waste water being reused
- Creation of bulk water supply assets would increase the availability of bulk water.

A Decision Support Tool was developed where 13 scenarios were identified and analysed to determine the desired intervention or asset to be implemented by the earliest date set out in the study. A Strategy Steering Committee was established to roll out and implement the proposed strategies.

IMPACT OF REDUCING WATER LOSS OR IMPROVING UNACCOUNTED FOR WATER

The projections in the Amatola Water IMP confirm that it is unlikely that any new dams would be required by 2026, primarily due to water supply availability from the Wiggleswade Dam. It depends on the successful implementation of the various identified intervention strategies.

Reducing water losses and improving unaccounted water will delay further resource development because it will increase the availability of supply. Therefore, Amatola Water has focused on assisting ADM and BCMM, where possible, with water demand management programmes for their reticulation networks.

NEW RESOURCES DEVELOPMENT REQUIRED OR BEING UNDERTAKEN AND APPLICATIONS FOR WATER-USE LICENCES

Amatola Water reviews its projected water use on an annual basis.

PURCHASING OF ADDITIONAL WATER RIGHTS

Amatola Water will apply for a DWS adjustment to certain existing registered water use allocations, due to the growth in water demand that has continued to grow for certain schemes.

BULK INFRASTRUCTURE SUPPLY CAPACITY AND DEVELOPMENT

Table 8.4 provides a broad description of the current bulk water supply infrastructure operated by Amatola Water.

| SCHEME | CAPACITY | ANNUAL AVERAGE DAILY DEMAND (ML/DAY) | TOTAL LENGTH OF GRAVITY MAINS (KM) | NO OF RESERVOIRS | SIZE OF BIGGEST RESEVOIR (MI) | NUMBER OF PUMP STATIONS | MAX HEAD OF RISING MAINS |
|----------------------------|---------------|--|--|---------------------|--|-------------------------------|-----------------------------------|
| (ML/DAY) | 33.7 | 35.6 | 16.0 | 2.0 | 13.6 | 2.0 | 200.0 |
| Sandile | 18 | 20.8 | 175.0 | 41.0 | | 2.0 | 141.0 |
| Laing | 33 | 27.4 | 109 | 57 | 33 | 9.0 | 250 |
| Sandile | 18 | 20.8 | 175.0 | 41.0 | 16 | 2.0 | 141.0 |
| Peddie Regional | 6.6 | 9.4 | 28.0 | 12.0 | 5.0 | 1.0 | 300.0 |
| Bhirha (closed) | 4.3 | 0.0 | 46.0 | 9.0 | | 2.0 | |
| Binfield Park | 12 | 6.2 | 24.0 | 8.0 | 2.5 | 1.0 | 180.0 |
| Masincedane | 6.0 | 2.8 | 31.0 | 7.0 | 2.5 | 1.0 | |
| Debe | 5.0 | 2.7 | 62.0 | 21.0 | 1.0 | 3.0 | 65.0 |
| Rooikrantz | 1.2 | 0.0 | 35.0 | 10.0 | | 3.0 | |
| Upper Mnyameni | 0.56 | 0.3 | 27.0 | 9.0 | 0.1 | 2.0 | 115.0 |
| (Decommissioned) | 0.5 | 0.8 | 8.0 | 1.0 | 1.0 | 1.0 | 65.0 |
| Glenmore | 0.5 | 0.8 | 8.0 | 1.0 | 1.0 | 1.0 | 65.0 |
| Albany Coast | 3.8 | 2.2 | 10.0 | 6.0 | 4.9 | 4.0 | 65.0 |
| TOTAL | 142.66 | 109.9 | 586.0 | 184.0 | 86.5 | 31.0 | 841.0 |

Table 8.4 Capacity of the bulk water supply infrastructure operated by Amatola Water

ABILITY OF CURRENT SIGNIFICANT INFRASTRUCTURE COMPONENTS TO MEET DEMAND

Amatola Water is in the process of addressing infrastructure development where the scheme's treatment capacity is operating at a maximum or more.

NEW INFRASTRUCTURE PLANNED

The Amatola Water Capital Expenditure programme is presented in Annexure H. Infrastructure projects are summarised per municipal district in Annexure H for the 2022/231 to 2027/28 financial years. The planned capital expenditure programme is funded by revenue generated from primary and secondary services or grant funding. A summary of the capital budgets for the next five years is presented in Table 8.5. The planned expenditure programme will result in Amatola Water strengthening its balance sheet and improving its long-term sustainability.

The capacity of the bulk treatment and distribution infrastructure will be enhanced to support the National Development Plan's intention to provide water as an enabler for rural livelihood and to promote economic development.

The capacity of the bulk treatment and distribution infrastructure will be enhanced to support the National Development Plan's intention to provide water as an enabler for rural livelihood and to promote economic development.

| PROJECTS | DESCRIPTION OF WORKS | AMOUNT |
|------------------------------|--|------------|
| Binfield Projects | Construction of the rising main and completion of the filters | 1,500,000 |
| Laing WTW | Replacement of Fort Jackson and Mt Coke pipeline | 2,175,000 |
| Alternative energy | Procurement of renewable technologies to counter the effects of loadshedding | 23,500,000 |
| Albany Coast Pipeline | Development of new sea wells | 4,952,138 |
| Sandile WTW | Construction of the rising main and associated pump stations | 99,054,176 |

Table 8.5 Capital Budget breakdown

STATUS OF BULK POTABLE WATER INFRASTRUCTURE

The functional life of bulk potable water infrastructure is monitored against the following industry norms:

| ELEMENT | FUNCTIONAL LIFE (YEARS) |
|---|-------------------------|
| WTW buildings and civil works | 50 |
| Reservoirs | 35 |
| Pumping station buildings and civil works | 35 |
| Pipelines | 30 |
| WTW mechanical | 20 |
| Pumping station mechanical | 20 |
| Pumping station electrical | 15 |

Table 8.6 Functional life of the infrastructure

Table 8.7 provides the construction dates of the original schemes and any extensions that have been implemented:

| SCHEME | YEAR ORIGINAL WORKS WERE CONSTRUCTED | YEAR EXTENSIONS IMPLEMENTED | AGE (YEARS) IN 2023 |
|-----------------|--------------------------------------|-----------------------------|-----------------------|
| NAHOON | 1968 | 1987, 2009 | 36 |
| LAING | 1949 | 1979, 2005, 2009 | 44 |
| SANDILE | 1981 | 2005 | 42 |
| PEDDIE REGIONAL | 1999 | 2002, 2008 | 24 |
| BINFIELD PARK | 1986 | | 37 |
| BHIRHA | 1990 | | Mothballed |
| MASINCEDANE | 1978 | 2009 | 45 |
| DEBE NEK | 1986 | | 37 |
| ROOIKRANTZ | 1987 | | Partly decommissioned |
| DABI | 1996 | 2010 | Decommissioned |
| UPPER MNYAMENI | 1987 | | Decommissioned |
| GLENMORE | 1986 | | 37 |
| ALBANY COAST RO | 1994 | 2010 | 29 |

Table 8.7 Construction dates for water treatment schemes

The infrastructure elements are also monitored for performance which may be shorter or longer than the time-based norms. In general, the condition of the building and civil assets is good since the oldest schemes were constructed about 30 years ago. (The functional life of the buildings and civil works is 50 years.) Electrical assets have been repaired, refurbished or replaced, where necessary. The general condition of these assets is generally very good.

The functional life of electrical assets is, however, 15 years and it is anticipated that the replacement of these assets will need to be undertaken as follows:

| ESTIMATED COST OF WORK SCHEDULED FOR: R'000 | | | | | | |
|---|--|---------|----------------|---------|-----------------|-----------------|
| | DAM | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| Laing | MCCs & LV switchboards for booster pumping stations | | | -6 000 | - | - |
| Nahoon WTW | Upgrade old pump station panels part of upgrade | - | - | - | - | - |
| | Upgrade switch gear for and panels at new pump station (electrical) part upgrade | -5,662 | -5,719 | -5,776 | -5,834 | -5,892 |
| Totals | | - | -15 000 | - | -202,811 | -204,840 |

Table 8.8 Estimated cost of work schedule

Similarly, the functional life of mechanical assets is 20 years with the cost of mechanical assets to be replaced as follows:

| ESTIMATED COST OF WORK SCHEDULED FOR: R'000 | | | | | | |
|---|-----------------|--------------|-------------|---------|---------|---------|
| | | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| Nahoon WTW | Pump | - | | -3 000 | | - |
| Laing WTW | High-lift pumps | - | - | - | - 2 000 | - |
| Sandile WTW | High-lift pump | - | - | -1 000 | - | - |
| Craighead Pump Station | Pump set | - | - | -1 000 | - | - |
| TOTALS | | 1 000 | 2000 | - | - | |

Table 8.9 Estimated cost of work

The identification and location of all critical items in the network has been done and the planned maintenance schedule has been completed. As a result of the intensive refurbishment programmes, water treatment facilities are generally in good working condition with some pumps at Craighead pump station, Sandile and Nahoon WTW's needing some refurbishment.

It is expected that the additional capital expenditure in the foreseeable period will be limited to the provision of key bulk lines to alleviate 'bottleneck' flow restrictions in certain networks.

OPERATIONS AND MAINTENANCE OF BULK POTABLE WATER SUPPLY INFRASTRUCTURE

Classes of water treatment works

Amatola Water's nine water treatment plants and distribution networks have been classified in terms of the new R813 draft regulation. Currently, water treatment works are categorised as Class B at the Laing and Nahoon Dams. Class C is categorised as Peddie, Binfield, Sandile, Albany, Debe and Masincedane, while the Glenmore water treatment works is classified as Class D. Mnyameni WTW was decommissioned in February 2020 and the network was added to Masincedane WTW.

Process controllers

Suitably qualified personnel, in line with Regulation R813, operate Amatola Water's treatment facilities. All process controllers are recruited from communities within Amatola Water's operational area and are adequately trained to meet future operating needs. To date, Amatola Water has produced 198 process controllers who have achieved the National Qualifications Framework (NQF) Level N3 qualification in Water and Wastewater Treatment and NQF Level 4 through its annual Learnership Programme.

The training programmes combine on-the-job-training and theory. Amatola Water has employed most learners who have completed their training at selected project works.

Radio telemetry and SCADA

One of the enabling factors in operations management is the radio telemetry infrastructure. The Systems Control and Data Acquisition (SCADA) is used to provide operators with a graphic and text interface at numerous control rooms. The SCADA system monitors Amatola Water's bulk purification, storage and water reticulation. The purification system consists of three large plants, five smaller plants and one reverse osmosis plant. The balance of the outstations are reservoirs that require monitoring.

SCADA actively monitors plant operations and reservoir levels, providing reports via the radio telemetry to a central station on the Androit System. Remote stopping and starting of all the major pump stations is also possible via the telemetry system.

Future SCADA projects included an improved online presence allowing users remote access to the SCADA via the internet using laptops or cell phone devices. In addition, a new Group Wide 3-year licensing agreement was put in place with Adroit Technologies. From this, new Adroit Version 10 software was acquired and installed. Due to CAPEX budget cuts, there were no new reservoir-based telemetry stations installed during the financial year under review.

Assurance of supply is one of Amatola Water's key performance indicators (KPI). This is achieved by live hourly monitoring of reservoir zero levels via the telemetry system.

Daily production volumes are recorded daily basis. This information is required to calculate water stock-on-hand in the system which has not yet been sold to the consumer.

Meter reading

Water meters are read from the 15th to 20th of each month by the Operations unit. This is used for historical trending and consumption readings. It is completed before final billing takes place.

Maintenance

A multi-disciplinary maintenance team, made up of the teams who oversee civil maintenance, water meters, radio and telemetry, planned maintenance, pipelines as well as the electrical and mechanical maintenance, oversees all Amatola Water maintenance requirements.

The team is largely based at the Nahoon Regional Complex, except for the pipeline team, which is based at the Laing Dam facility and a satellite workshop based at Albany Coast.

The asset maintenance strategy encompasses a hybrid of proactive and reactive maintenance measures that are guided by failure trends and an analysis of the effects of failures. Most of the maintenance work is done in-house, while the more specialised refurbishment and installations are outsourced.

An Enterprise Resource Package (ERP), BAAN, is used across all functions of Amatola Water, including asset maintenance. The Computerised Maintenance Management System (CMMS), inclusive of responsibilities, has been refined to generate reports that provide information on the key performance areas of the Corporate Scorecard as part of an ongoing process.

The current CMMS system that is used for asset management is in the process of being upgraded as part of the total BAAN LN 10.7 upgrade.

Furthermore, all emergency deviation requests are channelled through a 24-hour Control Room which is equipped with qualified and technically skilled staff, appropriate equipment and technology (BAAN and SCADA). This has improved the response times, the quality of service and accuracy of information on the breakdowns, emergency work, repairs and general maintenance on all work undertaken within Amatola Water.

SIGNIFICANT FUTURE CHANGES IN OPERATIONS AND MAINTENANCE ARRANGEMENTS

As part of its strategy, Amatola Water's focus will largely be on growing the Section 29 business. This will see Amatola Water growing the Section 29 business to a production capacity of 105 Ml/day.

In line with this, the operation and maintenance unit will be reconfigured to support this strategy, that is, 10% will be allocated for secondary business activities while 90% will be allocated to primary business activities.

INTERNATIONAL STANDARDS ORGANISATION (ISO) SYSTEM

Amatola Water is in the process of implementing the ISO Systems (ISO 9001, 14001, 17025 and ISO45001). The rollout of the full ISO System and accreditation process will be conducted in phases.

The ISO 45001 and ISO 17025 has already been implemented and accredited. The ISO 9001 is at the stage of implementing corrective actions based on the internal auditor's findings. Amatola Water has been audited and has successfully maintained its ISO45001 accreditation with SABS which is valid until 7 September 2025.

Furthermore, Amatola Water has obtained accreditation for ISO 17025 on 20 determinants. This is valid until 30 November 2020.

SECTION 30 BUSINESS

Amatola Water is engaged in various Section 30 business activities related to bulk potable water provision. Current clients include the OR Tambo District Municipality, Joe Gqabi District Municipality, Ndlambe Local Municipality, National Department of Public Works and the Eastern Cape Department of Education.

9. BULK WASTEWATER TREATMENT AND DISPOSAL

BULK WASTEWATER TREATMENT AND DISPOSAL

PRIMARY BUSINESS

Amatola Water owns a small 0.1 Ml/day activated sludge pond system with a final evaporation pond at the Nahoon Dam.

The works are operated and maintained optimally to ensure compliance with the required discharge standards.

SECONDARY BUSINESS

The majority of the wastewater treatment work undertaken by Amatola Water to date is related to the secondary business.

PROVINCIAL DEPARTMENT OF EDUCATION

Amatola Water has signed a Service Delivery Agreement with the Eastern Cape Department of Education as an implementing agent for water and sanitation infrastructure. Through the agreement, Amatola Water is responsible for the operation and maintenance of infrastructure at various schools in the Eastern Cape. The duration of the contract is indefinite, subject to a six-month notice period. The budget for the project is allocated annually as per the Education B5 allocation.

The Department of Education has made budget available this financial year 2022/23 for Amatola Water to upgrade and maintain wastewater treatment works throughout the Eastern Cape Province. The Eastern Cape Department of Education has approved budget to resource 15 hostels and special schools with process controllers and general workers and managed by plant superintendents as required by Department of Water and Sanitation.

OR TAMBO DISTRICT MUNICIPALITY (ORTDM)

Amatola Water is implementing various water and sanitation projects in the ORTDM under the King Sabata Dalindyebo Presidential Intervention (KSDPI).

The rollout of these projects began in 2011. The KSDPI is funded by the DWS' Regional Bulk Infrastructure Grant (RBIG) and Department of Cooperative Governance and Traditional Affairs' Municipal Infrastructure Grant (MIG). The programme is expected to be completed by 2024.

10. RETAIL AND INDUSTRIAL WATER SUPPLY WATER SUPPLY

RETAIL AND INDUSTRIAL WATER SUPPLY

RETAIL AND WATER SUPPLY

Amatola Water participates as a small-scale retail water services provider in the Buffalo City Metropolitan. This service forms part of the organisation's primary business activities. Amatola Water has not secured any retail or industrial water supply contracts to date as part of its secondary business.

INDUSTRIAL WATER SUPPLY

Amatola Water's industrial clients and current demands in the Buffalo City Metropolitan area are set out in Table 10.1:

| WATER SERVICE LOCAL | MUNICIPALITY AUTHORITY | INDUSTRY | AVE. DAILY DEMAND | WATER CLASS |
|---|--|--|-------------------|--------------------------------------|
| Buffalo City Metropolitan Municipality | Buffalo City Metropolitan Municipality | Da Gama Textiles 1.6ML/ day within Zwelitsha | 2.1ML/day | Raw water from the Rooikrantz Dam |
| Total Average Daily Industrial Demand 1.6ML/ day | | | | |

Table 10.1 Water demand from industrial clients in BCMM

CONTRACTUAL ARRANGEMENTS

Signed water supply contracts govern Amatola Water's business relationship with its industrial clients. The Buffalo City Metropolitan Municipality has expressed no interest to date in taking responsibility for the industrial supply contracts.

INSTITUTIONAL ARRANGEMENTS

Current technical and financial institutional arrangements within Amatola Water cater for the industrial clients' needs due to the very limited number of these clients.

DEMAND FOR SERVICE

Demand for industrial water at the moment is suppressed. Should this situation change in the future, Amatola Water will proactively engage with the relevant water service authority to ensure an optimum solution to the prospective clients' water demand.

11. OTHER SUPPORT SERVICES

SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy document establishes the framework for all AW procurement related matters. The SCM policy also sets out the procedures to guide the implementation of the SCM processes. It specifies how the planning, monitoring and control of all procurement matters, including the lines of responsibility and management of expenditure will be structured and performed during the various stages of the life cycle of projects. In addition, this document defines the codes of conduct to be observed by all employees of Amatola Water and any related third parties in relation to procurement matters.

In line with these policy directives from National Treasury, the Amatola Water Board is reviewing the current SCM Policy which will incorporate procurement of infrastructure, and everyday goods and services. Standard Operating Procedures will be developed and implemented to ensure better internal controls and compliance with procurement laws.

ALIGNMENT OF SCM PROCESSES TO LEGISLATION AND STRATEGIC DIRECTION OF AMATOLA WATER

The SCM unit of the organisation ensures that the procurement of goods, services and infrastructure is done according to the prescribed legislation applicable to a Schedule 3B entity.

Amatola Water's current organisational structure makes provision for functions, demand, acquisition, logistics, contracts management and supplier performance management. Risk and performance management functions are not part of the structure; however, these activities are executed by the head of the unit.

The supply chain management function aims to support the business through effective and efficient procurement. It is done through the Supply Chain Management Strategy and the Procurement Plan which is developed annually. It ensures that the right goods or services are available to Amatola Water at the right price and having been sourced through a compliant method of procurement.

The Minister of Finance promulgated the Preferential Procurement Regulations, 2022, regarding the Preferential Procurement Policy Framework Act (PPPFA) (Act 5 of 2000). These regulations took effect on 16 January 2023. The purpose of the 2022 Regulations is to:

- Comply with Section 217 of the Constitution on procuring goods and/or services by organs of state
- Comply with the PPPFA
- Comply with the Constitutional Court judgment of February 2022 regarding the 2017 Regulations.

These amendments must therefore be regarded as an addendum to the entity's Supply Chain Management Policy and supersede previous policy provisions endorsed in response to the invalidated 2017 regulations.

Preferential points 2017

Points were awarded to a bidder for attaining the Broad-Based Black Economic Empowerment (B-BBEE) status level of contributor in accordance with the following table:

| B-BBEE status level of contributor | Number of points 90/10 | Number of points 80/20 |
|------------------------------------|------------------------|------------------------|
| 1 | 10 | 20 |
| 2 | 9 | 18 |
| 3 | 6 | 14 |
| 4 | 5 | 12 |
| 5 | 4 | 8 |
| 6 | 3 | 6 |
| 7 | 2 | 4 |
| 8 | 1 | 2 |
| Non-compliant | 0 | 0 |

Table 11.1: Preferential points 2017

Specific goals for the tender and points claimed are indicated in the following table.

Where either the 90/10 or 80/20 preference point system is applicable, corresponding points must also be indicated as such. The tenderer must indicate how they claim points for each preference point system.)

| The specific goals allocated points in terms of this tender | Number of points allocated (80/20 system) | Number of points allocated (90/10 system) |
|---|---|---|
| HDI (51% or more black ownership) | 8 | 3 |
| Black women(51% or more women ownership) | 4 | 2 |
| Black youth (51% or more youth ownership) | 4 | 2 |
| People with disability(20% or more disabled people ownership) | 2 | 1 |
| People from rural areas | 2 | 2 |
| TOTAL | 20 | 10 |

Table 11.2: Preferential points 2022

The board identified procurement and contract management as one of the five priorities for the 2023/24 financial year.

Special focus will be on strengthening the contract management capacity to ensure projects and other services sourced from external service providers are completed within the agreed cost, time and quality.

The Supply Management Unit will work with Amatola Water departments to ensure that the procurement plan for 2023/24 is implemented as planned. It will be supported by streamlining the work of the bid committees to remove all obstacles to efficient procurement.

In addition, continuous training of the bid committees will be provided throughout the year to ensure that all committees perform their functions effectively.

AMATOLA WATER APPROACH TO ECONOMIC EMPOWERMENT

Amatola Water's approach to economic empowerment is guided by enabling legislation, including the Constitution of the Republic of South Africa, the Preferential Procurement Policy Framework Act, 2000 (PPPPA) (Act 5 of 2000) and regulations.

To facilitate the realisation of economic empowerment, Amatola Water's Supply Chain Management Policy provides for enterprise and supplier development. These efforts are targeting micro, small and medium enterprises (MSMEs) in Amatola Water's area of operation.

Amatola Water has established an Enterprise and Supplier Development Unit to foster the institutionalisation of economic transformation by empowering MSMEs and ensuring their participation in Amatola Water's supply chain opportunities and entrenching the principles of specific goals as outlined in Preferential Procurement Regulations of 2022.

To ensure a focused approach to empowerment, Amatola Water treats economic empowerment as a business imperative aimed at:

- Ensuring previously disadvantaged individuals achieve full participation and involvement in business that supports Amatola Water in the supply of water services
- Developing and/or establishing new, sustainable black entrepreneurs through the procurement process
- Encouraging the establishment of value-adding joint ventures between traditional and emerging suppliers, that enable access by emerging suppliers to latest tools of the trade
- Contributing to skills development and job creation through the employment of targeted labour.

INFORMATION TECHNOLOGY

Information and communication technology (ICT) has become a significant source of competitive advantage in many businesses. An integrated ICT system provides capabilities that improve business processes, productivity, customer engagement, data management, efficient decision-making, and communication within the organisation. Amatola Water's ICT Department comprises the Infrastructure and Software Development sections. Their main responsibilities include:

- Management and provision of a reliable Amatola Water network infrastructure
- Management of all computer equipment, including related authorised software and hardware
- Information security and ensuring that appropriate disaster recovery processes are in place
- Provision of information required for monitoring of performance and decision-making
- Provision of enabling communication by means of voice and data connections
- Implementation of appropriate security measures to safeguard Amatola Water against viruses, malware, spamming, cyber-crime and phishing
- Provision of efficient support and training are provided to all Amatola Water computer users
- Provision of the appropriate use of the ICT helpdesk system
- Management, maintenance and administration of all systems utilised in Amatola Water
- Develop and maintain systems that automate and digitise manual processes
- Provision of sufficient support is provided for all systems used within the organisation.

The organisation is working towards aligning with all national government policies. As part of the alignment, Amatola Water has adopted the Corporate Governance of ICT Policy Framework (CGICT) that it is being implemented over two years. The audit intervention plans have been developed and will be closely monitored to mitigate the audit findings, especially those concerning governance, internal controls, ICT security and disaster recovery.

Overseeing ICT investment, risk, and the allocation of related resources in Amatola Water is the responsibility of the Information Management Steering Committee, which includes the Chief Executive and all executive managers.

ICT infrastructure security, disaster recovery and business continuity remain key initiatives for the Department. The Disaster Recovery Plan (DRP) has been approved, implemented and tested in accordance with the plan.

The ICT Policies have been reviewed and approved. Continuous monitoring is in place to enhance current practices that align with corporate governance.

Amatola Water operates a Wide Area Network (WAN) that connects all main operating schemes using a combination of radio frequency and fibre links. To ensure that connectivity between the WAN is optimum, these links are assessed and upgraded annually to improve access to the telemetry system. Security

measures are constantly reviewed to ensure the organisation's data remains secure using firewalls and perimeter security. Email archiving and security have been implemented in addition to an onsite firewall solution. Annual vulnerability assessments and penetration testing are planned to improve security.

Software and Applications

Amatola Water uses a range of systems to fulfil its core business needs. A combination of these systems is developed in-house or is proprietary software.

The in-house systems include a Budget Management System, OPS Management System, Integrated Management System, Non-conformance System and a Timesheet Sheet System. Outsourced expertise is used only when required for proprietary software, as is the case with the Enterprise Resource Planning (ERP), HR/Payroll and Laboratory Information Management Systems (LIMS).

Optimisation of the existing systems continues to ensure that Amatola Water's needs are met and efficiencies are enhanced. Future system enhancement initiatives that are aligned with the company's strategic outcomes include:

- Continuously enhancing the organisation's ERP System to effectively report on the business information required by stakeholders. Process optimisation within the Supply Chain Management and Finance departments is an area of prioritisation and critical focus
- Introducing an enhanced performance management system to assist human resources management with the assessment of scores, standardisation of performance contract templates and decision-making process for performance-linked adjustments
- Upgrading the server operating system to improve system reliability and access improved functionality
- Automating the Internal Audit and Risk Management System that is tailored to Amatola Water's needs and will improve standardised practices and increase transparency
- Continuously enhancing the operations efficiency system, which currently assists with reporting requirements and identifying problem areas
- Configuring additional functionality within the Laboratory Information Management System (LIMS), which will assist the laboratory in maintaining the South African National Accreditation System accreditation
- Regularly enhancing the Integrated Management System (IMS) and the document control system, storing Amatola Water Policies, Procedures, Forms, Diagrams, for example, to ensure compliance with safety and quality measures
- Continuously planning improvements for the centralised Budget Management System to improve version management and reporting
- Rolling out the Amatola Water Software Portal will allow end-users to access in-house developed applications from the portal, such as the Timesheet, Overtime and Claims applications
- Automating the recruitment process within the online recruitment system.

The organisation will explore the rollout of an integrated customer relationship management system and a unified communications solution to improve customer service and internal communication.

ICT INTERNAL AUDITS

IT General Controls Review

Internal audits are conducted to ensure continuous improvement to monitor and address the reliability and security of Amatola Water's IT systems. The challenge remains inadequate funds.

IT Risk Diagnostic Report

The IT Risk Diagnostic Report was released in the 2021/22 financial year. The report highlighted numerous areas that need to be urgently improved, with information security having been identified as the highest risk.

ICT staff have been empowered with training in Governance (COBIT & King Report training) and Certified Ethical Hacking. The team is addressing all areas and proactively working towards ISO27002 standard adherence.

12. STAKEHOLDER RELATIONS AND STRATEGIC COMMUNICATION

STAKEHOLDER RELATIONS AND STRATEGIC COMMUNICATION

The achievements of the service delivery-oriented outcomes (improved provision of safe and reliable water services and enhanced environmental sustainability) depend on the strengths of internal organisational systems and capabilities. Stakeholder engagement and strategic communication is one of the key supporting functions critical in the realisation of the organisation's mission. The key objectives of this function are outlined below

Strategic Objectives:

1. To improve customer service through an integrated stakeholder relations management.
2. To promote effective water resource management practices in the Eastern Cape
3. To position Amatola Water as a water service provider of choice in the province.

The pillars of our strategic objectives are summarised in the figure below. At the centre of these pillar are our clients, to whom we provider our services. The high-level initiatives to be undertaken during 2023/24 financial year will be elaborated on in the Operational Plan



Figure 12.1: High-level initiatives for stakeholder relations, strategic communication and reputation management

Amatola Water will work in an integrated and collaborative manner to ensure that water service provision exceeds customer expectations. This would be done by improving internal business processes, continuous training of employees, improving the response rate to customer queries and developing feedback mechanisms for clients and other stakeholders. To achieve our objectives the following key priorities would be the centre of focus:

- Develop of an integrated stakeholder relations management strategy.
- Ensure active participation in at all Eastern Cape Water Sector Forums.
- Monitor compliance with Amatola Water's customer service charter.
- Collaborate and build partnerships with other relevant local, provincial, and national institutions to improve service delivery.
- Enhance Amatola Water brand visibility and image through its projects and programmes.
- Promote community protection of water infrastructure and water resource management practices.
- Conduct stakeholder research and regular surveys with key personnel from all the clients.

Stakeholder Management Matrix

The stakeholder management matrix considers at a high level the internal and external stakeholder interests with regards to various essential factors that contribute to the achievement of planned outcomes. The Stakeholder Engagement plan developed as part of operational planning to guide the work of the organisation during the financial year.

| Stakeholder Category | Stakeholder Interest | Basis of engagement |
|---|---|--|
| Clients: <ul style="list-style-type: none"> • Water Service Authorities • Waster Service Providers • Industry | <ul style="list-style-type: none"> • Provision of safe and reliable water services • Maintenance and operation of water infrastructure • Rapid resolution of water leaks and outages • Universal coverage of water and sanitation services (quantity of water) | <ul style="list-style-type: none"> • Regular formal and informal meetings • Memoranda of Understanding • Service Level Agreements |
| Community | <ul style="list-style-type: none"> • Access to water and sanitation services • Protection of infrastructure against vandalism • Reporting water outages and leaks | <ul style="list-style-type: none"> • Project Steering Committee meetings • Community meetings and workshops • School-based Awareness Campaigns • Community Outreach programmes |
| Statutory: <ul style="list-style-type: none"> • Department of Water and Sanitation • Portfolio Committee on Water and Sanitation • National Treasury • SALGA | <ul style="list-style-type: none"> • Policy development and implementation • Oversight of the water and sanitation provision • Accountability and reporting • Resource allocation • Efficient and efficient utilisation of resources • Evaluation of Impact | <ul style="list-style-type: none"> • Formal meetings • Business Plan submissions • Monthly, Quarterly and Annual Reports. |

| Stakeholder Category | Stakeholder Interest | Basis of engagement |
|-------------------------------------|---|--|
| Employees, Management and the Board | <ul style="list-style-type: none"> • Effective Planning • Performance Management • Implementation evaluation • Impact evaluation of services | <ul style="list-style-type: none"> • Strategic Planning • Operations Management • Performance Agreements and Assessment • Divisional meetings • MANCO meetings • Board Meetings • Committee meetings • Monthly, Quarterly and Annual reporting |
| Media | <ul style="list-style-type: none"> • Inform the public through reporting. • Influence policy and resource allocation • Report acts of poor resources management of and administrative malfeasance. | <ul style="list-style-type: none"> • Response to media queries • Advertorials • Advertising • News articles |

Table 12.1: Stakeholder management matrix

Strategic Communication

Strategic Communication is using comparative strengths of a variety of media platforms, methodologies, tools, techniques and capabilities to effectively communicate key programmes, projects, initiatives and activities of Amatola Water to internal and external stakeholders.

Amatola Water strategic communication will be used to share key information with and to obtain feedback about our service and initiatives from a wide spectrum of key stakeholders and partners.

| PROGRAMME | DESCRIPTION OF INITIATIVES |
|-------------------------------|---|
| Outdoor media and exhibitions | <ul style="list-style-type: none"> • Appropriate signage and branding at all Amatola Water facilities, and those jointly operated with municipalities • Sourcing and revamping of Amatola Water pop ups, feathers and pullup banners • Development of new banners according to the trend in the market • Participating in at least three water sector conferences/exhibitions (for example, Water Institute of Southern Africa, Institute of Municipal Engineering of Southern Africa, Water Show Africa) • Career Guidance – Participating in the career exhibition and marketing the careers in water sector |

| PROGRAMME | DESCRIPTION OF INITIATIVES |
|--|---|
| Social and digital media | <ul style="list-style-type: none"> • Maintaining the newly developed website for the organization and ensuring • Production of a digital corporate brochure pertaining to specific services provided by Amatola Water • Regular update and presence on the social media platforms (Facebook, Twitter, YouTube and TikTok) |
| Stakeholder relationship building | <ul style="list-style-type: none"> • Hold at least two stakeholder networking sessions annually • Conduct Client Surveys • Participating in stakeholder-initiated events (IDP for a and Water Sector Forum, for example) |
| Advertising | <ul style="list-style-type: none"> • Placing adverts linked to key events or initiatives from clients or Department of Water and Sanitation events • Advertising educational-related messages related to water provision |
| Community engagements | <ul style="list-style-type: none"> • Attending community meetings related to water services provision • Promoting awareness initiatives aimed at educating communities about saving water • Attending community complaints and queries • Running joint campaigns with community leaders, water service authorities, water service providers on preventing vandalism of water infrastructure |
| Public relations | <ul style="list-style-type: none"> • Corporate social responsibility initiatives including: <ul style="list-style-type: none"> o Amatola Water Employee Volunteer Programme o Drop of Hope: o Sponsorships ranging from school sport teams to local government initiatives o Water sector campaigns: (for example, National Water Week, War on Leaks, water conservation and water demand management initiatives) o Education and outreach: For example, school tours and career exhibitions o Learnership and internship programme |
| Media relations | <ul style="list-style-type: none"> • Developing proactive media releases targeted at key project launches or completion • Hosting press briefings linked to specific national or provincial events • Developing content linked to strategic or high impact projects implemented by Amatola Water • Providing prompt and accurate responses to media enquires |

Table 12.2: Strategic communication initiatives

13. HUMAN RESOURCE AND TALENT MANAGEMENT

HUMAN CAPITAL AND TALENT MANAGEMENT

People are at the centre of realising the organisation's strategic outcomes. They provide the technical and professional skills needed to transform inputs in the water value chain into safe drinking water. Human capital and talent management is a critical support function that drives outputs and outcomes.

The function includes organisational development and design, recruitment, performance management, employee wellness, employee relations, human resource development and human resources (HR) administration.

Amatola Water's Human Resources Strategy is critical in meeting the organisation's human capital needs. The primary objective of the Human Resources Strategy is to ensure that the organisation attracts and retains fit-for-purpose employees who contribute to achieving organisational goals and outcomes. The strategy has been developed after considering the operating environment and the organisation's vision, mission, strategies, and plans.

The HR Strategy comprises the following focus areas and objectives:

| FOCUS AREAS | OBJECTIVE |
|--|---|
| Workforce planning | Maintain a workforce that enables Amatola Water to deliver quality services to its stakeholders |
| Employee resourcing and HR administration | Ensure effective attraction, retention, succession planning, and engagement of staff with expertise, experience and requisite skills, within a framework that ensures equity and diversity |
| Learning and development | Create an environment where all employees are recognised as suitably qualified, professionally engaged and committed to high quality standards and performance |
| Reward and recognition | Ensure Amatola Water pays employees market-related salaries and has career advancement and reward systems that remain attractive to employees |
| Employee wellness | Manage all aspects of employee wellness that may negatively impact on Amatola Water's ability to deliver on organisational objectives |
| Employee relations | Create an environment where employees believe they are valued and support the organisation's values, strategies and priorities |
| Organisational development | Improve organisational effectiveness and efficiency by utilising diagnostic data, and designing and implementing appropriate organisational development solutions and interventions to enable the organisation to optimise its operations |
| HR information technology | Provide real-time, reliable and credible HR information geared at attracting, retaining, training and remunerating Amatola Water employees |
| HR risk management | Develop a foundation that includes risk as be part of the HR agenda and enhances the HR value proposition to the business. |

Table 13.1: HR Strategy (focus areas and objectives)

Key activities of the strategy, which will be implemented in the 2023/24 financial year, include:

- Finalising the appointment of the Chief Executive, filling critical positions, and implementing an organisation-wide change management programme to strengthen leadership and organisational effectiveness.
- Reviewing the organisational structure to ensure alignment with the organisational strategy, improving the immediate capacity challenges, addressing alignment between organisational performance and individual performance, and developing a Skills Development (SD) plan to rebuild HR capacity.
- The SD plan will include conducting a skills audit and developing a training programme aligned to addressing the gaps identified by the skills audit.
- Enabling the achievement of key business objectives such as transformation and change, organisation design (OD), organisational culture change, and a review of the HR, finance and operations processes and systems to drive business efficiencies and effectiveness; OD has several strategic initiatives which will be delivered as prioritised by the business.

HUMAN CAPITAL PROFILE

Current profile

As at 31 March 2023, Amatola Water has a staff profile of 388 employees, 302 are permanent employees and 37 employees temporary employees (21 Fixed term contracts, 14 interns and 2 learners). The organization also facilitated 49 project-based fixed-term employment contracts through projects such as the Eastern Cape Department of Education's school programme.

| DESCRIPTION | MALES | | | | | FEMALES | | | | | |
|--|------------|-----------|----------|-----------|------------------|-----------|----------|----------|----------|------------------|------------|
| | AFRICAN | COLOURED | INDIAN | WHITE | FOREIGN NATIONAL | AFRICAN | COLOURED | INDIAN | WHITE | FOREIGN NATIONAL | TOTAL |
| Top management | 4 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 5 |
| Senior management | 5 | 0 | 0 | 2 | 0 | 2 | 0 | 0 | 0 | 0 | 9 |
| Professionally qualified specialist; mid-management | 9 | 0 | 1 | 3 | 0 | 5 | 0 | 1 | 1 | 0 | 19 |
| Skilled technical and academically qualified workers | 46 | 6 | 0 | 6 | 0 | 40 | 5 | 0 | 0 | 0 | 103 |
| Semi-skilled and discretionary decision-making | 76 | 5 | 0 | 1 | 0 | 29 | 3 | 0 | 1 | 0 | 115 |
| Unskilled and defined decision-making | 39 | 0 | 0 | 0 | 0 | 12 | 0 | 0 | 0 | 0 | 51 |
| Total Permanent | 179 | 11 | 1 | 12 | 0 | 89 | 8 | 0 | 2 | 0 | 302 |

Table 13.2: Permanent employees as at 31 March 2023.

| DESCRIPTION | MALES | | | | | FEMALES | | | | | |
|--|-----------|----------|----------|----------|------------------|-----------|----------|----------|----------|----------------|-----------|
| | AFRICAN | COLOURED | INDIAN | WHITE | FOREIGN NATIONAL | AFRICAN | COLOURED | INDIAN | WHITE | FOREIGN NATION | TOTAL |
| Top management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior management | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Professionally qualified specialist; mid-management | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 2 |
| Skilled technical and academically qualified workers | 2 | 1 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 6 |
| Semi-skilled and discretionary decision-making | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 5 |
| Unskilled and defined decision-making | 8 | 0 | 0 | 0 | 0 | 15 | 0 | 0 | 0 | 0 | 23 |
| Temporary employees | 11 | 1 | 0 | 0 | 0 | 25 | 0 | 0 | 0 | 0 | 37 |

Table 13.3: Temporary employees as at 31 March 2023

| DESCRIPTION | MALES | | | | | FEMALES | | | | | |
|--|-----------|----------|----------|----------|------------------|-----------|----------|----------|----------|----------------|-----------|
| | AFRICAN | COLOURED | INDIAN | WHITE | FOREIGN NATIONAL | AFRICAN | COLOURED | INDIAN | WHITE | FOREIGN NATION | TOTAL |
| Top management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professionally qualified specialist; mid-management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skilled technical and academically qualified workers | 5 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 6 |
| Semi-skilled and discretionary decision-making | 5 | 0 | 0 | 0 | 0 | 12 | 0 | 0 | 0 | 0 | 17 |
| Unskilled and defined decision-making | 18 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 0 | 0 | 26 |
| Temporary Employees | 28 | 0 | 0 | 0 | 0 | 21 | 0 | 0 | 0 | 0 | 49 |

Table 13.4: Department of Education project-based fixed-term contracts

Available resources will be assessed according to Amatola Water's requirements. This approach will ensure the appropriate placement and development of these resources for future needs. The HR Department has a comprehensive Human Resources Plan directing the organisation's response to human capital needs. It helps the organisation to deliver on business strategies and plans while facing competency challenges in the entity, sector and nationally.

EMPLOYMENT EQUITY (EE)

Amatola Water's current employment equity status indicates that while there is an equitable representation of designated groups and the target is met at most levels, except for senior and top management, further emphasis is needed to improve female representation in senior and senior top management.

EE table by management levels

| DESCRIPTION | TARGET & ACTUAL | MALES | | | | FEMALES | | | | |
|--|-----------------|------------|-----------|----------|-----------|------------|----------|----------|----------|------------|
| | | AFRICAN | COLOURED | INDIAN | WHITE | AFRICAN | COLOURED | INDIAN | WHITE | TOTAL |
| Top management | Actual | 4 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 6 |
| | Target | 1 | 0 | 0 | 1 | 1 | 1 | 0 | 1 | 5 |
| Senior management | Actual | 6 | 0 | 0 | 2 | 3 | 0 | 0 | 0 | 11 |
| | Target | 6 | 0 | 0 | 3 | 1 | 0 | 0 | 1 | 11 |
| Professionally qualified specialist; mid-management | Actual | 10 | 0 | 1 | 3 | 7 | 0 | 0 | 2 | 23 |
| | Target | 5 | 0 | 2 | 3 | 3 | 1 | 0 | 1 | 15 |
| Skilled technical and academically qualified workers | Actual | 48 | 7 | 0 | 6 | 44 | 6 | 0 | 0 | 111 |
| | Target | 50 | 7 | 0 | 6 | 38 | 6 | 0 | 0 | 107 |
| Semi-skilled and discretionary decision-making | Actual | 81 | 5 | 0 | 1 | 40 | 3 | 0 | 1 | 131 |
| | Target | 79 | 6 | 0 | 1 | 30 | 4 | 0 | 2 | 122 |
| Unskilled and defined decision-making | Actual | 57 | 0 | 0 | 0 | 39 | 0 | 0 | 0 | 96 |
| | Target | 53 | 0 | 0 | 0 | 11 | 0 | 0 | 0 | 64 |
| Grand Total | | 206 | 12 | 1 | 12 | 135 | 9 | 0 | 3 | 388 |

Table 13.5: Employment Equity by occupational levels

In 2023/24, Amatola Water will increase its focus on making progress towards equitable representation by recruiting more people with disabilities and developing women in senior and top management positions. Internal upliftment is paramount as the organisation seeks innovative methods to develop and progress employees through succession planning.

ORGANISATIONAL STRUCTURE REVIEW

The process of aligning the organisational structure with the current strategy is being implemented through an organisational review. A service provider has been appointed to undertake a benchmarking exercise with other water boards in South Africa to propose an organisational structure that fits the strategy and development context of Amatola Water, develops profile and job descriptions for each position and facilitates matching and placement of employees. The exercise aims to develop a responsive and agile organisation that is fit for purpose.

In addition to the organisational structure review, Amatola Water has conducted an organisational culture survey to understand Amatola Water's cultural dynamics and facilitate a process of organisational renewal underpinned by the institutionalisation of the entity's seven organisational values. Institutionalising organisational values will be a game changer for service delivery and organisational effectiveness.

HUMAN RESOURCES PLAN

The HR plan is in place and is reviewed annually to meet Amatola Water's changing needs. It ensures the organisation has the right number of employees with the appropriate skill set in the right roles at the right time, executing activities that are the most useful and aligned to the organisation.

Amatola Water endeavours to achieve this goal by analysing the gap between the demand and supply of skills. It will be accomplished by identifying the current workforce's skills by auditing the organisation's current and future needs. It further entails building the requisite technical skills of the workforce and the leadership skills of its leaders.

HR planning is a dynamic process that is cognisant of the changing legislative environment and identifies the current and future human resource needs, and addresses the potential challenges so that the organisation consistently achieves its objectives. Planning is the two-way link between the high-level strategy and action-orientated implementation that is regularly monitored and evaluated.

PERFORMANCE MANAGEMENT

A board strategic planning session on 27-28 March 2023 prioritised alignment of individual performance with the required performance for Amatola Water for 2023/24.

The Performance Management Strategy (PMS) is an educational and change management process that aligns strategic objectives within the organisation, team and individuals to enhance organisational performance. It aims to measure performance at different levels to ensure a consistent approach. This is still a challenge regarding adhering to set deadlines and aligning individual and organisational performance. A review of job descriptions and their concomitant alignment with the divisional plan and the organisational strategy is underway. A dedicated resource must continue to coach and train managers and supervisors on aligning the relevant aspects of individual performance to organisational strategy. In addition, the moderation of results shall be monitored to ensure consistency and compliance.

The PMS is effective when management systems are in place and adhered to. Corporate Services provides technical support to line managers in supervisory management, performance assessment, team effectiveness and skills development to ensure human capital is harnessed and effectively managed to improve productivity and organisational effectiveness.

CAPACITY DEVELOPMENT

Amatola Water's Training and Development policy seeks to address identified skills gaps and promote on-going development of human resources. The intention is to develop a highly skilled and productive workforce and contribute to developing critical and scarce skills within the sector.

Capacity-building interventions and initiatives will be continuously undertaken to improve competencies and contribute to attaining new skills. Amatola Water's Human Resources Development is essential for improving organisational performance and service delivery. The current training priorities are intended to support the realisation of Amatola Water's strategic objectives, practically expressed in measurable performance objectives in the organisation's operational plans.

Furthermore, a strategic training and development plan will be developed within budget and implemented with a clear focus on meeting the organisational capacity requirements, personal development plans, legal and compliance training, and occupations in high demand. Capacity-building will include the following initiatives to ensure they add value to the business, especially in the operations environment:

- Regulatory and legal compliance
- Planning and project management
- Supply chain and contract management
- Continuous professional development
- Performance and consequence management
- Leadership development
- Culture change management
- Artisan development programme
- Learnerships and internships.

Amatola Water will partner with the Energy and Water Sector Education and Training Authority (EWSETA) to train employees and facilitate learnerships and internships, artisan development, workplace-based learning and development, experiential learning and apprenticeships.

EMPLOYEE WELLNESS PROGRAMME(EAP)

Employee well-being is seen as a cornerstone of employee retention and performance. A good balance between employees' social and work life will inevitably yield optimal employee performance. In addition, Amatola Water's processing and purification activities are classified as risky in terms of the Occupational Health and Safety Act, 1998 (Act 1555 of 1998). Therefore Amatola Water must perform periodic employee medical surveillance and conduct hygiene risk assessments to ensure that employees are always safe.

Together with the Health and Safety Department, the division will review occupational risks and preventive measures at all Amatola Water facilities.

The in-house occupational health nursing services are key to realising these objectives. It will partner with external partners to deliver ancillary services like awareness campaigns, health education on communicable and non-communicable diseases and wellness events and align these with the national Department of Health's calendar.

In the 2023/24 financial year, Amatola Water will develop a programme focusing on an employee's professional, spiritual, emotional, mental and financial lifestyle. The EAP will further provide referral services to medical practitioners and specialist interventions, for example, psycho-social support services on demand.

EMPLOYEE/INDUSTRIAL RELATIONS

Amatola Water has a history of active union involvement. The Local Labour Forum (LLF) is in place and meets regularly. Its composition is representative of management and labour representatives on an equal basis. Its role is to provide a platform to both labour and management to deal with any matter that may impact on labour and organisational operations. The focus is on strengthening and building workplace relations and ensuring organisational stability.

The South African Municipal Workers Union (SAMWU) is the only recognised union operating within Amatola Water. As at 31 March 2023, the union had 310 signed up members. The union has a full-time shop steward and seven shop stewards representing their constituencies within the Amatola Water plants. The Amanzi Bargaining Council Constitution and Organisational Rights Agreements are guiding documents that regulate the relations between Organized Labour and Management.

The minimum services agreement and associated annexures are in place to ensure that essential services continue in the event of industrial action. Managers are trained to take ownership of employee relations, including discipline, at the lowest level. Training and support will continue to ensure that confidence for this critical skill set. Additional resources are in place to ensure that HR can provide support to develop supervision while clearing the backlog of grievances.

RELEVANT POLICIES

Amatola Water has developed relevant policies that provide guidance on what the company expects from employees in terms of the behavior, actions, and processes they take in specific scenarios. These policies are in line with the relevant national legislation and are updated as and when they expire.

14. ENVIRONMENTAL SUSTAINABILITY

ENVIRONMENTAL SUSTAINABILITY

Environmental management is a complex and challenging concept based, in part, on the complexities of the definition of environment. Based on the National Environmental Management Act, 1998 (Act 107 of 1998), the environment is defined broadly and should promote constitutional values, safeguarding the health and well-being of people while advancing economic development and ensuring that the required level of ecological protection is afforded without compromising the natural, financial and social resource bases.

The environmental management function ensures that Amatola Water-owned primary business operations and infrastructure, and secondary business activities (including right-of-use) comply with relevant environmental and water legislation while simultaneously promoting environmental sustainability.

The ever-increasing pressure on freshwater and other environmental resources represents a significant challenge for integrating social, economic and environmental factors to combat critical challenges. It requires astute planning, decision-making and implementation so that resource development and use serve current and future generations sustainably and equitably. Climate change is a reality that requires careful management and mitigation as the organisation experiences the impact of climate change risk while simultaneously contributing to the environmental challenge. The Climate Change Readiness Strategy identifies organisational risks and mitigation actions, forming part of planning. Strategic interventions will be investigated to reduce the organization's carbon footprint (for example, renewable energy alternatives).

Strategic interventions outlined in the Environmental Sustainability Strategy provide the overarching framework to guide Amatola Water in supporting and achieving environmental sustainability. Broadly, the interventions have been identified as:

- Monitoring, assessing and evaluating the effect of and on, Amatola Water activities through the development of environmental monitoring programmes
- Managing and mitigating environmental impacts
- Promoting environmental awareness, creating awareness of scarce natural resources and reducing environmental stress;
- Supporting cooperative environmental governance
- Enhancing organisational sustainability (social and financial) through environmental initiatives and supporting the green economy
- Participating in relevant environmental technology research.

Key initiatives identified as strategic environmental interventions are:

| STRATEGIC ENVIRONMENTAL INTERVENTIONS | INITIATIVES |
|---|---|
| Monitor, assess and evaluated the effect of, and on, Amatola Water activities through the development of environmental monitoring programmes | Strengthen implementation of the Environmental Management System within the Amatola Water Integrated Management System (towards International Organization for Standardization – ISO - certification) |
| | Develop and implement environmental monitoring programmes for Amatola Water’s operations to improve the management and mitigation of the environmental impact |
| Manage and mitigate the environmental impact | Identify and implement action/s from Climate Change Readiness Strategy to reduce Amatola Water’s climate change impacts, for example, carbon footprint reduction activities |
| | Monitor the implementation of the organisational conservation and water demand management (WCWDM) policy |
| Promote environmental awareness, create an awareness of scarce natural resources and the need to reduce environmental stress | Ongoing implementation of environmental awareness, with a focus on energy efficiency, water conservation and waste management |
| Support co-operative environmental governance | Secure relevant environmental and water use authorisations for Amatola Water operations (as required, per the integrated master plan and operational requirements) |
| | Participate in relevant national and regional environmental forums |
| | Provide project specific support to district municipalities and local municipalities as required (PIA projects) |
| Enhance organisational sustainability (social and financial) through environmental initiatives and supporting the green economy | Support environmental enhancement activities and projects, such as alien vegetation control, project specific rehabilitation initiatives and utilise relevant green technology where possible |
| Participate in relevant environmental and technology research | Be aware of and participate in/develop Amatola Water specific relevant research projects |

Table 14.1: Strategic environmental interventions and initiatives

15. WATER CONSERVATION AND DEMAND MANAGEMENT PLANS

WATER CONSERVATION AND DEMAND MANAGEMENT PLANS

PRIMARY BUSINESS

Water Conservation and Demand Management Policy

Amatola Water strives to reinforce the principles of water conservation throughout its operations and production value chain. Some measures that are in place at the water treatment works to ensure water losses are minimised include the backwash and de-sludge processes, while other losses such as leaks are constantly monitored and addressed immediately. Reclaiming of water disposed of during the de-sludge process also forms part of Amatola Water's operating culture.

The emphasis on prudent water usage is also maintained externally by limiting wastage in distribution and storage networks, where more detailed water balances are conducted on a monthly basis to identify any anomalies. Water demand is managed with the aid of a comprehensive "parent child" metering system that is guided by a policy on meter calibration and maintenance. Illegal connections pose a problem in some distribution networks. Amatola Water has a policy in place to manage illegal connections and ensure that the local and district municipalities are informed throughout all interventions approved in terms of the policy.

Institutional arrangements

The Operations Division is responsible for all water meters. Meter readings are recorded on a monthly basis and inform the customer billing process for raw and potable water used. The Planning and Development Division, on the other hand, is responsible for water loss and demand management monitoring in the organisation. The separation of the operations and maintenance from the monitoring function ensures accountability is not compromised.

Programme

Amatola Water compiles monthly water balance reports which enable rapid identification of specific areas of loss. Amatola Water achieved a 7.09% production loss and distribution loss of 10.396% on average for the previous financial year (2021/22). A continued focus on reducing losses will continue over the next five years.

This includes:

- Reducing total losses by minimising illegal connections
- Providing more rapid response to leaks and the replacement of certain portions of infrastructure that has exceeded their design life
- Ensuring accurate water metering data.

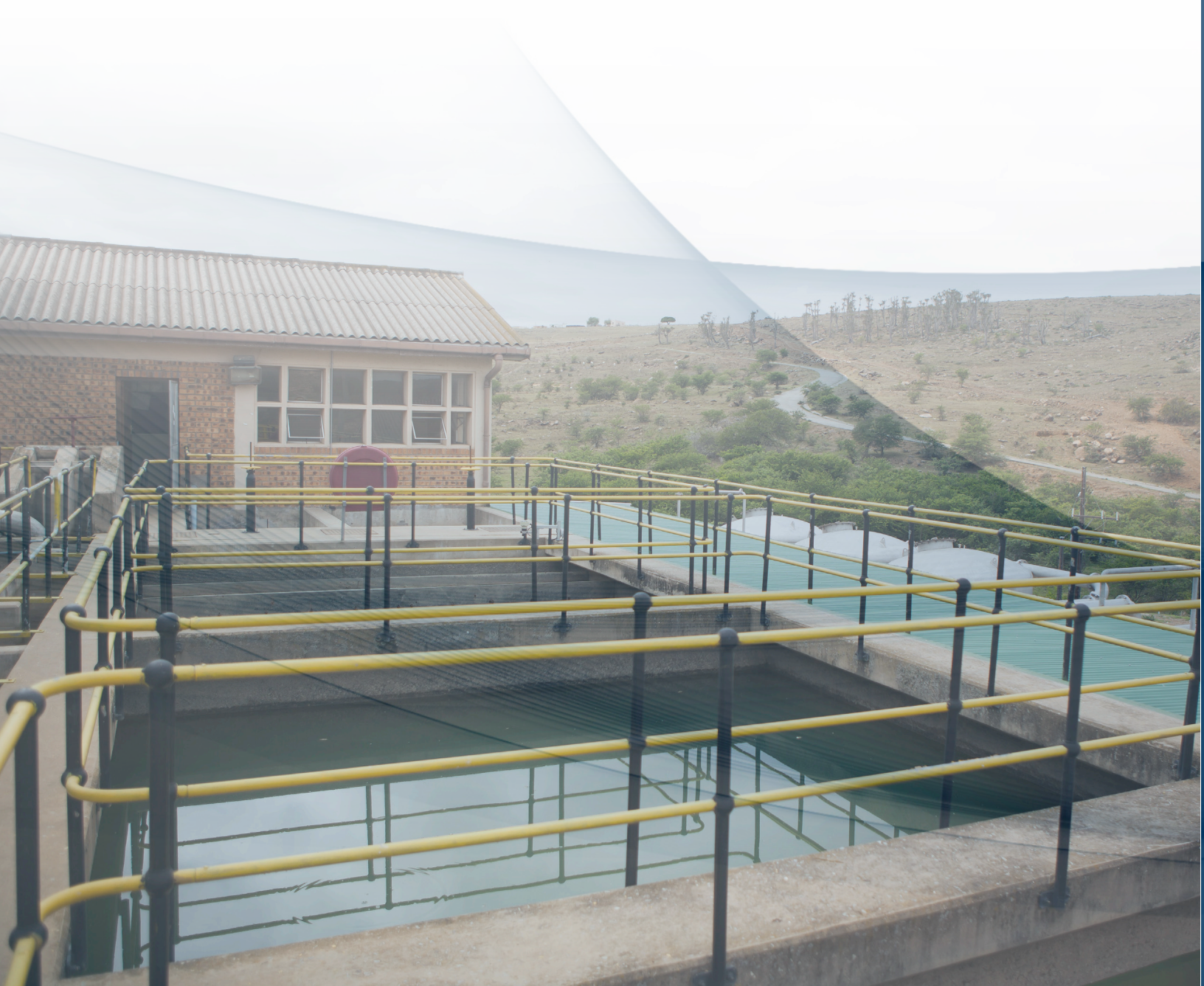
During droughts, restrictions in supply, consumption and outputs are monitored daily to ensure demands are limited to the relevant dam operating rules, while dam levels are reviewed annually to determine projected annual demand and available water within the resource.

Good progress has been made in the management of non-revenue water. It has been based on the production of schematic lay-outs of meters on all schemes, showing the relative positions of the meters – including billing and balance meters. It has enabled Amatola Water to establish overall losses on each scheme and losses at particular points in the schemes. Such losses may be due to real water loss or apparent loss.

The tracking of balances between sub-sections of schemes assists in isolating potentially faulty meters or areas with illegal connections and allows appropriate corrective action to be taken. These schematics of meter line diagrams are updated regularly by the Geographic Information System (GIS) unit that works with the Operations Division.

Expansion of primary business activities

Amatola Water has a number of planned capital expenditure projects over the next five years that will result in improved water conservation and demand management. The scope of these projects includes the upgrade of bulk distribution networks, storage and reticulation.



16. FINANCIAL PLAN

FINANCIAL PLAN

The financial sustainability and growth path for Amatola Water is to become the regional bulk water services provider in the Eastern Cape.

Bulk water sales volumes is key to achieving growth which ensures the financial and operational viability of the entity in the medium to long term. The volumes are predicted to increase by 3% during the year from a base of 38,524KL.

The water business model for the Eastern Cape province is key to the success of Amatola Water. The ownership of bulk water infrastructure lends to this business model where the customer and supplier relationship is clearly defined by virtue of ownership of bulk water infrastructure assets. The realisation of regionalisation of the bulk water service provision will lead to increased capacity by creating an enlarged footprint of bulk water infrastructure assets which enhances service delivery in the areas of supply.

The impact of the interventions in providing solutions for water service delivery through infrastructure expansion translates into the growth for Amatola Water's asset base, revenue and the accumulation of surplus to fund future expansion programmes.

The achievement of Amatola Water's financial goals is the economic consequence of critical decisions taken by management and the Board during the planning and implementation phase of the corporate plan. The mobilisation of financial resources, in an efficient and effective manner, is critical in light of the on-going financial challenges due to the inability of key customers to settle their obligations as they become due to Amatola Water.

Debt management is a serious challenge this financial year, impacting the cash flow and financial viability of the entity. It is, therefore, necessary for Amatola Water to extend its customer mix to reduce the risk of cash flow constraints due to delayed payment from customers.

Amatola Water has embarked on a Financial Recovery Plan (FRP) which is being implemented to achieve financial sustainability and growth. The current phase is expected to stabilise the organisation, to gain control of the cash flow situation and establish breakeven. The strategy to stabilise the financial environment is to implement a Financial Recovery Plan, a Debtor Management Plan and overhaul Supply Chain Management.

To meet the industry norms, some financial targets have been slightly stretched so as to encourage improved performance over the planning cycle. These have been set above the audited baseline for the 2021/22 and the projected targets for the 2023/24 financial year.

The following assumptions have been made in preparing the corporate plan and financial forecast. It must be noted that any material change in the assumptions will have an effect on the expressed long-term view:

MACRO-ECONOMIC ASSUMPTIONS

| MACRO-ECONOMIC ASSUMPTIONS (NATIONAL TREASURY MTEF 2022 FRAMEWORK) | | | | | |
|--|---------|---------|---------|---------|---------|
| PARAMETER | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| CIP | 5.4% | 5.5% | 5.5% | 5.5% | 5.5% |
| Producer price index (PPI) | 5.6% | 5.8% | 5.8% | 5.8% | 5.8% |
| Electricity Increase | 18.65% | 5.5% | 5.5% | 5.5% | 5.5% |
| Chemicals | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Maintenance | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Raw Water Purchase (Proposed By DWS For 2023) | 10.72% | 4.8% | 4.8% | 4.8% | 4.8% |
| Water Research Levy | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |

Table 16.1: Macro-economic assumptions Source: Tariff consultations, Amatola Water Corporate Plan and Annual Reports, National Treasury MTEF 2022 Framework

The financial model has been developed using the 2021/22 audited results and 2022/23 year-to-date data.

The capital expenditure programme is driven by the organisational strategic objective to ensure that Amatola Water plants produces 194 ML for the financial year 2023/24, increasing to 43.473ML for the financial year 2025. It ensures sustainability and allows the entity to recover a cost reflective tariff.

The sales volume of 39,527 ML has been determined as the break-even point for viable water treatment plants in Amatola Water applicable to financial year 2022/23 cost structure.

The following graph illustrates the forecasted volumes for 2023/24 FY to 2027/28 FY for the break-even volumes that improve by the 2023/24 FY; hence volumes will increase sufficiently to allow fixed costs to be adequately absorbed.

RAW WATER, TREATED WATER AND BREAK-EVEN VOLUMES

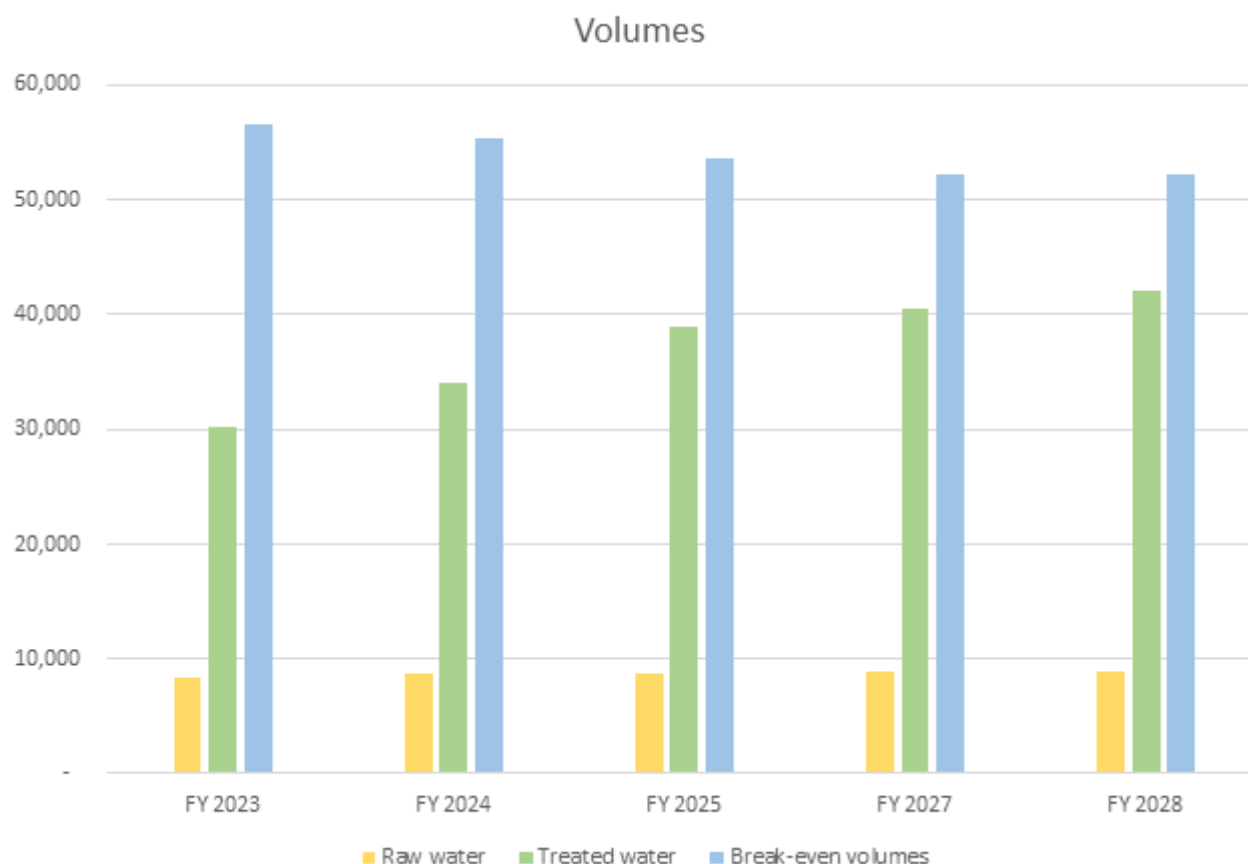


Figure 16.1: Projected raw and treated water volumes

Amatola Water's continued balance sheet weakness necessitates the pursuit of secondary business as set out in Section 30 of the Water Services Act, 1997 (Act 108 of 1997) in the interim to build up equity.

The secondary business activities are catalytic initiatives that allow Amatola Water to demonstrate its technical and tactical expertise in the bulk water service provision and therefore, be in a position to influence the narrative regarding the regional water utility within the water service authorities in the province.

The following graph demonstrates raw water revenue and treated water revenue and secondary business revenue for the 2023/24 FY to 2027/28 FY.

RAW AND TREATED WATER REVENUE - PRIMARY BUSINESS ACTIVITIES

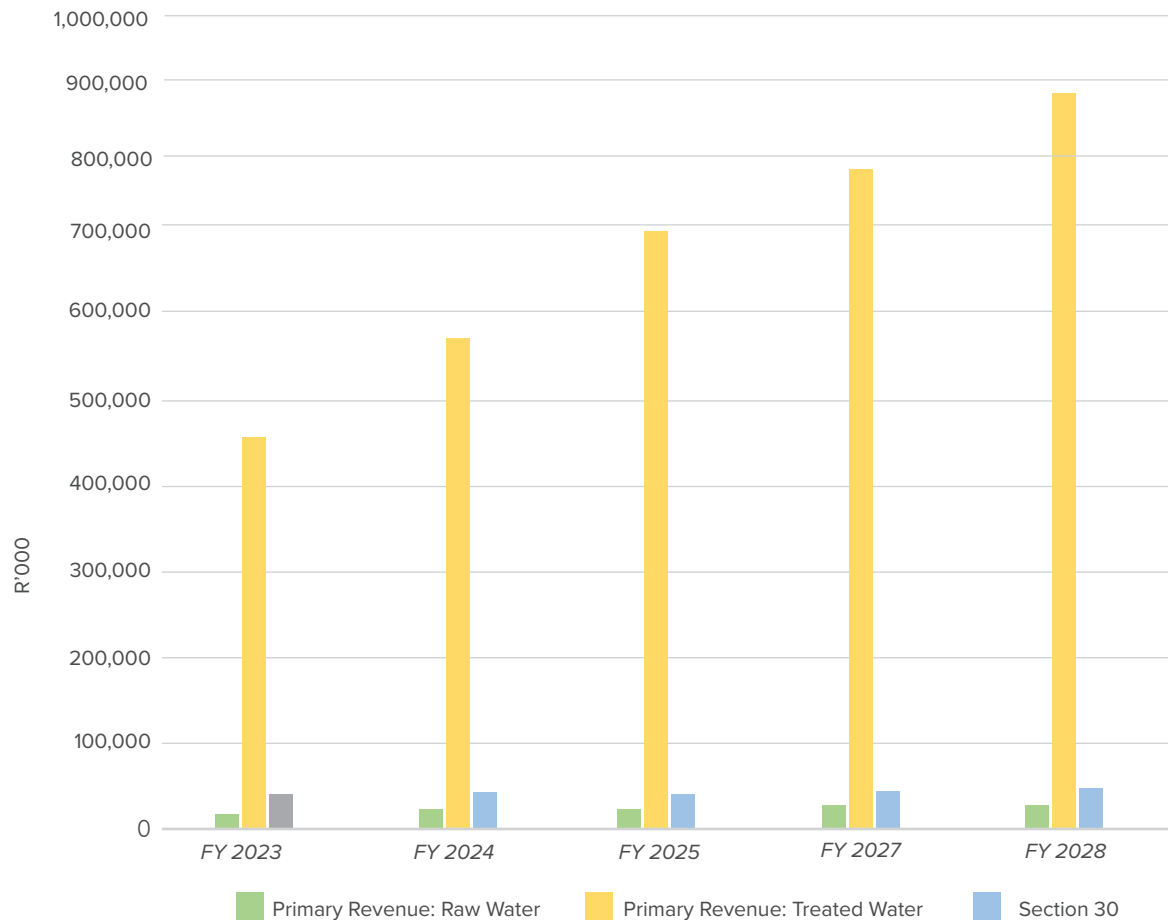


Figure 16.2: Projected raw and treated water revenue

Grant funding of R57m is currently being utilised for the Amatola Water's capital expenditure programme for upgrading six water treatment plants.

Long-term sustainability will, however, be secured through improved economies of scale in the primary business once the capital expenditure programme, currently under way, is complete and has been commissioned for use.

The expected outcome of the capital expenditure programme is to increase production and sales of potable bulk water. The current production volumes of all plants is, on average, at 98% of their design capacity. The salient features presented in the following graph demonstrates the revenue growth required to cover cost of sales and operating expenditure.

SALIENT FEATURES

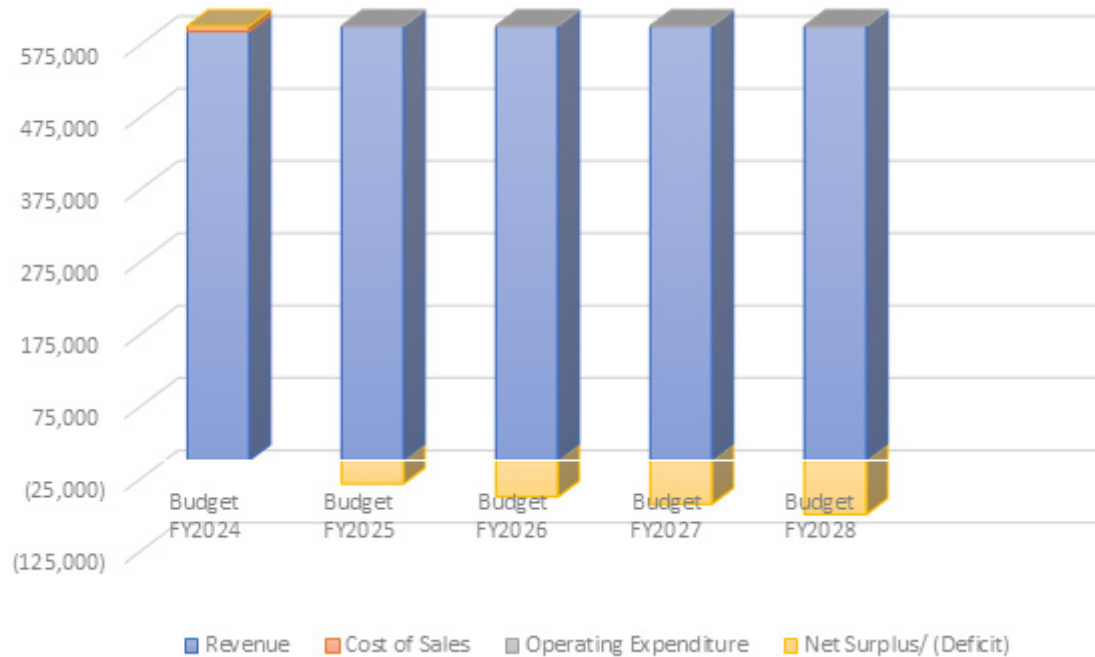


Figure 16.3: Salient features

ANALYSIS OF THE FINANCIAL FORECAST 2022/24 FY - 2027/28 FY

Positive expectations

- Projected growth in primary revenue linked to inflation
- Additional volumes for the Buffalo City Metropolitan Municipality using package plant technology
- Sustainability in secondary revenue projects
- Growth in costs in line with expected inflation rates
- Growth in net surplus.

Major costs drivers

The major cost drivers for Amatola Water's primary business include raw water purchases, electricity, chemicals and overheads. The cost factors are affected by exogenous factors such as increased import prices for chemicals, energy cost escalations and consumer price index inflationary increases.

ANALYSIS OF 2023/24 FY INPUT COSTS

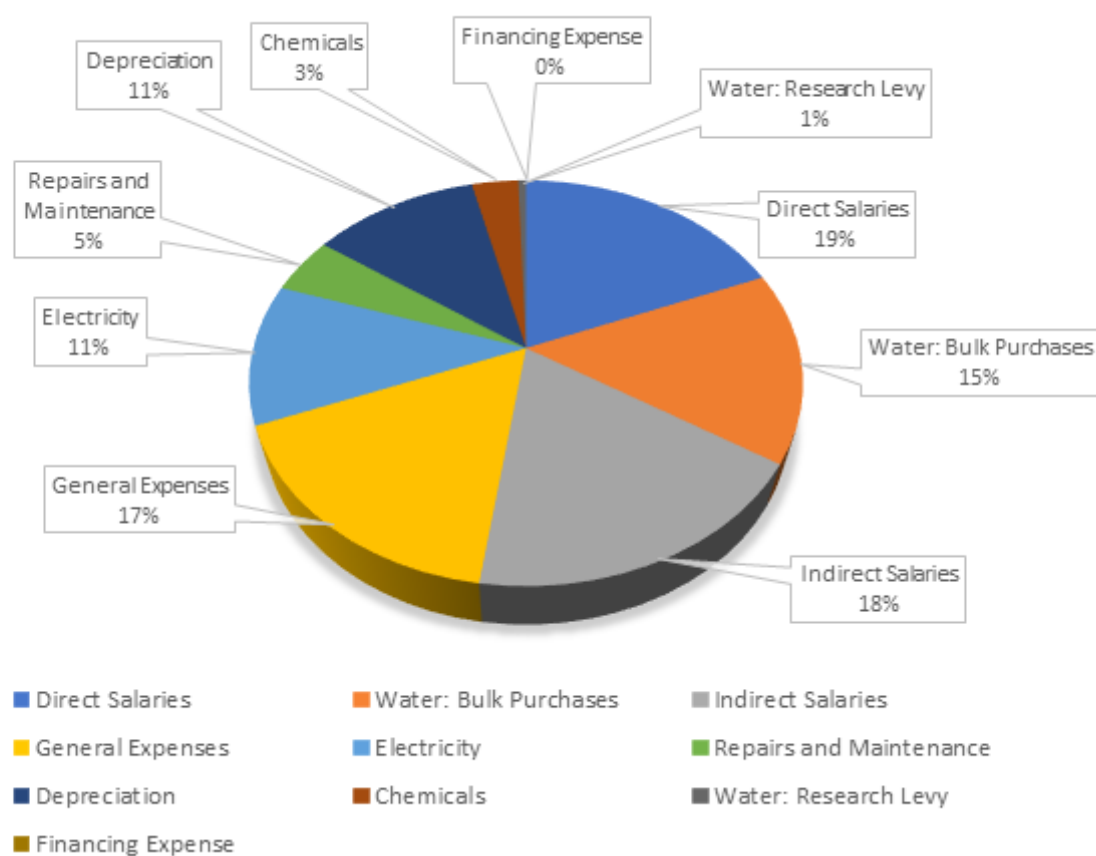


Figure 16.4: Breakdown of input costs

The Financial Five-Year Plan projects additional volumes being sold, using economies of scale to cover costs and generate profits to build equity.

The secondary business is a key business area to generate profits that contribute to financial sustainability. A robust control environment, effective risk management, debt management and efficient procurement processes can ensure a successful financial plan.

The internal control environment has continued to be found wanting in ensuring that policy and legislative compliance are achieved. At the same time, it has increased the risk of Amatola Water not achieving its strategic goals. Consequently, there needs to be a concerted effort to a focus on policy and legislative compliance and include these risks in the strategic risk register. This will ensure that continuous monitoring and resources are committed to effectively and efficiently mitigate and reduce the risks to acceptable levels. In summary, the financial viability of Amatola Water, in the medium term, is dependent on a strong and financially sound customer base that is able to meet its obligation as these become due, the completion of the capital expenditure upgrades that increase production and sales volume.

In the long term, there is the realisation of Amatola Water as a regional water utility that provides bulk services to the Eastern Cape and ensures that quality, sustainable bulk water services are a reality for all the inhabitants of this province.

MATERIALITY AND SIGNIFICANCE FRAMEWORK

As required by the Treasury Regulations and the Minister of Water and Sanitation, Amatola Water has developed and submitted a framework of acceptable levels of materiality and significance for each incident.

Having taken into account the following factors:

- The nature of Amatola Water's business
- Statutory requirements affecting Amatola Water
- The inherent and control risks associated with Amatola Water's quantitative and qualitative issues.

With regards to quantitative aspects, Amatola Water has assessed the levels of materiality, to be 0,25% (or R388 534,0009) of its last audited revenue in 2021/22 FY. The resultant materiality figure for 2021/22 FY is R1 013 180.

It is recognised that different materiality levels can be set for different classes of transactions. However, Amatola Water choose to take the approach of setting a conservative level for all transaction classes.

With regards to the qualitative aspects of materiality, Amatola Water views the following as qualitatively material:

- Any amount which results from criminal conduct, corruption, irregularities or fraud; R10 000 and above which results from irregular, fruitless or wasteful expenditure caused by gross negligence
- R250 000 and above which results from irregular, fruitless or wasteful expenditure caused by any other circumstance. Participation or change in participation, in any significant partnership, trust, unincorporated joint venture or similar arrangement where the net income accruing to Amatola Water exceeds 10% of annual gross revenue
- Establishment or participation in the establishment, of any entity whose ownership does not include a local authority, another water board or a national or provincial organ of state, procedure/processes required by legislation or regulation (Public Finance Management Act (PMFA)/Treasury Regulations)
- Transactions entered into that could cause reputational risk to Amatola Water.

17. ANALYSIS OF RISK

ANALYSIS OF RISK

Amatola Water implements an enterprise-wide risk management programme based on legislation and best practice. The Accounting Authority of Amatola Water - the Board - is ultimately responsible for ensuring good governance and oversight on risk management and mitigation. Amatola Water's strategic risk register is reviewed mid-year and annually as part of an integrated risk approach. The organisation approaches identifying and mitigating risk by managing three registers - strategic, divisional and risk. Management held a strategic risk workshop where the strategic risks were determined and rated as summarised as follows:

| No | Linkage to Strategic Outcomes and priorities | Risk title | Cause | Actions |
|----|---|--|---|--|
| 1 | SO1: Improved Provision of safe and reliable water services | Inability to meet the bulk water supply and demand of customer (sufficient quality and quantity) | <ol style="list-style-type: none"> 1. Aging infrastructure. 2. Lack of maintenance of infrastructure due to budgetary constraints. 3. Delays in finalisation and approval of the Infrastructure Master Plan. 4. Treatment Works operating above design capacity. 5. Inadequate funding/budgetary constraints. 6. Inadequate conditional assessment 7. Lack of audit on the Preventative Maintenance Plan to ensure completeness. 8. Poor coordination of efforts internally (Planning & Development and Operations). 9. Effects of drought as a result of Climate change. 10. Increased customer demands due to increasing population. 11. Misaligned budget allocation between core and support owing to non-prioritisation of budget to core business. 12. Inadequate or lack of experienced technical skilled personnel. 13. Leadership instability at both Board and Executive Levels within AW. 14. Non-compliance with National standards of water quality and wastewater effluent. 15. Water Pollution. 16. Loadshedding/ Power outages (availability, reliability, and quality of electrical supply) 17. Vandalism and theft of Water Treatment Works (WTW) due to deterioration of safety measures. 18. Water Losses due to illegal connections and Leaks. 19. Shortage of water purification chemicals | <ol style="list-style-type: none"> 1. Finalise and approve funding for AW Infrastructure Master Plan 2. Source funding for finalisation of Sandile and Nahoon Plant upgrades. 3. Roll out innovative technologies such as Modular Plant. 4. Improve the Capacity of the Operations Division with experienced and skilled engineers. 5. Monitor the Plant upgrades that are currently underway at Sandile & Nahoon WTW for finalization. 6. Enhance the Implementation of the Water Conservation Demand Policy. 7. Compliance with monitoring program and timeous communication of results. 8. Implement the State Security Agency Report recommendations. 9. Develop asset maintenance, refurbishment, and replacement strategy. 10. Source alternative energy |

| No | Linkage to Strategic Outcomes and priorities | Risk title | Cause | Actions |
|----|---|---|--|--|
| 2 | SO1: Improved Provision of safe and reliable water services | Inability to successfully implement secondary business projects within the scope, schedule, Budget, and integrity of new installations. | <ol style="list-style-type: none"> 1. Inadequate Project and Contract Management. 2. Inadequate funding owing to budgetary constraints. 3. Inadequate capacity by end-users and project managers to monitor/manage contracts (such as technical skills). 4. Litigations arising from breach of Service Level Agreements (SLAs) and non-compliance with SCM Legislation Regulations that halts project progress. 5. Breach of SLAs by Principal Agents. 6. Inadequate Supply Chain and Contract Management capacity to support the Project Management Unit. 7. Lack of due diligence assessment on the acquisition of new secondary business projects. 8. Inadequate Cost model for AW (that caters for recovery of all the costs of the project). 9. Lack of an enabling and responsive project management policy/methodology. 10. Ever presence of none ending or ever-green contracts with the Professional Service Providers (PSPs). 11. SCM policy is not responsive to Project management and project execution. 12. Non/ delays in payment by Project funders or principal agents. 13. Inability to coordinate, plan, implement, and complete projects that will meet the desired quality and integrity, by the Project Management Unit. 14. Delays of Environmental Impact Assessment (EIS) on projects 15. Hamper of projects by interest groups (business forums etc.) 16. Poor Stakeholder engagement on projects. | <ol style="list-style-type: none"> 1. Develop and implement a capacity development plan for Project Managers. 2. Utilize the project management function Optimally to capacitate managers. 3. Enforce implementation and monitoring of SLAs between the Principal and Agent. 4. Monitor implementation of SLAs between PSPs and Contractors. 5. Review and update existing SLAs and strengthen new SLAs with provisions for ringfencing funding for projects by project funders or principal agents. 6. Conclude mutually agreeable SLAs which will facilitate intergovernmental (IGR) interventions and legal recourse. 7. Finalise the Review of all Section 29 and 30 aligned contracts. 8. Establish a business development unit that will conduct feasibility and viability studies on new business opportunities and due diligence on the acceptance of new secondary projects. 9. Review, align, and approve the Project Management Policy in line with National Treasury Project Management Methodology, GTAC,2010). 10. Capacitate the SCM and Contract Management, Project Management unit resources (human and financial). 11. Assess the critical scope of the ever-green contracts and terminate after implementation of the scope (consider the legal implications of the contracts). 12. Develop SOPs in line with the infrastructure project delivery model including the cost model (GTAC,2010). 13. Development of the stakeholder engagement plans on projects |

| No | Linkage to Strategic Outcomes and priorities | Risk title | Cause | Actions |
|----|---|---|--|---|
| 3 | SO1: Improved Provision of safe and reliable water services | Inadequate Security for Amatola Water (AW) Assets against vandalism and theft | <ol style="list-style-type: none"> 1. Delayed implementation of the recommendations of the (SSA) State Security Agency Assessment Report due to budgetary constraints. 2. Lack of a comprehensive Security Management Strategy. 3. Lack of Resources (Personnel and tools of the trade) to fully implement security measures and to monitor adherence to Service Level Agreements in line with PSP's performance 4. Encroachment over pipelines, servitude, and properties. | <ol style="list-style-type: none"> 1. Source funding and resources for the implementation of the SSA recommendations. 2. Prioritise the staggered implementation of recommendations from the SSA Report. 3. Develop and implement a Comprehensive Security Management Strategy. 4. Capacitate the Security Management Unit in line with the new organizational structure. |
| 4 | SO2: Effective corporate governance and ethical leadership | Non-Compliance with laws and regulations | <ol style="list-style-type: none"> 1. Delays in the review and approval of policies. 2. Increased number of deviations from institutional policies. 3. Inadequate implementation of consequence management. 4. Lack of Probity and compliance reviews. 5. Non-compliance with Safety, Health, Environment, and Quality (SHEQ) processes. 6. Inadequate Implementation of the OHS audit findings. 7. Lack of compliance management Policy Framework. 8. Incomplete Compliance Register/ Universe. 9. Delays in dealing with historic Irregular, and fruitless and wasteful expenditure. 10. Constant changes in the regulatory landscape (as well as vague and ambiguous). 11. Legislation resulting in different interpretations and regulations. | <ol style="list-style-type: none"> 1. Establish the Policy Coordination function. 2. Finalise the compliance Universe/ Register. 3. Integrate the Disciplinary Policy and Code of Conduct to AW policies and vice versa. 4. Capacitate management on the implementation of consequence management. 5. Perform value assessment on tenders' prior approval of procurement. 6. Establish a Pre-Audit/ internal control unit. 7. Continue to perform probity audits for high-value tenders' prior approval of procurement. 8. Conduct Internal Audit Reviews on SCM processes on a quarterly basis. 9. Conduct a determination assessment of irregular expenditure. 10. Facilitate review and approval of old/outdated policies. 11. Strengthen the Implementation of the OHS audit findings. |

| No | Linkage to Strategic Outcomes and priorities | Risk title | Cause | Actions |
|----|--|---|---|---|
| 5 | SO2: Effective corporate governance and ethical leadership | Fraud, corruption and theft | <ol style="list-style-type: none"> 1. Collusion between/amongst service providers and AW employees/ Board members. 2. Deliberate non-compliance to Supply Chain Management (SCM) processes. 3. Inadequate implementation of consequence management on transgressors. 4. Unlawful use or possession of AW assets for personal gain. 5. Misrepresentation of the time management system. 6. Ineffective implementation of Anti-fraud and Anti-corruption Policy & Strategy. 7. Ineffective implementation of the Code of Conduct. 8. Inadequate awareness of fraud prevention measures for AW employees/ Committees 9. Favouritism in the appointment of certain PSPs. 10. Outdated Conflict of Interest Management Policy. 11. Cover quoting and bid rigging by employees intending to do business with AW. | <ol style="list-style-type: none"> 1. Establish the Integrity and Change Management Programme that will incorporate the code of conduct, AW values, etc. 2. Conduct Anti-fraud and Corruption, risk management, and ethics awareness workshops. 3. Perform AW internal lifestyle reviews and audits. 4. Develop the Board's Code of Conduct. 5. Automate time sheets. 6. Internalization of AW Values. 7. Implement the recommendations of the organizational Culture Survey. 8. Perform Regular Fraud and Ethics Risk Assessments. 9. Procure a new Fraud Hotline Contract. |
| 6 | SO2: Effective corporate governance and ethical leadership | Non-functional corporate governance systems | <ol style="list-style-type: none"> 1. Lack of regular review of the Delegation of Authority (DOA) Framework to assist in effective decision-making throughout Amatola Water and monitoring the exercise of delegated powers by Management. 2. Inefficiencies in the management of the government structures. 3. Lack of regular evaluation of the Board and Board Committee's effectiveness. 4. Inadequate or non-implementation of Board resolutions by management. 5. Breach of confidentiality around Board and Executive decisions. 6. Incapacitation of the governance structures (Risk Management and Internal Audit Units). | <ol style="list-style-type: none"> 1. Review, update and approve Board and Board Committee's Terms of Reference (TORs). 2. Review, update and approve Delegation of Authority. 3. Perform Annual Evaluation of Board and Board Committee's effectiveness. 4. Strengthen the performance management system. 5. Strengthen Consequence Management. 6. Capacitate the Company Secretary Office. 7. Capacitate Risk Management and Internal Audit function. |

| No | Linkage to Strategic Outcomes and priorities | Risk title | Cause | Actions |
|----|--|-----------------------------------|--|---|
| 7 | SO3: Improved financial viability | Unsustainable financial viability | <ol style="list-style-type: none"> 1. Lack of funding to expand AW services. 2. Leadership instability (Board and Executive Level) 3. Non-payment of Debt by Municipalities/ WSA's. 4. Inadequate Contract management on the primary business. 5. Water losses due to dilapidated AW infrastructure and illegal connections (for AW and WSA's). 6. Unprofitable schemes e.g. Albany, Debe, and Glenmore, etc. 7. Low volumes of Water Production. 8. Negligent trading by AW. 9. Poor marketing of AW for potential expansion of business. 10. Indigent customer base for AW Municipalities as Customers. 11. Inadequate capacity to meet the current and growing customer demands. 12. High input/ production costs at WTW e.g. Albany plant etc. 13. Lack of effective Project Management for secondary business 14. Lack of proper due diligence assessment on the acquisition of new secondary business projects. 15. Inadequate Cost Model for AW. | <ol style="list-style-type: none"> 1. Engagement of all relevant stakeholders on the issue of non-payment of debt to AW (ADM, Provincial government, and local government, etc). 2. Improve revenue/debt collection by enforcing the implementation of the Credit Management and Debt Collection Policy. 3. Assess all unprofitable schemes e.g. Debe, Laing, Albany, etc. 4. Consider legal actions, after exhausting IGR processes against defaulting municipalities and ensure that the verdict is implemented. 5. Strengthen the SLA between AW and Municipalities. 6. Proper project initiation with the Municipalities. 7. Optimization of assets to generate revenue. 8. Usage of filtered water instead of seawater (Albany plant). 9. Improve on debtor's day's collection. 10. Conduct conditional assessments and implement the recommendations. 11. Perform investigation on cases of fraud and corruption. 12. Monitor the implementation of the Financial Recovery Plan. 13. Direct transfer of funds from Implementing Agency clients (ensuring payment of the debt by the principal under secondary business). 14. Enforce implementation of the Cost Containment Directive. 15. Implement the project management policy. 16. Secure funding for projects. 17. Develop SOPs in line with the infrastructure project delivery model including the cost model (GTAC,2010). |

| No | Linkage to Strategic Outcomes and priorities | Risk title | Cause | Actions |
|----|--|--|--|---|
| 8 | SO4: Improved stakeholder relations | Erosion of AW brand value and reputational sustainability. | <ol style="list-style-type: none"> 1. Leadership instability (Board and Executive Level). 2. Lack of ownership/ implementation of stakeholder management plan/strategy. 3. Poor Corporate ethical culture. 4. Lack of culture of service (integration of Batho Pele Principles). 5. Poor IGR stakeholder relations. | <ol style="list-style-type: none"> 1. Finalise the review and approval of outstanding policies. 2. Resuscitate monthly Labour Forum meetings. 3. Develop and implement a stakeholder engagement plan. 4. Conduct regular stakeholder satisfaction surveys. 5. Develop and implement a complaints management system. 6. Develop and implement a communication strategy and plan. 7. Finalise the Corporate Citizenship Policy Statement. 8. Revive robust stakeholder relations activities in the government space. 9. Engage in strategic alignment between Amatola Water and the Department of Water and Sanitation by supporting and participating in Shareholder-led events and activities within the water sector. 10. Continuous interaction with shareholders on matters referred by the Board. 11. Implementation of the org review report findings and integration of AW values. 12. Development and Implementation of the customer service standards. 13. Convene quarterly staff meetings. |

| No | Linkage to Strategic Outcomes and priorities | Risk title | Cause | Actions |
|----|--|---|--|--|
| 9 | SO5: Efficient and innovative organization | ICT governance failures and Cyber security threat | <ol style="list-style-type: none"> 1. Poor policy environment and implementation. 2. Poor network security. 3. Non-integration of ICT systems and processes. 4. Inadequate ICT infrastructure and systems to support Amatola Water's Strategy and mandate. 5. Non-compliance with ICT legislative frameworks and regulations. 6. Inadequate Resources for ICT. 7. Ineffective ICT Governance. 8. Cyber security attacks. 9. Inadequate training/ awareness on cyber security threats. | <ol style="list-style-type: none"> 1. Approve and implement ICT governance frameworks. 2. Perform oversight on the implementation of ICT Policies. 3. Development and approval of Digital Strategy. 4. Strengthen the regular ICT Security Awareness, and Training Tests (training/ test to be compulsory for all AW employees). 5. Select and implement COBIT-2019 Framework components (e.g. Services, Infrastructure, and applications). 6. Develop and approve and implement an ICT information security strategy. 7. Develop, approve, and implement an ICT Strategy that is aligned with the organizational strategy. 8. Perform Disaster Recovery Plan (DRP) testing. Disaster Recovery Plan (DRP) testing. |
| 10 | SO6- Enhanced environmental sustainability | Environmental unsustainability | <ol style="list-style-type: none"> 1. Over abstraction due to high demands. 2. Non-compliance with Environmental Impact Assessment and Water Use License. 3. Pollution. 4. Inadequate monitoring of environmental resources. 5. Non-compliance with environmental sustainability strategy. 6. Employee ignorance of environmental factors. 7. Exposure to drought and floods. 8. Poor project (infrastructure) planning. 9. Delays in Environmental Impact Assessment (EIS) on projects | <ol style="list-style-type: none"> 1. Implement Environmental Management System to ensure that all AW employees are environmentally aware and are keen and eager to be environmental champions to achieve compliance with ISO14001 certification. 2. Develop a comprehensive disaster management plan. 3. Conduct Environmental Community awareness programs. 4. Develop a climate change response strategy. |

| No | Linkage to Strategic Outcomes and priorities | Risk title | Cause | Actions |
|----|--|--|---|--|
| 11 | SR07-A highly-skilled, engaged and productive workforce | Inability to attract, retain, and develop the experience, technical and professional skills) | <ol style="list-style-type: none"> 1. Leadership cohesiveness and instability. 2. Unresponsiveness & inflexibility on the regulatory framework for AW (remuneration of the CE and succession planning etc.). 3. non-implementation of succession planning processes. 4. Lack of approved Organogram (Interim organogram). 5. Non-adherence to the Succession Planning Policy, Retention Policy, Recruitment Policy, and Recruitment Plan e.g. override of controls and moratorium. 6. Budget constraints to fill vacant and critical positions. 7. Non-compliance with Employment Equity Plan. 8. Misalignment of the current skills to the mandate of the entity. 9. Negative reputation for AW. 10. Poor Corporate ethical culture. 11. Lack of Innovative projects for AW (to attract young talents). | <ol style="list-style-type: none"> 1. Develop a comprehensive human capital development strategy. 2. Implementation of the Recruitment Plan (Expedite recruitment of the CE). 3. Implementation of the Succession Plan. 4. Finalise the Org review and conduct the matching of people to the new organisation structure in line with the skills audit report/org review. 5. Finalise the draft and renewal of HR policies and plans. 6. Continue with the management forums, LLF & Extended MANCO, etc. 7. Implementation of the org survey report recommendations findings and Integration of AW values. |
| 12 | Reconfiguration of the Water Utility | Delays in the development of the due diligence report by AW | <ol style="list-style-type: none"> 1. Lack of funding for the development of the due diligence report. 2. Lack of internal capacity to develop the due diligence report. 3. Lack of buy-in from the EC WSAs. | <ol style="list-style-type: none"> 1. Ensure the formation of the Provincialisation Multi-stakeholder Steering Committee (AW as secretariat). 2. Outsource Services of the External Expert on the development of due diligence report (e.g. terms of reference). |

Divisional and process risk registers are overseen by the Corporate Risk Committee and the strategic risk register is overseen by the Audit and Risk Committee, and the Board. All risks are linked to the strategy and five-year strategic outcomes.

Based on the strategy, risks have been identified as strategic risks and causes. Controls have been identified for these causes, and mitigation strategies have been developed and are being implemented proactively. The inherent risk rating and appetite were determined at a risk workshop with the Board and extended management.

Management aims to assess the risk on a quarterly basis and identify if the mitigation strategies have positively impacted on the inherent and residual risk rating, and successfully reduced the risk below the acceptable risk appetite. Management will determine if the risk has been mitigated successfully or not.

18. DECLARATION OF DISCLOSURES

DECLARATION OF DISCLOSURES

Amatola Water hereby declares that all information herein presented, is correctly disclosed and included in the Corporate Plan, as required in terms of the Water Services Act, 1997 (Act 108 of 1997), Public Finance Management Act, 1999 (Act 1 of 1999) and associated regulations and prescribed guidelines issued by the Department of Water and Sanitation and National Treasury.

Signature _____

Mr S Koyo (Acting Chief Executive Officer)

Date: 26 April 2023

Signature: _____

Ms P Yako (Chairperson of the Board)

Date: 26 April 2023

19. SHAREHOLDER COMPACT

SHAREHOLDER COMPACT
ENTERED INTO BY AND BETWEEN



AMATOLA WATER,
HEREIN REPRESENTED BY THE
CHAIRPERSON OF THE BOARD

AND



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA,
HEREIN REPRESENTED BY THE
MINISTER OF WATER AND SANITATION

1. INTRODUCTION

- 1.1. In terms of regulation 29 of the Treasury Regulations issued in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) (as amended) (“the PFMA”), the accounting authority for a public entity listed in Schedule 3B, must, in consultation with its Executive Authority, annually conclude a Shareholder Compact.
- 1.2. The Shareholder Compact must document the mandated key performance measures and indicators to be attained by the public entity as agreed between the accounting authority and the Executive Authority.
- 1.3. The required Shareholder Compact in the context of Amatola Water and the Executive Authority comprises:
 - 1.3.1. The agreed principles, and;
 - 1.3.2. The key performance objectives, measures and indicators.

2. INTERPRETATION

In this Shareholder Compact, unless otherwise indicated or contrary to the context, the words and phrases set out below shall have the meanings ascribed to them as follows:

“Board of Directors” means the Board of Amatola Water as appointed by the Minister;

“Executive Authority” or “Minister” means the Honourable Minister of Water and Sanitation in his or her capacity as such, or any other Minister of State made responsible for Amatola Water;

“Amatola Water” means the water board deemed to continue in accordance with the Water Services Act, having its principal place of business at; “party” means either the shareholder or Amatola Water and “parties” mean both the shareholder and Amatola Water; “Shareholder” means the Government of the Republic of South Africa, represented by the Minister.

“Shareholder Compact” means this performance agreement between Amatola Water and Shareholder together with all appendices attached hereto, as defined in the PFMA.

“Water Services Act” means the Water Services Act, 1997 (Act 108 of 1997);

“PFMA” means the Public Finance Management Act, 1999 (Act 1 of 1999) (as amended) and regulations issued in terms of this Act.

3. AGREED PRINCIPLES

- 3.1. The Shareholder Compact is designed solely to regulate the relationship between the Shareholder, on the one hand, and the Board and management, on the other.
- 3.2. The Shareholder Compact is not intended to:
 - 3.2.1. Interfere in any way with the normal company law principles and the normal relationship between the Shareholder, on the one hand, and the Board, on the other. In giving effect to these principles, the Shareholder would have communicated its expectations to the Board and management.

3.2.2. The Shareholder's Compact is not intended to create rights and expectations that third parties may rely upon, it being specifically recorded that this Shareholder's Compact does not create, confer or afford any third party any rights or expectations in terms hereof.

4. PERIOD

- 4.1 As contemplated in terms of the PFMA, the Shareholder Compact will be concluded on an annual basis.
- 4.2. This Shareholder Compact is effective for the period 1 July 2023 to 30 June 2024.
- 4.3. It is hereby recorded that the agreed objectives, although subject to review annually, set out matters that are applicable beyond a period of a year. In the event that they are amended, the parties shall take into account initiatives already commenced on the basis of such objectives.

5. MANDATE, VISION AND MISSION OF AMATOLA WATER

- 5.1. The mandate of Amatola Water is set out in Sections 29 and 30 of the Water Services Act.
- 5.2. In addition to its mandate, the Shareholder acknowledges that Amatola Water has a strategic developmental role that may require decisions that are not always optimal from a commercial perspective, but contribute to National Government's broader objectives and the growth and development in South Africa and Africa.
- 5.3. The strategic intent/vision of Amatola Water is "A leader in the bulk water services in the Eastern Cape."
- 5.4. The mission of Amatola Water is to contribute to the socio-economic development of the Eastern Cape through the provision of sustainable, safe and reliable water services.

6. STRATEGIC OBJECTIVES (OUTCOMES)

6.1. In order to attain its strategic intent, Amatola Water has set the following strategic outcomes, which will focus and direct the business activities of the organisation over the planning period:

| Strategic outcome | MTSF | DWS outcome | PDP goals |
|--|---|---|---|
| SO1: Improved provision of safe and reliable water services | <ul style="list-style-type: none"> • Priority 5: spatial integration, human settlements, and local government | <ul style="list-style-type: none"> • 2: Ecological infrastructure protected and restored • 6: Water redistributed for transformation | <ul style="list-style-type: none"> • Goal 2: An enabling infrastructure network • Goal 5: Environmental Sustainability: |
| SO2: Effective corporate governance and ethical leadership | <ul style="list-style-type: none"> • Priority 1: Building a capable, ethical and developmental state | <ul style="list-style-type: none"> • 1: Efficient, effective and development orientated department | <ul style="list-style-type: none"> • Goal 6: Capable democratic institutions |
| SO3: Improved financial viability | <ul style="list-style-type: none"> • Priority 1: Building a capable, ethical and developmental state | <ul style="list-style-type: none"> • 1: Efficient, effective and development orientated department | <ul style="list-style-type: none"> • Goal 6: Capable democratic institutions |
| SO4: Improved stakeholder relations | <ul style="list-style-type: none"> • Priority 1: Building a capable, ethical and developmental state | <ul style="list-style-type: none"> • 1: Efficient, effective and development orientated department • 2: Ecological infrastructure protected and restored | <ul style="list-style-type: none"> • Goal 6: Capable democratic institutions |
| SO5: Efficient and innovative organization | <ul style="list-style-type: none"> • Priority 1: Building a capable, ethical and developmental state | <ul style="list-style-type: none"> • 2: Ecological infrastructure protected and restored • 6: Water redistributed for transformation • 1: Efficient, effective and development orientated department | <ul style="list-style-type: none"> • Goal 6: Capable democratic institutions |
| SO6: Enhanced environmental sustainability | <ul style="list-style-type: none"> • Priority 5: spatial integration, human settlements and local government | <ul style="list-style-type: none"> • 2: Ecological infrastructure protected and restored | <ul style="list-style-type: none"> • Goal 5: Environmental Sustainability |
| SO7: A highly skilled, engaged, and productive workforce | <ul style="list-style-type: none"> • Priority 1: Building a capable, ethical and developmental state • Priority 3: Education, skills and health | <ul style="list-style-type: none"> • 1: Efficient, effective and development orientated department | <ul style="list-style-type: none"> • Goal 6: Capable democratic institutions |

Table 19.1. Alignment of Amatola Water Outcomes with National planning Instruments

- 6.2. The Amatola Water's strategic outcomes have been specifically aligned to the strategic outcomes of the Department of Water and Sanitation as set out in the Department's Strategic Plan and Annual Performance Plan.
- 6.3. Each of the Amatola Water strategic outcomes, as set out in 6.1, are underpinned by specific outputs, defined key activities and targets.

7. AMATOLA WATER'S DEVELOPMENTAL ROLE

- 7.1. Initiatives in support of Amatola Water's developmental role can be classified into the following categories:
 - 7.1.1. Social development initiatives such as shareholder projects, B-BBEE promotion, water conservation/awareness programmes, donations and social investment.
 - 7.1.2 Development projects that have a significant development impact will be regularly identified by Amatola Water.
- 7.2. The shareholder hereby confirms that the Board is empowered to develop such high impact projects.

As regards any major developmental projects, it is necessary that Amatola Water's developmental role be fulfilled in a manner that is effective and sustainable.
- 7.3. In the event that the Executive Authority issues a directive that Amatola Water undertake shareholder projects, such a directive will be issued in accordance with the provisions of relevant sections of the WSA and the PFMA.

8. CORPORATE PLAN AND STRATEGIC INTENT

- 8.1. Amatola Water's Corporate Plan, incorporating its Policy Statement and related financial plans, shall be submitted to the Executive Authority in terms of Section 40 of the WSA and Section 52 of the PFMA.
- 8.2. Amatola Water shall ensure that its Corporate Plan and its strategic outcomes, outputs and targets are aligned with the strategic intent, which will inform the business focus and direction for Amatola Water into the future.
- 8.3. The strategic business targets, as set out in 'Appendix 1' hereto, will be the measure for controlling and monitoring the performance of Amatola Water by the shareholder.

9. REPORTING

As the Department revises and implements the shareholder oversight model, the nature and ex-tent of the Department's reporting requirements will change over time. However, it is not expected that the nature and timing of reporting will change, unless specifically required by legislations.

- 9.1. Quarterly Reporting (as per the DWS template)
- 9.2. Monthly Reporting (as per the DWS template)

9.3. Reporting Schedule (as per the DWS schedule)

9.4. Additional Reporting:

9.4.1. As directed by the Minister to submit annually:

- Board Charter;
- Annual Board Performance Appraisal;
- Chief Executive Performance Agreement and Contract;
- Board Governance Structure;
- Terms of Reference of Board Committees; and
- Other reporting as directed by Minister.

10. ROLES AND RESPONSIBILITIES

10.1. The Shareholder:

10.1.1. Is hereby empowered and hereby reserves the right to determine initiatives, projects or activities that Amatola Water shall undertake or become involved in, in the national interest.

10.1.2. The key performance measures for Amatola Water shall be adjusted by the Shareholder to take into account Amatola Water's developmental role.

10.1.3. The Board and the Shareholder shall agree on an amount to be set aside for developmental projects annually referred to in clause 7.

10.2. The Board:

10.2.1. is hereby mandated to oversee and to contribute to development of the strategic intent and furthermore to oversee the management of the business in accordance with such strategic intent, corporate plan and any applicable legislation;

10.2.2. and its members shall exercise their skill and fiduciary duties to ensure that management pursue the objectives and targets as set out in the corporate plan;

10.2.3. commits itself to the achievement of the Strategic Intent, strategic objectives and goals of Amatola Water, and always to act within its powers and the best interests of Amatola Water, the shareholder and customers;

10.2.4. accepts responsibility to direct and guide the business in a proper manner in keeping with good governance practices, the Water Services Act, the PFMA, this Shareholder Compact, including the Corporate Plan and Policy Statement; and

10.2.5. recognizes the importance of speedy decision-making and will use its best endeavours to prevent undue delays with regard to critical decisions.

10.2.6. will ensure that Amatola Water and all its subsidiaries shall, subject to relevant legislation, comply with the policies of the Shareholder, and that they adhere to acceptable governance practices in terms of reporting and accountability.

11. UNDERTAKINGS BY THE SHAREHOLDER

The Shareholder undertakes for the duration of the agreement:

11.1 not to introduce new or additional business deliverables during the validity of this compact other than through a process of consultation with the Board;

- 11.2. to provide reasonable notice before the introduction of any new or additional business deliverables;
- 11.3. that, if new or additional business deliverables are introduced, the parties shall amend the key performance indicators and targets.
- 11.4 on the specific requests of the request of the Board, to provide appropriate strategic leadership, support and direction to Amatola Water, where necessary, to enable the Board to fulfil its fiduciary responsibilities.

The Corporate Strategic Key Performance Indicators for Amatola Water, as contemplated in the PFMA, are attached hereto as "Appendix 1", it is hereby recorded that they have been accepted by the Shareholder on _____ dated at _____ on this _____ day of _____ 2023.

12. KEY PERFORMANCE MEASURES AND INDICATORS



(Chairperson of the Board of Amatola Water)

AS WITNESSES

1.



2.



Dated at on this the day of 2023.

(Minister of Water and Sanitation)

Shareholder Representative for and on behalf of the Republic of South Africa.

AS WITNESSES

1.

2.

SHAREHOLDER COMPACT 2023/24: APPENDIX (PERFORMANCE OBJECTIVES AND TARGETS)

| | PERFORMANCE OBJECTIVE | ALIGNMENT | | | OUTCOME/IMPACT | OUTPUT INDICATORS | MEASURE | ANNUAL PERFORMANCE TARGETS | | |
|---|---|---|---|-----------------------|--|---|----------------|-------------------------------|---|----------------------------|
| | | MINISTERIAL OUTCOMES | DWS STRATEGIC GOALS | AW STRATEGIC OUTCOMES | | | | ACTUAL - PRIOR YEAR (2021/22) | ESTIMATED ACTUAL - CURRENT YEAR (2022/23) | PROJECTED TARGET (2023/24) |
| Organisational Efficiency and Effectiveness | 1 Bulk potable water quality compliance | Priority 5: Spatial integration, human settlements and local government | Outcome 3: Water demand reduced and water supply increased. | SO1 | Water quality standards met | 1. Acute health microbiological compliance ≥ 99% | % Compliance | New | New | 97% |
| | | | Outcome 6: Water redistributed for transformation | | | 2. Acute health chemical compliance ≥ 97% | % Compliance | New | New | 95% |
| | | | | | | 3. Chronic health chemical compliance ≥ 97% | % Compliance | New | New | 95% |
| | | | | | | 4. Operational compliance ≥ 95% | % Compliance | New | New | 95% |
| | | | | | | 5. Aesthetic compliance ≥ 95% | % Compliance | New | New | 95% |
| 2 Manage avoidable water losses | | Priority 5: Spatial integration, human settlements and local government | Outcome 3: Water demand reduced and water supply increased | SO1 | Reduced avoidable water losses in treatment and distribution systems | Avoidable water losses as a percentage of water produced at the treatment and distribution systems | % | 17,5% | 14% | 9% |
| 3 Reliability of supply | | Priority 5: Spatial integration, human settlements and local government | Outcome 3: Water demand reduced and water supply increased | SO1 | No unplanned interruptions to bulk supply exceeding 24 hours | Average number of days of unplanned interruptions | number of days | New | New | ≤3 |
| | | | Outcome 6: Water redistributed for transformation | | | | | | | |
| 4 Increased access to services | | Priority 5: Spatial integration, human settlements and local government | Outcome 3: Water demand reduced and water supply increased | SO1 | Contribution to national objectives of extending services | Percentage of actual capex budget spend on expansion related projects (initiatives by the Minister) | % | 60.1% | 98% | 98% |
| | | | Outcome 6: Water redistributed for transformation | | | | | | | |
| | | | | | | | | 155% | 80% | 80% |

| PERFORMANCE OBJECTIVE | PERFORMANCE OBJECTIVE | ALIGNMENT | | | OUTCOME/ IMPACT | OUTPUT INDICATORS | MEASURE | ANNUAL PERFORMANCE TARGETS | | |
|-----------------------|-----------------------|---|---|---|-----------------|--|--|-------------------------------|---|------------------------------|
| | | MINISTERIAL OUTCOMES | DWS STRATEGIC GOALS | AW STRATEGIC OUTCOMES | | | | ACTUAL - PRIOR YEAR (2021/22) | ESTIMATED - ACTUAL - CURRENT YEAR (2022/23) | PROJECTED - TARGET (2023/24) |
| Financial Performance | 5 | Financial reporting compliance | Priority 1: Building a capable, ethical and developmental state | Outcome 1: Efficient, effective and development-orientated department | SO2 | Unqualified audit report | External audit outcome | Qualified | Unqualified | Unqualified |
| | 6 | Improve key financial ratios | Priority 1: Building a capable, ethical and developmental state | Outcome 1: Efficient, effective and development-orientated department | SO3 | Improved viability and sustainability | Current ratio | 1,336 | 1,370 | 1,370 |
| | | | | | | Improved viability and sustainability | Gross profit margin % (primary activity) | 2.74% | 15.4% | 21.33% |
| | | | | | | | Gross profit margin % (secondary activity) | 2.43% | 25.12% | 77.95% |
| | | | | | | | Net profit margin (primary activity) | -32.93% | -24.40% | -9.52% |
| | | | | | | | Net profit margin (secondary activity) | -232.92% | -53.42% | 6.47% |
| | 7 | Increase B-BBEE expenditure in relation to operational projects | Priority 2: Economic transformation and job creation | Outcome 1: Efficient, effective and development-orientated department | SO3 | Spend increased and increased new entrants awarded contracts in the financial year | Debtor's days | 184.80 days | 125.62 days | 103.16 days |
| | | | | | | | Repairs and maintenance as % of PPE and Investment Property (Carrying Value) | 1.09% | 6.23% | 1.63% |
| | | | | | | | Actual B-BBEE spend as a % of total discretionary expenditure | 115% | 100% | 100% |
| | 8 | Manage costs within the approved budget | Priority 1: Building a capable, ethical and developmental state | Outcome 1: Efficient, effective and development-orientated department | SO3 | Actual expenditure compared with budgeted expenditure for the quarter | Percentage of staff remuneration to total operating expenditure | 33.39% | 36.18% | 37.12% |
| | 9 | Capital expenditure programme | Priority 5: Spatial integration, human settlements and local government | Outcome 3: Water demand reduced and water supply increased | SO1 | Infrastructure available to meet demands | Percentage progress on funded projects againsts implementation plans | 41% | 80% | 80% |
| | | | Outcome 6: Water redistributed for transformation | | | | | | | |

| PERFORMANCE OBJECTIVE | PERFORMANCE OBJECTIVE | ALIGNMENT | | | OUTCOME/IMPACT | OUTPUT INDICATORS | MEASURE | ANNUAL PERFORMANCE TARGETS | | |
|-----------------------------------|-----------------------|---|---|--|----------------|---|---|------------------------------|---|----------------------------|
| | | MINISTERIAL OUTCOMES | DWS STRATEGIC GOALS | AW STRATEGIC OUTCOMES | | | | ACTUAL- PRIOR YEAR (2021/22) | ESTIMATED ACTUAL - CURRENT YEAR (2022/23) | PROJECTED TARGET (2023/24) |
| Customer/ Stakeholder Interaction | 10 | Bulk supply agreements concluded with municipalities/ other customers | Priority 1 : Building a capable, ethical and developmental state | Outcome 1 : Efficient, effective and development-orientated department | SO1 | Statutory and service level agreements in place | Percentage of WSAs in the province contracted as customers | 38% | 30% | 30% |
| | 11 | Implementation of Ministerial directives | Priority 5: Spatial integration, human settlements and local government | Outcome 3: Water demand reduced and water supply increased | SO1 | New Ministerial directives issued are implemented on time | Percentage progress against Ministerial Directives implementation plan | 99% | 80% | 80% |
| | | | Priority 5: Spatial integration, human settlements and local government | Outcome 6: Water redistributed for transformation | | | | | | |
| | 12 | Achieve statutory reporting compliance | Priority 1 : Building a capable, ethical and developmental state Priority 5: Spatial integration, human settlements and local government | Outcome 1 : Efficient, effective and development orientated department | SO2 | All statutory reports submitted on time | Percentage compliance with planning and reporting timeframes | 100% | 100% | 100% |
| | 13 | Staff levels | Priority 1 : Building a capable, ethical and developmental state | Goal 1. Efficient, effective and development orientated department | SO7 | Optimal staff retention | Percentage implementation of a HR Plan | New | 90% | 70% |
| | 14 | Training and Skills Development | Priority 1 : Building a capable, ethical and developmental state | Outcome 1 : Efficient, effective and development orientated department | SO7 | Skills and capacity building | Percentage implementation of the training and skills development programme/plan | New | 80% | 80% |
| | | | Priority 3: Education, skills and health | | | | | | | |

| PERFORMANCE OBJECTIVE | PERFORMANCE OBJECTIVE | ALIGNMENT | | | OUTCOME/IMPACT | OUTPUT INDICATORS | MEASURE | ANNUAL PERFORMANCE TARGETS | | |
|-----------------------|--|--|---|-----------------------|--|--|---------|------------------------------|---|----------------------------|
| | | MINISTERIAL OUTCOMES | DWS STRATEGIC GOALS | AW STRATEGIC OUTCOMES | | | | ACTUAL- PRIOR YEAR (2021/22) | ESTIMATED ACTUAL - CURRENT YEAR (2022/23) | PROJECTED TARGET (2023/24) |
| General Performance | 15 Board Effectiveness | Priority 1 : Building a capable, ethical and developmental state | Outcome 1 : Efficient, effective and development orientated department | SO2 | Improved performance of fiduciary duties/ governance | <p>Percentage compliance with all board and committee charter(s) provisions</p> <p>Percentage of Board and Committee resolutions implemented</p> <p>Percentage of compliance with applicable legislations</p> <p>Percentage of policies reviewed within applicable timelines</p> | New | New | 80% | 80% |
| | 16 Effective internal controls and risk management | Priority 1 : Building a capable, ethical and developmental state | Outcome 1 : Efficient, effective and development orientated department | SO2 | Internal audit findings dealt with | <p>Percentage of unresolved internal audit findings</p> <p>Percentage of repeat internal audit findings</p> | % | New | New | 15% |
| | 17 Good governance | Priority 1 : Building a capable, ethical and developmental state | Outcome 1 : Efficient, effective and development orientated department | SO2 | Improved controls and risk mitigation | Percentage of risk management actions implemented | New | New | 80% | 80% |
| | 18 Corporate social responsibility initiatives | Priority 1 : Building a capable, ethical and developmental state | Outcome 1 : Efficient, effective and development -orientated department | SO4 | Good corporate citizenship | Number of people participating in Amatola Water outreach programmes | Number | N/A | N/A | 20 000 |

ANNEXURES

ANNEXURE A: SCHEME LAYOUT PLAN

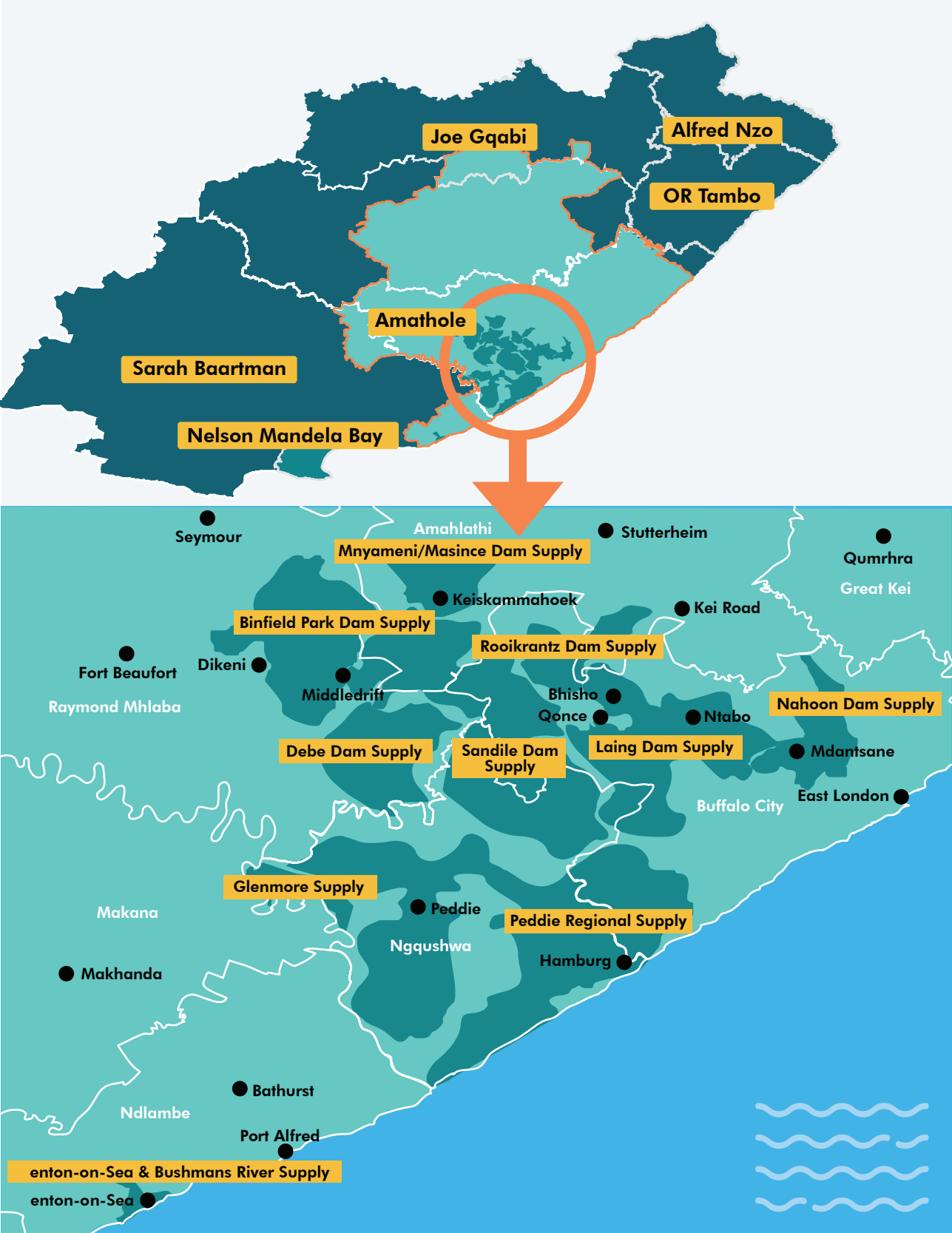


Figure Amatola Water supply scheme

ANNEXURE B: KEY STATISTICS

Regional Socio-Economic Statistics (2011 Census)

| | POPULATION | POPULATION GROWTH | AVERAGE HOUSEHOLD SIZE | % BELOW POVERTY LINE | AVERAGE HOUSEHOLD INCOME | PERCENTAGE EMPLOYED | PERCENTAGE UNEMPLOYED |
|----------------|------------|-------------------|------------------------|----------------------|--------------------------|---------------------|-----------------------|
| Eastern Cape | 6 562 052 | 0.4% | 3.8 | 30.8% | R 5 900 | 40.6% | 30.8% |
| OR Tambo | 1 364 943 | 0.5% | 4.5 | 36.5% | R 4 000 | 15.0% | 43.1% |
| Amatole | 892 637 | 0.6% | 3.5 | 32.0% | R 3 700 | 17.5% | 42.0% |
| Alfred Nzo | 801 344 | 0.4% | 4.7 | 37.0% | R 3 370 | 15.3% | 42.0% |
| Chris Hani | 795 461 | -0.2% | 3.6 | 30.3% | R 4 560 | 21.0% | 38.0% |
| Sarah Baartman | 450 584 | 1.5% | 3.7 | 22.9% | R 6 960 | 41.3% | 25.0% |
| Joe Gqabi | 349 768 | 0.6% | 3.6 | 47.0% | R 4 190 | 25.0% | 34.3% |

Change in access to water services between 1995 and 2011 (Census data)

| | PIPED WATER INSIDE DWELLING | PIPED WATER INSIDE YARD | COMMUNAL PIPED WATER <200M. | COMMUNAL PIPED WATER >200M. | WATER-CARRIER/TANKER/WATER VENDOR | BOREHOLE/RAIN-WATER TANK/WELL | DAM/RIVER/STREAM/SPRING | OTHER/UNSPECIFIED/DUMMY |
|----------------|-----------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------------|-------------------------------|-------------------------|-------------------------|
| Sarah Baartman | 48.7 | 30.5 | 7.6 | 8.2 | 0.3 | 2 | 1.5 | 1.2 |
| Amatole | 21.6 | 17.5 | 24.3 | 14.1 | 0.3 | 5.3 | 16.3 | 0.7 |
| Chris Hani | 17.5 | 17.7 | 26.6 | 14.2 | 0.4 | 3.8 | 19.1 | 0.7 |
| Joe Gqabi | 11 | 18.4 | 23.2 | 14.6 | 1.4 | 4 | 25.4 | 2.1 |
| OR Tambo | 4.6 | 6.8 | 17 | 10.7 | 0.6 | 6.6 | 52.7 | 1 |
| Alfred Nzo | 4.1 | 11.8 | 37.2 | 17 | 0.5 | 2.3 | 26.6 | 0.5 |

| 1995 (%) | | | | | | | | |
|----------------|------|------|------|------|-----|-----|------|-----|
| Eastern Cape | 20.6 | 13.2 | 13 | 11.8 | 0.6 | 3.6 | 35.6 | 1.6 |
| Sarah Baartman | 34.1 | 32.5 | 14.8 | 7.5 | 0.5 | 5.6 | 4.2 | 0.8 |
| Amatole | 20.6 | 11.2 | 18.3 | 13.6 | 0.8 | 3.1 | 30.5 | 1.9 |
| Chris Hani | 14.2 | 11.1 | 14.7 | 13.7 | 0.7 | 4.2 | 39.5 | 1.8 |
| Joe Gqabi | 9.2 | 11 | 18.3 | 14.7 | 0.5 | 7.9 | 36.5 | 1.9 |
| OR Tambo | 3.3 | 5.3 | 6.6 | 10.5 | 0.8 | 3.4 | 68.5 | 1.6 |
| Alfred Nzo | 2.8 | 5 | 9.7 | 16.4 | 0.6 | 8.5 | 55 | 1.9 |

CHANGE IN ACCESS TO SANITATION BETWEEN 1995 AND 2011 (CENSUS DATA)

| | FLUSH/ CHEMICAL | PIT LATRINE | BUCKET LATRINE | OTHER |
|----------------|-----------------|-------------|----------------|-------|
| 2011 (%) | | | | |
| Eastern Cape | 38.7 | 27.2 | 3.6 | 30.5 |
| Sarah Baartman | 71.6 | 12.9 | 8.1 | 7.4 |
| Amatole | 39.9 | 28.6 | 2.2 | 29.4 |
| Chris Hani | 28.3 | 26.2 | 3.5 | 42.1 |
| Joe Gqabi | 21.3 | 35.2 | 6.1 | 37.3 |
| OR Tambo | 9.8 | 36.1 | 0.8 | 53.4 |
| Alfred Nzo | 10.6 | 62.5 | 1.6 | 25.2 |
| 1995 (%) | | | | |
| Eastern Cape | 32.3 | 30.1 | 6.7 | 30.9 |
| Sarah Baartman | 42.2 | 26.6 | 19.7 | 11.6 |
| Amatole | 36.2 | 32.4 | 2.8 | 28.7 |
| Chris Hani | 19.5 | 31 | 7 | 42.4 |
| Joe Gqabi | 12.9 | 35.3 | 9.8 | 42 |
| OR Tambo | 8.3 | 39.5 | 2.6 | 49.6 |
| Alfred Nzo | 6.2 | 60 | 1.4 | 32.3 |

HUMAN DEVELOPMENT INDEX BY DISTRICT, 1995 – 2010 (QUANTEC)

| | 1995 | 2005 | 2010 |
|--------------------------|-------|-------|-------|
| Eastern Cape | 0.582 | 0.528 | 0.513 |
| Sarah Baartman | 0.569 | 0.521 | 0.526 |
| Amatole | 0.592 | 0.534 | 0.524 |
| Chris Hani | 0.546 | 0.491 | 0.479 |
| Joe Gqabi | 0.518 | 0.493 | 0.497 |
| OR Tambo | 0.520 | 0.468 | 0.465 |
| Alfred Nzo | 0.543 | 0.552 | 0.551 |
| Nelson Mandela Bay Metro | 0.667 | 0.663 | 0.656 |

ANNEXURE C: FIVE YEAR CORPORATE SCORECARD

| BALANCE SCORECARD | SCH/SC REFERENCE NO | SHC/SC | OUTPUT INDICATORS | ACTUAL AUDITED PERFORMANCE OUTCOME 2021/22 | PROJECTED PERFORMANCE 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|------------------------|---------------------|--------|---|--|-------------------------------|---------|---------|---------|---------|---------|
| STAKEHOLDER & CUSTOMER | 1.1.0. | SHC | Acute health microbiological compliance ≥ 99% | New | New | 97% | 97% | 97% | 97% | 97% |
| | 1.1.1. | SHC | Acute health chemical compliance ≥ 97% | New | New | 95% | 95% | 95% | 95% | 95% |
| | 1.1.2. | SHC | Chronic health chemical compliance ≥ 97% | New | New | 95% | 95% | 95% | 95% | 95% |
| | 1.1.3. | SHC | Operational compliance ≥ 95% | New | New | 95% | 95% | 95% | 95% | 95% |
| | 1.1.4. | SHC | Aesthetic compliance ≥ 95% | New | New | 95% | 95% | 95% | 95% | 95% |
| | 1.1.5. | SC | Percentage of Blue Drop compliance Amatola Water owned plants | New | 60% | 60% | 70% | 75% | 85% | 85% |
| | 1.1.6. | SHC | Average number of days of unplanned interruptions | New | New | ≤ 3 | ≤ 3 | ≤ 3 | ≤ 3 | ≤ 3 |
| | 1.1.7. | SHC | Percentage assurance of raw water supply | 60.1% | 98% | 98% | 98% | 98% | 98% | 98% |
| | 1.1.8. | SHC | Avoidable water losses as percentage of water produced at the treatment and distribution systems | 17.5% | 10% | 9% | 8% | 7% | 7% | 7% |
| | 1.1.9. | SHC | Percentage of WSAs in the province contracted as customers | 38% | 30% | 30% | TBA | TBA | TBA | TBA |
| | 1.1.10. | SHC | Percentage of actual capex budget spend on expansion related projects (initiatives by the Minister) | 155% | 80% | 80% | 80% | 80% | 80% | 80% |
| | 1.1.11. | SHC | Percentage progress against Ministerial Directives implementation plan | 99% | 80% | 80% | 80% | 80% | 80% | 80% |
| | 4.1.1. | SC | Percentage customer satisfaction level | New | 80% | 80% | 80% | 85% | 85% | 85% |

| BALANCE SCORECARD | SCH/SC REFERENCE NO | SHC/SC | OUTPUT INDICATORS | ACTUAL AUDITED PERFORMANCE OUTCOME 2021/22 | PROJECTED PERFORMANCE 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|-----------------------|---------------------|--------|--|--|-------------------------------|-------------|------------|------------|------------|------------|
| | 4.1.2. | SHC | Number of people participating in Amatola Water outreach programmes. | N/A | N/A | 20000 | 20000 | 20000 | 20000 | 21000 |
| | 3.1.9. | SHC | Actual B-BBEE spend as a % of total discretionary expenditure | 11.5% | 100% | 100% | 100% | 100% | 100% | 100% |
| | 3.1.0. | SC | Number of ML/day sold | 78.3ML/day | 80ML/day | 85ML/day | 95ML/day | 100ML/day | 100ML/day | 100ML/day |
| FINANCIAL PERSPECTIVE | 3.1.1. | SHC | Current ratio | 1.336 | 1.2467 | 1.3700 | 1.643 | 1.948 | 2.675 | 4.774 |
| | 3.1.2. | SHC | Gross profit margin (primary activity) | 2.74% | 15.40% | 21.33% | 31.70% | 31.66% | 31.96% | 32.32% |
| | 3.1.3. | SHC | Gross profit margin (secondary activity) | 2.43% | 25.12% | 77.95% | 77.39% | 76.10% | 74.73% | 73.29% |
| | 3.1.4. | SHC | Net profit margin (primary activity) | -32.93% | -24.40% | -9.52% | 2.99% | 4.72% | 5.39% | 6.29% |
| | 3.1.5. | SHC | Net profit margin (secondary activity) | -232.92% | -53.42% | 6.47% | 28.45% | 28.81% | 27.90% | 27.44% |
| | 3.1.6. | SHC | Debtors' days | 184.80 days | 125.62 days | 103.16 days | 66.48 days | 45.61 days | 33.14 days | 24.05 days |
| | 3.1.7. | SC | Creditors' days | 156.87 days | 48.98 days | 56.61 days | 65.58 days | 67.75 days | 66.36 days | 64.22days |
| | 3.1.8. | SHC | Repairs and maintenance as % of PPE and Investment Property (Carrying Value) | 1.09% | 6.23% | 1.63% | 1.02% | 1.17% | 1.33% | 1.51% |
| | 3.1.10 | SHC | Percentage of staff remuneration to total operating expenditure | 33.39% | 36.18% | 37.12% | 37.72% | 38.47% | 39.08% | 39.67% |

| BALANCE SCORECARD | SCH/SC REFERENCE NO | SHC/SC | OUTPUT INDICATORS | ACTUAL AUDITED PERFORMANCE OUTCOME 2021/22 | PROJECTED PERFORMANCE 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|-------------------|---------------------|--------|---|--|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 5.1.1. | SC | Average number of days to report on tests performed | 6.62 days | 7 days | 7 days | 7 days | 7 days | 7 days | 7 days |
| | 5.1.2. | SC | Number of accredited water quality 'determinants meeting the South African National Standard (SANS 241) | 16 | 28 | 35 | 36 | 38 | 38 | 38 |
| | 5.1.3. | SC | Percentage expenditure on maintenance of total primary business operating budget | 10.45% | 8% | 8% | 8% | 8% | 8% | 8% |
| | 5.1.4. | SC | Number of innovation projects implemented | New | 1 | 3 | 3 | 3 | 3 | 3 |
| | 5.1.5. | SC | Electrical consumption over production ratio | New | 0.880 kWh/cubic meter | 0.880 kWh/cubic meter | 0.880 kWh/cubic meter | 0.880 kWh/cubic meter | 0.880 kWh/cubic meter | 0.880 kWh/cubic meter |
| | 5.1.6. | SC | Retention of ISO 45001:2018 Occupational Health and Safety Management system | New | New | 100% | 100% | 100% | 100% | 100% |
| | 5.1.7. | SC | Disabling Injury frequency rate not to exceed 0.8 | New | New | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| | 1.1.12 | SHC | Percentage progress on funded projects against implementation plans. | 41% | 80% | 80% | 80% | 80% | 80% | 80% |
| | 2.1.0. | SHC | External audit outcome | Qualified | Unqualified | Unqualified | Unqualified | Unqualified | Unqualified | Unqualified |
| | 2.1.1. | SHC | Percentage of unresolved internal audit findings | New | New | 15% | 10% | 5% | 0% | 0% |
| | 2.1.2. | SHC | Percentage of repeat internal audit findings | New | New | 10% | 10% | 5% | 0% | 0% |

| BALANCE SCORECARD | SCH/SC REFERENCE NO | SHC/SC | OUTPUT INDICATORS | ACTUAL AUDITED PERFORMANCE OUTCOME 2021/22 | PROJECTED PERFORMANCE 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|-------------------|---------------------|--------|---|--|-------------------------------|---------|---------|---------|---------|---------|
| | 2.1.3. | SC | Number of employees undergoing Leadership Development Programmes. | New | 2 | 5 | 7 | 10 | 10 | 10 |
| | 2.1.4. | SHC | Percentage compliance with planning and reporting timeframes | New | 100% | 100% | 100% | 100% | 100% | 100% |
| | 2.1.5. | SHC | Percentage compliance with all board and committee charter(s) provisions | New | 80% | 80% | 90% | 95% | 100% | 100% |
| | 2.1.6. | SHC | Percentage of Board and Committees' resolutions implemented | New | 80% | 90% | 100% | 100% | 100% | 100% |
| | 2.1.7. | SHC | Percentage of compliance with applicable legislations | New | 80% | 90% | 95% | 100% | 100% | 100% |
| | 2.1.8. | SHC | Percentage of policies reviewed within applicable timelines | New | 90% | 80% | 80% | 90% | 100% | 100% |
| | 2.1.9. | SHC | Percentage of risk management actions implemented | New | 80% | 80% | 100% | 100% | 100% | 100% |
| | 2.1.10. | SC | Number of ICT Projects Implemented. | New | 8 | 10 | 4 | 4 | 4 | 4 |
| | 7.1.0. | SHC | Percentage implementation of an HR Plan | New | 90% | 70% | 80% | 85% | 90% | 90% |
| | 7.1.1. | SC | Percentage implementation of the training and skills development programme/plan | 61% | 80% | 80% | 80% | 85% | 90% | 90% |
| | 7.1.2. | SC | Number of new youths in internship, learnership and work integrated learning Programmes | New | New | 15 | 20 | 25 | 30 | 30 |
| | 7.1.3. | SC | Number of Employee Wellness initiatives implemented | New | 4 | 8 | 8 | 8 | 8 | 8 |
| | 7.1.4. | SC | Percentage uptake of total employees on EAP initiatives | New | New | 30% | 30% | 35% | 40% | 40% |

| BALANCE SCORECARD | SCH/SC REFERENCE NO | SHC/SC | OUTPUT INDICATORS | ACTUAL AUDITED PERFORMANCE OUTCOME 2021/22 | PROJECTED PERFORMANCE 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|-------------------|---------------------|--------|---|--|-------------------------------|---------|---------|---------|---------|---------|
| | 7.1.5. | SC | Percentage of Individual performance assessments conducted. | New | 90% | 90% | 90% | 95% | 95% | 95% |
| | 7.1.6. | SHC | Number of Jobs created | New | 300 | 300 | 400 | 450 | 500 | 500 |
| | 7.1.7. | SC | Percentage of planned maintenance projects implemented (Maintenance Plan) | New | New | 80% | 80% | 80% | 80% | 80% |
| | 6.1.1. | SC | Number of employees exposed to environmental awareness. | New | 1 | 25 | 25 | 50 | 50 | 50 |

ANNEXURE D: ANNUAL PERFORMANCE PLAN 2023/24

| STRATEGIC OUTCOME | OUTPUTS | SHC/SC REF NUMBER | OUTPUT INDICATORS | SHC/SC | ACTUAL PERFORMANCE 2021/22 | ESTIMATED PERFORMANCE 2022/23 | PROJECTED ANNUAL PERFORMANCE TARGET 2023/24 | QUARTERLY TARGETS | | | |
|---|--|-------------------|---|--------|----------------------------|-------------------------------|---|-------------------|-----|-----|-----|
| | | | | | | | | Q1 | Q2 | Q3 | Q4 |
| SO1 IMPROVE THE PROVISION OF SAFE AND RELIABLE WATER SERVICES | Availability and accessibility to services sustained | 1.1.0. | Acute health microbiological compliance ≥99% | SHC | New | New | 97% | 97% | 97% | 97% | 97% |
| | | 1.1.1. | Acute health chemical compliance ≥97% | SHC | New | New | 95% | 95% | 95% | 95% | 95% |
| | | 1.1.2. | Chronic health chemical compliance ≥97% | SHC | New | New | 95% | 95% | 95% | 95% | 95% |
| | | 1.1.3. | Operational compliance ≥95% | SHC | New | New | 95% | 95% | 95% | 95% | 95% |
| | | 1.1.4. | Aesthetic compliance ≥95% | SHC | New | New | 95% | 95% | 95% | 95% | 95% |
| | | 1.1.5. | Percentage of Blue Drop compliance Amatola Water owned plants | SC | New | 60% | 60% | N/A | N/A | 60% | N/A |
| | | 1.1.6. | Average number of days of unplanned interruptions | SHC | New | New | ≤3 | ≤3 | ≤3 | ≤3 | ≤3 |
| | | 1.1.7. | Percentage assurance of raw water supply | SHC | 60.1% | 98% | 98% | 98% | 98% | 98% | 98% |
| | | 1.1.8. | Avoidable water losses as percentage of water produced at treatment and distribution systems | SHC | 17.5% | 15% | 9% | 9% | 9% | 9% | 9% |
| | | 1.1.9. | Percentage of WSAs in the province contracted as customers | SHC | 38% | 30% | 30% | 30% | 30% | 30% | 30% |
| | | 1.1.10. | Percentage of actual capex budget spend on expansion related projects (initiatives by the Minister) | SHC | 155% | 80% | 80% | 20% | 40% | 60% | 80% |
| | | 1.1.11. | Percentage progress against Ministerial Directives implementation plan | SHC | 99% | 80% | 80% | 20% | 40% | 60% | 80% |
| | | 1.1.12. | Percentage progress on funded projects against implementation plans. | SHC | 41% | 80% | 80% | 20% | 40% | 60% | 80% |

| STRATEGIC OUTCOME | OUTPUTS | SHC/SC REF NUMBER | OUTPUT INDICATORS | SHC/SC | ACTUAL PERFORMANCE 2021/22 | ESTIMATED PERFORMANCE 2022/23 | PROJECTED ANNUAL PERFORMANCE TARGET 2023/24 | QUARTERLY TARGETS | | | |
|--|--------------------------|-------------------|--|--------|----------------------------|-------------------------------|---|-------------------|-------------|------|------|
| | | | | | | | | Q1 | Q2 | Q3 | Q4 |
| SO2: EFFECTIVE CORPORATE GOVERNANCE AND ETHICAL LEADERSHIP | LEADERSHIP EFFECTIVENESS | 2.1.0. | External audit outcome | SHC | Qualified | Unqualified | Unqualified | N/A | Unqualified | N/A | N/A |
| | | 2.1.1. | Percentage of unresolved internal audit findings | SHC | New | New | 15% | 15% | 15% | 15% | 15% |
| | | 2.1.2. | Percentage of repeat internal audit findings | SHC | New | New | 10% | 10% | 10% | 10% | 10% |
| | | 2.1.3. | Number of employees undergoing Leadership Development Programmes. | SC | New | 2 | 5 | 2 | N/A | 3 | N/A |
| | | 2.1.4. | Percentage compliance with planning and reporting timeframes | SHC | New | 100% | 100% | 100% | 100% | 100% | 100% |
| | | 2.1.5. | Percentage compliance with all board and committee charter(s) provisions | SHC | New | 80% | 80% | 80% | 80% | 80% | 80% |
| | | 2.1.6. | Percentage of Board and Committees' resolutions implemented | SHC | New | 80% | 90% | 90% | 90% | 90% | 90% |
| | | 2.1.7. | Percentage of compliance with applicable legislations | SHC | New | 80% | 90% | 90% | 90% | 90% | 90% |
| | | 2.1.8. | Percentage of policies reviewed within applicable timelines | SHC | New | 80% | 80% | 80% | 80% | 80% | 80% |
| | | 2.1.9. | Percentage of risk management actions implemented | SHC | New | 80% | 80% | 80% | 80% | 80% | 80% |
| | | 2.1.10. | Number of ICT Projects Implemented. | SC | New | 8 | 10 | 2 | 3 | 3 | 2 |

| STRATEGIC OUTCOME | OUTPUTS | SHC/SC REF NUMBER | OUTPUT INDICATORS | SHC/SC | ACTUAL PERFORMANCE 2021/22 | ESTIMATED PERFORMANCE 2022/23 | PROJECTED ANNUAL PERFORMANCE TARGET 2023/24 | QUARTERLY TARGETS | | | |
|-----------------------------------|---|--|-------------------|-------------|----------------------------|-------------------------------|---|-------------------|-------------|-------|----|
| | | | | | | | | Q1 | Q2 | Q3 | Q4 |
| SO3: IMPROVED FINANCIAL VIABILITY | FINANCIAL MANAGEMENT | | | | | | | | | | |
| | 3.1.0. | Number of ML/day sold | SC | 78.3ML/day | 80M/day | 85M/day | 85M/day | 85M/day | 85M/day | | |
| | 3.1.1. | Current ratio | SHC | 1.336 | 1.2467 | 1.3700 | 1.3700 | 1.3700 | 1.3700 | | |
| | 3.1.2. | Gross profit margin (primary activity) | SHC | 2.74% | 15.40% | 21.33% | 18.54% | 19.91% | 22.84% | | |
| | 3.1.3. | Gross profit margin (secondary activity) | SHC | 2.43% | 25.12% | 77.95% | 79.66% | 78.42% | 78.27% | | |
| | 3.1.4. | Net profit margin (primary activity) | SHC | -32.93 | -24.40% | -9.52% | -7.94% | -8.85% | -7.39% | | |
| | 3.1.5. | Net profit margin (secondary activity) | SHC | -232.92% | -53.43% | 6.47% | -0.637% | 2.28% | 9.68% | | |
| | 3.1.6. | Debtors' days | SHC | 207.39 days | 125.62 days | 103.16 days | 111.93 days | 108.65 days | 104.96 days | | |
| | 3.1.7. | Creditors' days | SC | 156.87 days | 48.98 days | 56.61 days | 61.86 days | 59.66 days | 58.54 days | | |
| | 3.1.8. | Repairs and maintenance as % of PPE and Investment Property (Carrying Value) | SHC | 1.045% | 6.23% | 1.63% | 0.42% | 0.88% | 1.26% | 1.63% | |
| 3.1.9. | Actual B-BBEE spend as a % of total discretionary expenditure | SHC | 115% | 100% | 100% | 100% | 100% | 100% | 100% | | |
| 3.1.10. | Percentage of staff remuneration to total operating expenditure | SHC | 33.39% | 36.18% | 37.12% | 39.15% | 36.92% | 35.93% | 37.12% | | |

| STRATEGIC OUTCOME | OUTPUTS | SHC/SC REF NUMBER | OUTPUT INDICATORS | SHC/SC | ACTUAL PERFORMANCE 2021/22 | ESTIMATED PERFORMANCE 2022/23 | PROJECTED ANNUAL PERFORMANCE TARGET 2023/24 | QUARTERLY TARGETS | | | |
|---|---------------------------|-------------------|--|--------|----------------------------|-------------------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | | | | | | Q1 | Q2 | Q3 | Q4 |
| SO4 IMPROVED STAKEHOLDER RELATIONS | STAKEHOLDER MANAGEMENT | 4.1.1. | Percentage customer satisfaction level | SC | 0% | 80% | 80% | N/A | N/A | 80% | N/A |
| | | 4.1.2. | Number of people participating in Amatola Water outreach programmes. | SHC | N/A | N/A | 20 000 | 5000 | 5000 | 5000 | 5000 |
| SO5 EFFICIENT AND INNOVATIVE ORGANISATION | ORGANIZATIONAL EFFICIENCY | 5.1.1. | Average number of days to report on tests performed | SC | 6.62 days | 7 | 7 | 7 | 7 | 7 | 7 |
| | | 5.1.2. | Number of accredited water quality determinants meeting the South African National Standard (SANS 241) | SC | 16 | 28 | 35 | N/A | N/A | N/A | 35 |
| | | 5.1.3. | Percentage expenditure on maintenance of total primary business operating budget | SC | 10.45% | 8% | 8% | 8% | 8% | 8% | 8% |
| | | 5.1.4. | Number of innovation projects implemented | SC | New | 1 | 3 | N/A | 1 | 1 | 1 |
| | | 5.1.5. | Electrical consumption over production ratio | SC | New | 0.880 KWH/cubic meter | 0.880 KWH/cubic meter | 0.880 KWH/cubic meter | 0.880 KWH/cubic meter | 0.880 KWH/cubic meter | 0.880 KWH/cubic meter |
| | | 5.1.6. | Retention of ISO 45001:2018 Occupational Health and Safety Management system | SC | New | New | 100% | N/A | N/A | N/A | 100% |
| | | 5.1.7. | Disabling Injury Frequency Rate not to exceed 0.8 | SC | New | New | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |

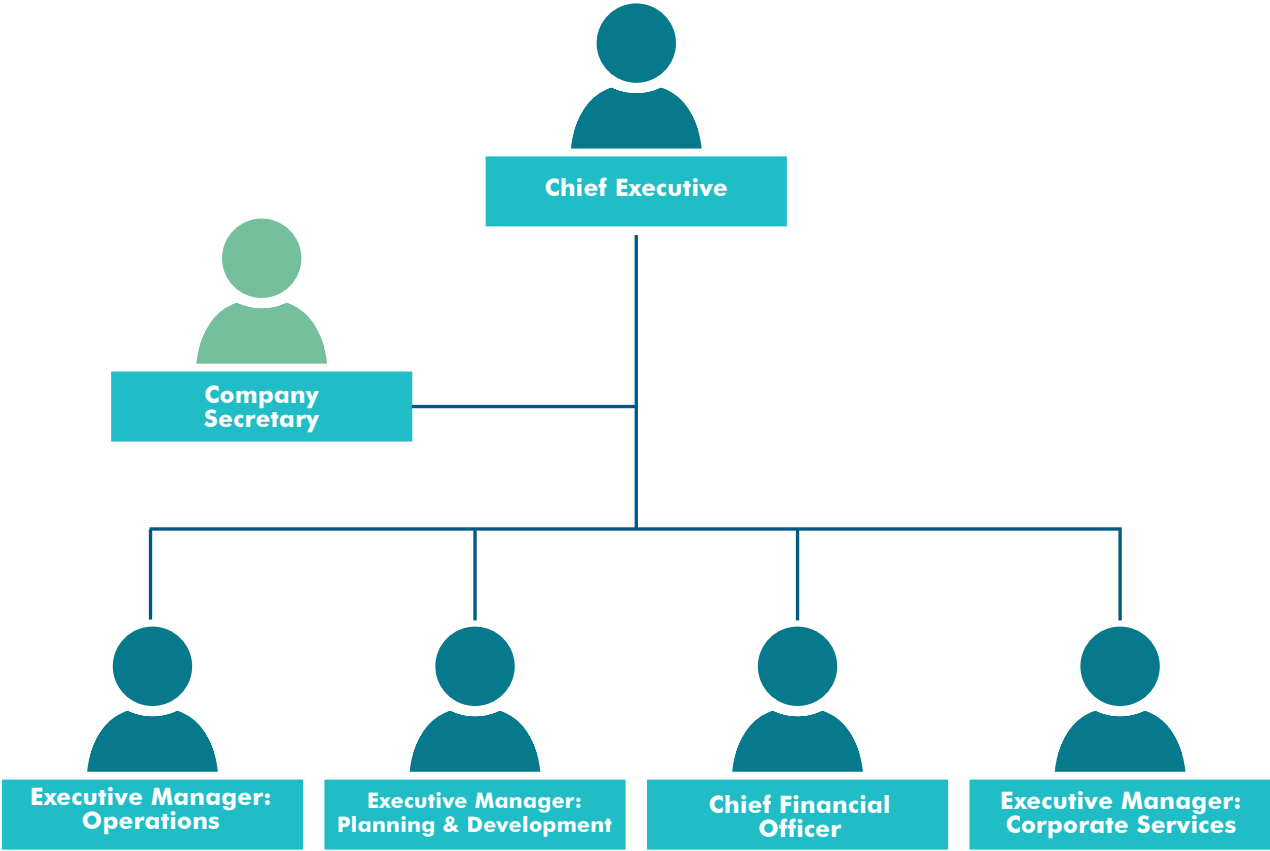
| STRATEGIC OUTCOME | OUTPUTS | SHC/SC REF NUMBER | OUTPUT INDICATORS | SHC/SC | ACTUAL PERFORMANCE 2021/22 | ESTIMATED PERFORMANCE 2022/23 | PROJECTED ANNUAL PERFORMANCE TARGET 2023/24 | QUARTERLY TARGETS | | | |
|--|-----------------------------------|-------------------|---|--------|----------------------------|-------------------------------|---|-------------------|-----|-----|-----|
| | | | | | | | | Q1 | Q2 | Q3 | Q4 |
| S06 ENHANCED ENVIRONMENTAL SUSTAINABILITY | ENVIRONMENTAL MANAGEMENT | 6.1.1 | Number of employees exposed to environmental awareness. | SC | New | 1 | 25 | N/A | N/A | N/A | 25 |
| | | | | | | | | | | | |
| S07 A HIGHLY SKILLED, ENGAGED AND PRODUCTIVE WORKFORCE | EFFECTIVE AND EFFICIENT WORKFORCE | 7.1.0. | Percentage implementation of an HR Plan | SHC | New | 90% | 70% | 20% | 40% | 60% | 70% |
| | | 7.1.1. | Percentage implementation of the training and skills development programme /plan | SHC | 61% | 80% | 80% | 10% | 40% | 60% | 80% |
| | | 7.1.2. | Number of new youths in internship, learnership and work integrated learning Programmes | SC | New | New | 15 | N/A | N/A | N/A | 15 |
| | | 7.1.3. | Number of Employee Wellness initiatives implemented | SC | New | 4 | 8 | 2 | 2 | 2 | 2 |
| | | 7.1.4. | Percentage uptake of total employees on EAP initiatives. | SC | New | New | 30% | N/A | 15% | 20% | 30% |
| | | 7.1.5. | Percentage of individual performance assessments conducted. | SC | New | 90% | 90% | N/A | 90% | N/A | 90% |
| | | 7.1.6. | Number of Jobs created | SHC | New | New | 350 | N/A | 100 | 100 | 150 |
| | | 7.1.7. | Percentage of planned maintenance projects implemented (Maintenance Plan) | SC | New | New | 80% | N/A | 20% | 40% | 80% |

ANNEXURE E: DAM YIELDS

| DAM | CAPACITY IN Mm³ (LIVE STORAGE) | TOTAL FIRM YIELD Mm³/a | URBAN/ DOMESTIC Mm³/a | IRRIGATION Mm³/a | ENVIRONMENTAL Mm³/a | RAW WATER USE IN 2023/2024 IN MM3/A | RAW WATER USE IN 2024/2025 IN MM3/A | RAW WATER USE IN 2025/2026 IN MM3/A | RAW WATER USE IN 2026/2027 IN MM3/A | RAW WATER USE IN 2027/2028 IN MM3/A | SURPLUS (+)/ SHORTFALL (-) FOR 2023/2024 IN MM3/A | SURPLUS (+)/ SHORTFALL (-) FOR 2027/2028 IN MM3/A |
|---|--------------------------------------|---------------------------|-----------------------------|---------------------|------------------------|--|--|---|--|--|--|--|
| Binfield Park Dam | 36.850 | 16.500 | 6.000 | 8.000 | 0.000 | 3.540 | 3.576 | 3.611 | 3.647 | 3.684 | 4.960 | 4.816 |
| Cata Dam | 12.100 | 6.200 | 0.000 | 5.300 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.900 | 0.900 |
| Dabi Dam | 1.000 | 0.050 | 0.033 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.050 | 0.050 |
| Debe Dam | 6.000 | 0.730 | 0.680 | 0.000 | 0.000 | 0.922 | 0.591 | 0.597 | 0.603 | 0.609 | -0.192 | 0.121 |
| Gubu Dam | 8.800 | 2.870 | 2.300 | 0.783 | 0.000 | 1.995 | 2.005 | 2.015 | 2.025 | 2.035 | 0.092 | 0.052 |
| Laing Dam | 19.800 | 18.270 | 14.900 | 1.900 | 0.000 | 10.307 | 10.736 | 11.186 | 11.657 | 12.150 | 6.063 | 4.220 |
| Mnyameni Dam | 2.060 | 2.300 | 0.450 | 0.700 | 0.000 | 1.388 | 1.457 | 1.530 | 1.606 | 1.687 | 0.212 | -0.087 |
| Nahoon Dam + Wiggleswade Allocation * | 19.900 | 24.250 | 23.001 | 1.250 | 0.000 | 12.681 | 12.997 | 15.055 | 17.114 | 18.760 | 10.319 | 4.240 |
| Wiggleswade Dam | 91.210 | 17.210 | 17.210 | 3.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 14.210 | 14.210 |
| Pleasant View Dam | 2.000 | 0.000 | 0.030 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Rooikrantz/Maden Dam | 4.800 | 4.180 | 3.100 | 1.240 | 0.000 | 5.590 | 5.646 | 5.702 | 5.759 | 5.817 | -2.650 | -2.877 |
| Sandile Dam | 30.960 | 18.000 | 11.600 | 6.800 | 0.000 | 10.092 | 11.059 | 12.036 | 13.024 | 14.021 | 1.108 | -2.821 |
| Glen Boyd Balance Dam | 0.150 | 1.000 | 1.000 | 0.000 | 0.000 | 0.166 | 0.168 | 0.170 | 0.172 | 0.173 | 0.834 | 0.827 |
| Albany Coast | | 0.876 | 0.802 | 0.000 | 0.000 | 0.945 | 1.019 | 1.094 | 1.170 | 1.246 | -0.069 | -0.370 |
| Total | 235.63 | 112.436 | 81.106 | 28.973 | 0.000 | 47.296 | 47.296 | 52.997 | 56.776 | 60.183 | 36.167 | 23.280 |
| % of firm yield for domestic use | | | 72% | 26% | 0% | 0.421 | 0.421 | 47.1% | 50.5% | 53.5% | 32.2% | 20.7% |
| % of firm yield for all uses | | | 98% | | | 0.421 | 0.421 | 72.9% | 76.3% | 79.3% | 57.9% | 46.5% |

Table 7: Dam capacity in million cubic meters for major dams * Nahoon Dam Yield = Nahoon yield + Wiggleswade registered allocation

ANNEXURE F: HIGH-LEVEL ORGANOGRAM



ANNEXURE G: DISTRICT DEVELOPMENT MODEL

| FIVE-YEAR PLANNING PERIOD | | | | | | |
|---------------------------|---|----------------|--|---------------------------|---|-----------------|
| AREA OF INTERVENTION | PROJECT DESCRIPTION | BUDGET | DISTRICT MUNICIPALITY | LOCATION: GPS COORDINATES | PROJECT LEADER | SOCIAL PARTNERS |
| Bulk water supply | Upgrade of Debe Water Supply Scheme | R124 million | Amathole District Municipality | 32°50'10"S 27°09'14"E | Executive Manager: Planning and Development | None noted |
| | Upgrade of Binfield Supply Scheme | R139 million | Amathole District Municipality | 32°41'9"S 26°54'51"E | Executive Manager: Planning and Development | None noted |
| | Ndlambe Regional Bulk Water Supply | R422.9 million | Sarah Baartman District Municipality | 33°36'S 26°53'E | Executive Manager: Planning and Development | None noted |
| | Nooitgedagt/Coega Low-Level Scheme (NCLS) Phase 3 | R534 million | Nelson Mandela Bay Metropolitan Municipality | 32°75'75"S 27°46'52"E | Executive Manager: Planning and Development | None noted |
| | James Kleynhans Bulk Water Supply Scheme | R237.6 million | Sarah Baartman District Municipality | 33°18'36"S 26°31'36"E | Executive Manager: Planning and Development | None noted |
| | Paterson Bulk Water Supply Scheme | R101 million | Sarah Baartman District Municipality | 33°43'94"S 25°96'85"E | Executive Manager: Planning and Development | None noted |
| | Coffee Bay Phase 3B | R130 million | OR Tambo District Municipality | 31°59'10"S 25°96'85"E | Executive Manager: Planning and Development | None noted |
| | King Sabata Dalindyebo Presidential Intervention – Water: Regional Bulk Infrastructure Grant (RBIG) | R2.6 billion | OR Tambo District Municipality | 31°34'00"S 28°46'00"E | Executive Manager: Planning and Development | None noted |
| | King Sabata Dalindyebo Presidential Intervention – Water: Municipal Infrastructure Grant (MIG) | R262 million | OR Tambo District Municipality | 31°34'00"S 28°46'00"E | Executive Manager: Planning and Development | None noted |
| | King Sabata Dalindyebo Presidential Intervention – Sanitation: RBIG | R595 million | OR Tambo District Municipality | 31°34'00"S 28°46'00"E | Executive Manager: Planning and Development | None noted |
| Bulk Sanitation | | | | | | |

ANNEXURE H: FINANCIAL MODEL

STATEMENT OF COMPREHENSIVE INCOME

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-------------|-------------|
| | | | | | | 2023/2024 | 2027/2028 |
| WATER SOLD (KILOLITRES) | 39 527 | 41 099 | 44 245 | 47 419 | 50 260 | 0,00 | 4,08 |
| - RAW WATER SALES (KL) | 8 368 | 8 442 | 8 516 | 8 592 | 8 667 | (100,00) | 0,59 |
| - POTABLE WATER SALES (KL) | 31 159 | 32 657 | 35 728 | 38 828 | 41 592 | 0,00 | 4,93 |
| - WASTE WATER SALES (KL) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| TOTAL REVENUE (PRIMARY AND SECONDARY ACTIVITIES) | 592 738 | 736 225 | 859 430 | 946 757 | 1 044 325 | 0,00 | 9,90 |
| REVENUE (PRIMARY ACTIVITY) | 551 657 | 694 283 | 816 610 | 903 039 | 999 690 | | |
| - RAW WATER SALES | 29 885 | 32 854 | 36 169 | 39 818 | 43 836 | 0,00 | 6,59 |
| - POTABLE WATER SALES | 521 772 | 661 429 | 780 441 | 863 221 | 955 854 | 0,00 | 10,62 |
| - WASTE WATER SALES | | | | | | 0,00 | 0,00 |
| - INDUSTRIAL WATER SALES | | | | | | 0,00 | 0,00 |
| - WASTEWATER MANAGEMENT FEE | | | | | | 0,00 | 0,00 |
| RIGHT OF USE AGREEMENT WATER SALES | | | | | | 0,00 | 0,00 |
| - | | | | | | 0,00 | 0,00 |
| - | | | | | | 0,00 | 0,00 |
| REVENUE (SECONDARY ACTIVITY) | 41 081 | 41 942 | 42 820 | 43 717 | 44 634 | 0,00 | 1,39 |
| - RETAIL WATER OPERATION | | | | | | 0,00 | 0,00 |
| WASTE WATER MANAGEMENT FEE | | | | | | 0,00 | 0,00 |
| - MANAGEMENT FEE - CONSULTING | | | | | | 0,00 | 0,00 |
| - MANAGEMENT FEE - OTHER | | | | | | 0,00 | 0,00 |
| - SECTION 30 ACTIVITIES | 41 081 | 41 942 | 42 820 | 43 717 | 44 634 | 0,00 | 1,39 |
| PROJECT COST RECOVERIES | | | | | | 0,00 | 0,00 |
| - | | | | | | 0,00 | 0,00 |
| - | | | | | | 0,00 | 0,00 |
| TOTAL COST OF SALES | 115 591 | 128 348 | 154 124 | 172 571 | 193 110 | 0,00 | 8,93 |

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|-----------|
| | | | | | | 2023/2024 | 2027/2028 |
| COST OF SALES (RAW WATER PURCHASED) | 107 085 | 119 177 | 144 238 | 161 912 | 181 617 | 0,00 | 9,20 |
| - RAW WATER | 103 542 | 115 357 | 139 767 | 157 060 | 176 355 | 0,00 | 9,28 |
| WATER RESEARCH LEVIES | 3 543 | 3 820 | 4 471 | 4 852 | 5 263 | 0,00 | 6,82 |
| COST OF SALES (SECONDARY ACTIVITIES) | 8 505 | 9 170 | 9 886 | 10 659 | 11 492 | 0,00 | 5,14 |
| - EMPLOYEE COSTS | 7 985 | 8 624 | 9 314 | 10 059 | 10 863 | 0,00 | 5,26 |
| - CHEMICALS AND PURIFICATION | | | | | | 0,00 | 0,00 |
| - ENERGY | | | | | | 0,00 | 0,00 |
| - REPAIRS AND MAINTENANCE | 521 | 547 | 573 | 600 | 629 | 0,00 | 3,21 |
| - GENERAL AND ADMINISTRATION EXPENSES | | | | | | 0,00 | 0,00 |
| -PROJECT / WIP COSTS | | | | | | 0,00 | 0,00 |
| - OTHER DIRECT OPERATING ACTIVITIES | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| GROSS INCOME | 477 147 | 607 878 | 705 306 | 774 186 | 851 215 | 0,00 | 10,13 |
| GROSS PROFIT % | 80,5 | 82,6 | 82,1 | 81,8 | 81,5 | 0,00 | 0,21 |
| - GROSS PROFIT % - PRIMARY ACTIVITY | 80,6 | 82,8 | 82,3 | 82,1 | 81,8 | 0,00 | 0,26 |
| - GROSS PROFIT % - SECONDARY ACTIVITY | 79,3 | 78,1 | 76,9 | 75,6 | 74,3 | 0,00 | (1,09) |
| GOVERNMENT GRANTS AND OTHER FUNDING | | | | | | | |
| OTHER OPERATING INCOME | 0 | 1 392 | 1 459 | 1 529 | 1 603 | 0,00 | 0,00 |
| - COMMISSION INCOME AND INSURANCE | | | | | | 0,00 | 0,00 |
| - GAME AND GRAZING SALES (NET OF EXPENSES) | | | | | | 0,00 | 0,00 |
| - HOUSE AND OTHER RENTALS - ALL RELATED INCOME | | | | | | 0,00 | 0,00 |
| - OTHER INCOME (SCRAP TELEPHONE, REFURBISHMENT, LAB) | | | | | | 0,00 | 0,00 |
| - PROJECT INCOME | | | | | | 0,00 | 0,00 |
| - BAD DEBTS RECOVERED | | | | | | 0,00 | 0,00 |
| - PROFIT (LOSS) ON SALE OF FIXED ASSETS | | | | | | 0,00 | 0,00 |
| - PROFIT (LOSS) ON DISPOSAL OF INVESTMENTS | | | | | | 0,00 | 0,00 |

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-------------|--------------|
| | | | | | | 2023/2024 | 2027/2028 |
| - PROFIT (LOSS) ON SALE OF BIOLOGICAL ASSETS | | | | | | 0,00 | 0,00 |
| - PROFIT LOSS) ON SALE OF INTANGIBLE ASSETS | | | | | | 0,00 | 0,00 |
| - WASTEWATER - DARVILLE REVENUE AMORT | | | | | | 0,00 | 0,00 |
| - SUNDRY INCOME | 0 | 1 392 | 1 459 | 1 529 | 1 603 | 0,00 | 0,00 |
| TOTAL OPERATING INCOME | 477 147 | 609 270 | 706 765 | 775 715 | 852 818 | 0,00 | 10,16 |
| TOTAL EXPENSES | 427 126 | 589 082 | 668 977 | 728 563 | 792 994 | 0,00 | 10,86 |
| - VARIABLE COSTS (RELATED TO COST OF SALES) | 329 539 | 358 239 | 417 191 | 455 950 | 498 502 | 0,00 | 7,14 |
| - EMPLOYEE COSTS | 155 113 | 172 284 | 207 777 | 232 409 | 259 757 | 0,00 | 8,97 |
| - DIRECTORS EMOLUMENTS (INCLUDE IN GENERAL) | | | | | | | |
| - EMPLOYEE SALARIES - (INCLUDING LEAVE, ANNUAL BONUS, 13TH CHEQUE) | 155 113 | 172 284 | 207 777 | 232 409 | 259 757 | 0,00 | 8,97 |
| - PERFORMANCE BONUSES | | | | | | 0,00 | 0,00 |
| - COMPANY CONTRIBUTIONS - MEDICAL CONTRI-BUTIONS AND EXPENSES | | | | | | 0,00 | 0,00 |
| - COMPANY CONTRIBUTION - UIF AND SDL | | | | | | 0,00 | 0,00 |
| - CONTRIBUTIONS TO PENSION AND PROVIDENT FUNDS | | | | | | 0,00 | 0,00 |
| - OLD CONTRIBUTIONS | | | | | | 0,00 | 0,00 |
| - CHANGES IN POST-EMPLOYMENT LIABILITIES | | | | | | 0,00 | 0,00 |
| - CHANGE IN WATER INVENTORY | | | | | | 0,00 | 0,00 |
| - | | | | | | 0,00 | 0,00 |
| - CHEMICALS | 21 651 | 23 443 | 28 104 | 30 675 | 33 443 | 0,00 | 7,52 |
| - ENERGY | 76 494 | 83 000 | 100 167 | 110 060 | 120 796 | 0,00 | 7,91 |
| - REPAIRS AND MAINTENANCE - (COST OF SALES RELATED) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - PROPERTY AND BUILDINGS | | | | | | 0,00 | 0,00 |
| - PLANT, MACHINERY AND EQUIPMENT | | | | | | 0,00 | 0,00 |
| - OTHER - TO BE INCLUDED IN GENERAL EXPENSES | | | | | | 0,00 | 0,00 |
| - | | | | | | 0,00 | 0,00 |
| - | | | | | | 0,00 | 0,00 |
| - DEPRECIATION | 76 281 | 79 513 | 81 142 | 82 807 | 84 506 | 0,00 | 1,72 |

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|-----------|
| | | | | | | 2023/2024 | 2027/2028 |
| - DEPRECIATION PROPERTY, PLANT AND EQUIPMENT | 76 281 | 79 513 | 81 142 | 82 807 | 84 506 | 0,00 | 1,72 |
| - AMORTISATION OF INTANGIBLE ASSETS | | | | | | 0,00 | 0,00 |
| - IMPAIRMENTS OF PROPERTY, PLANT AND EQUIPMENT | | | | | | 0,00 | 0,00 |
| - IMPAIRMENTS OF INTANGIBLE ASSETS | | | | | | 0,00 | 0,00 |
| - IMPAIRMENT OF TRADE RECEIVABLES | | | | | | 0,00 | 0,00 |
| - OTHER DIRECT COSTS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - MOTOR VEHICLE REPAIRS AND RUNNING EXPENSES | | | | | | 0,00 | 0,00 |
| - OTHER DIRECT | | | | | | 0,00 | 0,00 |
| - GENERAL EXPENSES | 97 587 | 230 843 | 251 787 | 272 613 | 294 492 | 0,00 | 20,21 |
| - ADVERTISING AND PROMOTIONS | 611 | 642 | 673 | 705 | 739 | 0,00 | 3,21 |
| - AMORTISATION - OFFICE INTANGIBLES | | | | | | 0,00 | 0,00 |
| - AMORTISATION OF BIOLOGICAL ASSETS | | | | | | 0,00 | 0,00 |
| - AUDIT FEES | 868 | 912 | 956 | 1 001 | 1 049 | 0,00 | 3,21 |
| - BAD DEBTS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - BURSARIES, DONATIONS AND GIFTS | | | | | | 0,00 | 0,00 |
| - CLEANING - ALL ADMINISTRATION AREAS | 1 083 | 1 137 | 1 192 | 1 249 | 1 309 | 0,00 | 3,21 |
| - COMPUTER AND IT CONSUMABLES | 10 873 | 11 416 | 11 964 | 12 539 | 13 141 | 0,00 | 3,21 |
| - CONFERENCES, SEMINARS AND WORKSHOPS | | | | | | 0,00 | 0,00 |
| - CONSULTANTS AND PROFESSIONAL FEES | 4 221 | 4 432 | 4 644 | 4 867 | 5 101 | 0,00 | 3,21 |
| - CONTRACTORS | | | | | | 0,00 | 0,00 |
| - COURIER AND POSTAGE | 57 | 60 | 63 | 66 | 69 | 0,00 | 3,21 |
| - DEPRECIATION OF OFFICE ASSETS | | | | | | 0,00 | 0,00 |
| - DIRECTORS - PERFORMANCE BONUSES | | | | | | 0,00 | 0,00 |
| - DIRECTORS EMOLUMENTS | | | | | | 0,00 | 0,00 |
| - EMPLOYEE COSTS - (RELATED TO ADMINISTRATION) | | | | | | 0,00 | 0,00 |
| - ENERGY - RELATED TO ADMINISTRATION AREAS | 675 | 709 | 743 | 779 | 816 | 0,00 | 3,21 |
| - IMPAIRMENTS OF BIOLOGICAL ASSETS | | | | | | 0,00 | 0,00 |
| - INSURANCE | 14 | 14 | 14 | 15 | 16 | 0,00 | 2,37 |
| - LEASE COSTS | | | | | | 0,00 | 0,00 |
| - LEGAL AND CONTRACT FEES | 4 659 | 4 892 | 5 127 | 5 373 | 5 631 | 0,00 | 3,21 |
| - MARKETING - NOT ADVERTISING AND PROMOTIONS | | | | | | 0,00 | 0,00 |
| - MOTOR VEHICLE EXPENSES (NOT IN DIRECT COSTS) | 11 487 | 12 062 | 12 641 | 13 248 | 13 883 | 0,00 | 3,21 |

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|-----------|
| | | | | | | 2023/2024 | 2027/2028 |
| - OPERATING LEASES - PHOTOCOPIERS ETC | | | | | | 0,00 | 0,00 |
| - OTHER OPERATING EXPENSES | 1 12 501 | 136 020 | 155 398 | 171 598 | 194 889 | 0,00 | 58,14 |
| - PRINTING AND STATIONERY | 969 | 1 017 | 1 066 | 1 117 | 1 171 | 0,00 | 3,21 |
| - PROTECTIVE CLOTHING AND UNIFORMS | 996 | 1 046 | 1 096 | 1 149 | 1 204 | 0,00 | 3,21 |
| - RATES AND TAXES | | | | | | 0,00 | 0,00 |
| - RELOCATION COSTS - ALL ITEMS | | | | | | 0,00 | 0,00 |
| - RENT PAID - EQUIPMENT HIRE AND OTHER HIRING COSTS | 34 287 | 36 001 | 37 729 | 39 540 | 41 438 | 0,00 | 3,21 |
| - REPAIRS AND MAINTENANCE | | | | | | 0,00 | 0,00 |
| - SAFETY AND SECURITY | 6 670 | 7 004 | 7 340 | 7 692 | 8 061 | 0,00 | 3,21 |
| - SERVICE CONTRACTS | | | | | | 0,00 | 0,00 |
| - SOFTWARE AND OTHER SMALL ASSETS EXPENSED | | | | | | 0,00 | 0,00 |
| - STAFF WELFARE | | | | | | 0,00 | 0,00 |
| - SUBSCRIPTIONS, LICENCES AND MEMBERSHIP FEES | | | | | | 0,00 | 0,00 |
| - TRAINING AND DEVELOPMENT | 4 943 | 10 630 | 11 140 | 11 675 | 5 974 | 0,00 | 3,21 |
| - TELEPHONE AND FAX | | | | | | 0,00 | 0,00 |
| - TRAVEL AND ENTERTAINMENT | 2 714 | 2 850 | | | | 0,00 | (100,00) |
| - VETERINARY SERVICES, SUPPLIES AND BIOLOGICAL COSTS | | | | | | 0,00 | 0,00 |
| OPERATING PROFIT (LOSS) FOR YEAR | -50 021 | 20 188 | 37 788 | 47 152 | 59 823 | 0,00 | 3,03 |
| FINANCE INCOME - (ENTER AS POSITIVE) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - TRADE RECEIVABLES | | | | | | 0,00 | 0,00 |
| - EXTENDED PAYMENT TRADE RECEIVABLES - DEEMED INTEREST | | | | | | 0,00 | 0,00 |
| - SHORT TERM DEPOSITS - CALL ACCOUNTS | | | | | | 0,00 | 0,00 |
| - HELD TO MATURITY FINANCIAL ASSETS | | | | | | 0,00 | 0,00 |
| - AVAILABLE FOR SALE INVESTMENTS | | | | | | 0,00 | 0,00 |
| - EMPLOYEE ADVANCES | | | | | | 0,00 | 0,00 |
| - SARS | | | | | | 0,00 | 0,00 |
| - OTHER | | | | | | 0,00 | 0,00 |
| - 57 PIPELINE | | | | | | 0,00 | 0,00 |
| REVERSAL OF INTEREST PROVISION | | | | | | 0,00 | 0,00 |

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-------------|-------------|
| | | | | | | 2023/2024 | 2027/2028 |
| FINANCE COSTS - (ENTER AS NEGATIVE) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - LONG TERM BORROWINGS | 0 | 0 | | | | 0,00 | 0,00 |
| - BANK OVERDRAFT | | | | | | 0,00 | 0,00 |
| - SARS | | | | | | 0,00 | 0,00 |
| - FINANCE LEASES | | | | | | 0,00 | 0,00 |
| - BORROWING COSTS CAPITALISED (POSITIVE) | | | | | | 0,00 | 0,00 |
| - OTHER | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | | |
| PROFIT (LOSS) FOR YEAR | 50 021 | 20 188 | 37 788 | 47 152 | 59 823 | 0,00 | 3,03 |
| | | | | | | | |
| OTHER COMPREHENSIVE INCOME | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - GAIN ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | | | | | 0,00 | 0,00 |
| - GAIN ON REVALUATION OF INTANGIBLE ASSETS | | | | | | 0,00 | 0,00 |
| - TRANSFERS (TO) FROM GENERAL RESERVES | | | | | | 0,00 | 0,00 |
| - GAINS / (LOSSES) ON RETIREMENT BENEFIT PLANS | | | | | | 0,00 | 0,00 |
| - RETIREMENT BENEFIT ADJUSTMENT (IAS19) | | | | | | 0,00 | 0,00 |
| | | | | | | | |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | 50 021 | 20 188 | 37 788 | 47 152 | 59 823 | 0,00 | 3,03 |

STATEMENT OF FINANCIAL POSITION

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|-----------|
| | | | | | | 2023/2024 | 2027/2028 |
| ASSETS | | | | | | | |
| NON-CURRENT ASSETS | | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | 1 876 888 | 1 842 386 | 1 797 252 | 1 743 252 | 1 681 791 | 1,61 | (1,81) |
| CARRYING VALUE - OPENING BALANCE | 1 896 906 | 1 876 888 | 1 842 386 | 1 797 252 | 1 743 252 | 0,00 | (1,40) |
| ADDITIONS - (WILL BE CARRIED TO CASHFLOW) | 56 263 | 45 010 | 36 008 | 28 807 | 23 045 | 0,00 | (13,82) |
| DEPRECIATION - (EX INCOME STATEMENT) | -76 281 | -79 513 | -81 142 | -82 807 | -84 506 | 0,00 | 1,72 |
| DISPOSALS - CARRYING VALUE | | | | | | 0,00 | 0,00 |
| IMPAIRMENTS - (EX INCOME STATEMENT) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| REVALUATIONS - (EX INCOME STATEMENT) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| DEPRECIATION MATCHED TO DEFERRED INCOME RELEASED ON CAPITALISATION | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| INTANGIBLE ASSETS | 8 117 | 12 128 | 16 332 | 20 737 | 25 354 | 29,35 | 20,90 |
| CARRYING VALUE - OPENING BALANCE | 4 297 | 8 117 | 12 128 | 16 332 | 20 737 | 0,00 | 30,00 |
| ADDITIONS - (WILL BE CARRIED TO CASHFLOW) | 3 820 | 4 011 | 4 204 | 4 405 | 4 617 | 0,00 | 3,21 |
| AMORTISATION - (EX INCOME STATEMENT) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| DISPOSALS - CARRYING VALUE | 0 | | | | | 0,00 | 0,00 |
| IMPAIRMENTS - (EX INCOME STATEMENT) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| REVALUATIONS - (EX INCOME STATEMENT) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| BIOLOGICAL ASSETS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| CARRYING VALUE - OPENING BALANCE | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| ADDITIONS - (WILL BE CARRIED TO CASHFLOW) | | | | | | 0,00 | 0,00 |
| AMORTISATION - (EX INCOME STATEMENT) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| DISPOSALS - CARRYING VALUE | | | | | | 0,00 | 0,00 |
| IMPAIRMENTS - (EX INCOME STATEMENT) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| FAIR VALUE ADJUSTMENT | | | | | | 0,00 | 0,00 |

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % 2023/2024 | GROWTH % 2027/2028 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| HELD TO MATURITY | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| LOANS RECEIVABLE | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| EMPLOYEE LOANS | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| OTHER FINANCIAL ASSETS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| GENERAL | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | 1 885 005 | 1 854 514 | 1 813 583 | 1 763 989 | 1 707 144 | 0,00 | 0,00 |
| | | | | | | 1,66 | (1,64) |
| ASSETS HELD FOR SALE - NET | | | | | | | |
| DAMS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| FARMS | | | | | | 0,00 | 0,00 |
| RESERVOIRS | | | | | | 0,00 | 0,00 |
| OTHER | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| CURRENT ASSETS | | | | | | | |
| | | | | | | | |
| INVESTMENTS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| SHORT TERM | | | | | | 0,00 | 0,00 |
| AVAILABLE FOR SALE | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| INVENTORIES | 3 574 | 3 771 | 3 978 | 4 197 | 4 428 | 0,00 | 0,00 |
| PIPING | | | | | | 5,60 | 3,63 |
| ELECTRICAL | | | | | | 0,00 | 0,00 |

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|-----------|
| | | | | | | 2023/2024 | 2027/2028 |
| MAINTENANCE SPARES | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| WATER | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| CHEMICAL STORES | 3 574 | 3 771 | 3 978 | 4 197 | 4 428 | 5,60 | 3,63 |
| CONSUMABLES | | | | | | 0,00 | 0,00 |
| MISCELLANEOUS | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| TRADE RECEIVABLES | 202 272 | 163 552 | 132 614 | 107 904 | 88 178 | (9,81) | (12,92) |
| TRADE RECEIVABLES - BULK AND WASTE WATER | 194 481 | 155 585 | 124 468 | 99 574 | 79 659 | 80,00 | (13,82) |
| TRADE RECEIVABLES - OTHER ACTIVITIES | 7 791 | 7 967 | 8 147 | 8 330 | 8 519 | (90,90) | 1,50 |
| LESS: PROVISION FOR DOUBTFUL DEBITS / IMPAIR- MENTS - BALANCE B/F | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| CHANGE IN PROV - DOUBTFUL/IMPAIRMENTS - EX INCOME STATEMENT | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| SUNDRY DEBTORS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| OTHER | 0 | 0 | 0 | 0 | | 0,00 | 0,00 |
| ACCRUED INCOME | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| INTEREST RECEIVABLE | | | | | | 0,00 | 0,00 |
| LOANS AND FINANCIAL RECEIVABLES | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| EMPLOYEE LOANS | | | | | | 0,00 | 0,00 |
| OTHER LOANS | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| CASH AND CASH EQUIVALENTS | 416 466 | 437 290 | 459 154 | 482 112 | 506 217 | (5,00) | 3,31 |
| CASH ON HAND | | | | | | 0,00 | 0,00 |
| BANK CURRENT ACCOUNT | 416 466 | 437 290 | 459 154 | 482 112 | 506 217 | 222699,32 | 3,31 |
| SHORT TERM DEPOSITS | 0 | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | 622 312 | 604 612 | 595 746 | 594 213 | 598 823 | (6,89) | (0,64) |

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|-----------|
| | | | | | | 2023/2024 | 2027/2028 |
| TOTAL ASSETS | 2 507 318 | 2 459 126 | 2 409 330 | 2 358 201 | 2 305 967 | (0,68) | (1,39) |
| EQUITY AND LIABILITIES | | | | | | | |
| CAPITAL AND RESERVES | | | | | | | |
| CAPITAL | 274 557 | 274 557 | 274 557 | 274 557 | 274 557 | 0,00 | 0,00 |
| RESERVES | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| OPENING BALANCE | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| TRANSFERS IN (OUT) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| | | | | | | | |
| ACCUMULATED PROFIT (LOSS) | 1 854 047 | 1 874 235 | 1 912 023 | 1 959 174 | 2 018 998 | 0,00 | 1,43 |
| OPENING BALANCE | 1 804 026 | 1 854 047 | 1 874 235 | 1 912 023 | 1 959 174 | 0,00 | 1,38 |
| COMPREHENSIVE INCOME (LOSS) FOR YEAR - (EX INCOME STATEMENT) | 50 021 | 20 188 | 37 788 | 47 152 | 59 823 | 0,00 | 3,03 |
| OTHER | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | 2 128 604 | 2 148 792 | 2 186 580 | 2 233 731 | 2 293 555 | 0,00 | 1,25 |
| NON-CURRENT LIABILITIES | | | | | | | |
| LONG TERM DEBT | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| BANK LOAN - FIXED RATE | | | | | | 0,00 | 0,00 |
| BANK LOAN - VARIABLE RATE | | | | | | 0,00 | 0,00 |
| BONDS - FIXED RATE | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| BONDS - VARIABLE RATE | | | | | | 0,00 | 0,00 |
| LOANS - INTEREST FREE | | | | | | 0,00 | 0,00 |
| SETTLEMENT AGREEMENTS | | | | | | 0,00 | 0,00 |
| INCOME RECEIVED IN ADVANCE | | | | | | 0,00 | 0,00 |
| FINANCE LEASE OBLIGATION | 0 | | | | | 0,00 | 0,00 |

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|-----------|
| | | | | | | 2023/2024 | 2027/2028 |
| OTHER NON-CURRENT LIABILITIES (DEFERRED INCOME LIABILITY) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| POST RETIREMENT BENEFIT OBLIGATIONS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| DEFINED BENEFIT AND CONTRIBUTION PLANS - OPENING | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| ACTUARIAL MOVEMENT ON DEFINED BENEFIT CONTRIBUTION | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - HEALTHCARE BENEFITS | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| CURRENT LIABILITIES | | | | | | | |
| CURRENT PORTION OF LONG TERM LOANS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| BANK LOAN - FIXED RATE | | | | | | 0,00 | 0,00 |
| BANK LOAN - VARIABLE RATE | | | | | | 0,00 | 0,00 |
| BONDS - FIXED RATE | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| BONDS - VARIABLE RATE | | | | | | 0,00 | 0,00 |
| LOANS - INTEREST FREE | | | | | | 0,00 | 0,00 |
| SETTLEMENT AGREEMENTS | | | | | | 0,00 | 0,00 |
| INCOME RECEIVED IN ADVANCE | | | | | | 0,00 | 0,00 |
| FINANCE LEASE OBLIGATIONS | 0 | 0 | | | | 0,00 | 0,00 |
| INTEREST PAYABLE | | | | | | 0,00 | 0,00 |
| GRANT FUNDING LIABILITY | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| CURRENT PORTION OF DEFERRED INCOME LIABILITY | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| TRADE AND OTHER PAYABLES | 106 437 | 133 130 | 155 975 | 166 036 | 174 721 | (75,28) | 8,61 |
| TRADE PAYABLES | 106 095 | 132 856 | 155 756 | 165 861 | 174 581 | (75,34) | 8,66 |
| TRADE PAYABLES - RELATED PARTIES | | | | | | 0,00 | 0,00 |
| STATUTORY PAYABLES - EMPLOYEES TAX / BENEFITS FUNDS | | | | | | 0,00 | 0,00 |
| SARS - VAT | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| AMOUNTS RECEIVED IN ADVANCE | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |

| ACCOUNT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % 2023/2024 | GROWTH % 2027/2028 |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| ACCUAL - AUDIT FEES | | | | | | 0,00 | 0,00 |
| ACCUALS - OTHER | 342 | 273 | 219 | 175 | 140 | (20,00) | (13,82) |
| OTHER PAYABLES / LOANS | | | | | | 0,00 | 0,00 |
| PROVISIONS | 272 277 | 177 205 | 66 775 | -41 566 | -162 308 | 0,00 | 0,00 |
| LEAVE PAY | | | | | | 0,00 | 0,00 |
| BONUSES | | | | | | 0,00 | 0,00 |
| LEGAL FEES - COSTS AND CLAIMS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| OTHER | 272 277 | 177 205 | 66 775 | -41 566 | -162 308 | 0,00 | 0,00 |
| EX GRATIA EMPLOYEE BENEFITS | | | | | | 0,00 | 0,00 |
| BACKPAY - SALARY INCREASES | | | | | | 0,00 | 0,00 |
| BANK OVERDRAFT | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| CURRENT ACCOUNT 1 | | | | | | 0,00 | 0,00 |
| CURRENT ACCOUNT 2 | | | | | | 0,00 | 0,00 |
| CURRENT ACCOUNT 3 | | | | | | 0,00 | 0,00 |
| | | | | | | 0,00 | 0,00 |
| | | | | | | | |
| | 378 714 | 310 335 | 222 750 | 124 470 | 12 413 | (3,54) | (43,43) |
| TOTAL EQUITY AND LIABILITIES | 2 507 318 | 2 459 126 | 2 409 330 | 2 358 201 | 2 305 967 | (0,68) | (1,39) |

STATEMENT OF CASHFLOW

| ELEMENT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % 2023/2024 | 2027/2028 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|---------------|
| OPERATING ACTIVITIES | | | | | | | |
| NET PROFIT FOR PERIOD BEFORE CHANGES | 50 021 | 20 188 | 37 788 | 47 152 | 59 823 | 0,00 | 3,03 |
| ADJUSTMENTS FOR NON-CASH ITEMS, INTEREST AND OTHER | 76 281 | 79 513 | 81 142 | 82 807 | 84 506 | (100,00) | 1,72 |
| - DEPRECIATION AND AMORTISATION | 76 281 | 79 513 | 81 142 | 82 807 | 84 506 | (100,00) | 1,72 |
| - IMPAIRMENTS OF PPE, INTANGIBLES AND BIOLOGICAL ASSETS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - RETIREMENT BENEFITS PROVISIONS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - PROFIT (LOSS) ON SALE OF FIXED, INTANGIBLE AND BIOLOGICAL ASSETS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - INTEREST RECEIVED - (DEDUCT FROM PROFIT) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - INTEREST PAID - (ADD TO PROFIT) | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - REVALUATIONS OF ASSETS | | | | | 0 | 0,00 | 0,00 |
| - IMPAIRMENT OF TRADE RECEIVABLES | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| ADJUSTMENTS FOR: | | | | | | | |
| - DISCONTINUED OPERATIONS | 0 | 0 | 0 | 0 | 0 | | |
| - OTHER NON-CASHFLOW ADJUSTMENTS | | | | | | | |
| WORKING CAPITAL CHANGES | -46 387 | -29 856 | -56 854 | -73 789 | -92 562 | 0,00 | 12,20 |
| - INVENTORIES | -190 | -197 | -207 | -219 | -231 | 0,00 | 3,34 |
| - TRADE DEBTORS | 54 448 | 38 720 | 30 938 | 24 710 | 19 726 | 0,00 | (15,57) |
| - SUNDRY DEBTORS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - TRADE AND OTHER PAYABLES | -16 392 | 26 693 | 22 845 | 10 062 | 8 684 | 0,00 | 0,00 |
| - PROVISIONS | -84 254 | -95 072 | -110 430 | -108 342 | -120 742 | 0,00 | 6,18 |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 79 915 | 69 845 | 62 076 | 56 170 | 51 768 | (36,94) | (6,98) |
| INVESTING ACTIVITIES - NET CASH UTILISED | | | | | | | |
| - ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT | -60 083 | -49 021 | -40 212 | -33 212 | -27 662 | 0,00 | (12,13) |
| | -56 263 | -45 010 | -36 008 | -28 807 | -23 045 | 0,00 | (13,82) |

| ELEMENT | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|-----------|
| | | | | | | 2023/2024 | 2027/2028 |
| - ADDITIONS TO INTANGIBLE ASSETS | -3 820 | -4 011 | -4 204 | -4 405 | -4 617 | 0,00 | 3,21 |
| - ADDITIONS TO BIOLOGICAL ASSETS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - PROCEEDS ON DISPOSAL OF FIXED AND INTANGIBLE ASSETS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - PROCEEDS ON DISPOSAL OF BIOLOGICAL ASSETS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - INTEREST RECEIVABLE MOVEMENT | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - MOVEMENT IN ASSETS HELD FOR SALE | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - INCREASE (DECREASE) IN CAPITAL | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| FINANCING ACTIVITIES - NET CASH UTILISED | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - MOVEMENT IN LONG TERM BORROWINGS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - MOVEMENT IN INVESTMENTS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - PROCEEDS (REPAYMENT) SHORT TERM BORROWINGS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - MOVEMENT IN LOAN RECEIVABLES | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - INTEREST RECEIVED | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - INTEREST PAID | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - MOVEMENT IN RETIREMENT BENEFIT OBLIGATIONS | 0 | 0 | 0 | 0 | 0 | 0,00 | 0,00 |
| - ADJUSTMENT FOR NON-CASH INTEREST | | | | | | 0,00 | 0,00 |
| | | | | | | | |
| CASH AND CASH EQUIVALENTS | | | | | | | |
| - NET INCREASE (DECREASE) IN CASH UTILISED FOR THE YEAR | 19 832 | 20 823 | 21 864 | 22 958 | 24 106 | (229,47) | 3,31 |
| - AT BEGINNING OF YEAR | 396 635 | 416 466 | 437 290 | 459 154 | 482 112 | 0,00 | 3,31 |
| - AT END OF YEAR | 416 466 | 437 290 | 459 154 | 482 112 | 506 217 | 2359,90 | 3,31 |

CAPITAL EXPENDITURE PROGRAM

| CAPEX CATEGORY | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|-----------|
| | R000S | R000S | R000S | R000S | R000S | 2023/2024 | 2027/2028 |
| IMMOVABLE CAPEX | | | | | | | |
| AUGMENTATION AND UPGRADE | 47 575 | 35 888 | 26 448 | 18 788 | 12 546 | 0,00 | (19,92) |
| EXPANSION | | | | | | | |
| REHABILITATION | | | | | | 0,00 | 0,00 |
| DEVELOPMENT PROJECTS | | | | | | 0,00 | 0,00 |
| | | | | | | | |
| | 47 575 | 35 888 | 26 448 | 18 788 | 12 546 | 0,00 | (19,92) |
| | | | | | | | |
| MOVABLE CAPEX | | | | | | | |
| EQUIPMENT AND VEHICLES | 7 653 | 8 035 | 8 421 | 8 825 | 9 249 | 0,00 | 3,21 |
| INFORMATION TECHNOLOGY COMMUNICATION | 3 040 | 3 192 | 3 345 | 3 506 | 3 674 | 0,00 | 3,21 |
| LABORATORY AND PROCESS SERVICES | 1 815 | 1 906 | 1 997 | 2 093 | 2 194 | 0,00 | 3,21 |
| | | | | | | | |
| | 12 508 | 13 133 | 13 763 | 14 424 | 15 116 | 0,00 | 3,21 |
| | | | | | | | |
| SUMMARY | | | | | | | |
| IMMOVABLE CAPEX | 47 575 | 35 888 | 26 448 | 18 788 | 12 546 | 0,00 | (19,92) |
| MOVABLE CAPEX | 12 508 | 13 133 | 13 763 | 14 424 | 15 116 | 0,00 | 3,21 |
| | 60 083 | 49 021 | 40 212 | 33 212 | 27 662 | 0,00 | (12,13) |
| | | | | | | | |
| % OF TOTAL | 24,9% | 20,3% | 16,7% | 13,8% | 11,5% | | |
| TOTAL FORECAST PERIOD - 2020 TO 2025 | 37,8% | 45,2% | 37,0% | 30,4% | 25,2% | | |
| | | | | | | | |
| RECONCILIATION | | | | | | | |
| | | | | | | | |
| CAPEX ABOVE | 60 083 | 49 021 | 40 212 | 33 212 | 27 662 | 0,00 | (12,13) |
| CAPITALISED FIXED ASSETS - PER FIXED ASSETS ENTRY | -56 263 | -45 010 | -36 008 | -28 807 | -23 045 | 0,00 | (13,82) |
| CAPITALISED INTANGIBLES - PER INTANGIBLES ENTRY | -3 820 | -4 011 | -4 204 | -4 405 | -4 617 | 0,00 | 3,21 |
| WRITTEN OFF TO EXPENSES | | | | | | 0,00 | 0,00 |

FINANCIAL RATIOS

| CATEGORY | PROJECTED 2023/2024 | PROJECTED 2024/2025 | PROJECTED 2025/2026 | PROJECTED 2026/2027 | PROJECTED 2027/2028 | GROWTH % | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|-----------|
| | | | | | | 2023/2024 | 2027/2028 |
| PERFORMANCE INDICATORS | | | | | | | |
| - COST OF RAW WATER / PRIMARY REVENUE | 0,194 | 0,172 | 0,177 | 0,179 | 0,182 | 0,00 | (1,10) |
| - COST OF SALES / TOTAL REVENUE | 0,751 | 0,661 | 0,665 | 0,664 | 0,662 | 0,00 | (2,07) |
| - GENERAL EXPENSES / TOTAL REVENUE | 0,165 | 0,314 | 0,293 | 0,288 | 0,282 | 0,00 | 9,38 |
| - EMPLOYEES COSTS / PER MEGALITRE | 3924,224 | 4191,916 | 4696,106 | 4901,121 | 5168,295 | 0,00 | 4,70 |
| - EMPLOYEE COSTS / TOTAL COSTS EXCL FINANCE COSTS | 0,286 | 0,240 | 0,252 | 0,258 | 0,263 | 0,00 | (1,35) |
| - OPERATING PROFIT (LOSS) PER EMPLOYEE | 133 | 54 | 101 | 126 | 160 | 0,00 | 3,03 |
| - TOTAL STAFF COMPLEMENT | 375 | 375 | 375 | 375 | 375 | 0,00 | 0,00 |
| - MANAGEMENT | 25 | 25 | 25 | 25 | 25 | 0,00 | 0,00 |
| - OTHER | 350 | 350 | 350 | 350 | 350 | 0,00 | 0,00 |
| OPERATING RISKS | | | | | | | |
| - DEBTORS DAYS (TRADE DEBTORS EXCL VAT/ REVENUE X 365 DAYS) | 109,3 | 71,1 | 49,4 | 36,5 | 27,0 | - | (20,77) |
| - RETURN ON ASSETS (EBIT / TOTAL ASSETS EXCLUDING INVESTMENTS) | 2,0% | 0,8% | 1,6% | 2,0% | 2,6% | 0,00 | 4,47 |
| FINANCIAL RISKS | | | | | | | |
| - CURRENT RATIO (CURRENT ASSETS / CURRENT LIABILITIES) | 1,643 | 1,948 | 2,675 | 4,774 | 48,243 | (3,48) | 75,64 |
| - GROSS DEBT / EQUITY RATIO (TOTAL DEBT LIABILITIES / TOTAL EQUITY) | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,00 | 0,00 |
| - DEBT / ASSETS RATIO (TOTAL DEBT / TOTAL ASSETS) | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,00 | 0,00 |
| BUSINESS CREDIT RISK | | | | | | | |
| - INTEREST COVER (EBIT / INTEREST PAID) | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,00 | 0,00 |
| SURPLUS RATIOS | | | | | | | |
| - RETURN ON TURNOVER (NET PROFIT / TURNOVER) | 0,08 | 0,03 | 0,04 | 0,05 | 0,06 | 0,00 | (6,25) |

ANNEXURE I: TECHNICAL INDICATOR DESCRIPTIONS (TIDS)

SO1: IMPROVED PROVISION OF SAFE AND RELIABLE WATER SERVICES

| INDICATOR TITLE | NUMBER OF AMATOLA WATER PLANTS ACHIEVING "GOOD & EXCELLENT " QUALITY SANS 241:2015 EDITION 2 IN TABLE 4 |
|--|---|
| Definition | It is the quantity of bulk water billed by Amatola Water-owned and RoU plants. The quantity measures increased customer penetration and customer base of Amatola Water's bulk potable water (core mandate). |
| Source of data | The Laboratory Integrated Management System (LIMS) data runs the SANS 241 Compliance Tool Kit macro quarterly. It is executed by the Scientific Services Manager. |
| Method of calculation/ Assessment | The LIMS dumps data into the "SANS 241 Compliance Tool Kit" marco, developed by IT and CSV Water Consultancy, which then calculates the compliance as per the SANS 241:2015 Edition 2 Table 4. |
| Assumptions | Run time by the Scientific Services while the samples for the quarter are not all analysed or available on the 7th of the month (Labs are typically three weeks behind) |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Monthly and quarterly reporting |
| Desired performance | GOOD & EXCELLENT on all performance indicators in Table 4 |
| Indicator responsibility | Executive Manager: Operations |

Table 1: Number of Amatola water plants achieving "good & excellent" quality

| INDICATOR TITLE | PERCENTAGE ASSURANCE OF POTABLE WATER SUPPLY |
|--|---|
| Definition | To manage bulk water reservoirs to have 98% water supply availability to the customers. The indicator is a prescribed indicator by the Department of Water and Sanitation (DWS). The indicator measures the effectiveness and efficient assurance and provision of potable water supply. DWS indicates water should be made available to consumers for at least 50 weeks out of the 52 weeks in a year. |
| Source of data | Telemetry real-time monitoring and dumps at midnight on the server |
| Method of calculation/ Assessment | 100 - (Zero levels of reservoirs hours on telemetry/the total installed reservoirs available hours) as a percentage |
| Assumptions | Can only monitor the telemetry reservoirs on system which supply 80% of Amatola Water's bulk water |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Monthly and quarterly reporting |
| Desired performance | 98% assurance of potable water supply |
| Indicator responsibility | Executive manager: Operations |

Table 2: Percentage assurance of potable water supply

| INDICATOR TITLE | NUMBER OF BLUE DROP COMPLIANCE FOR AMATOLA WATER-OWNED PLANTS |
|--|---|
| Definition | Blue Drop certification |
| Source of data | Integrated Regulatory Information System (IRIS) @ DWS |
| Method of Calculation/ Assessment | Data is collected from the plants and loaded into IRIS; then, the IRIS system generates a report @ DWS. |
| Assumptions | <ul style="list-style-type: none"> • 2022 is a Green Drop Report and Blue Drop Progress Assessment Tool (PAT) year. 2023 will be vice versa. • These systems cannot be archived by the water service provider (WSP) or water service authority (WSA) alone. It requires Amatola Water to work with the municipalities it serves. • WSP and WSA to comply with SANS 241 requirements. |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | <ul style="list-style-type: none"> • Biannually • Each system works on data collected on an annual cycle (January to December) but the reporting alternates. As 2022 is the Green Drop certification year, 2023 is a Blue Drop PAT year. 2023 will be the Blue Drop certification year and the Green Drop PAT year. |
| Desired performance | Desired performance is to equal or exceed the annual target. |
| Indicator responsibility | Executive Manager: Operations |

Table 3: Number of Blue Drop compliance for Amatola Water-owned plants

SO2: EFFECTIVE CORPORATE GOVERNANCE AND ETHICAL LEADERSHIP

| INDICATOR TITLE | SCORE OF THE EXTERNAL BOARD EVALUATION |
|--|--|
| Definition | Total score obtained in the peer board evaluation undertaken by the Institute of Directors of South Africa (IoDSA) |
| Source of Data | Evaluation Report produced by IoDSA |
| Method of Calculation/ Assessment | Total score of the assessment |
| Assumptions | All Board members participate in the assessment |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annual reporting |
| Desired performance | >95% score in the assessment |
| Indicator responsibility | Company Secretary |

Table 4: Score of the external Board evaluation

| INDICATOR TITLE | SCORE OF THE ETHICS HEALTH INDEX (1-5) |
|--|--|
| Definition | This indicator measures the organisational ethics health levels on dimensions. |
| Source of Data | Ethics Survey Report |
| Method of Calculation/ Assessment | Number of disclosures submitted within stipulated time divided by the total number of employees required to submit disclosure forms |
| Assumptions | Sufficient sample to complete the question is achieved to make valid inferences |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annual reporting |
| Desired performance | Aggregated score equal to or greater than 3 |
| Indicator responsibility | Chief Executive Officer |

Table 5: Score of the ethics health index (1-5)

| INDICATOR TITLE | SCORE OF THE ETHICS HEALTH INDEX (1-5) |
|--|--|
| Definition | This indicator measures the total score on all dimensions of risk maturity measured in a questionnaire using a Likert Scale of 1-5 completed by 25% of the organisation's employees. |
| Source of Data | Ethics Survey Report |
| Method of Calculation/ Assessment | Aggregated total score of the assessment |
| Assumptions | The sample of the survey is sufficient to make valid inferences from the survey. |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annual reporting |
| Desired performance | Aggregated score of 3 |
| Indicator responsibility | Chief Executive Officer |

Table 6: Score of the Risk Maturity Assessment Index (1-5)

SO3: IMPROVED FINANCIAL VIABILITY

| INDICATOR TITLE | PERCENTAGE OF GROWTH IN TOTAL REVENUE |
|--|---|
| Definition | The indicator quantified the percentage of growth in total revenue generated from primary and secondary business activities. |
| Source of data | Approved Financial Reports and Annual Financial Statements |
| Method of calculation/ Assessment | Quantitative means of calculation Percentage growth is calculated by subtracting the total revenue for the financial year from the previous financial year's total revenue and dividing the previous financial year's total revenue by 100. |
| Assumptions | <ul style="list-style-type: none"> • Available budget to support the scheduled implementation • Technical capabilities and capacities are available to support the implementation • Accurate and correct financial data is available |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annually |
| Desired performance | Percentage growth in total revenue equal to or exceeding the target is desired. |
| Indicator responsibility | Chief Financial Officer |

Table 7: Percentage of growth in total revenue

| INDICATOR TITLE | RETURN ON ASSETS |
|--|--|
| Definition | This indicator measures the efficient use of assets to produce a surplus during a given financial year. |
| Source of data | Audited Financial Statements |
| Method of calculation/ Assessment | Net income after tax, divided by average total assets, multiplied by 100 |
| Assumptions | Available budget to support the scheduled implementation Technical capabilities and capacities are available to support implementation Accurate and correct financial data is available. |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annually |
| Desired performance | Return on Assets of >2.5% |
| Indicator responsibility | Chief Financial Officer |

Table 8: Return on Assets

| INDICATOR TITLE | SOLVENCY RATIO |
|--|--|
| Definition | This indicator measures Amatola Water's ability to meet its long-term debt obligations. |
| Source of data | Audited Financial Statements |
| Method of calculation/ Assessment | Net income plus depreciation divided by total liabilities |
| Assumptions | Available budget to support the scheduled implementation Technical capabilities and capacities are available to support implementation. Accurate and correct financial data is available |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annually |
| Desired performance | 20% - 30% |
| Indicator responsibility | Chief Financial Officer |

Table 9: Solvency ratio

SO4: IMPROVED STAKEHOLDER RELATIONS

| INDICATOR TITLE | PERCENTAGE CUSTOMER SATISFACTION LEVEL |
|--|--|
| Definition | A customer satisfaction survey questionnaire completed by participants from client entities with direct and indirect interaction with Amatola Water. |
| Source of data | Customer Satisfaction Survey Report |
| Method of calculation/ Assessment | Total average score obtained in each dimension of measurement |
| Assumptions | All members of the Board participate in the Assessment |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annual reporting |
| Desired performance | 80% total average score |
| Indicator responsibility | Chief Executive Officer |

Table 10: Percentage customer satisfaction level

SO5: EFFICIENT AND INNOVATIVE ORGANISATION

| INDICATOR TITLE | INCREASE IN CUSTOMER BASE |
|--|--|
| Definition | This indicator measures the number of new customers signed up by Amatola Water for s29 or s30 business activities. |
| Source of data | Service level agreement and/or bulk supply agreements signed by all parties |
| Method of calculation / Assessment | Simple count |
| Assumptions | None |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annual reporting |
| Desired performance | Minimum of one new customer per annum |
| Indicator responsibility | Executive Manager: Operations and Executive Manager: Planning and Development |

Table 11: Increase in customer base

| INDICATOR TITLE | AVERAGE TURNAROUND TIMES TO RESOLVE SERVICE DELIVERY QUERIES (IN DAYS) |
|--|--|
| Definition | The indicator measures the time it takes for Amatola Water to resolve a written lodged query from a customer or stakeholder. |
| Source of data | Customer Query Register Report |
| Method of calculation/ Assessment | The sum of the number of days each query takes to be resolved divided by the total number of queries received |
| Assumptions | None |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annual reporting |
| Desired performance | 80% of the total logged queries are resolved within an average of seven days |
| Indicator responsibility | Chief Executive Officer |

Table 12: Average turnaround time to resolve service delivery queries (in days)

SO6: IMPROVED ENVIRONMENTAL SUSTAINABILITY

| INDICATOR TITLE | PERCENTAGE REDUCTION OF CARBON FOOTPRINT |
|--|--|
| Definition | This indicator measures the contribution to the reduction CO2 emissions by Amatola Water's Vehicle Fleet in a given reporting period. |
| Source of data | Fleet Management System and Plant Production reports |
| Method of calculation/ Assessment | Multiply the total litres of fuel used in a given reporting period, multiplied by 2.68 kg (for diesel) or 2.31 kg (for petrol) |
| Assumptions | Amatola Water has a fleet management system that tracks fuel consumption for all the company vehicles. |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annual reporting |
| Desired performance | Carbon dioxide (CO2) emissions reduced by 5% |
| Indicator responsibility | Executive Manager: Planning and Development |

Table 13: Percentage reduction of carbon footprint

| INDICATOR TITLE | NUMBER OF FACILITIES WITH RENEWABLE SOLUTIONS |
|--|--|
| Definition | This indicator measures the number of Amatola facilities that have an integrated renewable energy sources in addition to power provided directly or indirectly by Eskom. |
| Source of data | Generally Recognised Accounting Practice-compliant Asset Register and Amatola Water Infrastructure Master Plan |
| Method of calculation/ Assessment | Simple count |
| Assumptions | None |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annual reporting |
| Desired performance | All Amatola Water facilities operate on an energy mix. |
| Indicator responsibility | Executive Manager: Planning and Development |

Table 14: Number of facilities with renewable solutions

SO7: A HIGHLY-SKILLED, ENGAGED AND PRODUCTIVE WORKFORCE

| INDICATOR TITLE | SCORE OF EMPLOYEE SATISFACTION SURVEY |
|--|--|
| Definition | This indicator measures the level of satisfaction of employees on key dimensions of the working environment in Amatola Water. |
| Source of data | Employee Satisfaction Survey Report |
| Method of calculation/ Assessment | Total score on each dimension measured in the survey added together and divided by the number of dimensions measured. |
| Assumptions | None |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annual reporting |
| Desired performance | Minimum of satisfaction score of 80% |
| Indicator responsibility | Chief Executive |

Table 15: Score in employee satisfaction survey

| INDICATOR TITLE | STAFF TURNOVER RATE |
|--|--|
| Definition | The indicator measures the rate at which employees leave the organisation as result of resignation, retirement, dismissals, or natural attrition. |
| Source of Data | Human Resource Management Systems Report |
| Method of Calculation / Assessment | Number of resignations, retirements, dismissals, deaths divided by the total number of employees in a given financial year |
| Assumptions | None |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Annual reporting |
| Desired performance | Maintain turnover below 10% per annum |
| Indicator responsibility | Executive Manager: Corporate Services |

Table 16: Staff turnover rate

| INDICATOR TITLE | SCORE OF THE EMPLOYEE PRODUCTIVITY INDEX |
|--|--|
| Definition | This indicator measures the rate at which Amatola Water employees perform against planned targets in a given reporting period. |
| Source of Data | Performance Appraisal Reports |
| Method of Calculation / Assessment | Add the score on each dimension of individual planned targets and divide by the number of dimensions on the individual performance agreement to obtain an average productivity score |
| Assumptions | Individual performance plans are aligned to the organisational scorecard and SHC targets. |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Quarterly (two formal assessment and two informal assessments) |
| Desired performance | Minimum of 80% targets are met |
| Indicator responsibility | Chief Executive |

Table 17: Score of the Employee Productivity Index

| INDICATOR TITLE | PERCENTAGE OF EMPLOYEES MEETING MINIMUM JOB REQUIREMENTS |
|--|--|
| Definition | This indicator measures the rate at which Amatola Water employees meet competency (skills, knowledge and experience) requirements for their jobs. |
| Source of Data | Skills Audit Report |
| Method of Calculation / Assessment | Number of employees who meet minimum job requirement divided by the Total Number of Employees on Amatola Water payroll |
| Assumptions | None |
| Disaggregation of beneficiaries (where applicable) | <ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A |
| Spatial transformation (where applicable) | <ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A |
| Reporting cycle | Quarterly |
| Desired performance | Minimum of 90% targets are met |
| Indicator responsibility | Executive Manager: Corporate Services |

Table 18: Percentage of Employees meeting minimum job requirements.

ANNEXURE J: BANK ACCOUNT DETAILS

| Bank | Type of account |
|---------------|--|
| Nedbank | Salaries account |
| Nedbank | Project Account |
| Nedbank | Eskom Guarantee Account |
| Nedbank | Amatola Main Account (Current Account) |
| Nedbank | Flexible call account |
| | |
| Standard Bank | Current Account |
| Standard Bank | Procurement Cards |
| Standard Bank | Fixed Deposit Account |
| | |
| ABSA BANK | Fixed deposit Account |
| ABSA BANK | Fixed deposit Account |
| | |



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