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BUSINESS PLAN 2020/2021 - 2024/2025

Contents

List of Tables	2
List of Figures	3
Abbreviations	4
Official Sign-Off	5
Foreword by the Chairperson	6
Foreword by the Chief Executive	8

PART A: STRATEGIC OVERVIEW

1. INTRODUCTION	11
2. VISION, MISSION, VALUES, AND CRITICAL SUCCESS FACTORS	13
2.1. Vision, Mission and Values	13
2.2. Values	14
2.3. Critical Success Factors	14
3. LEGISLATIVE AND OTHER MANDATES	14
3.1. Legislative Mandates Relevant to Mhlathuze Water	14
3.1.1. Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)	14
3.1.2. Water Services Act, 1997 (Act No. 108 of 1997)	15
3.1.3. National Water Act, 1998 (Act No. 36 of 1998)	15
3.1.4. Public Finance Management Act, Act 1 of 1999 (as amended)	15
3.1.5. Disaster Management Act, Act No 57 of 2002:	15
3.1.6. Other legislative imperatives include, but are not limited to:	16
3.2. Other Policy Mandates Relevant to Mhlathuze Water	16
3.2.1. The Second National Water Resource Strategy (NWRS2), 2014	16
3.2.2. United Nation's Sustainable Development Goals	16
3.2.3. National Priority Outcomes	17
3.2.4. National Development Plan	17
4. MHLATHUZE WATER'S CORE BUSINESS	17
4.1. Core Business	17
4.1.1. Bulk Water Provision	17
4.1.2. Bulk Waste Water Disposal	17

4.2. Section 30 Activities	17
4.2.1. Project Implementation and Management Services	17
5. SITUATIONAL ANALYSIS	18
6. CORPORATE GOVERNANCE	21
6.1. High Level Organisational Structure	21
6.2. The Board of Mhlathuze Water	22
6.3. Board Sub-Committees	26
6.3.1. Audit and Risk Committee	26
6.3.2. Finance Committee	26
6.3.3. Service Delivery Committee	26
6.3.4. Human Resources and Remuneration Committee	26
6.3.5. Social and Ethics Committee	26
6.4. Company Secretariat	26
6.5. Executive Committee (EXCO)	28
6.6. Management Committee (MANCO)	30
6.7. Management Operational Committees	30
6.7.1. Bid Committees	30
6.7.2. Risk, Information Technology (IT), Health and Safety Committee	30
6.7.3. Employment Equity Committee	30
6.7.4. Physical Assets Disposal Committee	30
6.7.5. Bursary and Study Assistance Committee	30
7. OTHER GOVERNANCE MATTERS	31
7.1. Disclosure of Interest	31
7.2. Code of Conduct	31
7.3. Internal Control	31
7.4. Materiality and Significance Framework	31
7.5. Risk Management	31
7.6. Whistle Blower	32
7.7. Statement of Risk Appetite and Risk Tolerance	32
7.7.1. Risk Appetite and Tolerance Levels	32
7.8. Strategic Risk Register	33
7.8.1. Mhlathuze Water Risk appetite and Risk tolerance	35
7.9. Internal and External Audit	35
7.9.1. Internal Audit	35
7.9.2. External Audit	35



PART B: STRATEGIC OBJECTIVES _ 37

8. THE STRATEGIC PLANNING PROCESS _____ 37

8.1 Strategic Objectives and Projected Outputs _____	37
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9. CHIEF EXECUTIVE UNIT _____ 40

9.1 Chief Executive Unit _____	40
9.2 Functions within the Chief Executive Unit _____	40
9.3 Situational Analysis _____	41
9.4 Future Plans _____	42
9.5 Chief Executive Unit Pre-determined Objectives: 2020/2021-2024/2025 Targets _____	42

10. CORPORATE SERVICES UNIT _____ 48

10.1 Mandate of Corporate Services Unit _____	48
10.2 Functions within the Corporate Services Unit _____	48
10.3 Situational Analysis _____	49
10.4 Human Resource Future Plans _____	57
10.4.1 Projected employee complement _____	57
10.4.2 Professional Registration _____	58
10.4.3 Employment Equity Targets _____	58
10.4.5 Five Year Skills Development Plan _____	59
10.4.6 Annual Workplace Skills Plan _____	59
10.5 Corporate Services Pre-determined Objectives: 2020/2021 – 2024/2025 Targets _____	60

11. OPERATIONS UNIT _____ 62

11.1 Operations Unit _____	62
11.2 Functions within the Operations Unit _____	62
11.3 Situational Analysis _____	63
11.4 Future Plans _____	66
11.5 Operations Pre-determined Objectives: 2020/2021 – 2024/2025 Targets _____	68

12. SCIENTIFIC SERVICES _____ 71

12.1 Mandate of the Scientific Services Unit _____	71
12.2 Functions of the Scientific Services Unit _____	71
12.3 Situational Analysis _____	72
12.4 Future Plans _____	80
12.5 Scientific Services 2020/2021 – 2024/2025 Pre-determined Objectives _____	81

13. TECHNICAL SERVICES UNIT _____ 83

13.1 Mandate of the Technical Services Unit _____	83
13.2 Functions within the Technical Services Unit _____	83
13.3 Situational Analysis _____	83
13.4 Future Plans _____	85
13.5 Technical Services Pre-determined Objectives: 2020/2021 – 2024/2025 Targets _____	87

14. FINANCE UNIT _____ 89

14.1 Mandate of Finance Unit _____	89
14.2 Functions within the Finance Unit _____	89
14.3 Key Performance Highlights _____	90
14.4 Future Plans and Five Year Projections _____	90

ANNEXURE A: Technical Indicator Descriptions _____ 110

Chief Executive Unit _____	110
Corporate Services Unit _____	121
Operations _____	125
Scientific Services _____	128
Finance Unit _____	136

ANNEXURE B: DWS Template – Projected Financial Statements for Six Years Ending 2025 _____ 144

ANNEXURE C: Accounting Policies _____ 154

ANNEXURE D: Shareholders Compact _____ 162



List of Tables

Table 1: Strengths, weaknesses, opportunities and threats _____	18	Table 25: Operations and Maintenance Pre-determined Objectives: 2020/2021 Targets _____	69
Table 2: Risk descriptions, ratings and mitigations _____	33	Table 26: 2018/2019 Environmental awareness campaigns and events _____	72
Table 3: Narration of the residual rating _____	35	Table 27: Compliance report – SANS 241:2015 for Nsezi Water Treatment Plant _____	73
Table 4: Strategic objectives and projected outputs _____	38	Table 28: 2018/2019 Status of environmental permits _____	78
Table 5: Chief Executive Unit Pre-determined Objectives: 2020/2021-2024/2025 Targets _____	42	Table 29: Scientific Services 2020/2021 – 2024/2025 Pre-determined Objectives _____	81
Table 6: Chief Executive Chief Executive Unit Pre-determined Objectives: 2019/2020 Quarterly Targets _____	45	Table 30: Scientific Services 2020/2021 Pre-determined Objectives _____	82
Table 7: Number of employees disaggregated by gender and race _____	49	Table 31: Technical Services Pre-determined Objectives: 2020/2021 – 2024/2025 Targets _____	87
Table 8: Filled vacancies disaggregated by gender and race _____	50	Table 32: Technical Services 2020/2021 Pre-determined Objectives _____	88
Table 9: Staff Retention from 01 July 2018 to 30 June 2019 _____	50	Table 33: Raw Water _____	91
Table 10: Workforce profile _____	52	Table 34: Potable Water _____	91
Table 11: Internal bursary holders _____	54	Table 35: Effluent Disposal _____	92
Table 12: Study assistance scheme _____	54	Table 36: Planning Financial Assumptions _____	93
Table 13: Amanzi bursary holders _____	55	Table 37: Raw Water _____	94
Table 14: Learnership programme _____	55	Table 38: Potable Water _____	95
Table 15: Learnership programme _____	55	Table 39: Buoyant Effluent _____	95
Table 16: Professional registration _____	56	Table 40: Dense Effluent _____	95
Table 17: Long service recognition _____	56	Table 41: Projected Statement of Capital _____	97
Table 18: Projected Employee Complement over the Next Five Years _____	57	Table 42: Statement of Financial Position _____	99
Table 19: Professional Registration _____	58	Table 43: Statement of Financial Performance _____	103
Table 20: 2020/2021 Numerical Goals _____	58	Table 44: Statement of Cash Flow _____	104
Table 21: 2020/2021-2024/2025 Skills Development Plan _____	59	Table 45: Maturity Profile of the Debt _____	105
Table 22: Corporate Services Pre-determined Objectives: 2020/2021 – 2024/2025 Targets _____	60	Table 46: Amortisation of Proposed Long Term Loan _____	105
Table 23: Corporate Services Pre-determined Objectives: 2019/2020 Targets _____	61	Table 47: Proposed borrowing limits for period 2019/20 to 2021/22 _____	105
Table 24: Operations and Maintenance Pre-determined Objectives: 2020/2021 – 2024/2025 Targets _____	68	Table 48: Finance Unit Pre-determined Objectives: 2020/2021 – 2024/2025 Targets _____	106
		Table 49: Finance Unit Pre-determined Objectives: 2019/2020 Targets _____	108

List of Figures

Figure 1: Future water demand _____	20	Figure 12: Future customer demand: bulk potable water _____	67
Figure 2: High Level Organisational Structure _____	21	Figure 13: Compliance on SANS 241 for Nsezi Water Treatment Plan, 2015-2019 _____	73
Figure 3a: Economically Active Population of South Africa _____	50	Figure 14: Reportable incidents to authorities _____	76
Figure 3b: Gender Profile of Mhlathuze Water Employees _____	50	Figure 15: Recyclable and hazardous waste (KG) _____	76
Figure 4: Race Profile - EAP South Africa _____	52	Figure 16: CO ₂ Equivalents _____	77
Figure 5: Race Profile of Mhlathuze Water employees as at 30 June 2019 _____	52	Figure 17: Water consumption from July 2018 to June 2019 at the Pump Station _____	77
Figure 6: Age Profile as at 30 June 2019 _____	53	Figure 18: Water consumption from July 2018 to June 2019 at the Head office complex _____	78
Figure 7: Bulk supply agreements _____	57	Figure 19: Non-Current Assets _____	100
Figure 8: Total raw water abstracted from Mhlathuze River _____	64	Figure 20: Current Assets _____	101
Figure 9: Total treated water supplied from Nsezi WTP _____	64	Figure 21: Non-Current Liabilities _____	101
Figure 10: Total effluent disposed _____	65	Figure 22: Current Liabilities _____	102
Figure 11: Future customer demand: bulk raw water _____	67	Figure 23: Net Assets Reserves _____	102



A diver getting ready to undertake an inspection of an offshore pipeline. Mhlathuze Water disposes of Industrial Waste Water to sea through its offshore pipeline in a safe and responsible manner.



Abbreviations

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

Official Sign-Off

It is hereby certified that this Business Plan was developed by the management of Mhlathuze Water, a Schedule 3B Public Entity in terms of the Public Finance Management Act 1 of 1999. The Business Plan takes into account all relevant policies, legislation and other mandates and accurately reflects the strategic objectives and outputs which Mhlathuze Water will endeavour to achieve during the fiscal period 2020/2021-2024/2025.

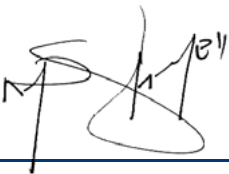
Recommended for approval by:



Strategic Development Manager
Mr S Botha



Chief Financial Officer
Mrs B Mnyandu



Chief Executive
Mr MP Duze

APPROVED BY:



Chairperson of the Board
Ms T Shange

Date: 15/04/2020



FOREWORD BY THE CHAIRPERSON

THABI AGATHA SHANGE
CHAIRPERSON



“Apart from the obvious and immediate health setbacks, it is the economic and social impacts of the COVID-19 pandemic that will, for years to come, reverberate throughout our country and the world. It is a very conceivable possibility that difficult decisions may have to be made on how best to allocate limited resources across Mhlathuze Water programmes. This would be done in partnership and collaboration with our stakeholders so that we contribute towards flattening the COVID-19 curve and eventually pass these hard times with halted spiralling new infections and the loss of lives.”

Our country, like elsewhere in the world, finds itself in a precarious position occasioned by the unanticipated onslaught of the COVID-19 pandemic, the numbers of those either infected or succumbing to this illness continue to grow at an alarming rate. The people and the economy are under

unprecedented stress and the situation is forcing all of us to reckon with how external events have a way of directly affecting our respective abilities to deliver on our mission.

Apart from the obvious and immediate health setbacks, it is the economic and social impacts of the COVID-19 pandemic that will, for years to come, reverberate throughout our country and the world. It is a very conceivable possibility that difficult decisions may have to be made on how best to allocate limited resources across Mhlathuze Water programmes. This would be done in partnership and collaboration with our stakeholders so that we contribute towards flattening the COVID-19 curve and eventually pass these hard times with halted spiralling new infections and the loss of lives.

This Business Plan is submitted cognisant of the challenging times caused by the COVID-19 pandemic coupled with the fact that Mhlathuze Water’s areas of operation are acutely water stressed due to long drawn drought spells. It, therefore, focuses specifically on how Mhlathuze Water, as a player in the water sector, plans to execute its mandate of dependable bulk water provision to our Water Authorities and industrial customers as well as domestic and industrial waste water disposal under these very trying times. It outlines the strategic interventions and goals that we have identified to contribute towards our country’s overall vision of accessing water resources to all the citizens with particular reference, in our case, to the rural areas in KwaZulu-Natal and beyond.

The compulsory annual review of this strategic document affords us an opportunity to take stock on past achievements and failures, and to determine how we can, within the anticipated challenges that lie ahead, reconfigure our operations and approaches to our core business and activities set out here above.

As Mhlathuze Water celebrates its 40th anniversary since its founding in 1980, we believe that we stand as a vast repository of experience in water management, which is critical to bridging the water infrastructure backlogs in the mainly disadvantaged, rural communities of KwaZulu-Natal. In order to implement our strategic aims, we need to develop an enabling environment in which our stakeholders are well managed and our human, financial and physical resources are appropriately allocated and positioned to help us attain commensurate and working infrastructure that supports our overall goal of bulk water delivery in a sustainable manner to all our customers in the value chain.

As an organ of the state under the Department of Water and Sanitation (DWS), Mhlathuze Water shall continue to discharge its mandate in a manner that complements the pronouncements of Chapter 4 of the National Development Plan which envisages a South Africa that recognises the importance of secure and equitable access to water and sanitation as catalysts for socio-economic development.

Mhlathuze Water footprint areas are within a geographic space that is predominantly rural and we are very conscious of how acute scarcity of access to opportunities hampers the positive development of the economy. In this context, and as pertinently captured in the 2030 Sustainable Development Goals, we have a first-hand perspective of the rural and urban differentials in areas such as access to livelihoods means, employment, and social services. This burden of societal hardships and deprivation is borne by youth, women, and elderly in different degrees in a cascading ripple effect. It is for this reason that, as Mhlathuze Water, in all our endeavours to meet our mandate of supplying municipal and industrial customers with bulk water and related wastewater services, we always

factor in the element of youth and women empowerment within a community setup.

We remain cognisant of the multiple layers of stakeholders and interested parties involved in the water value chain. For this reason, we have maintained an even stronger focus on cultivating stakeholder engagements with industrial actors, municipalities (water authorities), traditional leaders, and political leaders apart from the provincial and national government.

This we do in the belief that, with our country facing a rapidly diminishing water supply, and communities growing increasingly despondent at the lack of access to this precious resource, we need to work together as stakeholders in the value chain.

Needless to re-emphasize that our success in realising these goals as per our mandate lies in strong collaboration and partnership with all our stakeholders and carrying out our shareholder directives from time to time as may be required. It is "Mission Possible" to achieve our goals with a "pull together" and effectively managed partnerships in collaboration to ensure that the water scarcity challenges faced by both communities and industries alike are rigorously tackled.

I hereby humbly submit this 2020-2021/2023-2024 Business Plan as Mhlathuze Water's binding contract to delivering on its vision of being a reliable water and waste water business partner of choice.



THABI AGATHA SHANGE
CHAIRPERSON



FOREWORD BY THE CHIEF EXECUTIVE

MTHOKOZISI P DUZE
CHIEF EXECUTIVE



“Our Board has placed emphasis on the need to embark on infrastructure upgrades and maintenance in a manner that takes into account the President’s decree of ensuring frugal spending in these trying times of great economic uncertainty. Flowing from this directive, Mhlathuze Water, in the execution of its mandate of bulk water and waste water disposal, remains guided by the prescripts of good corporate governance at all times.”

One of the unintended yet unavoidable by-products of globalisation is that at the same time as it allows for an increased interdependence among the world’s nations and opens up possibilities for them to participate in global economic, financial and social processes, a single shock in any given region has the propensity to disrupt the entire global value chain.

An incident that instantly comes to mind that wreaked havoc in the global economic order was the 2008 recession. And now, with the advent of the Covid-19 pandemic which has affected virtually every continent, the world faces a distinct possibility of finding itself at an economic crossroad similar, if not worse, than that last seen twelve years ago. Here at home, beyond the obvious negative health impacts of the pandemic, the downgrade by ratings agencies means that our country – one of the major economies on the African continent – is already feeling the vagaries of the economic scene.

While our government, led by His Excellency, President Cyril Ramaphosa, has commendably sprung into action and announced a suite of interventions designed to both lessen the effects of the economic slowdown and counteract the negative effects of the COVID-19 pandemic, this will not be enough if we don’t stand up and be counted, if we do not, as patriots from the public and private sectors, all genuinely pledge to play our part.

As a state owned entity, Mhlathuze Water remains deeply committed to the President’s programme of reforms to address weak economic growth, constrained public finances and, ultimately, set the country back on a path of clear growth. Never before, in its four decades of existence, has this water utility been called upon to occupy a role more pivotal than now. Acting upon the firm injunction from our shareholder representative, the Honourable Minister for Human Settlements, Water and Sanitation, Lindiwe Sisulu, Mhlathuze Water has recalibrated its efforts to provide much needed relief to those communities not yet served with water infrastructure. Against the backdrop of the prevailing lack-lustre global, regional and local conditions, Mhlathuze Water presents its Business Plan as a set of concrete objectives for the utility to proceed apace with its mandate of providing and expanding bulk water and wastewater disposal to all stakeholders in the value chain.

As we celebrate 40 years of our founding this year, Mhlathuze Water stands as a bastion of tried and tested excellence in the provision of relief through job creation, economic growth and the building of dignified livelihoods through the provision of bulk water infrastructure in its mainly rural consumer base in northern KwaZulu-Natal.

Tellingly, because we service a largely rural geographic landscape encompassing the districts of King Cetshwayo, Zululand and uMkhanyakude in northern KwaZulu-Natal, Mhlathuze Water has again been thrust to the forefront in a race against time to ensure the welfare of the most vulnerable groups of our society, being Black Africans in general and the elderly, women and the low income to no income bracket of our population in particular.

We are neither daunted nor deterred by the challenge that lies ahead.

Our experience in providing relief in the Zululand District as implementing agents for the Department of Water and Sanitation during the rolling droughts in 2015 we will once more be summoned as we continue to provide lasting solutions to water infrastructure challenges in our communities even beyond the present crisis.

Therefore, as we present this Business Plan, we do so safe in the knowledge that Mhlathuze Water continues to balance the dual roles of ensuring adequate bulk water provision for its municipal clients with the equally important imperative of ensuring that the unique needs of its industrial clients are met. Our Board has placed emphasis on the need to embark on infrastructure upgrades and maintenance in a manner that takes into account the President's decree of ensuring frugal spending in these trying times of great economic uncertainty. Flowing from this directive, Mhlathuze Water, in the execution of its mandate of bulk water and waste water disposal, remains guided by the precepts of good corporate governance at all times.

The anticipated growth in demand for water over the medium to long term, predicated upon the positive sentiment shown by investors towards Richards Bay and surrounds has seen Mhlathuze Water readying itself for this increase in uptake. To this end, we have already successfully completed the development of the Bulk Water and Sanitation Master Plan which provides an integrated overview of all actions, initiatives, and projects the utility needs to undertake in order to effectively meet current and future bulk water and sanitation demands for its industrial clients.

However, guided by the National Development Plan which identifies water as a critical enabler for economic and social development, Mhlathuze Water remains acutely aware that the provision to industrial sectors of this precious resource need not be to the exclusion of entire communities.

For this reason, we are exploring the feasibility of water being provided from the Nsezi Water Treatment Plant to the

populated areas served by the King Cetshwayo District in the foreseeable future.

Mindful of external factors on its business continuity, amongst which can be counted Eskom's rotational load shedding, as part of primary infrastructure activities Mhlathuze Water has invested in a high powered backup diesel generator.

This is to retain power even during periods of power outages thereby ensuring an uninterrupted supply of raw water to customers.

Our efforts to ensure an unhindered supply of water have also seen alterations and strengthening of the weir structure, including the erection of bulk earthworks; construction of a fish ladder, and the stabilisation of the riverbed and banks.

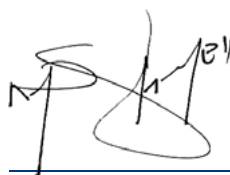
Mhlathuze Water, as part of its secondary activities, has signed a tripartite agreement with the uMkhanyakude District Municipality and DWS to implement the Jozini Bulk Water Supply Project in the District.

In terms of the agreement, Mhlathuze Water will undertake the operations and maintenance of the scheme until such time the municipality is fully capacitated to take over the running of the scheme.

We believe that in endorsing this Business Plan, the Board of Mhlathuze Water is confident that the utility has the adequate financial and human resource capital to execute its vision and mission.

As the Chief Executive of this utility, I am honoured to be at the helm of a utility that boasts 40 years of providing an exemplar suite of bulk water and related services to all stakeholders in the value chain.

I am certain that with the support of the Board, my Executive team and, of course, unwavering dedication from all staff members, Mhlathuze Water is poised to soar to even greater heights.



MTHOKOZISI P DUZE
CHIEF EXECUTIVE





The flagship of Mhlathuze Water, the Nsezi Water Treatment Plant under construction in the 1980's.



PART A:

STRATEGIC OVERVIEW

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

1. INTRODUCTION

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

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

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

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

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

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

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





SOURCES
 Boundaries: MDB
 Rivers: OSM
 Cities: StatsSA
 WSA: DSW

PROPERTIES
 Document Name :
 KZN WSA map
 Creation date : 17/01/2020

Created by :
 Mhlathuze GIS
 Print format : A4 Portrait
 Confidentiality : Public

SCALE
 1:2 280 000 1 cm = 22 800 m
 0 20 40 60 80 100 km



2. VISION, MISSION, VALUES AND CRITICAL SUCCESS FACTORS

2.1. VISION, MISSION AND VALUES

VISION
Your reliable water and waste water business partner of choice

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

STRATEGIC INTENT

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

- OUTCOMES**
- Increase Leadership and Operational competence
 - Unqualified Audit
 - Safe and Secure working environment
 - Meet quality and compliance standards
 - Complete feasibility studies to reduce waste water discharge into the ocean
 - Implement technology to reduce cost of sales
 - Reduce water wastage from abstraction

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



2.2 VALUES

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

- **ETHICS AND INTEGRITY**

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

- **EXCELLENCE AND QUALITY**

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

- **FAIRNESS AND REDRESS**

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

- **CREATIVITY AND INNOVATION**

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

- **ENTHUSIASM AND PASSION**

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

2.3 CRITICAL SUCCESS FACTORS

- **GOOD GOVERNANCE**

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

- **CUSTOMERS AND COMMUNITIES**

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

- **OPERATIONS**

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

- **SKILLS AND COMPETENCE**

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

- **FINANCIAL VIABILITY**

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

3. LEGISLATIVE AND OTHER MANDATES

3.1 LEGISLATIVE MANDATES RELEVANT TO MHLATHUZE WATER

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

These are prescribed within a specific, applicable legal and regulatory framework for public entities such as the Public Finance Management Act 1999 (Act 1 of 1999), the Water Services Act, 1997 and the King IV Report, which are the cornerstones of these prerequisites. Changes to the accounting standards that impacted on the financial reporting have been acknowledged to ensure minimal deviations from the requirements. Mhlathuze Water realises that compliance is an ongoing process and will, therefore, continue to seek sound and innovative ways to ensure full compliance in all the reporting obligations to both its customers and stakeholders to maintain transparency, effectiveness and accuracy.

3.1.1 CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996 (ACT 108 OF 1996)

The Constitution of the Republic of South Africa 1996 (Act 108 of 1996) is the supreme law of the Republic. Along with the Bill of Rights, the Constitution forms the legal foundation of a democratic South Africa and sets out the rights and duties of its citizens; and defines the structure of the government. Section 27 (1) (b) of the Constitution of South Africa states that everyone has the right to have access to sufficient food and water. Section 27 (2) further indicates that the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.

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

The Water Services Act, 1997 sets out objectives to provide for the;

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

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

The business plan must at least contain information regarding -

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

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

- Supplying water directly for industrial use, accepting industrial effluent and acting as a water services provider to consumers;
- Providing water services in joint venture with water services authorities and other stakeholders; and
- forecasts of capital expenditure for the primary and other activities for the next five years.

3.1.3 NATIONAL WATER ACT, 1998 (ACT 36 OF 1998)

The National Water Act, 1998 (Act 36 of 1998) recognizes that water is a scarce and unevenly distributed national resource which occurs in many different forms. It further states that while water is a natural resource that belongs to all people, the discriminatory laws and practices of the past have prevented equal access to water and use of water resources. The Act acknowledges the National Government's overall responsibility for and authority over the nation's water resources and their use, including the equitable allocation for beneficial use.

3.1.4 PUBLIC FINANCE MANAGEMENT ACT, ACT 1 OF 1999 (AS AMENDED)

The Public Finance Management Act 1 of 1999 (as amended) Section 52 (a) & (b) states that the Accounting Authority for a public entity listed in Schedule 2 or a government entity listed in Schedule 3B must submit to the Accounting Officer of a department designated by the Executive Authority responsible for that public entity and to relevant treasury, at least one month, or another period agreed with the National Treasury, before the start of its financial year:

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

3.1.5 DISASTER MANAGEMENT ACT, ACT NO 57 OF 2002

The Act provides for an integrated and coordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery. Section 25 implicates Mhlathuze Water in the process whereby organs of state are required to prepare comprehensive disaster management plans for its functional area, including expected climate change impacts and risks. Such plan is to include the role and capacity to fulfil the emergency response as well as recovery from disasters. The disaster management plan is to include the necessary disaster management strategies, contingencies and specifically, vulnerable groups.



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

- Companies Act, 2008 (Act 71 of 2008);
- Treasury Regulations (in terms of the PFMA Act 1 of 1999);
- South African Receiver of Revenue Act 34 of 1997;
- National Environmental Management Act 107 of 1998;
- The National Environmental Management: Integrated Coastal Management Act 24 of 2008;
- Occupational Health and Safety Act 85 of 1993;
- The Compensation for Occupational Injuries and Diseases Act Treasury Regulations 130 of 1993;
- Employment Equity Act 55 of 1998;
- Labour Relations Act 66 of 1995;
- Basic Conditions of Employment Act 75 of 1997;
- Skills Development Act 97 of 1998;
- Protection of Personal Information Act 4 of 2013; and
- Protected Disclosures Act 26 of 2000.

3.2 OTHER POLICY MANDATES RELEVANT TO MHLATHUZE WATER

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

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

The NWRS2 sets out the vision, principles, goals and strategic actions for achieving effective developmental water management, with a particular, but not exclusive,

focus on the role of the State, specifically the Department of Water and Sanitation (as water sector leader), associated sector departments (impacting water resources and its management), catchment management agencies, water services authorities, water boards, and other organs of state with a responsibility for water management. It also focuses on the importance of water use sectors, communities, civil society, and the private sector becoming involved in and committing to developmental water resource management.

3.2.2 UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS

Mhlathuze Water contributes to the below mentioned SDGs:

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

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

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

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

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

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



3.2.3 NATIONAL PRIORITY OUTCOMES

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

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

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

3.2.4 NATIONAL DEVELOPMENT PLAN

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

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

2030 NDP Milestones:

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

- Natural water sources will be protected to prevent excessive extraction and pollution.

4. MHLATHUZE WATER'S CORE BUSINESS

Our services:

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

4.1 CORE BUSINESS

4.1.1 BULK WATER PROVISION

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

4.1.2 BULK WASTE WATER DISPOSAL

Mhlathuze Water collects waste water from all industries and disposes off through the sea off shore pipelines in a safe environment. The disposal capacity is 120mil m³ per annum.

4.2 SECTION 30 ACTIVITIES

4.2.1 PROJECT IMPLEMENTATION AND MANAGEMENT SERVICES

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

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



5. SITUATIONAL ANALYSIS

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

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

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

Table 1: Strengths, weaknesses, opportunities and threats

STRENGTHS	MW RESPONSE	WEAKNESSES	MW RESPONSE
Sound financial sustainable position and liquidity	Finance; Section 14	Retention of Section 30 specialist staff employed on short-term contracts	Strategic Risk 4 and 5
Only entity in the region that holds the Permit to discharge effluent to sea.	Operations; Section 11	Slow response to stakeholder recommendations	Strategic Risk 3
The Water Treatment Infrastructure is able to provide good quality water that meets domestic & industrial needs	Operations; Section 11	Lack of implementation of Research & Development strategies	Strategic Risks 1 and 2
Attracting skilled & experienced staff by offering market related salary scales	Corporate Services; Section 10	Lack of communication with communities on water services value chain	Strategic Risk 3
State-of-the-art laboratory facility	Scientific Services; Section 12		
Sound asset base	Finance; Section 14		
Technical competence for the implementation of Section 30 Activities	Corporate Services; Section 10		
Promotes economical and sustainable and tariffs	Finance; Section 14		
OPPORTUNITIES	MW RESPONSE	THREATS	MW RESPONSE
Investment in Waste Water re-use operations	Operational; Section 11	Continuous increase in water tariffs could lead to loss of customers or reduction on contracted volumes	Strategic Risk 1, 2 and 10
Infrastructure capacity enable MW to maximise water supply	Operations; Section 11	Withdrawal of disposal permit due to non-compliance with permit conditions	Strategic Risk 3
A proactively approach in media and stakeholder engagement to manage public perceptions	Executive Unit; Section 9	Deteriorating raw water quality due to climate change, emerging contaminants & industrialisation.	Strategic Risk 2
Improve on Staff Retention programmes	Corporate Services; Section 10	Reputational threat due to lack of understanding by communities of what the organisation’s mandate it.	Strategic Risk 3 and 6
Section 30 Activities to grow the business	Finance; Section 14		
Maintaining good relations with stakeholders and attracting new business because of the low cost business model	Finance; Section 14		
Expand the business footprint	Finance; Section 14 Technical; Section 13		
Commercialise laboratory services	Finance; Section 14 Scientific Services; Section 12		



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

The study, based on the current and future predicted use of all abstraction licence holders, predicts that the Mhlathuze Catchment's current and future yield would be sufficient without any augmentation. However, based on the predicted growth path for the Richards Bay area, it is still considered to be in the interest of the area to continue with the originally proposed system augmentation interventions.

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

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

PROJECTED POTABLE WATER M ³ /DAY					
	2021	2022	2023	2024	2025
IDZ proposed oil refinery development	-	-	20 000	20 000	20 000
Phinda Power Producers	-	60 000	60 000	60 000	60 000
Foskor	13 000	13 000	13 000	13 000	13 000
CoU: Richards Bay	-	12 000	12 000	12 000	12 000
CoU: Esikhaleni	-	-	20 000	20 000	20 000
Reserved capacity	-	-	20 000	20 000	20 000
TOTAL	13 000	85 000	145 000	145 000	145 000

Discussions are underway between Mhlathuze Water and the Richards Bay Industrial Development Zone as well as Petro SA for a proposed Oil Refinery. The RBIDZ will revert once they have completed with the planning phase of the development that requires 20 000 m³ of clarified water per day.

Discussions are underway between Mhlathuze Water and the Richards Bay Industrial Development Zone as well as Ilifa for a proposed Gas-Electric plant. The RBIDZ will revert once they have completed with the planning phase of the development that requires 60 000 m³ of clarified water per day.

Discussions are underway between Mhlathuze Water, the City of uMhlathuze and Foskor, regarding the additional 13 000 m³ of clarified water per day.

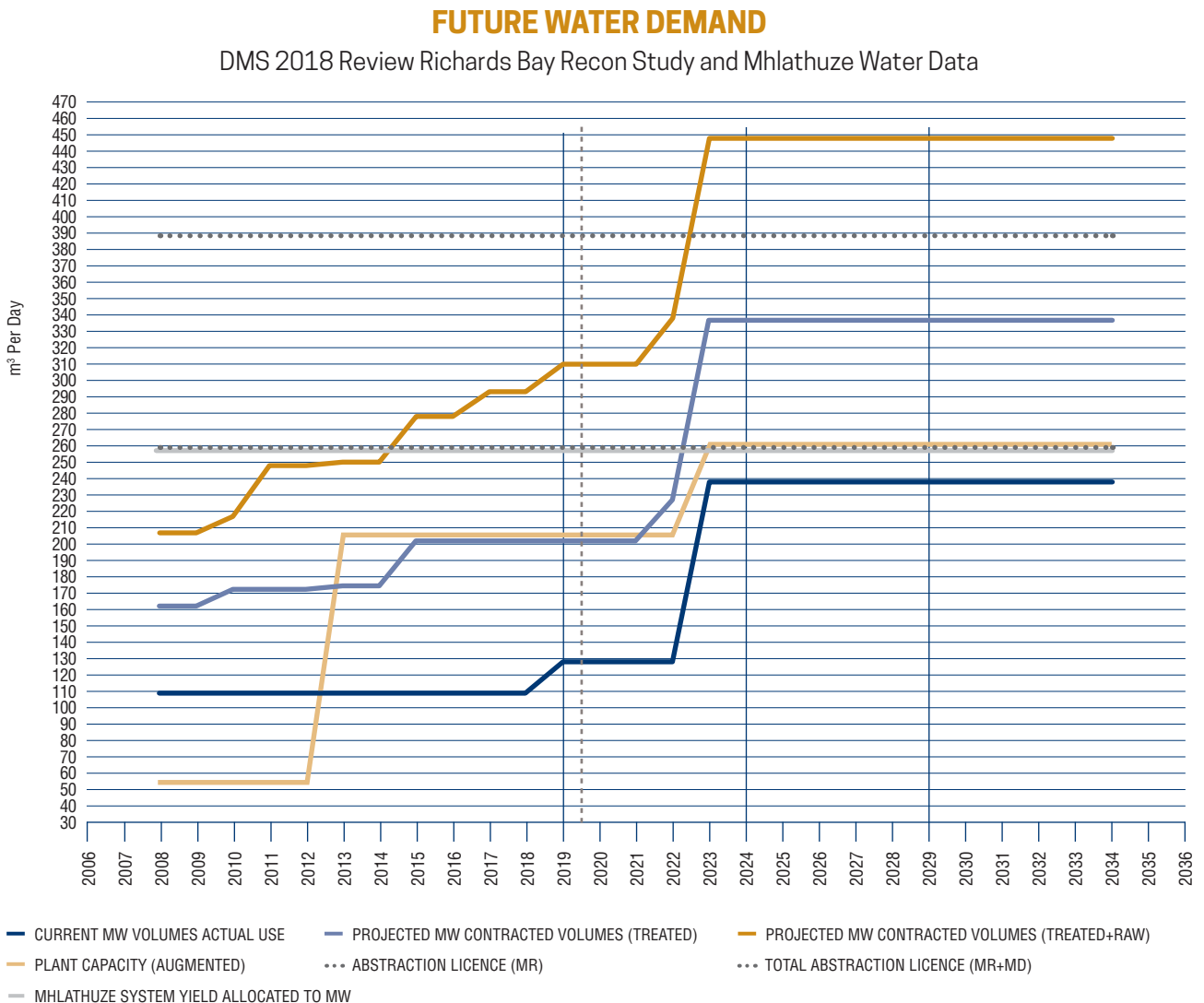
There is currently no potable water supply from Mhlathuze Water to the City of uMhlathuze for Esikhaleni. The water demand from this system far outweighs the available water supply (the plant capacity cannot meet the demand) such that restrictions have to be implemented as part of normal system operation.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

The City of uMhlathuze has also indicated that the demand to the town of Richards Bay needs to increase from the current 48 000 m³/day to 60 000 m³ of purified water day.



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

Figure 1: Future water demand



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

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

When the demands for treated water is reviewed, it is observed that the contracted demand will breach the limits placed on the organisation to abstract water from the Mhlathuze River (weir). However, based on actual usage data as per the

reconciliation study, it is noted that abstraction will remain within the limits for some time in the future. Nevertheless, it must be within the parameters of this business plan to commence with the process of renegotiating the limits on the existing water abstraction licence with the Department of Water and Sanitation. Alternatively, Mhlathuze Water, in consultation with its customers, should commence with the reviewing of current contracted volumes once contractual demand for bulk services increase.

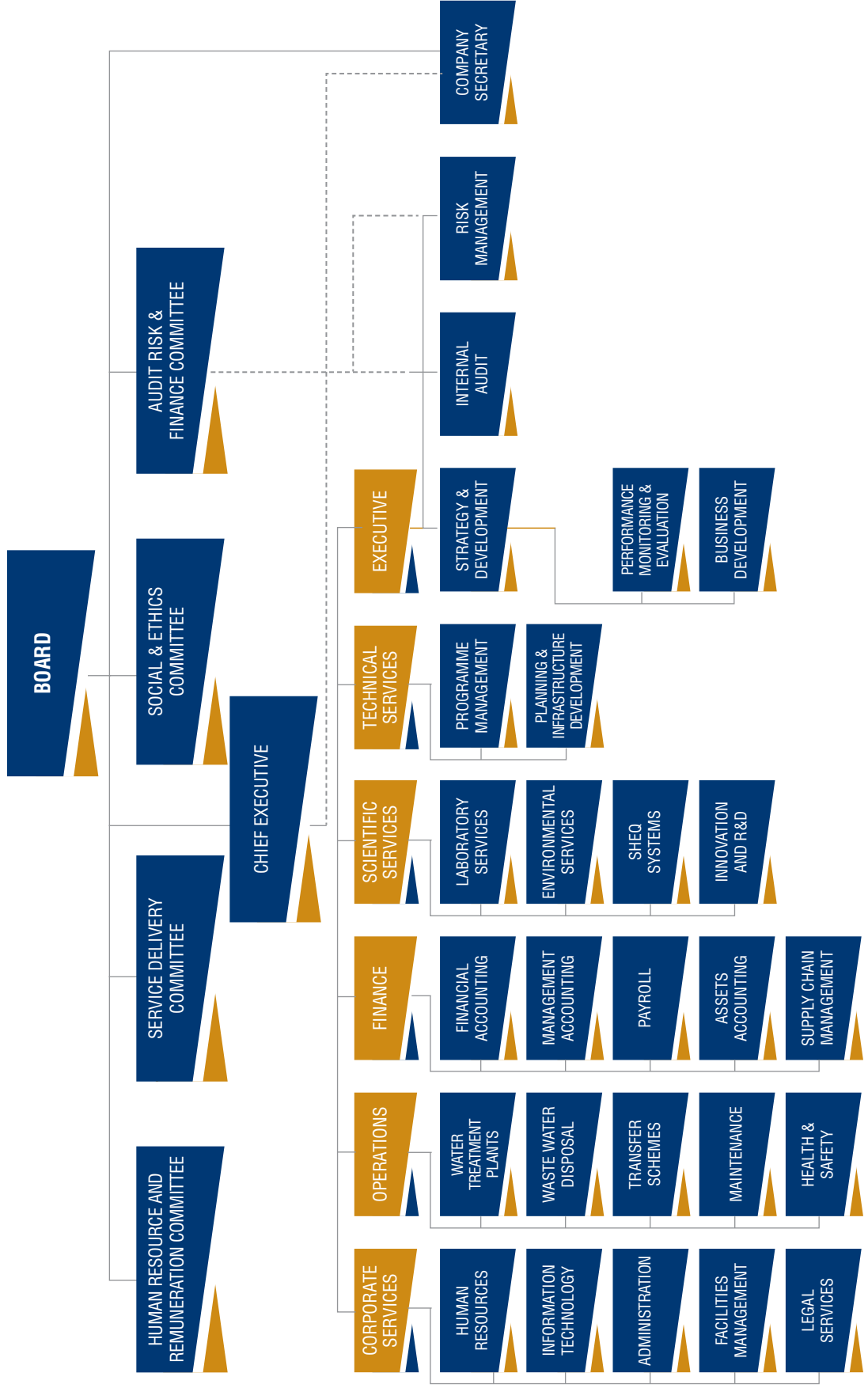
Alternatively, the organisation will have to embark on innovative programmes to augment the bulk water demand by investigating additional sources of raw natural water, waste water re-use and/ or alternative sources of water such as desalination. It is for this specific reason that the Innovation, Research and Development Unit has been established in the organisation as indicated in the organogram in Section 6 on the next page.



6. CORPORATE GOVERNANCE

6.1 HIGH LEVEL ORGANISATIONAL STRUCTURE

Figure 2: High Level Organisational Structure



6.2 THE BOARD OF MHLATHUZE WATER

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

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



CORE QUALIFICATIONS

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

AREAS OF EXPERTISE

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



CORE QUALIFICATIONS

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

AREAS OF EXPERTISE

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



PROF. P. S. REDDY

CORE QUALIFICATIONS

- D: Public Admin
- M Admin: Public Admin
- Honours: Public Admin
- Bachelor of Admin Degree

AREAS OF EXPERTISE

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



MRS N. GEVERS

CORE QUALIFICATIONS

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

AREAS OF EXPERTISE

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



DR M. MAKGAE

CORE QUALIFICATIONS

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

AREAS OF EXPERTISE

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



6.2 THE BOARD OF MHLATHUZE WATER ...continued



MR M. M. XULU

CORE QUALIFICATIONS

- Honours Degree: Accounting
- B Com. Degree
- Management Development Programme

AREAS OF EXPERTISE

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



MS N. N. MKHIZE

CORE QUALIFICATIONS

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

AREAS OF EXPERTISE

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



MS G. D. BIYELA

CORE QUALIFICATIONS

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

AREAS OF EXPERTISE

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



MR B. V. MSHENGU

CORE QUALIFICATIONS

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

AREAS OF EXPERTISE

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



MR P. M. ZIKALALA

CORE QUALIFICATIONS

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

AREAS OF EXPERTISE

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



MRS A. BADUL

CORE QUALIFICATIONS

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

AREAS OF EXPERTISE

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



6.3 BOARD COMMITTEES

6.3.1 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee serves as an objective structure that is entrusted with the responsibility of reviewing and making recommendations on issues relating to improving the effectiveness of organisational governance, manage organisational risks and internal controls.

6.3.2 FINANCE COMMITTEE

The Finance Committee serves as an independent oversight structure that is entrusted with the responsibility of reviewing and making recommendations on issues relating to financial budgeting, including the preparation of annual operating and revenue budgets and periodic budget reviews. This committee further ensures that the organisation maintains the required standards of financial management and reporting. It gives assurance on the availability of funds for both operational and capital budget requirements.

6.3.3 SERVICE DELIVERY COMMITTEE

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

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

6.3.4 HUMAN RESOURCES AND REMUNERATION COMMITTEE

The purpose of the Human Resource and Remuneration Committee is to establish and oversee the human resources

policies and procedures, which govern the areas of recruitment, resignations, retirements and terminations, organisational planning and design, training and development and succession planning.

This committee reports and recommends to the Board issues relating to human resource policies, employment equity, remuneration, the organisational structure, and compliance with labour relations matters. The Companies Act, 2008 (Act No. 71 of 2008) requires and the King IV Code recommends public companies to establish this committee.

6.3.5 SOCIAL AND ETHICS COMMITTEE

The Companies Act, 2008 (Act No. 71 of 2008) requires that the Boards of all listed public companies, state-owned enterprises (SOEs) and companies with significant public interest should have a social and ethics sub-committee. This emphasizes that companies have a significant social impact on the societies in which they operate.

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

6.4 COMPANY SECRETARIAT

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

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



An aerial view of the present day depiction of the Mhlathuze Water Weir



6.5 EXECUTIVE COMMITTEE (EXCO)

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



CHIEF EXECUTIVE
MR M.P. DUZE

CORE QUALIFICATIONS

- Candidate for PhD in Water Resource Management
- Masters in Development Studies (cum laude)
- Bachelor of Arts in Human and Social Studies

AREAS OF EXPERTISE

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



MS B. MNYANDU
CHIEF FINANCIAL OFFICER

CORE QUALIFICATIONS

- Chartered Accountant of South Africa
- Bachelor of Commerce Honours: Accounting
- Bachelor of Commerce

AREAS OF EXPERTISE

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



MR S. NTLHORO
GENERAL MANAGER:
SCIENTIFIC SERVICES
ACTING GENERAL MANAGER:
OPERATIONS AND MAINTENANCE

CORE QUALIFICATIONS

- Bachelor of Science (Honours): Chemistry
- Postgraduate Diploma: Management
- Registered with SACNASP as Professional Natural Scientist

AREAS OF EXPERTISE

- Water & Wastewater Quality Monitoring & Compliance
- Laboratory Accreditation
- Laboratory Management



MR M. MYENI
GENERAL MANAGER:
CORPORATE SERVICES

CORE QUALIFICATIONS

- Bachelor of Technology Degree: Management
- BCom Degree: Industrial Psychology
- Diploma: Personnel Management

AREAS OF EXPERTISE

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



MS S. MBATHA
COMPANY SECRETARY

CORE QUALIFICATIONS

- LLB Degree
- Admitted as attorney of the High Court SA
- Enrolled for ICOSA Programme for corporate governance and strategic management

AREAS OF EXPERTISE

- Legal
- Corporate governance
- Compliance
- Member of the Institute of Directors SA



MR N. NCUBE
ACTING GENERAL MANAGER:
TECHNICAL SERVICES

CORE QUALIFICATIONS

- Professional Engineering Technologist (ECOSA)
- Master's Degree in Public Administration (UP)
- B.Tech Degree Civil Engineering
- National Diploma Civil Engineering
- Certificate (NQF 7) in Municipal Financial Management

AREAS OF EXPERTISE

- Over 20 Years' experience in the built environment from private sector , Local government
- Over 15 years' experience in Water and Sanitation engineering (Infrastructure Planning, Capital investment, Project value chain, Capitalisation and Operations & Maintenance)



6.6 MANAGEMENT COMMITTEE (MANCO)

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

6.7 MANAGEMENT OPERATIONAL COMMITTEES

6.7.1 BID COMMITTEES

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

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

The Accounting Officer may:

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

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

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

IT governance and health and safety. The Committee reports to the Audit and Risk Committee on all the assigned matters in terms of its Terms of Reference.

6.7.3 EMPLOYMENT EQUITY COMMITTEE

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

6.7.4 PHYSICAL ASSETS DISPOSAL COMMITTEE

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

6.7.5 BURSARY AND STUDY ASSISTANCE COMMITTEE

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

7. OTHER GOVERNANCE MATTERS

7.1 DISCLOSURE OF INTEREST

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

7.2 CODE OF CONDUCT

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

Objectives of this Code, among others, are to:

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

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

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

7.3 INTERNAL CONTROL

Internal control systems, for which the Board is accountable, are designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital of the Organisation are efficiently managed. Mhlathuze Water's internal audit programme is risk based, and covers a range of audit universe for example; operational audits (e.g. Water quality); compliance audits (eg. Legal compliance) and financial audits (e.g., financial statement review).

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

7.4 MATERIALITY AND SIGNIFICANCE FRAMEWORK

The purpose of the Mhlathuze Water Materiality and Significant Framework is to record the levels and reasoning for the suggested level of materiality and significance for consideration by the governance structures of Mhlathuze Water. In terms of the of paragraph 3.7 of Practice Note on applications under section 54 of the PFMA by Public Entities dated 13 July 2006, "Acceptable levels of significance must be agreed with the Executive Authority, the specified guiding principles should be applied". The range to be utilised for Mhlathuze Water is based on the effectiveness of internal controls. Internal controls are determined to be effective if they can prevent, detect and correct misstatements. Internal controls are determined to be effective if they can prevent, detect and correct misstatements. If the internal controls are determined to be effective, the highest range is utilised in calculating materiality and if the internal controls are determined not to be working effectively; the lowest range of materiality is utilised in calculating materiality. Mhlathuze Water assess the level of materiality and considers the following factors; nature of business, applicable statutory requirements, controls and inherent risks associated with Mhlathuze Water and qualitative aspects.

7.5 RISK MANAGEMENT

The Board is ultimately accountable for risk management and the system of internal controls at Mhlathuze Water. The Board reviewed and approved the Risk Management Policy and Implementation Plan in 2018/2019 and monitored the implementation thereof.

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

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

- Facilitate organisation-wide risk and opportunity identification and analysis;
- Promote the management of risks in line with best practices at all levels of the organisation;



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

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

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

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

7.6 WHISTLE BLOWER

The Board's objective in approving whistle blower reporting is to create a positive whistle-blowing culture which is a critical element in the success of any risk management system. The organisation is also committed to comply with the provisions of the Protected Disclosures Act (Act No. 26 of 2000) in ensuring that whistle blowers who make disclosures are protected and are not victimized and subjected to occupational detriment for blowing the whistle on improprieties.

In 2018/2019 financial year, the Board has approved the whistleblowing Policy aiming to eliminate the occurrence of fraud, corruption and theft at the Institution. It also strives to create a culture which will facilitate the disclosure of information by employees and relevant stakeholders relating to criminal and other irregular conducts, in the workplace in a responsible manner by providing clear guidelines for the disclosure of such information and protection against reprisals as a result of such disclosure.

7.7 STATEMENT OF RISK APPETITE AND RISK TOLERANCE

Mhlathuze Water's Vision is to be a reliable water and waste water partner of choice and its Mission is to, through good

governance, committed and skilled employees, contribute to development by providing quality water and waste water disposal services. In balancing the objectives set out in its mission and vision statements, Mhlathuze Water faces a broad range of risks that could otherwise hinder the discharge of its responsibilities. These responsibilities include ensuring compliance to environmental and safety legislations, meeting stakeholders needs as well as ensuring a growth in business.

Mhlathuze Water has a low appetite for all categories of risk and it makes resources available to control risks to acceptable levels, within an appropriate cost to benefit ratio to balance the level of risk with the level of reward. Fraud and compliance risks have a zero tolerance, as well as the risk of fatalities.

The organization recognises that it is not possible or necessarily desirable to eliminate some of the risks inherent in its activities. Acceptance of some risk is often necessary to foster innovation and achieve desired growth in the business.

It is accepted that Mhlathuze Water will have different levels of risk appetite and tolerance depending on the nature of the risk issues. Mhlathuze Water asks the question "how much risk do we need to take in order to attain appropriate or sought-after performance"? This question is asked in respect of different types of risk and, more importantly, risks that have an impact on different aspects of Mhlathuze Water's values, stated objectives, strategies and its culture.

Every three years or when significant changes in the operating environment occur, the Mhlathuze Water Board needs to review and approve the risk appetite and tolerance framework. A decision based on an agreed risk appetite and risk tolerance framework takes into account all of an organisation's strategic objectives, all its stakeholders' expectations, and all the significant risks.

7.7.1 RISK APPETITE AND TOLERANCE LEVELS

The Mhlathuze Water risk appetite and tolerance levels are categorized according to the following consequence types:

- Financial
- Operations
- Projects
- Legal and Compliance
- Environment and Communities
- Health and Safety
- Reputation

The parameters for determining the risk appetite and risk tolerance levels have been based on these consequence types and are shown in a consolidated format in the Mhlathuze Water risk appetite and risk tolerance framework.



7.8 STRATEGIC RISK REGISTER

Table 2: Risk descriptions, ratings and mitigations

Risk No.	Risk Name	Risk description	Residual rating	Mitigation
1	Possibility of environmental damage	<p>Potential risk of adverse effects on living organisms and the environment by effluents, emissions, wastes, resource depletion, etc.</p> <p>The threat of non-compliance and loss of operational permit exist as a result of:</p> <ul style="list-style-type: none"> a) Chemical spills or impacts through loss of containment b) Customers and contributors not adhering to effluent limits c) Processes not able to handle contaminants or enzymes d) Ageing infrastructure 	18.0	<ul style="list-style-type: none"> a) Quarterly effluent pipeline forum meetings b) Daily monitoring of effluent quality c) Contracts that stipulates quality requirements by contributors and penalties for non-compliance d) Effluent diluted before discharge to sea e) Routine infrastructure maintenance programs in place.
2	Inadequate infrastructure to meet customer needs	<p>Current infrastructure is not adequate to meet demands</p> <p>The threat of current infrastructure not meeting customer demand exist, as a result of:</p> <ul style="list-style-type: none"> a) Aged infrastructure b) Social and criminal destruction of infrastructure and equipment especially in isolated areas c) Delays in implementation of infrastructure projects d) Unreliable power supply e) Funding constraints 	13.0	<ul style="list-style-type: none"> a) Planned Maintenance b) Security service c) Community Liaison Officers d) Project management and review process e) MW is an essential service and exempted from load shedding f) 5-year Capex programme
3.	Inability to attract and retention of critical skills	<p>Inadequate system to attract, develop and retain critical skills</p> <p>The risk of inability to attract and retain critical staff based on high turnover rate and other factors such as:</p> <ul style="list-style-type: none"> a) High demand for critical skills in the labour market b) Geographical area for MW leading to shortage of key and critical skills in the region. c) Inability to manage conflicts d) Non-conducive working environment 	13.0	<ul style="list-style-type: none"> a) Market related salaries b) Staff retention policy c) Skills development programmes d) SHE department ensuring safe working environment e) Whistle-blower policy f) IR Specialist deals with conflicts
4.	Liquidity and cash-flow risk	<p>Inability to meet immediate and short-term obligations</p> <p>The risk of company will not be able to meet its short-term financial obligations when due. As a result of:</p> <ul style="list-style-type: none"> a) Key customers in business distress b) Downturn in economy c) Termination of contract by a key customer d) COVID-19 causing negative economic impact on key customer cash flow resulting in increased debtor days 	13.0	<ul style="list-style-type: none"> a) Credit checks prior to entering in contracts b) Customer requirements included when business plans are developed c) Customer service agreements d) Contracts include a contracted value
5	Fraud and Corruption	<p>Vulnerability to Fraud and Corruption</p> <p>The organization threat to fraud and corruption, as a result of:</p> <ul style="list-style-type: none"> a) Leadership overriding internal controls b) Collusion c) Unethical culture d) Poor segregation of duties e) Insufficient consequence management f) Abuse of the emergency procurement (Section 36) process (including during COVID-19 pandemic) 	10.0	<ul style="list-style-type: none"> a) Supply Chain Management Policy b) Implementation of Delegation of Authority c) Annual declaration d) Antifraud and corruption framework and policy e) Quarterly ethics awareness f) Disciplinary policy g) Whistle-blower policy
6	Scarcity of water resources to meet demand	<p>Poor quality and inadequate quantity of raw water</p> <p>The threat that water stress has materialised exist and linked to difficulty in obtaining sources of fresh water for use during a period of time and may result in further depletion and deterioration of available water resources.</p> <ul style="list-style-type: none"> a) Climate change, such as altered weather-patterns (including droughts or floods) b) Increased pollution c) Illegal water extraction d) Alien invasive plants e) Destruction of Water Catchment areas f) Delayed implementation of the 'National Water and Sanitation Master Plan' by Government g) MW services supply planning may not be aligned with the 'National Water and Sanitation Master Plan' 	10.0	<ul style="list-style-type: none"> a) Monitoring pollution, interaction with, and reporting to, the Regulator b) Interaction with and reporting to, authorities c) Interaction with Catchment Management Forum and implement as per resolutions issued by the forum d) Planning and development manager reviews National planning



7.8 STRATEGIC RISK REGISTER ...continued

Table 2: Risk descriptions, ratings and mitigations ...continued

Risk No.	Risk Name	Risk description	Residual rating	Mitigation
7	IT systems and Investments not aligned with current business strategy	Delayed implementation and adaption of new technologies The threat that IT systems not aligned with IT laws, Financial legislation, audit requirements and to the business strategy a) Slow uptake of new technologies (support and operational processes) b) Lack of appropriate skills c) Innovation plan not approved	10.0	a) Approved IT strategy (including certain OT) b) Implementation of projects that emanates from the IT strategy c) Benchmarking with local industries; other Water Boards and Technology Trends
8	Political Risk	Expropriation/ Political interference The threat of inability to prevent Political interference could be a result of: a) Vested interest by Politicians b) Political detractors in the region c) Changes in political leadership may change the will to assist MW business growth	10.0	a) Stakeholder engagements in terms of stakeholder governance b) Whistle-blower policy
9	Non-Compliance with regulatory Environment	Not meeting regulatory and best practice requirements The risk of Non- Compliance due to: a) Not adapting to regulatory framework changes b) Stringent tax and SOE legislation requirements c) Not meeting transformation requirements (BBEE) d) Abstraction licenses: allocation / limit is often exceeded e) Regular amendments that may not be timeously identified by MW	10.0	a) Operating license requirements are audited by various regulatory bodies. Includes laboratories and Health and Safety b) Lexis Nexis updates on changes to legislation/ regulations c) Implementation of BBE policy d) Sourcing of goods and services from Black owned companies
10	Lack of cyber security framework and Policy	Unauthorised access to information and operational systems The risk of IT security breaches could be a result of: a) Cyber-crime attack b) Criminal intent or sabotage c) Hacking, phishing, social engineering d) Increased reliance on technology e) Increased risk due to vulnerabilities created by working-from-home/remotely during COVID-19	8.0	a) Physical access control b) Logical controls including Firewall c) Regular cyber audits
11	Stagnant business growth	Missed opportunities leading to limited business growth The risk of business growth impacting on water supply and loss of revenue, due to: a) Limited funding b) Unstable economic climate c) Competing budget priority d) Stakeholder resistance to MW performing Operation and Maintenance (O&M) e) Significant negative impact of COVID-19 on the economy, affecting MW and clients, including potential clients	8.0	a) Stakeholder engagement to open up opportunities; b) Memorandum of Understanding with water service authorities in area of operation; c) Implementation agreements with Department of Water and Sanitation
12	Natural disaster (excluding drought /water scarcity)	Loss of life, injury or destruction and damage from a disaster in a given period of time. The threat could be a result of: a) Emerging pathogens b) Storms c) Extensive Fires	6.0	a) Business Continuity Plan b) Disaster recovery plan c) Insurance (continuity & replacement) d) Emergency evacuation procedures

7.8.1 MHLATHUZE WATER RISK APPETITE AND RISK TOLERANCE

Table 3: Narration of the residual rating

Residual risk exposure	Risk Appetite and Tolerance	Proposed actions	Rating	Factor	Monetary Quantification
Catastrophic	Exceeds Appetite Exceeds Tolerance	<ul style="list-style-type: none"> Take urgent action Report to CE and Board Detailed risk analysis where possible Mandatory business continuity plans 	Priority 1	20+	Impact is catastrophic if decrease in Net Surplus is greater than 24% (EBITDA MOS).
Critical	Exceeds Appetite Exceeds Tolerance	<ul style="list-style-type: none"> Take immediate action Report to CE and Board Detailed risk analysis where possible Mandatory business continuity plans 	Priority 2	15 - 19	Capital variance >30% of base Capex estimate. Project delay or customer delay of more than 12 months. >30% Scope deviation.
Moderate	Exceeds Appetite Within Tolerance	<ul style="list-style-type: none"> Further analyse the risk Proactive management Report to CE. 	Priority 3	10 - 14	Impact is moderate if decrease in Net Surplus is greater than 10% but less than 16% (MOS).
Minor	Within Appetite Within Tolerance	<ul style="list-style-type: none"> Active management Report up to relevant GM Mainly control and monitor 	Priority 4	5 - 9	Impact is minor if decrease in Net Surplus is between 5% and 10%.
Insignificant	Within Appetite Within Tolerance	<ul style="list-style-type: none"> Routine management No risk reduction - control, monitor, inform management. 	Priority 5	< 4	Impact is insignificant if decrease in Net Surplus is less than 5%.

7.9 INTERNAL AND EXTERNAL AUDIT

7.9.1 INTERNAL AUDIT

Internal Audit (IA) function is an independent assurance provider. The IA function reports administratively to the Chief Executive (CE) and functionally to the Audit and Risk; and Finance Committees. The function has a specific mandate directly from the Audit and Risk; and Finance Committees to independently appraise the adequacy and effectiveness of risk management, internal controls and governance of Mhlathuze Water.

Internal Audit Function adheres to a 3-year rolling Internal Audit Plan aligned to Mhlathuze Water's Corporate Strategy that seeks to achieve the following objectives:

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

In line with the Institute of Internal Auditors, PFMA and King IV requires internal audit to provide reasonable assurance on the adequacy and effectiveness of risk management, internal controls and governance to management and the Board via the Audit, Risk & Finance Committee.

7.9.2 EXTERNAL AUDIT

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

The audit outcomes are presented as per the Public Finance Management Act (PFMA) and other regulations related to public entities. The audit report is tabled to National Parliament through the Portfolio Committee on Human Settlements, Water and Sanitation.





An aerial view of the flagship of Mhlathuze Water, The Nsezi Water Treatment Plant



PART B:

STRATEGIC OBJECTIVES

“As part of the strategic planning process, a detailed internal and external situational analysis was conducted. Mhlathuze Water strategic objectives were aligned to King IV principles which promote sound corporate governance as an essential element of good corporate citizenship.”

8. THE STRATEGIC PLANNING PROCESS

The development of a sound strategic planning document requires a thorough understanding of the anticipated changes and realities within the business environment. As part of the strategic planning process, a detailed internal and external situational analysis was conducted. Mhlathuze Water strategic objectives were aligned to King IV principles which promote sound corporate governance as an essential element of good corporate citizenship. The projections and Key Performance Indicators (KPIs) are outlined in the business plan and shareholders compact.

The business plan spans a five-year period from July 2020/2021 to June 2024/2025 and will be reviewed annually.

The Business Plan is presented in the format prescribed in the Water Services Act, 1997 (Act No. 108 of 1997); Public Finance Management Act, 1999 (as amended); and the Framework for Strategic Plans and Annual Performance Plans of 2010.

The statutory key performance indicators to be attained by Mhlathuze Water in the 2020/2021 financial year are contained in the shareholders compact. This is agreed into between the Board and the Minister of Human Settlements, Water and Sanitation. The Board undertakes to oversee the implementation of the agreement attached as Annexure D.

In the event that it is envisaged that Mhlathuze Water will not be able to fully execute the plans, the Board will promptly inform the Minister accordingly and seek approval to make changes. The strategic objectives are provided in relation to specific outputs documented in the section below. Statutory KPAs incorporated in the shareholders compact are marked with ‘CS and number’ and Mhlathuze Water’s strategic KPAs are marked with ‘MW and number’.

8.1 STRATEGIC OBJECTIVES AND PROJECTED OUTPUTS

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



Table 4: Strategic objectives and projected outputs

Alignment to Sustainable Development Goals	Strategic Objective	Projected 5 year Performance Outputs	June 2018 Baseline	Source of baseline	5 year Performance Targets	
6.4, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	S01	To grow the provision of water services	Invest effectively in bulk water storage	240 million m ³ /a natural yield	DWS Reconciliation Study	280 million m ³ /a water secured or stored
			Invest effectively in bulk water production	74 million m ³ /a plant capacity	Annual Report	90 million m ³ /a plant capacity
			Research and Development that informs operational efficiency and growth	None	None	Conduct research on 5 initiatives and implement 4
	S02	To ensure long-term financial sustainability of the organisation	Diversify/ Expand the business footprint	R540m annual revenue	Annual Financial Statements in Annual Report	5% increase in gross revenue from Section 29 customers
				R540m annual revenue	Annual Financial Statements in Annual Report	2.5% increase in gross revenue from Section 30 customers
			Revenue generation from investment in assets	100% of 204ML/d plant capacity contracted	Annual Report	90% of augmented 260ML/d plant capacity contracted
6.1, achieve universal and equitable access to safe and affordable drinking water for all	S03	To initiate and build relations with all stakeholders to add value for all	Maintain quality service to existing customers	Mondi purified: 88.4% Foskor clarified: 100% All other purified: 100%	Customer Standards and Lab test results	95% of customer water quality standards achieved
			Increase in the Local/ Regional economic spend	7% of bids >R500k spent in District	Contract register	20% of procurement spend within the area of operation
			Local community to feel the presence of MW	24% spend on regional CSI and municipal rural development budget in line with the mandate	Annual Report (CSI and municipal budget vs actual spend)	90% budget spend on local and regional CSI and municipal rural development in line with the mandate
	S04	To resource the Organisation with the required skills and competence to deliver the strategic intent	Increase Leadership and Operational competence	97.1% plant availability 0 instances of unplanned supply interruptions exceeding 24 hours	Maximo reports Maximo reports	95% plant availability 3 instances of unplanned supply interruptions exceeding 24 hours
			S05	To optimise business processes and systems to be compliant	Unqualified Audit	Qualified
6.3, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	S06	To be pro-active on issues relating to health, safety, security and environmental compliance and stewardship	Safe and Secure working environment	1	DFIR report	DFIR of 0.5
			Meet quality and compliance standards	99.9% compliance with SANS	Independent compliance testing reports	100% compliance with set standards
				91.8% compliance with disposal permit	Independent compliance testing reports	90% compliance with set standards
	S07	To improve efficiency through technology and best practices	Complete feasibility studies to reduce waste water discharge into the ocean	64.8 million m ³ /a	Annual Report	Feasibility to re-use the waste or dispose of waste water in an environmentally friendly manner
			Implement technology to reduce cost of sales	43% (cost of sales as part of gross revenue)	Annual Financial Statements in Annual Report	5% reduction in costs of sales due to technological advances implemented
		Reduce water wastage from abstraction	2.72% of water loss from abstraction	Annual Report	2.5% of unaccounted water loss from abstraction	



5 year Performance Targets	Operational Performance Activities	Year 1 2020/2021	Year 2 2021/2022	Year 3 2022/2023	Year 4 2023/2024	Year 5 2024/2025	budget allocation
280 million m³/a water secured or stored in natural/ produced by human systems	Feasibility Studies to increase system storage yield implemented	*CoU Forrest Reservoirs *KCDM *Nseleni/ Mhlathuzana dam	*CoU Mandlazini *Nsezi Lake weir	*Mfolozi off – channel dam *Desalination			R28m
	Feasibility will determine funding models	0	Determine most appropriate funding models	Determine most appropriate funding models Implementing funding models	Determine most appropriate funding models Implementing funding models	Implementing funding models	TBD
90 million m³/a plant capacity	CAPEX programme implemented to increase plant production capacity	MW weir and MW weir to NWTP pipeline	Nsezi WTP upgrade	Nsezi WTP upgrade	Nsezi WTP upgrade		Weir: R73m Weir to NWTP pipeline R151m Nsezi WTP upgrade R325m
Implement 5 research and development initiatives	Conduct research to improve organisational efficiency and growth	1 research and development initiatives implemented	1 research and development initiatives implemented	1 research and development initiatives implemented	1 research and development initiatives implemented	1 research and development initiatives implemented	R3.6m per annum
5% increase in gross revenue from Section 29 customers	Bulk Agreements with new customers	0	1	1	0	0	
2,5% increase in gross revenue from Section 30 customers	Increase Section 30 business with regional Water Services Authorities or other	1 new S30 agreement	2 new S30 agreements	2 new S30 agreements	2 new S30 agreements	2 new S30 agreements	
90% of augmented 260MI/d plant capacity contracted	Additional treated bulk supply to new customers	0	60000m³/day	20000m³/d	0	0	
95% of customer water quality standards achieved	Meet customer water requirements	92%	93%	94%	95%	95%	
20% of procurement spend within the area of operation	Emerging and Local Supplier Development	10%	15%	15%	20%	20%	
90% budget spend on local and regional CSI and municipal rural development in line with the mandate of MW	Targeted initiatives implemented according to policy and mandate	90% spent	90% spent	90% spent	90% spent	90% spent	R25m for RD R6.5m for CSI
95% plant availability	Reduce down time of plant or critical plant assets	95%	95%	95%	95%	95%	
3 instances of unplanned supply interruptions exceeding 24 hours	Reduce down time of plant or critical plant assets	3	3	3	3	3	
Clean Audit Opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Clean audit opinion	Clean audit opinion	
DFIR 0.5	Compliance with OHSA requirements	0,5	0,5	0,5	0,5	0,5	
100% compliance with set standards	97% compliance with drinking water standards	100%	100%	100%	100%	100%	



5 year Performance Targets	Operational Performance Activities	Year 1 2020/2021	Year 2 2021/2022	Year 3 2022/2023	Year 4 2023/2024	Year 5 2024/2025	budget allocation
90% compliance with set standards	90% compliance with waste water disposal standards	90%	90%	90%	90%	90%	
Feasibility to re-use the waste or dispose of waste water in an environmentally friendly manner	Feasibility Studies to re-use waste produced from industry	Feasibility study conducted	Feasibility study conducted	Feasibility study implemented	Feasibility study implemented	Feasibility study implemented	Included in R28m for feasibility studies
5% reduction in costs of sales due to technological advances implemented	Implement efficiency research initiatives	0	0	1% decrease	2% decrease	2% decrease	
2.5% of avoidable water loss from abstraction	Planned and Preventative maintenance programme	2.7%	2.7%	2.5%	2.5%	2.5%	

9. CHIEF EXECUTIVE UNIT

9.1 CHIEF EXECUTIVE UNIT

MANDATE OF THE CHIEF EXECUTIVE UNIT

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

9.2 FUNCTIONS WITHIN THE CHIEF EXECUTIVE UNIT

OFFICE OF THE CHIEF EXECUTIVE

The office of the Chief Executive provides administrative support to the CE and manages the implementation of Corporate Social Investment initiatives as well as ensures that the organisation fulfils its social responsibility mandate.

The office is also responsible for managing stakeholder relations, which are aimed at positioning the organisation as the reliable regional water and wastewater business partner of choice.

COMPANY SECRETARY

This function provides corporate governance and legal services support to the organisation. It is responsible for ensuring that the Board operates effectively and in accordance with the principles of Corporate Governance as provided in the King IV Report on Corporate Governance for South Africa 2016. It is also responsible for statutory compliance with amongst other, the Water Services Act, 1997(Act No. 108 of 1997); the Public Finance Management Act, 1999 (Act No. 1 of 1999) and the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).

STRATEGY AND DEVELOPMENT

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



RISK MANAGEMENT

The purpose of the risk management function is to identify potential challenges that the organisation might face and implement appropriate mitigating measures before they occur. This is done so that risk activities may be planned and invoked as needed across the life of the business to mitigate adverse impacts on achieving objectives. Effective risk management includes early and aggressive risk identification through the collaboration and involvement of relevant stakeholders on a continuous basis.

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

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

CORPORATE COMMUNICATIONS

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

INTERNAL AUDIT

Internal Audit is an independent and objective function responsible for planning, executing and reporting on operational, financial, non-financial, regulatory and compliance related internal audits. This function also recommends corrective actions so as to improve operations, enhance internal controls and reduce costs where possible. The function is also responsible for identification and

evaluation of financial and non-financial risks, together with procedures to avoid or minimise their impact.

9.3 SITUATIONAL ANALYSIS

CORPORATE SOCIAL INVESTMENT

Mhlathuze Water is passionate about community and youth development within its area of operation. The CSI projects are external to the business and undertaken for the purpose of uplifting communities and have strong developmental approach.

The focus areas of the CSI strategy are as follows:

- **Education**
Mhlathuze Water supports interventions that address effective delivery of quality education or/ and improvement of resources.
- **Supply of potable water and sanitation facilities**
Mhlathuze Water provides water tanks to communities and schools, build boreholes and fast track the process of ensuring availability of water in rural areas.
- **Economic development**
Mhlathuze Water partners with stakeholders in its area of operation to create opportunities to train women and youth to be economically independent
- **Sports development**
Mhlathuze Water provides support by addressing sport development and youth development
- **Public health and community development**
Mhlathuze Water may decide to provide public health and community development support where necessary depending on the needs of the community.

INSTITUTIONALISATION OF THE PLANNING, MONITORING AND REPORTING SYSTEM

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



REPORTING CYCLE

The first draft 2019/2020 – 2023/2024 Business Plan and 2019/2020 Shareholders Compact were submitted to DWS on 31 January 2019. The final 2019/2020 – 2023/2024 Business Plan and 2019/2020 Shareholders Compact were submitted to DWS on 15 April 2019. All quarterly reports were submitted by the 30th day after the end of the quarter.

that the utility sees itself taking in the medium to long term. Equally so, through this process of engagement to better understand and respond to the aspirations of customers.

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

9.4 FUTURE PLANS

STAKEHOLDER ENGAGEMENT

Cognisant of the critical importance of meeting and even surpassing its customers' expectations, Mhlathuze Water will be placing a renewed focus on cultivating long-lasting and fruitful relationships with all its stakeholders. The goal is to get the various interest groups including employees, private sector, government and the communities to understand and embrace Mhlathuze Water's vision and the trajectory

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

9.5 CHIEF EXECUTIVE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021-2024/2025 TARGETS

Table 5: Chief Executive Unit Pre-determined Objectives: 2020/2021-2024/2025 Targets

Shareholder Compact Targets	Strategic Objective	To initiate and build relationships with stakeholders to add value for the mutual benefit of all											
		Outputs	Performance Indicator	Baseline				5 year target	Estimated performance				
				Audited actual performance			Audited 2 nd quarter performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
				2016/2017	2017/2018	2018/2019							
SC11	Bulk supply agreements concluded with municipalities/ other customers	Number of bulk supply service level agreements in place	9	7	7	7	7	7	8	8	9	10	
SC13	Rural development support in line with the organisation's mandate	Number of projects implemented in municipalities	0	0	2	Service providers appointed for support of 2 municipalities	10	2	2	2	2	2	
SC21	Corporate Social Investment (CSI) in line with the organisation's mandate	Number of CSI initiatives undertaken	3	5	4	1	20	4	4	4	4	4	

9.5 CHIEF EXECUTIVE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021-2024/2025 TARGETS ...continued

Table 5: Chief Executive Unit Pre-determined Objectives: 2020/2021-2024/2025 Targets ...continued

Shareholder Compact Targets	Strategic Objective	To optimise business processes and systems											
		Outputs	Performance Indicator	Baseline				5 Year Target	Estimated Performance				
				Audited Actual Performance			Audited 2 nd Quarter Performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
				2016/2017	2017/2018	2018/2019							
SC18	Board effectiveness	Percentage of attendance of Board members at Board meetings	80%	100%	94.63%	81.81%	80%	80%	80%	80%	80%	80%	
SC14	Meeting statutory submission deadlines	Number of approved business plans submitted as per compliance requirements	1	1	1	1 (First draft Business Plan)	5	1	1	1	1	1	
		Number of approved Shareholder Compact as per compliance requirements	1	1	1	1 (First draft Shareholders Compact)	5	1	1	1	1	1	
		Number of approved annual reports submitted as per compliance requirements	1	1	1	1	5	1	1	1	1	1	
SC14	Meeting statutory submission deadlines	Number of quarterly reports submitted as per compliance requirements	4	4	4	2	20	4	4	4	4	4	
SC5	Unqualified report	External audit report	Qualified opinion	Qualified opinion	Unqualified audit opinion with matters of emphasis	Unqualified audit opinion with matters of emphasis	2023/2024 Unqualified audit opinion	2019/2020 Unqualified audit opinion	2020/2021 Unqualified audit opinion	2021/2022 Unqualified audit opinion	2022/2023 Clean audit opinion	2023/2024 Clean audit opinion	
SC19	Corrective measures for internal audit findings	Number of unresolved internal audit findings	1	5	9	2	0	0	0	0	0	0	
		Number of repeat internal audit findings	0	31	8	0	0	0	0	0	0	0	



9.5 CHIEF EXECUTIVE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021-2024/2025 TARGETS ...continued

Table 5: Chief Executive Unit Pre-determined Objectives: 2020/2021-2024/2025 Targets ...continued

Shareholder Compact Targets	Strategic Objective	To ensure the long term sustainability of the organisation										
	Outputs	Performance Indicator	Baseline				5 Year Target	Estimated Performance				
			Audited Actual Performance			Audited 2 nd Quarter Performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
SC20	Good Governance	Number of breaches of materiality and significant framework	6	8	0 Breaches of materiality & significant framework for 2018/2019	0 Breaches of materiality & significant framework for 2018/2019	0 Breaches of materiality & significant framework for 2023/2024	0 Breaches of materiality & significant framework for 2019/2020	0 Breaches of materiality & significant framework for 2020/2021	0 Breaches of materiality & significant framework for 2021/2022	0 Breaches of materiality & significant framework for 2022/2023	0 Breaches of materiality & significant framework for 2023/2024
Shareholder Compact Targets	Strategic Objective	To initiate and build relationships with stakeholders to add value for the mutual benefit of all										
	Outputs	Performance Indicator	Baseline				5 Year Target	Estimated Performance				
			Audited Actual Performance			Audited 2 nd Quarter Performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
MW1	Board performance assessment	Number of Board performance assessment sessions held	-	-	-	-	5	1	1	1	1	1
MW2	MW positioned as the preferred water service provider	Number of stakeholders engagements held	4	4	4	4	40	8	8	8	8	8
MW3	MW positioned as customer focused organisation	Number of Stakeholder Indaba held	-	1	1	Approved concept document for 1 stakeholder indaba	5	1	1	1	1	1
MW4	MW positioned as a brand through Marketing initiatives	Number of marketing initiatives conducted	-	4	4	4	20	4	4	4	4	4
MW5	External stakeholders informed on MW programmes, projects and services through media engagements	Number of media initiatives conducted	0	16	35	18	80	16	16	16	16	16



9.5 CHIEF EXECUTIVE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021-2024/2025 TARGETS ...continued

Table 5: Chief Executive Unit Pre-determined Objectives: 2020/2021-2024/2025 Targets ...continued

Shareholder Compact Targets	Strategic Objective	To optimise business processes and systems											
		Outputs	Performance Indicator	Baseline				5 Year Target	Estimated Performance				
				Audited Actual Performance			Audited 2 nd Quarter Performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
				2016/2017	2017/2018	2018/2019							
MW6	Effective internal controls	Number of three-year strategic rolling internal audit plan	-	-	1	1	5	1	1	1	1	1	
MW7	Effective risk controls and management	Percentage of implementation of fraud risk further action plans	-	-	-	80.00%	100%	100%	100%	100%	100%	100%	
MW9		Percentage Implementation of strategic risk further action plans	-	-	-	100%	100%	100%	100%	100%	100%	100%	
MW10		Percentage Implementation of operational risk further action plans	-	-	-	72.02%	100%	100%	100%	100%	100%	100%	

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

Shareholder Compact Targets	Strategic Objective	To initiate and build relationships with stakeholders to add value for the mutual benefit of all								
		Outputs	Performance Indicator	Reporting period	Activities	Annual Target	Quarterly Targets			
							1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
SC11	Bulk supply agreements concluded with municipalities/ other customers	Number of bulk supply service level agreements in place	Quarterly	<ul style="list-style-type: none"> Draft service level agreements between MW and relevant municipalities/ customers 	7	7	7	7	7	
SC13	Rural development support in line with the organisation's mandate	Number of water projects implemented in municipalities	Quarterly	<ul style="list-style-type: none"> Identify projects to be implemented by MW in municipalities Engage with municipalities/ institutions Appoint a service providers to implement projects 	2	Terms of reference to appoint a service provider to implement 2 projects	Appointment of the service provider to implement 2 projects in municipalities	EXCO approved progress report on 2 projects implemented in municipalities	2 projects implemented in municipalities	
SC21	Corporate Social Investment (CSI) in line with the organisation's mandate	Number of CSI initiatives undertaken	Quarterly	<ul style="list-style-type: none"> Identify beneficiaries Procure relevant services and products for CSI initiatives Officially handover CSI initiatives to relevant beneficiaries 	4	1	1	1	1	



9.5 CHIEF EXECUTIVE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021-2024/2025 TARGETS ...continued

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

Shareholder Compact Targets	Strategic Objective	To optimise business processes and systems								
		Outputs	Performance Indicator	Reporting period	Activities	Annual Target	Quarterly Targets			
							1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
SC5	Effective governance, compliance with legislation and financial sustainability	External audit report	Annual	<ul style="list-style-type: none"> Audit financial and non-financial data; and annual financial statements 	Unqualified audit opinion for 2019/2020	Nil	Unqualified audit opinion for 2019/2020	Nil	Nil	
SC14	Meeting statutory submission deadlines	Number of approved business plans submitted as per compliance requirements	Quarterly	<ul style="list-style-type: none"> Conduct the strategic plan session Consult targets owners Facilitate professional editing and printing of all documents 	1 Approved 2021/2022-2026/2027 Business Plan submitted	2021/2022-2026/2027 Business Plan framework approved by EXCO	Strategic planning session held	First draft 2021/2022-2026/2027 Business Plan submitted	Final 2021/2022-2026/2027 Business Plan submitted	
SC14	Meeting statutory submission deadlines	Number of approved Shareholder Compact submitted as per compliance requirements	Quarterly	<ul style="list-style-type: none"> Consult targets owners; Populate the shareholders compact template 	1 Approved 2021/2022 Shareholder Compact submitted	2021/2022 Shareholders Compact template in place	Nil	2021/2022 first draft Shareholders Compact submitted	2021/2022 Shareholders Compact submitted	
SC14	Meeting statutory submission deadlines	Approved Annual Report submitted as per compliance requirements	Annually	<ul style="list-style-type: none"> Draft the annual report 	1 Approved 2019/2020 Annual Report submitted	Nil	1 Approved 2019/2020 Annual Report submitted	Nil	Nil	
SC14	Meeting statutory submission deadlines	Number of quarterly performance reports submitted as per compliance requirements	Quarterly	<ul style="list-style-type: none"> Coordinate the collection and verification of reported performance information 	4	1	1	1	1	
SC18	Board effectiveness	Percentage attendance of Board members at Board meetings	Quarterly	<ul style="list-style-type: none"> Distribute the annual schedule for Board meetings Develop governance structures meetings' annual calendar 	80%	80%	80%	80%	80%	
SC19	Corrective measures for internal audit findings	Number of unresolved internal audit findings	Quarterly	<ul style="list-style-type: none"> Conduct an audit on financial and non-financial data 	0	0 (2019/2020 Q4)	0	0	0	
SC19	Corrective measures for internal audit findings	Number of repeat internal audit findings	Quarterly	<ul style="list-style-type: none"> Conduct an audit on financial and non-financial data 	0	0 (2019/2020 Q4)	0	0	0	

9.5 CHIEF EXECUTIVE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021-2024/2025 TARGETS ...continued

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

Shareholder Compact Targets	Strategic Objective	To ensure the long term sustainability of the organisation							
	Outputs	Performance Indicator	Reporting period	Activities	Annual Target	Quarterly Targets			
						1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
SC20	Good Governance	Number of breaches of materiality and significant framework	Annual	<ul style="list-style-type: none"> Ensure systems are in place to breach materiality 	0 Breaches of materiality & significant framework for 2019/2020	Nil	0 Breaches of materiality & significant framework for 2019/2020	Nil	Nil
Shareholder Compact Targets	Strategic Objective	To initiate and build relationships with stakeholders to add value for the mutual benefit of all							
	Outputs	Performance Indicator	Reporting period	Activities	Annual Target	Quarterly Targets			
						1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
MW1	Board performance assessment	Number of Board performance assessment sessions held	Annual	<ul style="list-style-type: none"> Draft terms of reference Conduct Board assessment 	1	Assessment questionnaire developed	Questionnaire completed by board members	Data analysed	1 Board assessment conducted
MW2	MW positioned as the preferred water service provider	Number of stakeholder engagement sessions held	Quarterly	<ul style="list-style-type: none"> Secure the date and venue for stakeholder engagement sessions Develop agenda items for the sessions Prepare session packs Prepare notes for the sessions 	8	2	2	2	2
MW3	MW positioned as customer focused organisation	Number of Stakeholder indaba held	Quarterly	<ul style="list-style-type: none"> Develop concept document Prepare a submission to MANCO and EXCO 	1	Draft concept document on 1 Stakeholder Indaba to be held presented at MANCO	Concept document on 1 Stakeholder Indaba to be held presented at EXCO	1 Progress report on stakeholder Indaba to be held	1 Stakeholder indaba held
MW4	MW positioned as a brand through Marketing initiatives	Number of media initiatives conducted	Quarterly	<ul style="list-style-type: none"> Develop a Media Plan Promote a positive image of the board and the organisation 	16	4	4	4	4
MW5	External stakeholders informed on MW programmes, projects and services through media engagements	Number of marketing initiatives conducted	Quarterly	<ul style="list-style-type: none"> Building brand awareness through exhibitions and publicity 	4	1	1	1	1



9.5 CHIEF EXECUTIVE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021-2024/2025 TARGETS ...continued

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

Shareholder Compact Targets	Strategic Objective	To optimise business processes and systems							
	Outputs	Performance Indicator	Reporting period	Activities	Annual Target	Quarterly Targets			
						1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
MW6	Effectiveness of internal controls	Number Strategic three-year rolling internal audit plan	Annual	▪ Draft the Strategic three-year rolling internal audit plan	1	1	Nil	Nil	Nil
MW7	Effective risk management	Percentage implementation of fraud risk further action plans	Quarterly	▪ Consult Risk annual workshop; monitor the implementation identified further action items.	100%	100% (2019/2020 Q4)	100%	100%	100%
MW8		Percentage implementation of operational risk further action plans	Quarterly	▪ Consult Risk annual workshop; monitor the implementation identified further action items.	100%	100% (2019/2020 Q4)	100%	100%	100%
MW9		Percentage implementation of strategic risk further action plans	Quarterly	▪ Consult Risk annual workshop; monitor the implementation identified further action items.	100%	100% (2019/2020 Q4)	100%	100%	100%

10. CORPORATE SERVICES UNIT

10.1 MANDATE OF CORPORATE SERVICES UNIT

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

10.2 FUNCTIONS WITHIN THE CORPORATE SERVICES UNIT

HUMAN RESOURCES DEVELOPMENT

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

Mhlathuze Water engaged PricewaterhouseCoopers (PwC) in 2017 to undertake an organisational analysis in order to determine the critical skills needed in the next financial five years so that training can be aligned to organisational needs. Of the critical skills identified, the following have proven to be scarce skills: Engineering skills (electrical, mechanical, civil, chemical, planning & design and automation and instrumentation); Project Management (planning & development, project accounting, and GIS); financial planning; cost accounting; asset management, Information technology contract management; risk management and corporate communications. Annual Workplace Skills Plans are being developed and implemented as part of the strategy to close the identified skills gaps.

HUMAN RESOURCE MANAGEMENT

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

- A professional service through accurate, consistent and best employment practices in all its activities, which are aimed at supporting the achievement of the organisation's strategic objectives;
- Attract and retain employees who share the same organisational vision;
- Set and manage standards of performance; and
- Promote a personal and career development environment for all employees so that they can reach their potential and therefore contribute fully to the achievement of the strategic objectives and instil a culture of service excellence.

INFORMATION TECHNOLOGY

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

DOCUMENT MANAGEMENT

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

FLEET MANAGEMENT

Fleet Management is assigned to the Corporate Services Department and the HOD oversees all aspects of this function while the HR Manager and Fleet Administrator performs the various activities related thereto. The current fleet size and shape is adequate for the purposes of service delivery. Mhlathuze Water operates a fleet of fifty four (54) vehicles which comprises a combination of small vans to heavy vehicles. Thirty nine (39) of the vehicles are owned by Mhlathuze Water while fifteen (15) are held under lease agreements.

LEGAL SERVICES

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

10.3 SITUATIONAL ANALYSIS

2018/2019 EMPLOYMENT REPORT

Table 7: Number of employees disaggregated by gender and race

Employment group	Baseline (at start of the financial year)	Total (end of the financial year)	Reasons for variances
African	201	201	N/A
Indian	10	8	Early retirement, Resignation
Coloured	4	3	Dismissal
White	7	6	Resignation



FILLED POSITIONS

A total of 36 positions were filled during the financial year 2018/2019 as follows and employees were appointed between 1 July 2019 to 31 December 2019.

Table 8: Filled vacancies disaggregated by gender and race

Race	Gender	Total	
		Number	Percentages
African	Male	16	44%
	Female	18	50%
Indian	Male	0	0%
	Female	0	0%
Coloured	Male	1	3%
	Female	0	0%
White	Male	1	3%
	Female	0	0%
Total		36	100%

STAFF RETENTION

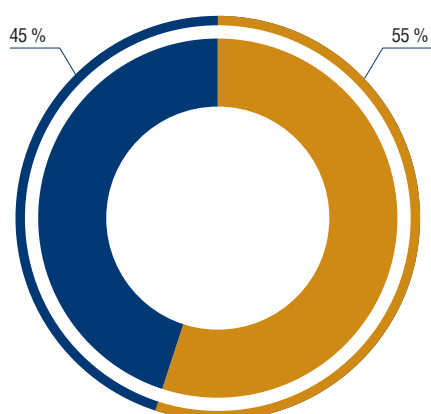
The projected annual staff retention rate of $\geq 92\%$ was not achieved due to unplanned terminations, as shown in the table below:

Table 9: Staff Retention from 01 July 2018 to 30 June 2019

Unplanned attrition	24
Average complement for the period	218
Staff Retention rate	88.83%
Projected annual staff retention rate	$\geq 92\%$

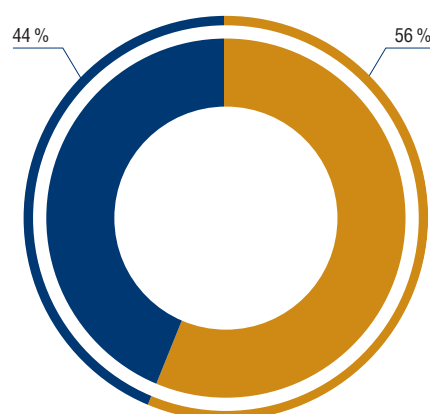
WORKFORCE PROFILE

Figure 3a: Economically Active Population of South Africa



■ FEMALE ■ MALE

Figure 3b: Gender Profile of Mhlathuze Water Employees



■ FEMALE ■ MALE

Source: Commission for Employment Equity 2017/2018 Report

Mhlathuze Water as at the 30 June 2019 has not met the gender target when compared to the economically active population for South Africa



The upgrade of the Waste Water Disposal System in Alkanstrand Beach in 2000.



WORKFORCE PROFILE

The table below reflects the workforce profile as at 30 June 2019. The total staff complement was 204 employees.

Table 10: Workforce profile

Occupational levels	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	0	0	0	0	1
Senior Management	3	0	0	0	1	0	0	0	4
Professionals	13	0	1	1	11	0	1	0	27
Skilled Technical and Academically Qualified Workers	27	0	0	2	38	1	5	1	74
Semi-skilled	50	0	1	0	25	1	0	2	79
Unskilled and Defined Decision making	13	1	0	0	5	0	0	0	19
Totals	107	1	2	3	80	2	6	3	204
Percentage	52.45%	0.49%	0.98%	1.47%	39.22%	0.98%	2.94%	1.47%	100%
Total Percentage	56%				44%				100%

Figure 4: Race Profile - EAP South Africa

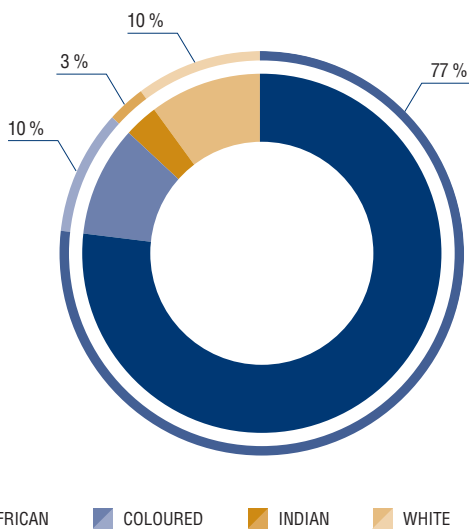
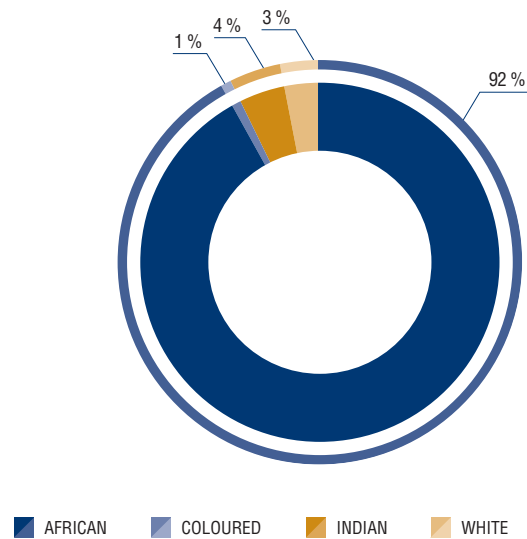


Figure 5: Race Profile of Mhlathuze Water employees as at 30 June 2019



Source: Commission for Employment Equity 2017/2018 Report

There was a 92% achievement in terms of Employment Equity as per Race Groups. The overall annual target for persons with disabilities was 2% and the target was not achieved since there were 3 employees who declared disabilities, which represented 1.4% of the staff complement.

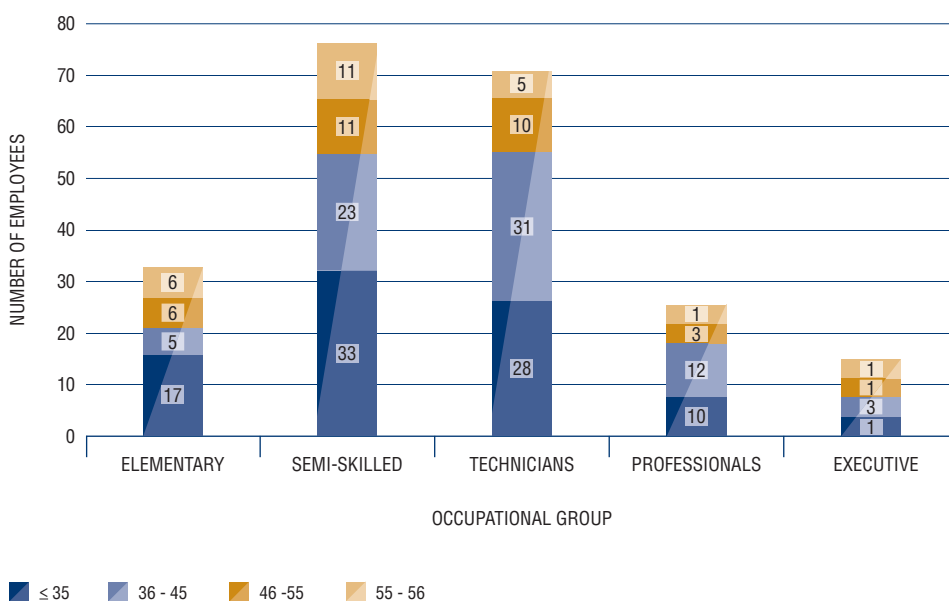
THE AGE PROFILE OF MHLATHUZE WATER EMPLOYEES

The highest concentration of employees are in the age bracket ≤35 years in the Elementary Occupational Group, mainly due to the number of Interns and In-service Trainees.

No of employees;

- ≤ 35 years = 89 employees
- 36 – 45 years = 74 employees
- 46 – 55 years = 31 employees
- 56 – 65 years = 24 employees

Figure 6: Age Profile as at 30 June 2019



LOG FRAME TRAINING

All EXCO and MANCO members attended the log frame training. This training programme utilises the principles on results Based Management and Logical Frame Analysis. The log frame training equipped managers with skills in programme/ project planning, monitoring and evaluation.

Since Mhlathuze Water places significant emphasis on team work, the training also served as a point to enhance interpersonal relations and cohesion amongst management of the organisation.

FINANCE FOR NON-FINANCIAL MANAGERS

EXCO and MANCO members attended the Finance for non-financial Managers training in May 2019. The purpose of the training was to create financial literacy and create better understanding and interpretation of financial statements.



ARTISAN DEVELOPMENT PROGRAMME

The Artisan Development Programme is conducted in compliance with the Skills Development Act, 1988 (Act No. 97 of 1988). The primary objective of the programme is to build internal capacity in relevant trades as well as to contribute towards the National Skills Development Strategy. One employee from Maintenance section completed Phase 3 in Boilermaking during 2018/2019 financial year. Twenty unemployed youth participated in this programme and were trained to be electrical artisans. They acquired electrical trade test certificates in August 2018.

GRADUATE DEVELOPMENT PROGRAM

The purpose of this programme is to equip graduates with skills and experience in order for graduates to become professionals and are able to register with ECSA. The three year programme requires graduates to work at Mhlathuze Water for a period equivalent to the training period to ensure Mhlathuze Water derives value from its contribution.

Three graduate trainees are currently participating in the programme. Two graduate trainees are sponsored and

registered with UNISA to study Bachelor of Technology in Mechanical Engineering as per ECSA requirements for professional registration as a Professional Technologist (Pr. Tech.). The graduate trainees submit quarterly reports which are used to monitor progress towards meeting ECSA requirements. The third trainee will enrol for BTech studies in January 2020.

BURSARY PROGRAMME

INTERNAL BURSARY

The below employees completed their studies during the 2018/2019 financial year.

Table 11: Internal bursary holders

Job title	Qualification
Operations Manager	Masters in Business Administration
Instrument Technician	BTech in Electrical Engineering: Instrumentation
Artisan Helper	National Diploma: Health & Safety Management
Receivables Administrator	Bachelor of Business Administration

The table below shows employees that are currently studying through the study assistance scheme.

Table 12: Study assistance scheme

Position	Gender	Race	Department	Institution	Qualification	Year of Study
Graduate Trainee	Male	African	Technical Services	University of South Africa	BTech. in Mechanical Engineering	1
Graduate Trainee	Female	African	Technical Services	University of South Africa	BTech. in Mechanical Engineering	1
Contracts Specialist	Female	African	Finance	Chartered Institute of Procurement and Supply	Diploma in Procurement and Supply	1
Supervisor	Female	African	Operations	All Connections	National Certificate in Water & Waste Water Treatment NQF level 4	1
Process Controller	Male	African	Operations	University of South Africa	BTech. Chemical Engineering	1
Artisan Helper	Male	African	Maintenance	UNISA	BTech. Safety Management	1

EXTERNAL BURSARY PROGRAMME

Two Amanzi Bursary students completed their studies in Mechanical Engineering Diploma and Civil Engineering Degree during 2018/2019 financial year. They both joined the graduate trainee programme.

The current Amanzi bursary holders are as follows:

Table 13: Amanzi bursary holders

Gender	Race	Institution	Field of Study	Year of Study
Female	African	University of KwaZulu Natal	BSc. Degree in Chemical Engineering	3
Male	African	University of KwaZulu Natal	BSc. Degree in Electrical Engineering	3
Male	African	University of KwaZulu Natal	BSc. Degree in Civil Engineering	3
Male	African	Mangosuthu University of Technology	National Diploma in Civil Engineering	In-service training

INTERNSHIP PROGRAMME

Eight interns were recruited in 2018/2019 financial year and completed the one year internship programme in December 2019. This programme aims to provide work experience to the newly qualified graduates in order to become employable.

LEARNERSHIP PROGRAMME

Table 14: Learnership programme

Gender	Race	Place of residence	Institution	Highest qualification	Placement
Male	African	Esikhawini	Mangosuthu University of Technology	ND. in Information Technology	Information Technology
Female	African	Esikhawini	University of Zululand	ND. in Public Relations Management	Public Relations
Male	African	Mtubatuba	Durban University of Technology	BTech in Taxation	Finance
Female	African	Ulundi	Durban University of Technology	ND. in Cost And Management Accounting	Supply Chain Management
Male	African	Hluhluwe	Durban University of Technology	ND. in Cost And Management Accounting	Finance
Male	African	eMpangeni	University of Johannesburg	ND. in Chemical Engineering	Operations - Nsezi
Male	African	Hluhluwe	Durban University of Technology	ND. in Cost And Management Accounting	Supply Chain Management
Female	African	Mtubatuba	Mangosuthu University of Technology	ND in Human Resources Management	Human Resource

Furthermore, in order for Mhlathuze Water to continue to provide clean water of acceptable standard at all times, a need to upskill employees was identified. Therefore, the Learnership Programme on Water and Waste Water Treatment was implemented. Learners receive a national qualification accredited by the EWSETA. This programme further equips internal employees to build their capacity for advancement opportunities in the organisation by assisting them to obtain up to NQF level 4 qualification.

During 2018/2019 financial year; four employees completed the programme and were awarded a National Certificate: Water and Wastewater Treatment Process Operations NQF Level 2.

Below are learners who completed the Learnership Programme (NQF Level 3) in November 2019.

Table 15: Learnership programme

Gender	Race	Department
Male	African	Operations
Male	African	Operations
Male	African	Operations
Male	African	Operations
Male	African	Operations
Male	African	Operations
Female	African	Operations
Female	African	Operations



PROFESSIONAL REGISTRATION

Mhlathuze Water pays for statutory professional registration for the following officials.

Table 16: Professional registration

Gender	Race	Designation	Professional Registration	Registration Number
Female	African	Chief Financial Officer	SAICA (CA) SA	04907352
Female	African	Operations Manager	ECSA (Pr. Tech Eng.)	2018300030
Male	African	Electrical Engineer	ECSA (Pr. Cert. Eng.)	2018800011
Male	African	Automation Specialist	ECSA (Pr. Tech. Eng.)	2018600049
Female	African	Budget and Reporting Manager	SAICA (CA) SA	20045730
Male	African	Finance Manager	SAICA (CA) SA	10007445
Male	African	Financial Accountant	SAICA (CA) SA	20034524
Male	African	Civil Maintenance Technician	ECSA (Pr. Eng. Tech.)	2019600336
Male	African	Internal Auditor	IIASA (Associate member)	34236171
Male	African	Internal Auditor	IIASA (Fellow member)	38992160

COMPLIANCE TRAINING PROGRAMME

Various compliance training courses were conducted in the areas of chlorine handling, asbestos handling, isolation and permit, First Aid, Health and Safety ISO 14001 environmental management, ISO 9001 Quality, ISO 45001 Health and Safety, with 187 employees attending.

EMPLOYEE WELLNESS

The initiatives undertaken to promote the employees' Health and Wellness in 2018/2019 financial included:

- Wellness day in partnership with CareWorks and Old Mutual.
 - Informative presentations and discussions were held on various topics such as Financial Wellness, Voluntary Medical Male Circumcision (VMMC), TB and Sexually Transmitted Infections (STIs).
 - Employees undertook voluntary wellness screenings and testing on HIV Counselling and Testing, Cholesterol, Blood Pressure (BP) and Diabetics on the day.
- Voluntarily undertook wellness screenings
 - Employees undertook voluntarily wellness screenings in onsite Occupational Health and Wellness clinic.

EMPLOYEE ENGAGEMENTS WITH THE BOARD AND CE

To improve communication, build trust and transparent relationships within the organisation, the Board and CE had engagements with Mhlathuze Water employees. The CE had an engagement with employees on 28 November 2018. The Board had an engagement with employees on 21 February 2019.

LONG SERVICE RECOGNITION PROGRAMME

The long service recognition programme intends to recognise employees for their contribution in the organisation in the form of a long service incentive at five years intervals. The following number of employees qualified in the 2018/2019 financial year.

Table 17: Long service recognition

Years	Number of Employees
5	10
10	8
15	3
20	4
25	1
35	1

INDUSTRIAL RELATIONS

A total of 12 disciplinary hearings were convened. Three employees were dismissed, three employees decided to resign before disciplinary hearings were finalised. One employee took early retirement and five employees were issued with final written warnings.

The salary negotiations for the year 2019/2020 under the auspices of the Amanzi Bargaining Council were implemented accordingly.

Mhlathuze Water signed a Minimum Services Collective Agreement with NEHAWU on 19 February 2019. This agreement provides for minimum services to be maintained in the event of a strike.

Mhlathuze Water Industrial Relations climate was stable during the period under review. Monthly meetings and special consultative meetings were held regularly with employees and labour unions where issues were amicably resolved.

ICT REPORTING FRAMEWORKS

Due to the critical nature of IT, and the intellectual and other information resources that are exposed through technology and communication channels, IT governance now represents an essential component in ensuring the efficient and secure operation of the business.

Mhlathuze Water takes guidance on its Information, Communication and Technology operations and reporting on Governance and aligns its reporting with the King IV principles on IT governance.

The following Reporting Frameworks, Policies and Procedures have been adopted during the period under review:

- IT Charter;
- IT Security Policy; and
- IT Change Control Procedure.

BULK SUPPLY AGREEMENTS

Mhlathuze Water has seven bulk supplier agreements in place with the customers listed as follows:

Figure 7: Bulk supply agreements

Nr	Organisation Name	Volumes m ³ /day
1	City of uMhlathuze Municipality for Richards Bay	48 000
2	City of uMhlathuze Municipality for Empangeni (NTLC)	37 000
3	City of uMhlathuze Municipality for Esikhawini (RB TLC)	15 000
4	City of uMhlathuze Municipality for Foskop	17 000
5	Tronox	43 956
6	Richards Bay Minerals	45 000
7	Mondi	100 000

DEFAULT JUDGEMENTS

Mhlathuze Water should not have any default judgements made against it to retain its financial viability. There are no default judgements that were made against Mhlathuze Water in the period under review.

10.4 HUMAN RESOURCE FUTURE PLANS

10.4.1 PROJECTED EMPLOYEE COMPLEMENT

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

Table 18: Projected Employee Complement over the Next Five Years

Category	Actual 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
Management	4	6	6	6	6	6	6
Other	204	219	219	219	219	219	219
Total	210	225	225	225	225	225	225



10.4.2 PROFESSIONAL REGISTRATION

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

Table 19: Professional Registration

Category	Actual 2018/2019	Actual 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
Pr. Eng.	1	1	2	2	2	2	2
Pr. Tech.	2	3	4	4	4	4	4
Candidate Engineer	1	1	3	3	3	3	3
Chartered Accountants (CA)	4	4	3	3	3	3	3

10.4.3 EMPLOYMENT EQUITY TARGETS

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

Table 20: 2020/2021 Numerical Goals

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

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

10.4.5 FIVE YEAR SKILLS DEVELOPMENT PLAN

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

Table 21: 2020/2021-2024/2025 Skills Development Plan

Skills Development Programmes	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
Learnerships	5 learners enrolled as water and waste water process controllers	5 learners enrolled as water and waste water process controllers	5 learners enrolled as water and waste water process controllers	5 learners enrolled as water and waste water process controllers	5 Learners enrolled as water and waste water process controllers
Graduate Development	2 continuation of graduates being developed in Engineering Science and other required professional fields	2 continuation of graduates being developed in Engineering Science and other required professional fields	2 new graduates appointed and 2 completing graduates for development in Engineering Science and other required professional fields	2 new graduates appointed and 2 continuation of graduates being developed in Engineering Science and other required professional fields	4 continuation of graduates being developed in Engineering Science and other required professional fields
External Bursaries	3 continuation of students enrolled in Engineering or other fields	4 new students enrolled in Engineering or other fields	4 continuation students enrolled in Engineering or other fields	4 continuation of students enrolled in Engineering or other fields	4 continuation of students enrolled in Engineering or other required fields
Training Courses	40 training courses	40 training courses	40 training courses	40 training courses	40 training courses
Study Assistance	3 internal bursaries to be awarded	3 internal bursaries to be awarded	3 internal bursaries to be awarded	3 internal bursaries to be awarded	3 internal bursaries to be awarded
Internships	8 interns	8 interns	8 interns	8 interns	8 interns
In-service Trainees	4 trainees	4 trainees	4 trainees	4 trainees	4 trainees

10.4.6 ANNUAL WORKPLACE SKILLS PLAN

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



10.5 CORPORATE SERVICES PRE-DETERMINED OBJECTIVES 2020/2021 – 2024/2025 TARGETS

Table 22: Corporate Services Pre-determined Objectives: 2020/2021 – 2024/2025 Targets

Statutory targets and strategic targets	Strategic Objective	To resource the organisation with the required skills and competence to deliver the strategic intent										
	Outputs	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited 2 nd quarter performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
SC15	Optimal Staff Retention	Percentage of staff Turnover	4.76%	6.99%	11.17%	1.24%	8%	8%	8%	8%	8%	8%
SC16	Graduate trainees participating in the graduate training programme	Number of graduate trainees participating in the graduate training programme	3	2	2	4	4	4	4	4	4	4
	Learners trained and equipped with skills	Number of learners trained and equipped with skills	8	6	8	Learners interviewed, vetting process underway	25	5	5	5	5	5
	MW employees trained and equipped with skills	Number of new internal bursaries awarded to MW employees	32	18	6	Bursary programme advertised	15	3	3	3	3	3
MW10	MW internship programme that equips youth with the required skills that will assist them to be professionals	Number of graduates appointed in the MW internship programme	10	12	8	Shortlisting of potential candidates	40	8	8	8	8	8
MW11	Approved vacant positions filled within turnaround time on recruitment	Percentage of approved vacant positions filled within 90 days	-	80.00%	92.00%	88.89%	100%	100%	100%	100%	100%	100%
Statutory targets and strategic targets	Strategic Objective	To optimise business processes and systems										
	Outputs	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited 2 nd quarter performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
MW12	Alignment of processes and systems	Percentage of identified core IT systems implemented	-	-	-	100%	100%	100%	100%	100%	100%	100%
MW13	Zero default judgements against Mhlathuze Water	Number of default judgements against the organisation	-	0	0	0	0	0	0	0	0	0

¹ There were seven new bursary holders during the 2017/2018 financial year and five new bursary holders during the 2018/2019 financial year



10.5 CORPORATE SERVICES PRE-DETERMINED OBJECTIVES 2020/2021 – 2024/2025 TARGETS ...continued

Table 23: Corporate Services Pre-determined Objectives: 2019/2020 Targets

Statutory targets and strategic targets	Strategic Objective	To resource the organisation with the required skills and competence to deliver the strategic intent							
	Outputs	Performance Indicator	Reporting period	Activities	Annual Target	Quarterly Targets			
						1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
SC15	Optimal Staff Retention	Percentage of staff Turnover	Quarterly	<ul style="list-style-type: none"> Complete a termination form and prepare a staff turnover report 	8%	8%	8%	8%	8%
SC16	Graduate trainees participating in the graduate training programme	Number of graduate trainees participating in the graduate training programme	Quarterly	<ul style="list-style-type: none"> Monitor the training and development of the Graduate Trainees to ensure Professional Registration after 3 years 	4	4	4	4	4
	Learners trained and equipped with skills	Number of learners trained and equipped with skills	Quarterly	<ul style="list-style-type: none"> Identify learners to be trained and equipped with skills Staff requisition, advertising, screening, interviews, appointment 	5 learners trained and equipped with skills	5 learners attending classes	5 learners trained and equipped with skills	5 new learners attending classes	5 learners trained and equipped with skills
SC16	MW employees trained and equipped with skills	Number of new internal bursaries awarded	Quarterly	<ul style="list-style-type: none"> Identification and selection of suitable employees based on the ONA exercise to partake in the Study Assistance Program 	3 new internal bursaries awarded	Advert on internal bursaries issued	Reminders on internal bursaries issued	Completed application form of 3 internal bursary holders	3 new internal bursaries awarded
MW10	MW internship programme that equips youth with the required skills that will assist them to be professionals	Number of graduates appointed in the MW internship programme	Quarterly	<ul style="list-style-type: none"> Approve completed requisition form; Advertise, screen and shortlist candidates; Interview, select and offer candidates 	8 graduates appointed in the MW internship programme	Staff requisition form for 8 graduates to be appointed in the MW internships programme approved by the CE	Appointment letters issued for 8 graduates to be appointed in the MW internship programme	8 graduates appointed in the MW internship programme	8 graduates appointed in the MW internship programme
MW11	Approved vacant positions filled within turnaround time on recruitment	Percentage of approved vacant positions filled within 90 days	Quarterly	<ul style="list-style-type: none"> Approve completed requisition form Advertise, screen and shortlist candidates Interview, select and offer candidates 	100%	100%	100%	100%	100%
Statutory targets and strategic targets	Strategic Objective	To optimise business processes and systems							
	Outputs	Performance Indicator	Reporting period	Activities	Annual Target	Quarterly Targets			
						1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
MW12	Alignment of processes and systems	Percentage of identified core IT systems implemented	Quarterly	<ul style="list-style-type: none"> Assess the current reliability and performance of core systems against determined processes and applications 	100%	100%	100%	100%	100%
MW13	Zero default judgements against Mhlathuze Water	Number of default judgements against the organisation	Quarterly	<ul style="list-style-type: none"> Instructions received and allocated within 5 days to panel attorneys Instruction letter issued to panel attorneys 	0	0	0	0	0



11. OPERATIONS UNIT

11.1 OPERATIONS UNIT

MANDATE OF THE OPERATIONS UNIT

The Operations Unit is driven by the mandate of ensuring effective and uninterrupted water supply and waste water disposal systems to meet the needs of customers and minimise the impact on the environment. To meet this, the Unit continuously assesses, develops and actions preventative and troubleshooting plans for maintenance and capital improvements to the organisation's assets over the short, medium and long term. The unit continuously evaluates all civil, electrical and mechanical maintenance and commissioning programmes in order to ensure that work is executed and performed to acceptable standards.

11.2 FUNCTIONS WITHIN THE OPERATIONS UNIT

OPERATIONS

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

MAINTENANCE

The overall objective of the maintenance function is to ensure that the organisation's assets, primarily plant and machinery is maintained and in good working order so that the organisation can supply clients with water and waste water services as per contract agreements. The Maintenance function has implemented Information Technology to improve on the maintenance processes. This technology assists

in computerised monitoring of plant operations to inform the organisations strategy on reliable maintenance and management related programmes.

OCCUPATIONAL HEALTH AND SAFETY

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

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

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

DISASTER MANAGEMENT

A particular focus area for Mhlathuze Water would be to improve on disaster management as per the Disaster Management Act. The Operations Unit will be responsible to conduct a disaster risk assessment for Mhlathuze Water's functional area; identify and map risks, areas, ecosystems, communities and households that are exposed or vulnerable to physical and human induced threats; prepare a disaster management plan; co-ordinate and align the implementation of its plan with those of other organs of state and institutional role-players; provide measures and indicate how it will invest in disaster risk reduction and climate change adaptation, including ecosystem and community-based adaptation approaches; develop early warning mechanisms and procedures for risks identified in its functional area; and review and update the plan.

11.3 SITUATIONAL ANALYSIS

DROUGHT INTERVENTIONS

Mhlathuze Water as part of its core business had made budget available for the implementation of water infrastructure projects. The entity conducts this function through the Technical Services Department where, the development of infrastructure for Mhlathuze Water plants is funded through the organisation itself and development of infrastructure on behalf of government institutions/departments is realised through the appointments of Mhlathuze Water as an implementing agent.

The following projects are currently being implemented:

- New Mhlathuze River Weir;
- Weir Standby Generator; and
- 1500mm Ø Raw Water Pipeline from Mhlathuze River to Shooting Range.

The effects of the devastating drought experienced in prior years resulted in a number of stakeholder interventions being initiated. Mhlathuze Water played a pivotal role in ensuring the continued engagements to realising successful implementation of drought alleviation initiatives. Initiatives developed in the prior financial year have been successfully managed to a level that drought alleviation objectives have been realised. The realization of these initiatives was through the collaboration with other stakeholders as follows:-

▪ **Continued Consultation with stakeholders regarding water use reduction**

Mhlathuze Water was an active participant in the Mhlathuze Catchment Joint Operating Committee (JOC). The role of the committee was to develop strategies to mitigate the impact of the drought.

▪ **Continued Support to DWS in the upgrade of the Thukela-Goedertrouw Transfer Scheme**

The TGS upgrade is managed and funded by DWS. Construction activities for the pipeline, pumpstations, abstraction works which includes, excavation, pipeline delivery and laying, foundation casting are ongoing. Construction progress is at 29%. The project is expected to be complete by March 2019.

▪ **Working together with the CoU on the investigation into effluent reuse**

Mhlathuze Water is working together with the CoU in investigating the feasibility of re-using waste water and associated by-products. The project is advancing well with investigating industrial/ domestic effluent re-use options as a potential Public Private Partnership (PPP). The project aims at treating industrial and domestic effluent for reuse as water supply to industries. The proposed re-use plant is rated 75 Ml/d to be situated between Empangeni and Richards Bay. The CoU commenced with land negotiations with the land owner and has also made significance progress on concluding the terms of contract with targeted off-takers.

MHLATHUZE TRANSFER SCHEME

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

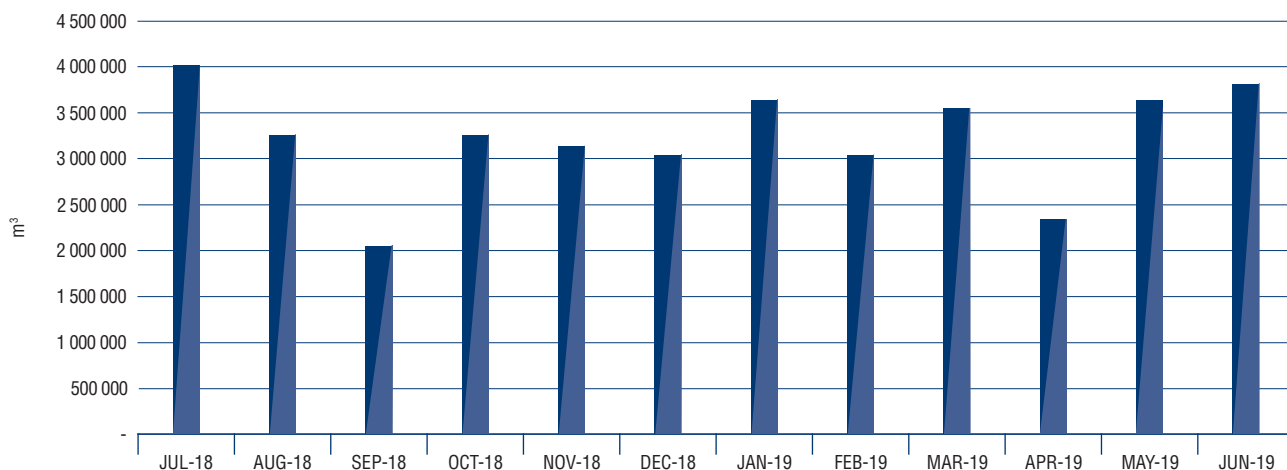
A total volume of 38 871 365 m³ of raw water was pumped from the scheme during 2018/2019 financial year, which is 6% lower than the volume supplied in the previous financial year, with 95% being supplied to Nsezi WTP and the remainder to Tronox. A total of 18 268 538 m³ of raw water was pumped from the scheme by 31 December 2019. No raw water was supplied to Lake Nsezi during the financial year since the lake was full. No raw water was supplied to the CoU for Esikhaleni owing to Lake Cubhu being full for the entire financial year.

To ensure continuous and reliable supply to customers, Mhlathuze Water has embarked on the following initiatives:

- Installation of a standby diesel generator as back-up power supply;
- Supplementing the existing weir with a new weir structure; and
- Implementation of the Supervisory Control and Data Acquisition system phase II.



Figure 8: Total raw water abstracted from Mhlathuze River



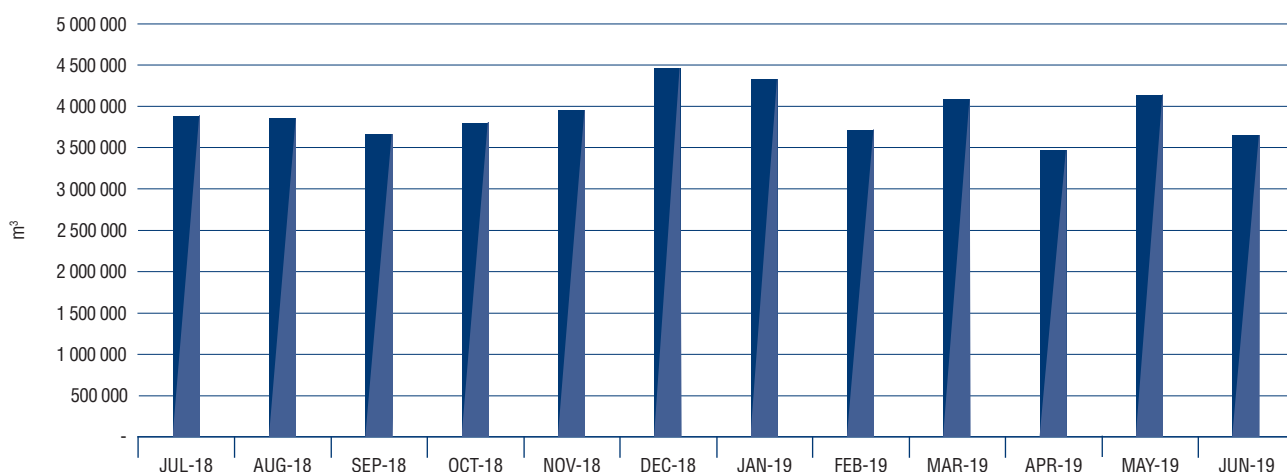
NSEZI WATER TREATMENT PLANT

A total of 48 300 274 m³ was supplied to Nsezi Water Treatment Plant, with 78% of this volume from Mhlathuze River and the remainder from Lake Nsezi during 2018/2019 financial year. A total of 20 427 320 m³ was abstracted by Nsezi WTP as at 31 December 2019 (85% from Mhlathuze River). The increase in the amount of water abstracted from the Lake compared to the previous financial year was due to the Weir upgrade project which required for the river level to be kept at low levels and hence unable to abstract adequate amounts of water at times. The total volume supplied by Nsezi WTP to customers during the financial year under review increased by 18% year-on-year mainly due to more water supplied to Mondi and the CoU (Richards Bay). The remainder of the customers were supplied as per demand within contracted volumes. Unaccounted water loss during 2018/2019 financial year was 1.41%, and was within the target of 5%.

To ensure continuous and reliable supply to customers, Mhlathuze Water completed the following projects:

- Upgrade of Mondi Pump Station;
- Implementation of the Supervisory Control And Data Acquisition system phase II.

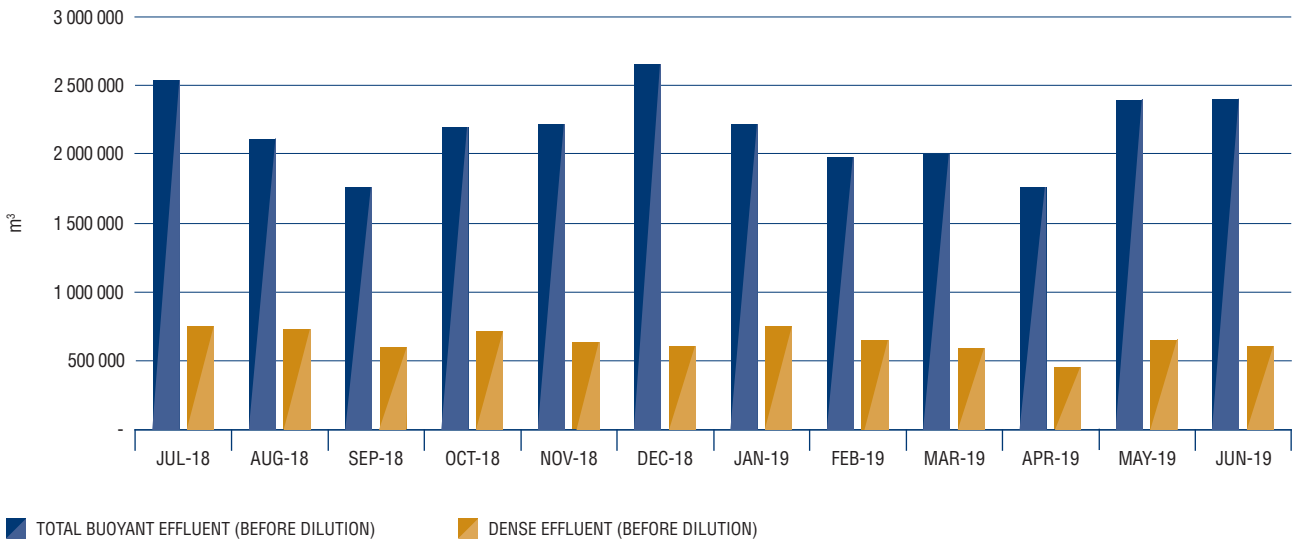
Figure 9: Total treated water supplied from Nsezi WTP



EFFLUENT SCHEME

A total of 33 890 028 m³ was disposed off-shore through the Waste Water Disposal System. 73% of this volume was discharged through the buoyant line and 27% through the dense line which contributed to a 6% increase from the previous financial year. During the months of December and January, there were major breakdowns experienced in the buoyant effluent collecting system wherein the pipeline downstream of the Collecting Chamber was blocked following an ingress of settleable matter into the system.

Figure 10: Total effluent disposed



EXTERNAL O&M PROJECTS

As part of its growth strategy, the organisation is involved in a number of operation and maintenance projects within its area of operation.

RICHARDS BAY MINERALS

Mhlathuze Water continues with the operation and quality monitoring of the five Water and Waste Water Package Plants at the mining ponds. The five year contract expired in June 2017 and a 3 year contract extension was finalised ending in June 2020.

Furthermore, Mhlathuze Water continues to operate the Water and the Waste Water Treatment Works at the Smelter on a month-to-month basis while RBM is in the process of finalising a tender process. In October 2019 RBM advertised but later cancelled a tender for this work and has since requested Mhlathuze Water to provide company profile information.

CITY OF UMHLATHUZE

Mhlathuze Water continues to manage, operate and maintain the CoU's Water and Waste Water Treatment Plants and associated bulk distribution infrastructure. The contract which commenced in June 2014 on a month-to-month basis later developed into a full 3 year engagement and thereafter continued through multiple extensions of the short-term engagements. The latest extension was for 4 months (August to November 2019) with an option for a month-to-month extension until 30 June 2020. This is to allow the CoU to finalise the process of in-sourcing the water and waste water services.

Mhlathuze Water has undertaken major refurbishment on the water and waste water treatment works to ensure continuous and uninterrupted service delivery to the CoU community. These include the refurbishment of the filtration systems at both Mzingazi and Esikhaleni Water Treatment Plants. There were also major repairs undertaken on the sludge handling facilities at all the waste water treatment plants.



THUKELA-GOEDERTROUW TRANSFER SCHEME

Mhlathuze Water is responsible for the operation and maintenance of the Thukela-Goedertrouw Transfer Scheme, with a capacity of 1.2m³/s, on behalf of the DWS. This scheme is critical for providing water to the region, particularly during the drought. The scheme has not been able to operate at full capacity in the past year due to repetitive failures in plant equipment. This includes failures with valves, pumps and motors. Mhlathuze Water has continued to undertake a number of maintenance, refurbishment, equipment replacement and related activities in order to bring the scheme back to operate within the original design capacity. The Department has approved the purchase of new motors and pumps and these should assist in alleviating frequent breakdowns that are being experienced.

MAINTENANCE, PLANT EFFICIENCY AND AVAILABILITY

Mhlathuze Water spent in excess of R32.6 million in infrastructure maintenance related projects.

▪ Weir Standby Diesel Generator

The provision of the 2.5 MVA generator to augment power supply in an event of an Eskom power outage. The entity has made provision for the development of this infrastructure to ensure reliability of water supply to its customers. The project was successfully completed.

Mhlathuze Water did not experience any unplanned water supply interruptions in Mhlathuze Water Plants during the 2018/2019 financial year. This was achieved through the implementation of well-structured maintenance strategies and the Computerised Maintenance Management System with 97.54% Plant Availability being achieved.

NSEZI REFURBISHMENT

- **Project scope:** Nsezi Refurbishment. The upgrade of switch gear;
- **2018/2019 Budget:** R 985 710.00;
- **Expenditure as at 30 June 2019:** R 568 427.00;
- **Planned completion date:** June 2019;
- **Impact:** Optimal electrical supply; and
- **Challenges:** None.

11.4 FUTURE PLANS

RAW WATER SUPPLY

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

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

The supply of raw water to Richards Bay Minerals (RBM) currently comprise the abstraction of raw water from Lake Nsezi. Mhlathuze Water plans to continue supplying water to RBM's new Zulti South Mine as per the water supply agreement that was concluded, however, this will only materialise once RBM has completed their infrastructure project.

Mhlathuze Water is currently contracted to supply 15 000m³ of raw water per day to supplement the City of uMhlathuze’s Esikhaleni Water Treatment Plant as and when required. Mhlathuze Water plans to continue supplying raw water as per raw water demands shown in the graph that follows.

Figure 11: Future customer demand: bulk raw water

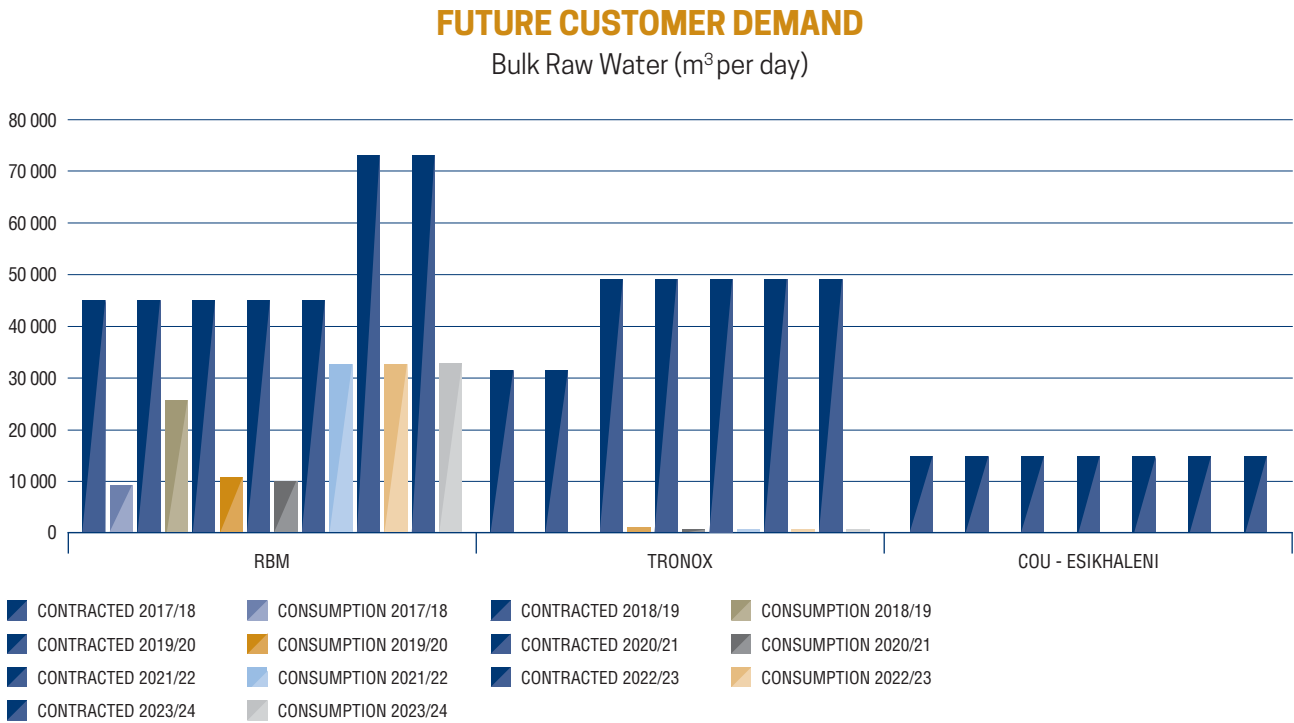
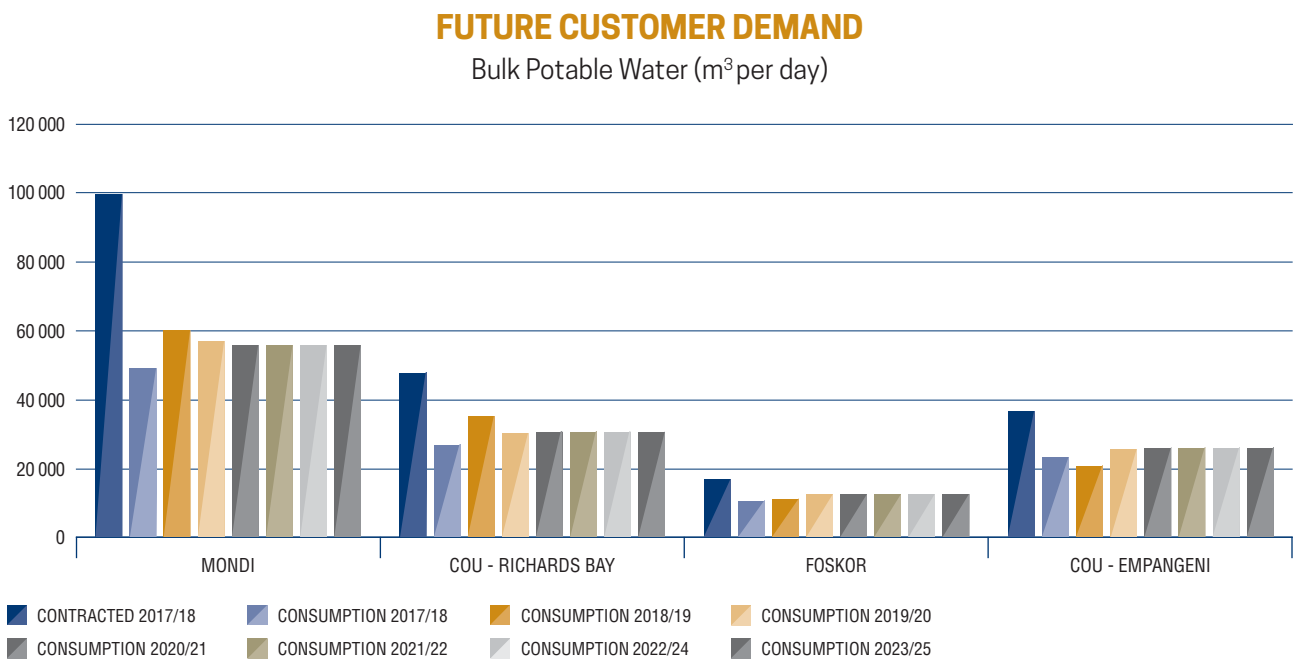


Figure 12: Future customer demand: bulk potable water



11.5 OPERATIONS PRE-DETERMINED OBJECTIVES: 2020/2021 – 2024/2025 TARGETS

Table 24: Operations and Maintenance Pre-determined Objectives: 2020/2021 – 2024/2025 Targets

Alignment to Shareholders Compact	Strategic Objective	To improve efficiency through technology and best practices										
	Output	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited estimated performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
SC2	Manage avoidable water losses	Percentage of avoidable water losses on water abstracted	3.31%	2.72%	1.41%	1.45%	2.5%	5%	5%	4%	3%	2.5%
Alignment to Shareholders Compact and strategic targets	Strategic Objective	To grow provisions of water services										
	Output	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited estimated performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
SC3	Reliability of water supply	Number of instances of unplanned supply interruptions exceeding 24 hours (1 day)	0	0	0	0	3	3	3	3	3	3
MW14	Existing infrastructure maintained to ensure plant availability	Percentage of plant availability based on operating hours	-	97.18%	97.54%	99.73%	95%	95%	95%	95%	95%	95%
MW 15	Availability of the Thukela Goedetrouw (TG) Scheme	Percentage of scheme availability based on operating hours	-	-	-	-	95%	80%	90%	90%	95%	95%
Alignment to Shareholders Compact	Strategic Objective	To be Proactive in Issues Related to Health, Safety, Security and the Environment										
	Output	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited estimated performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
SC21	Health & safety of employees	Disabling injury frequency rate (DIFR)	0.00	0.31	0.91	0.22	0.5	0.5	0.5	0.5	0.5	0.5
MW 16	Measures in place to reduce disaster risks	Number of Disaster Management Plans (DMP) prepared	-	-	-	-	5	1	1	1	1	1



11.5 OPERATIONS PRE-DETERMINED OBJECTIVES: 2020/2021 – 2024/2025 TARGETS *...continued*

Table 25: Operations and Maintenance Pre-determined Objectives: 2020/2021 Targets

Alignment to Shareholders Compact and strategic targets	Strategic Objective	To improve efficiency through technology and best practices							
	Output	Performance Indicator	Reporting period	Activities	Annual Target	Quarterly Targets			
						1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
SC2	Manage avoidable water losses	Percentage of avoidable water losses on water abstracted	Quarterly	<ul style="list-style-type: none"> Prevent loss during the treatment process 	5%	5%	5%	5%	5%
Alignment to Shareholders Compact and strategic targets	Strategic Objective	To grow provisions of water services							
	Output	Performance Indicator	Reporting period	Activities	Annual Target	Quarterly Targets			
						1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
SC3	Reliability of water Supply	Number of instances of unplanned supply interruptions exceeding 24 hours (1 day)	Quarterly	<ul style="list-style-type: none"> Issue service order Conduct plant inspections 	3	3	3	3	3
MW14	Existing infrastructure maintained to ensure plant availability	Percentage of plant availability based on operating hours	Quarterly	<ul style="list-style-type: none"> Conduct planned maintenance as per the RCM schedule using the CMMS Manage the maintenance activities back log to not exceed 2 weeks Manage the availability of critical spares for all plants and infrastructure 	95%	95%	95%	95%	95%
MW15	Availability of the Thukela Goedetrouw Scheme	Percentage of scheme availability based on operating hours	Quarterly	<ul style="list-style-type: none"> Conduct planned maintenance as per the RCM schedule using the CMMS Manage the maintenance activities back log to not exceed 2 weeks Manage the availability of scheme 	80%	80%	80%	80%	80%
Alignment to Shareholders Compact	Strategic Objective	To be Proactive in Issues Related to Health, Safety, Security and the Environment							
	Output	Performance Indicator	Reporting period	Activities	Annual Target	Quarterly Targets			
						1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
SC21	Health & safety of employees	Disabling injury frequency rate (DIFR)	Quarterly	<ul style="list-style-type: none"> Compliance Training Review occupational health and safety Risk register 	0.5	0.5	0.5	0.5	0.5
MW16	Measures in place to reduce disaster risks	Number of Disaster Management Plans prepared	Quarterly	<ul style="list-style-type: none"> Develop Disaster Management Plan 	1 Disaster Management Plan	Disaster risk assessments and contingency plan	Consultation with stakeholders	1 Draft Disaster Management Plan	1 Final Disaster Management Plan





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12. SCIENTIFIC SERVICES

12.1 MANDATE OF THE SCIENTIFIC SERVICES UNIT

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

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

12.2 FUNCTIONS OF THE SCIENTIFIC SERVICES UNIT

LABORATORY SERVICES

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

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

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

SHEQ SYSTEMS

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

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

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

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

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

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

ENVIRONMENTAL SERVICES

The organisation recognises that there are activities that the business is involved in which have a negative impact on the environment. The section focuses on aligning the business activities towards environmental sustainability and promoting a shift towards the state of green economy



through the implementation of the carbon footprint reduction initiatives. The core function of Environmental Services is to ensure that the organisation complies with applicable environmental legislation, regulations and other international best practices to ensure that the business avoids and / or minimises the environmental impacts of its activities. This includes the responsibility of ensuring that the organisation’s waste management practices remain in line with provincial and national legislation and requirements. Water quality status reports for rivers and lakes/dams in the Mhlathuze River system are prepared on a regular basis.

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

RESEARCH, DEVELOPMENT & INNOVATION (RDI)

The organisation has established an RDI section. The functions of the section are:

1. Lead, facilitate and promote RDI within Mhlathuze Water;

2. Develop a research agenda for the organisation;
3. Facilitate collaborative research with external organizations;
4. Develop programmes and initiatives to build internal RDI capacity;
5. Strengthen networks and relationships with other stakeholders; and
6. Review, update and implement MW’s RDI strategy.

12.3 SITUATIONAL ANALYSIS

COMMEMORATION OF ENVIRONMENTAL DAYS, GENERAL AWARENESS AND EDUCATION

The organisation conducts awareness and education campaigns on environmental protection as well as water and energy conservation. The employees of Mhlathuze Water participate in most of these initiatives.

The table below outlines activities undertaken internally and externally during 2018/19 financial year.

Table 26: 2018/2019 Environmental awareness campaigns

Events	Activities
Arbour Day	An article was published in the Newsplash about the importance of planting trees and protection of indigenous vegetation.
Wetlands Day	An article was published in the Newsplash (internal newsletter) about the importance of protecting and conserving wetlands.
World Environmental and Oceans Day	Mhlathuze Water commemorated both Environmental and Oceans Day by conducting visits to all MW installations to sensitise all staff members on the importance of conserving the environment as well as energy and water conservation. It was also emphasized that waste needs to be managed by ensuring that most of it is recycled as much as possible.
Water Week	Water week was celebrated by visiting Boardwalk Mall in Richards Bay. This initiative provided an opportunity for staff to engage with shoppers on water conservation and environmental conservation issues.
Mposa River clean-up	As a Mandela day initiative, Mposa river clean-up was conducted by staff and community members from the Nseleni area.

WATER QUALITY MANAGEMENT

Mhlathuze Water is committed to providing its customers with a sustainable supply of potable water and to ensure that wastewater discharges do not have deleterious effects to the environment or downstream users. This is achieved through implementing rigorous and system-wide water quality management programmes, auditing, compliance reporting, water quality assessments and the implementation of water safety plans.

Each year, water quality monitoring programmes are reviewed for all operational sites to ensure they continue to provide sufficient information that meets legislative requirements, customer bulk supply agreements and water treatment process requirements, as well as, to take into account the risks that have previously been identified in the system.

An Incident Management Protocol, which is aligned to the requirements of South African National Standard (SANS241:2015) is in place. The protocol provides a framework

for responding to water quality incidents in a structured manner and also includes stakeholder communication during such incidents.

POTABLE WATER QUALITY PERFORMANCE

Water quality at Nsezi Water Treatment Plant complies with SANS 241, which requires water quality to be evaluated and reported against six risk categories:

- (1) Acute Health: Microbiological;
- (2) Acute Health: Chemical;
- (3) Chronic Health;
- (4) Aesthetic; and
- (5) Operational.

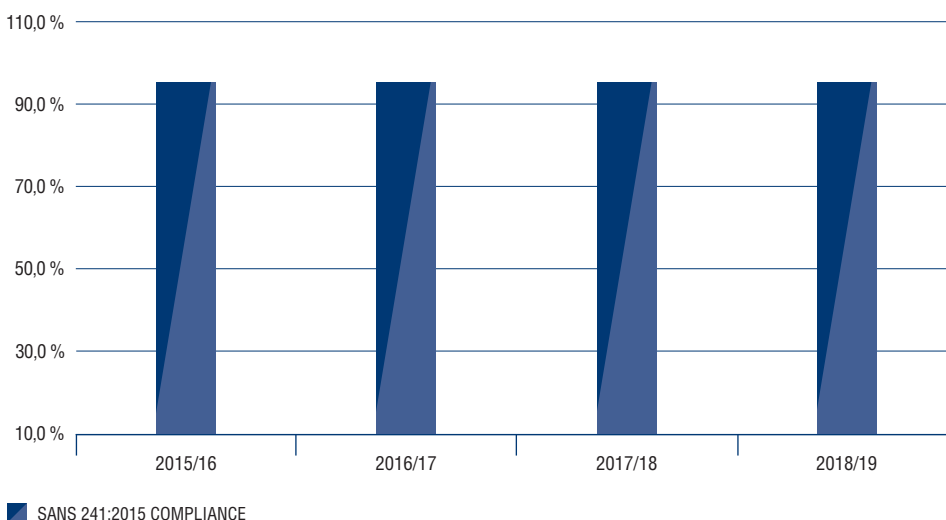
The current monitoring exceeds the minimum requirements so as to cater for other operational requirements and contractual obligations with certain industrial consumers. Performance during 2018/2019 is detailed below.

Table 27: Compliance report – SANS 241:2015 for Nsezi Water Treatment Plant

Risk Category	Performance	SANS Target (for excellent water quality for population > 100 000)	Comment
Aesthetic	100%	≥ 95	Target exceeded
Acute Chemical Health	100%	≥ 99	Target exceeded
Chronic Chemical Health	99.88%	≥ 97	Target exceeded
Acute Microbiological Health	99.73%	≥ 95	Target exceeded
Operational	99.87%	≥ 95	Target exceeded

Overall compliance was 99.95%, with only three failures observed during the 2018/2019 financial year. The target was 97%.

Figure 13: Compliance on SANS 241 for Nsezi Water Treatment Plan, 2015-2019



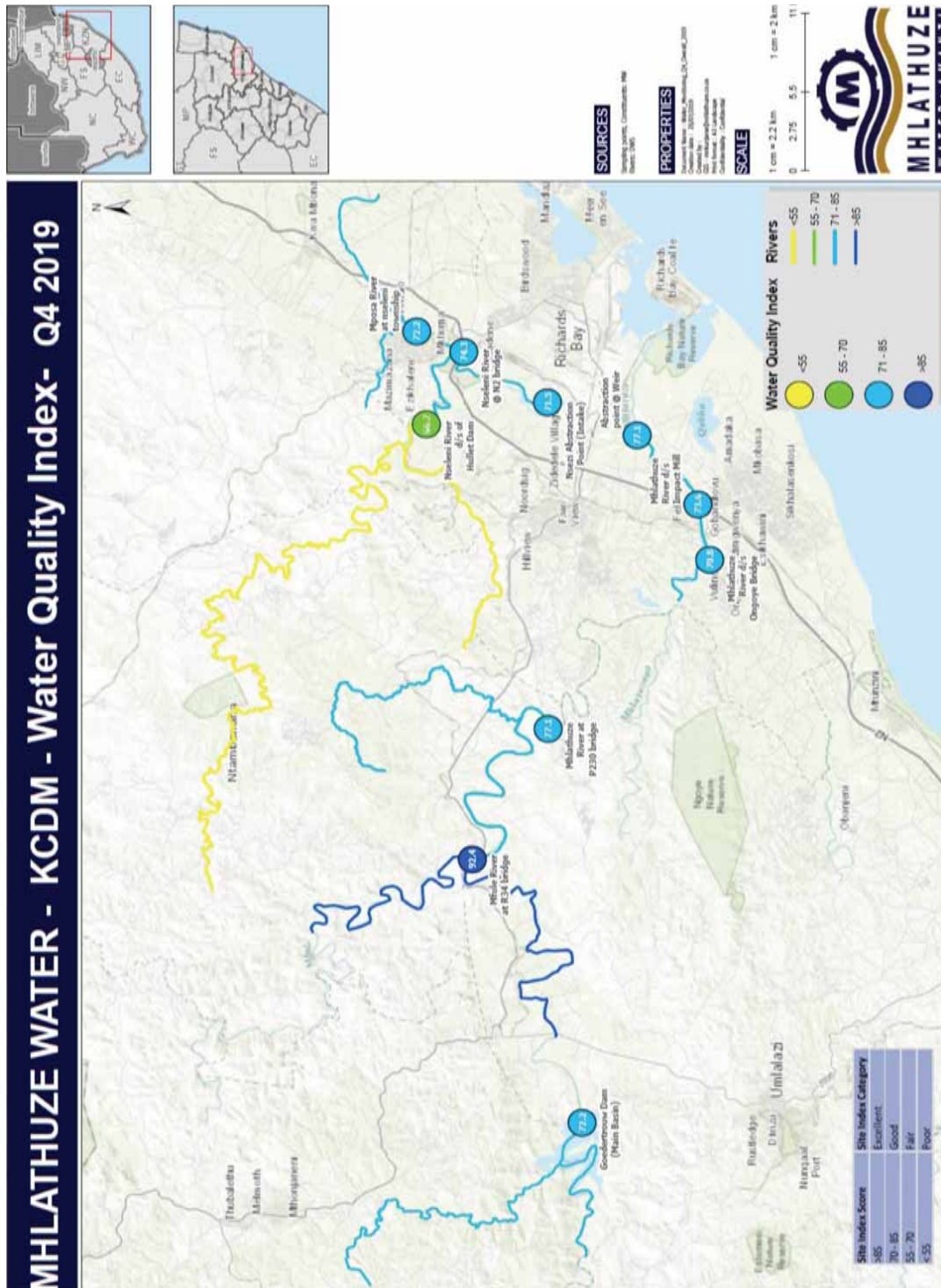
WATER QUALITY MONITORING PROGRAMME

A water quality monitoring programme is in place to monitor rivers and dams in the catchment area on an ongoing basis. The quality of the water resources in the Mhlathuze Water catchment area is shown temporally and spatially with the aid of Water Quality Index (map). Various water quality parameters

were identified and these are weighted and scored to give the overall index which is related to the water quality in the area.

Catchment quality monitoring indicators used are as follows:

Very good	>85
Good	71-85
Fair	55-70
Poor	<55



WASTE WATER QUALITY MONITORING

WASTE WATER DISPOSAL COMPLIANCE

Mhlathuze Water owns and operates one of the largest offshore wastewater disposal system in South Africa. The system comprises of two pipelines (buoyant A-line and dense C-line). These pipes extend about four kilometers out to sea, discharging industrial wastewater from neighbouring industries in Richards Bay as well as surrounding areas, sludge from Nsezi Water Treatment Plant and macerated sewage from the City of uMhlathuze. The organisation has a permit to discharge wastewater offshore in terms of Section 69 of the National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008).

ENVIRONMENTAL MANAGEMENT

Mhlathuze Water is committed to the sustainable use of resources, thus contributing broadly speaking, towards the Millennium Development Goal of “ensuring environmental sustainability”. The organisation has developed and is currently implementing an environmental sustainability policy which is aimed at achieving the following:

- Foster a culture of sustainability and reducing Mhlathuze Water’s ecological footprint;
- Incorporate principles and understanding of sustainability into all activities, services, operations and stakeholder engagements; and
- Incorporate sustainability performance alongside other key performance indicators of the organisation.

The organisation is committed to protecting, conserving and efficiently using the natural resources in a sound sustainable manner through the implementation of sustainability priorities i.e. water, energy, waste, biodiversity conservation.

ENVIRONMENTAL INCIDENTS

An incident is an unplanned or undesired event that adversely affects the organisation’s operations. Environmental incidents include property damage, water contamination, effluent and chemical spillages, or near miss events that could have resulted in any of these.

All environmental incidents should be internally reported and properly investigated to ensure necessary mitigation measures are put in place to prevent their reoccurrence. Additionally, some incidents (reportable) must be reported to the relevant authorities (DEA, DWS, Municipalities, etc.).

A reportable incident is any type of incident that has a legal reporting requirement to the Environmental Authorities in terms of the National Environmental Management Act (NEMA) (section 30) and/ or National Water Act (NWA) (section 20).

NEMA Section 30 defines the Control of incidents: ‘an unexpected, sudden and uncontrolled release of a hazardous substance, including from a major emission, fire or explosion, that causes, has caused or may cause significant harm to the environment, human life and property’ and NWA Section 20, Control of Emergency Incidents, ‘incidents that pollutes or has the potential to pollute, or has or is likely to have detrimental effects on a water resource’.

Incidents are identified through direct observation and indirect observation:

- Direct observation includes site inspections and/or seeing the actual incident occur.; and
- Indirect observation refers to identifying incidents through audit, review and monitoring reports, pre-compliance notices, a directive, rectification process (NEMA Section 24 (g)), enforcement action and/or prosecution from authorities.

To ensure incidents are dealt with correctly and thoroughly, several critical steps must be followed. These help to mitigate environmental damage and other related potential side effects of the incidents:

1. Evacuate personnel (depending on the nature, extent and area where an incident has occurred).
2. Take immediate action - stop source of the incident where possible (e.g. spill) and report to the immediate supervisor/ manager.
3. Notifications (internal and external stakeholders).
 - a) All emergency environmental incidents must be reported to the Environmental & Water Quality personnel on standby or the Environmental & Water Quality Manager immediately upon discovery, who will then:
 - b) Conduct site assessment;
 - c) Serious incidents are immediately reported to the relevant Head of Departments as per the effluent incident protocol before authorities are informed.
 - d) Depending on the nature of the incident, Ops Manager or representative must communicate with the relevant effluent pipeline contributors to cease discharging into the pipeline; and the Maintenance Manager/ representative coordinates shut down/ repairs; and
 - e) Environmental personnel to report the incident to authorities (alarm report) – depending on the nature and extent of the impact.
4. Identify (material (if unknown – water monitoring to determine if its effluent or freshwater) and propose relevant clean up procedures);

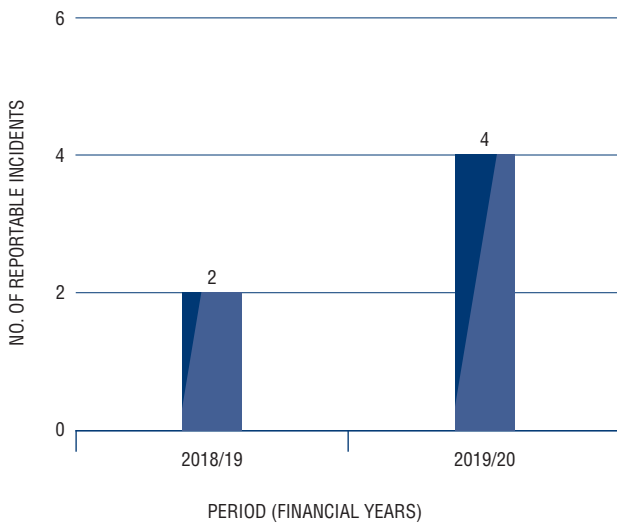


5. Contain/ isolate (contain released material to ensure no further spillage or contamination/ isolate the area).
6. Clean-up/ Rehabilitate (remove released materials – depending on the extent of the incident and the material released, an external service provider may be sourced to fulfill the role).
7. Depending on the nature of the impact on the environment, specialists studies over and above soil and water monitoring may be required.
8. Investigate thoroughly with a view to get the root cause of the incident.

9. Send the reports to all the relevant authorities.

Incident management systems with protocols in place ensures proper and timeous response to all incidents. Mhlathuze Water continually strives to be environmentally sustainable in all its operations. There has been an increase in the number of reportable environmental incidents for the reporting period 2018/19 and 2019/20 from 2 to 4 incidents and all related to effluent pipeline.

Figure 14: Reportable incidents to authorities



WASTE MANAGEMENT

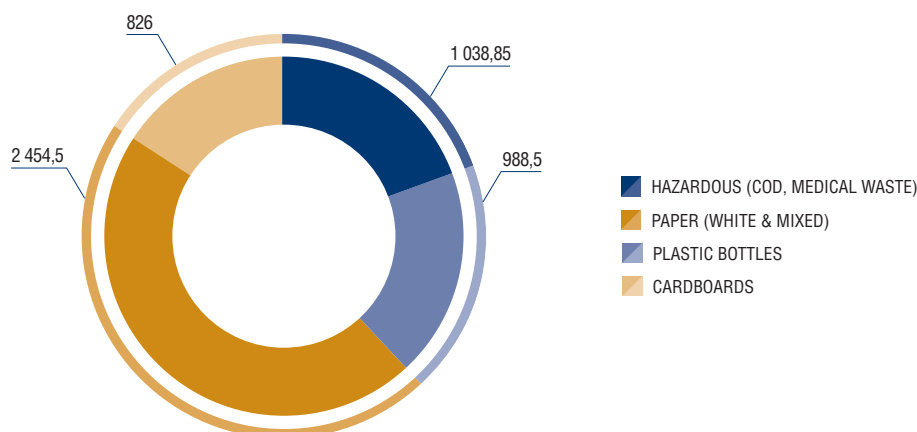
Mhlathuze Water has developed a Waste Management Plan which is aimed at reducing waste in line with waste management principles, viz. recycle, recover, reuse and / or avoid on all sites of operation. A baseline study was undertaken in order to determine how much waste is being generated and recycled in order to reduce waste disposed as much as

possible, which resulted in the following recommendations:

- Waste separation at source; and
- Recycling of paper, metals, used toner cartridges, glass bottles, wooden pallets.

The graph below shows the percentage of the volumes of waste recycled in the 2018/2019 financial year.

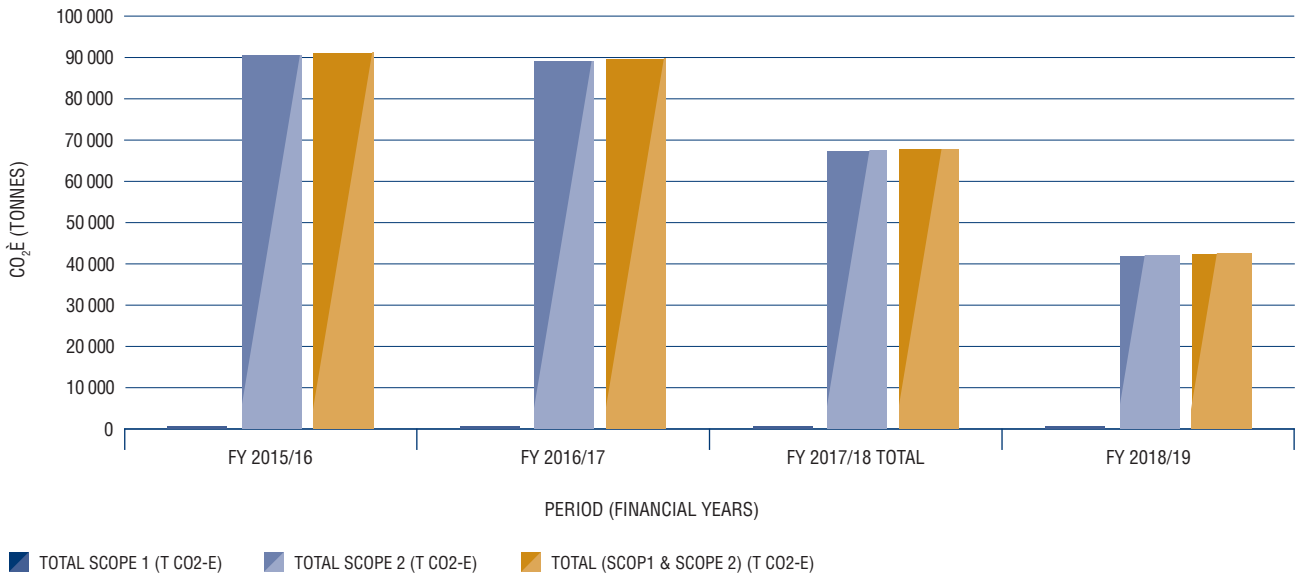
Figure 15: Recyclable and hazardous waste (KG)



CARBON FOOTPRINT AND EMISSIONS REDUCTION INITIATIVES

The organisation has determined its Carbon Footprint and developed a Carbon Management Plan. The exercise provided an improved understanding of the organisation’s Carbon Footprint with a view to transition to a more environmentally sustainable entity in the face of global climate change risk. Mhlathuze Water’s direct carbon emissions (scope 1) arise from fuel usage for vehicles and generators, while indirect carbon emissions (scope 2) are primarily due to electricity usage, and to a minor extent flights.

Figure 16: CO₂ Equivalents



The above graph shows the organization’s carbon emissions over a period of 4 Financial Years. The reduction from FY2018/19 can be attributed to the implementation of the holistic energy reduction initiatives for Scope 2) and improved management of vehicle usage by different departments (Scope 1).

ELECTRICITY CONSUMPTION PER AREA/ INSTALLATION

Monitoring of carbon footprint is undertaken on a monthly basis and data is recorded with the following focus areas: electricity usage, vehicle (fuel usage) as well as water usage at the pump stations/ plants.

Figure 17: Water consumption from July 2018 to June 2019 at the Pump Station

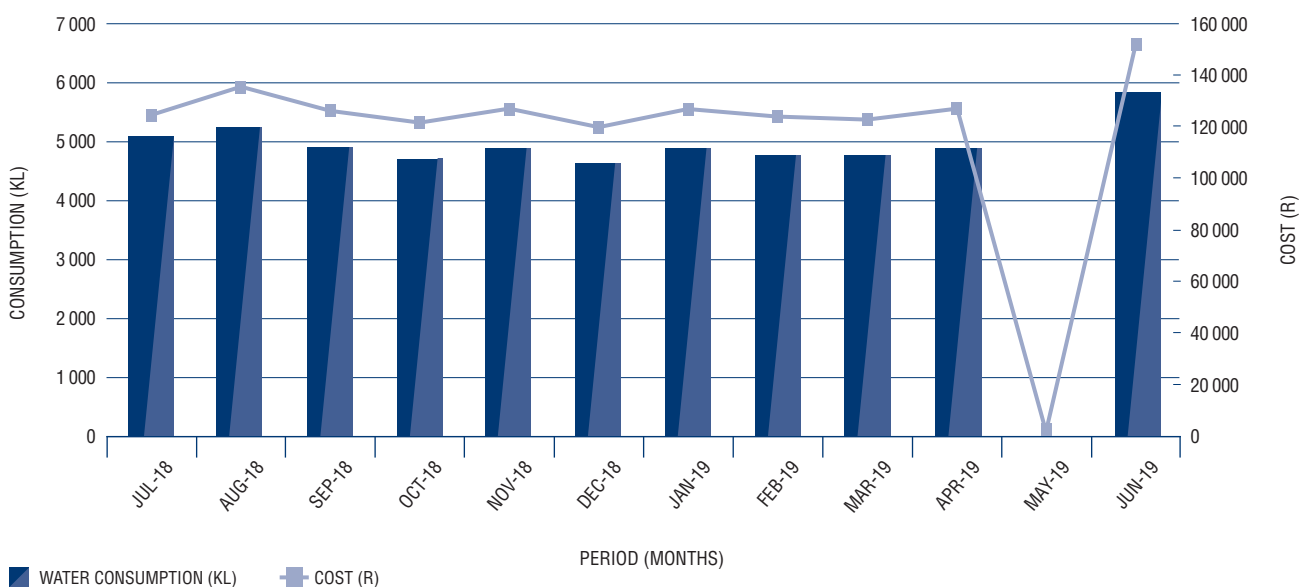
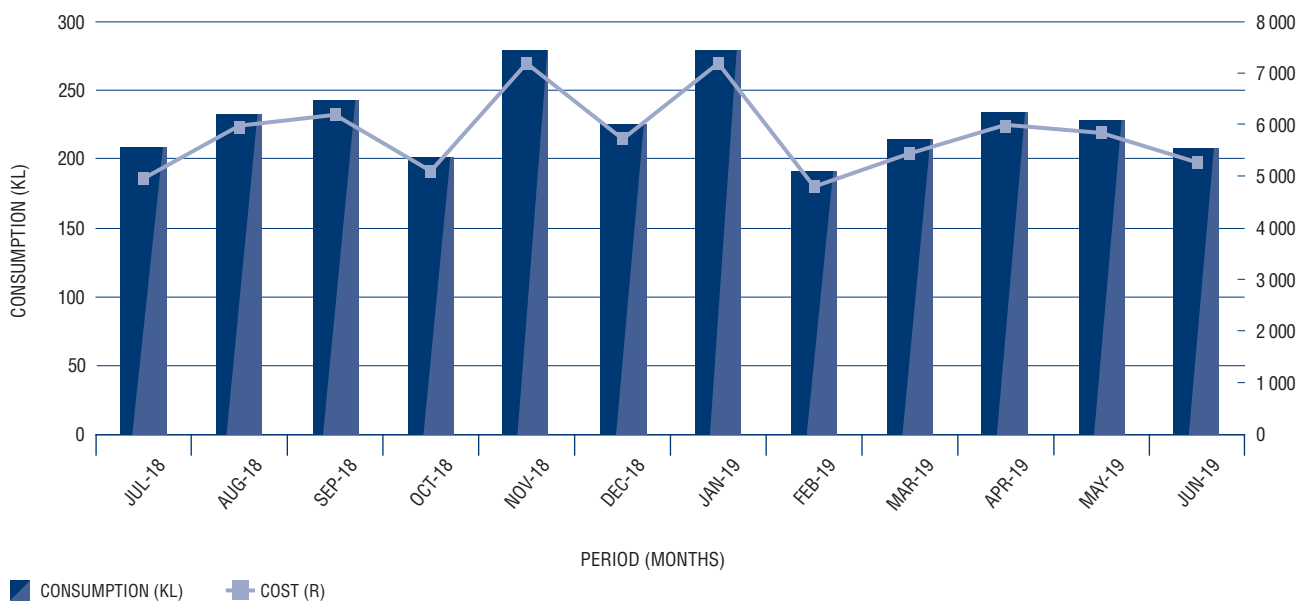


Figure 18: Water consumption from July 2018 to June 2019 at the Head office complex



ENVIRONMENTAL AUTHORISATION AND COMPLIANCE MONITORING

Environmental Impact Assessments are conducted for all construction projects to ensure that environmental impacts are managed. Where environmental impacts are identified, Environmental Management Plans are developed to mitigate the risk. Projects involving a change of land use, construction or upgrading of infrastructure and storage/handling of hazardous substances are amongst a number of listed activities that are required to follow the Environmental Impacts Assessment process. The service is outsourced to external service providers but the organisation monitors and audits these to ensure compliance with the Environmental Management Plans during project implementation.

Table 28: 2018/2019 Status of environmental permits

Project Name	Date of Authorisation - EA	Date of Authorisation - WUL
Construction of the Mhlathuze Weir	March 2018	August 2018

WATER CONSERVATION

In response to climate change, Mhlathuze Water is currently exploring measures to improve water use efficiency. The following has been undertaken thus far:

- General awareness to all staff through induction, toolbox talks and internal magazine;
- Conducting water audits to assist in establishing new ways to conserve water in the installations; and
- Water leaks are timeously repaired.

Awareness campaigns promoting water conservation are continuously done amongst Mhlathuze water’s employees. These are also conducted to sensitise the community members of uMhlathuze Local Municipality, through roadshows and school visits.

ENVIRONMENTAL FORUMS

Mhlathuze Water participates in number of relevant environmental forums such as Catchment Management Forum (CMF). The forum’s main objectives is to have engagements on water related matters as well as other associated topics of interest.

The organisation established an Effluent Pipeline Forum in line with the requirements of the Coastal Waters Discharge Permit (effluent disposal permit). The forum serves as a communication tool for customers and interested and affected parties. It is also a platform to transparently deliberate on permit compliance matters with the general public. Meetings were held quarterly.



SYSTEMS MANAGEMENT

ISO 17025:2005: LABORATORY SYSTEM ACCREDITATION

Mhlathuze Water maintained its ISO 17025 accreditation for the Scientific Services Laboratory. The current certificate of accreditation is valid until 30 April 2022. Key objectives of the laboratory in support of Mhlathuze Water's primary business are:

- To provide assurance that water produced is suitable for drinking thereby assuring that public health is protected. Furthermore, the service gives assurance that the effluent disposed complies with permit requirements;
- To produce scientific data for the development and optimisation of infrastructure; and
- To assess the status of water resources in the catchment area.

There were no audits that were required to be conducted during the reporting period.

SAFETY, HEALTH, ENVIRONMENTAL AND QUALITY MANAGEMENT SYSTEMS (SHEQ)

In order to ensure compliance with best practices and international standards, the organisation has certified management systems for Safety, Health, Environment and Quality. SHEQ systems aim to integrate all components of the

business into a coherent system to enable the organisation to achieve its mission.

The specific areas of application are:

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

All three certifications are maintained and are valid until November 2021. There were no audits that were required to be conducted during the reporting period.

MAJOR CAPEX PROJECTS: SECTION 29 PROJECTS

Gas Chromatograph with a Mass Spectra Detector

- Project scope: The primary duty of the GCMS instrument is to perform analyses of various components from river, potable, surface and ground water samples. For research purposes the scope includes saline, wastewater and industrial effluents. Primary tests to be performed are: Geosmin and 2MIB, Trihalomethanes (THMs), Phenolic Compounds and qualitative GC scans;
- 2018/2019 Budget: R 2 205 527.50;
- Expenditure as at 30 June 2019: R 1887 888;



- Planned completion date: The instrument is being utilised ;
- Impact: Reduction in work that is outsourced and potential increase in scope of analyses; and
- Challenges: None.

12.4 FUTURE PLANS

COMMERCIALISATION OF LABORATORY SERVICES

While it's appreciated that the laboratory was established to support Mhlathuze Water's core business of providing water services, and notwithstanding that this is still the primary mandate, the organisation will go on a new drive to commercialise the services offered by the laboratory. This will assist in offsetting some of the costs of running the facility by generating additional revenue and also make use of the spare capacity that is available.

A substantial capital investment has been made over the last several years to ensure that the laboratory is adequately resourced to cover a significant scope of analyses required. This included ensuring that the required redundancy is available to provide for uninterrupted services. Due to the location of Richards Bay, it is not possible to get immediate backup during breakdowns, hence sufficient backup equipment is critical to meet customer expectation on a continuous basis.

RESEARCH, DEVELOPMENT & INNOVATION (RDI)

An RDI Policy has been developed and approved by the Board. Furthermore, a strategy is being finalised. The Strategy is meant to give direction to the organisation's approach to RDI, in as far as it applies to its primary business of water services provision. For starters, ten (10) RDI projects have been identified for implementation starting during the latter part of 2019/20 and continuing through to the outer years.

Improve Compliance with the Coastal Water's Discharge Permit

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

- Progressively stricter quality limits were applied over a 3-4-year period. Ultimate limits came into force from January 2020;
- Overall compliance for 2018/2019 was 91.87%;
- Compliance from July to December 2019 was 91.19%;
- Regular engagements will continue to be held with contributors to improve compliance; and
- The organisation will continue to implement financial penalties for contributors to the system who do not comply with water quality requirements.

12.5 SCIENTIFIC SERVICES 2020/2021 – 2024/2025 PRE-DETERMINED OBJECTIVES

Table 29: Scientific Services 2020/2021 – 2024/2025 Pre-determined Objectives

Statutory targets and strategic targets	Strategic Objective		To be pro-active on issues relating to health, safety, security and the environment									
	Outputs	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited 2 nd quarter performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
SC1	Compliance with SANS 241:2015 water quality standard for potable water	Percentage compliance to water quality standard	99.99%	99.60%	99.95%	100%	97%	97%	97%	97%	97%	97%
MW16	Compliance with Coastal Water's Discharge Permit (CWDP)	Percentage of quality compliance with CWDP	-	97.63%	91.87%	91.19%	100%	100%	100%	100%	100%	100%
MW17	ISO 9001, 14001 & OHSAS 18001 standard certification	Number of compliance certifications maintained	3	3	3	3	3	3	3	3	3	3
MW18	ISO 50001 standard certification	Number of compliance certifications obtained	-	-	-	-	1	1	1	1	1	1
MW19	ISO 17025 laboratory management system accreditation maintained	Number of accreditations retained on laboratory management system	1	1	1	1	1	1	1	1	1	1
Statutory targets and strategic targets	Strategic Objective		To Grow the Provision of Water Services									
	Outputs	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited 2 nd quarter performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
MW20	Improve Knowledge Hub, evidence and innovation through research and development	Number of research and development initiatives conducted	-	-	-	0	5 Research and development initiatives conducted	1 Research and development initiative conducted	1 Research and development initiative conducted	1 Research and development initiative conducted	1 Research and development initiative conducted	1 Research and development initiative conducted
		Number of Research and development initiative recommendations implemented	-	-	-	-	3 Research and development initiative recommendation implemented	-	-	1 Research and development initiative recommendation implemented	1 Research and development initiative recommendation implemented	1 Research and development initiative recommendation implemented
		Number of research papers finalised	-	-	-	2 Draft papers produced and approved by HoD	5 research papers finalised	1	1	1	1	1
MW21	Engagement in secondary activities (Section 30 activities)	Percentage of growth in Laboratory Revenue (Real growth excluding annual price increases)	-	-	-	-12.62%	- 45%	5%	10%	10%	10%	10%



12.5 SCIENTIFIC SERVICES 2020/2021 – 2024/2025 PRE-DETERMINED OBJECTIVES ...continued

Table 30: Scientific Services 2020/2021 Pre-determined Objectives

Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment							
Output	Performance Indicator	Reporting Period	Activities	Annual Target	Quarterly Targets			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Compliance with SANS 241:2015 water quality standard for potable water	Percentage compliance to water quality standard	Quarterly	<ul style="list-style-type: none"> Purify water as per SANS 241: 2015 standard 	97%	97%	97%	97%	97%
Compliance with Coastal Water's Discharge Permit (CWDP)	Percentage of quality compliance with CWDP	Quarterly	<ul style="list-style-type: none"> Discharge effluent 	100%	100%	100%	100%	100%
ISO 9001, 14001 & OHSAS 18001 standard certification	Number of compliance certifications maintained	Quarterly	<ul style="list-style-type: none"> Develop internal audit plan Table the internal audit plan at MANCO Conduct Management systems external audits Clearance of findings & recommendation for certification Conduct Internal Audit for the Management systems 	3	1	1	1	3
ISO 17025 laboratory management system accreditation maintained	Number of accreditations retained on laboratory management system	Quarterly	<ul style="list-style-type: none"> Develop an internal audit plan Implement the internal audit plan 	1	1	1	1	1
ISO 50001 standard certification	Number of compliance certifications obtained		<ul style="list-style-type: none"> Obtain compliance certificate 	1	Nil	Nil	Nil	1
Strategic Objective	To grow the provision of water services							
Output	Performance Indicator	Reporting Period	Activities	Annual Target	Quarterly Targets			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Improve Knowledge Hub, evidence and innovation through research and development	Number of research and development initiatives conducted	Quarterly	<ul style="list-style-type: none"> Implementation of R & D initiatives 	1 Research and development initiative conducted	Research and development initiative identified	1 Research and development initiative being implemented	1 Research and development initiative being implemented	1 Research and development initiative conducted
	Number of research papers finalised	Quarterly	<ul style="list-style-type: none"> Submit abstract Submit paper Present paper at Conference / Paper published in journal 	1 Research papers finalised	1 Research abstract produced and approved by HoD	1 Draft research paper produced and approved by HoD	1 Final research paper produced and approved by HoD	1 Research paper presented at National Conference
Engagement in secondary activities (Section 30 activities)	Percentage of growth in Laboratory Revenue (Real growth excluding annual price increases)	Quarterly	<ul style="list-style-type: none"> Market Laboratory Activities 	5%	Nil	Nil	Nil	5%

13. TECHNICAL SERVICES UNIT

13.1 MANDATE OF THE TECHNICAL SERVICES UNIT

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

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

13.2 FUNCTIONS WITHIN THE TECHNICAL SERVICES UNIT

PLANNING

The Planning section is responsible for the identification and packaging of projects from the feasibility-study stage in-line with the organization's business development model (concept & viability), design and procurement documentation. The professional services are either sourced from external service providers or conducted in-house depending on the nature of the required service.

The Planning section is also tasked with driving business case studies for the exploration and solution option/s analysis of alternative water sources together with waste water re-use projects. The functions of the section also extend to providing support to the Department of Water and Sanitation in the form of reviewing the water control and water catchment areas within Mhlathuze Water's area of Operation.

PROJECT MANAGEMENT

The section is responsible for the implementation and project management (in-year monitoring and reporting) of capital projects for internal and externally (Implementing Agent services in terms of section 30 of the Water Services Act)

funded projects. Projects are implemented in line with approved Infrastructure Implementation Plan/s. The Organizational Capital budget project implementation plans are informed by the conditional assessment of plant assets together with water-supply contract agreements, as well as water demands from new customers.

13.3 SITUATIONAL ANALYSIS

BULK WATER AND SANITATION INFRASTRUCTURE MASTER PLAN

Mhlathuze Water successfully completed the development of the Bulk Water and Sanitation Master Plan. The Master Plan provides an integrated overview of all actions, initiatives and projects that Mhlathuze Water must undertake in order to effectively meet current and future bulk water and sanitation demands for its customers. The Bulk Water and Sanitation Infrastructure Master Plan also makes provision for reserves in order to accommodate for future demand resulting from growth and development within Richards Bay and surrounding areas.

PRIMARY INFRASTRUCTURE DEVELOPMENT ACTIVITIES

In the 2017/2018 financial year, Mhlathuze Water, as part of its core business, made a budget available for the implementation of water key multi-year infrastructure project upgrades and expansions. To ensure continuous and reliable supply to customers, Mhlathuze Water embarked on the implementation of following projects:

- **Installation of a standby diesel generator as a back-up power supply:**
 - Project scope: construction of the standby generator building. Supply, installation and commissioning of a new standby generator.;
 - Overall budget: R 16 014 210.40;
 - 2018/2019 budget: R4 704 185.00;
 - Expenditure as at 30 June 2019: R 76 278.00;
 - Expenditure to date: R 12 391 168.06;
 - Project Completed: The project was completed and commissioned in June 2019;
 - Impact: backup power supply for the 22kVa line from Eskom; an uninterrupted supply of raw water to the Nsezi Water Treatment Works and upgrades to the Tronox and Nsezi control panels; and
 - Challenges: None.



- **Alterations and strengthening of weir structure:**
 - Project scope: Alterations and additions to the existing Mhlathuze weir. The execution of which includes: new mass concrete ogee spillway; bulk earthworks; new inlet channel to existing pump station; installation of permanent sheet piles; construction of a fish ladder; stabilization of riverbed and banks with excavation and placement of riprap;
 - Overall budget: R 66 826 451.54;
 - 2018/2019 budget: R 44 898 815.00;
 - Expenditure as at 30 June 2019: R 49 951 781.00;
 - Completion date: project reached practical completion in October 2019;
 - Impact: to strengthen and stabilize the weir structure thus prolonging useful life; and
 - Challenges: None.
- **Replacement of 1 500mm Ø Raw Water Pipeline from Mhlathuze River to Shooting Range:**
 - Project scope: upgrade of the existing 1200mm diameter pipeline to a 1500mm diameter continuously welded mild steel pipeline from the Mhlathuze Weir to the Nsezi offtake;
 - Overall budget: R 151 360 909.00;
2018/2019 Budget: R 69 360 909 .00;
 - Expenditure as at 30 June 2019: R 68 708 488.00;
 - Planned completion date: February 2020;
 - Impact: to upgrade the maximum abstraction capacity at the weir PS from 205MI/day to 265MI/day; and
 - Challenges: The objection on the raw water pipeline from Weir to shooting range delayed the implementation of the project MW/22/2017. The project was cleared for commencement in January 2019.
- **Plant augmentation (Independent 170 MI/D Plant):**
 - Project scope: Installation of one new clarifier and four new filters. The scope will be refined once the consultant has reviewed the design;
 - 2019/2020 Budget: R 92 424 275.00;
 - Commencement date: August 2020;
 - Project status: the terms of reference for the appointment of the service provider have been presented to BAC for approval and advertisement;
 - Planned completion date: June 2023;
 - Impact: to maximise plant capacity to cater for future demand and Business Development initiatives; and
 - Challenges: Termination of the lead Engineer on the project has caused substantial delays to commencement of construction.

SECONDARY INFRASTRUCTURE DEVELOPMENT ACTIVITIES (SECTION 30)

UMKHANYAKUDE DISTRICT MUNICIPALITY

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

JOZINI REGIONAL WATER SUPPLY PROJECT

Mhlathuze Water successfully commissioned a 40MI/day Water Treatment Plant with associated bulk infrastructure. This project is aimed at servicing rural areas that were not served with potable water, except for limited streams and boreholes. Mhlathuze Water has entered into an agreement with the uMkhanyakude District Municipality and the Department of Water and Sanitation to undertake the operations and maintenance of the scheme until such time the municipality is fully capacitated to take over the running of the scheme. The project has reached practical completion with only 3 pump-stations yet to be commissioned due to Eskom power-related challenges.

DEPARTMENT OF LABOUR: LEARNERSHIP PROGRAMME

- Project scope: The overall objective of the Project is to reskill the previously employed through learnerships, on the other hand to alleviate poverty, create employability of beneficiaries and also provide them with the nationally recognised qualification. The project is being implemented in KwaZulu-Natal and Eastern Cape, within 9 district municipalities. The project is implemented in the following KwaZulu Natal district municipalities; Zululand, King Cetshwayo and Ilembe. The project is also implemented in Buffalo City, Nelson Mandela Bay, Amathole, Raymond Mhlaba and Butterworth, Sarah Baartman district municipalities.
- 2018/2019 Budget: R85 200 000.00.
- Expenditure as at 30 June 2019: R3 899 995.00 (Project commenced in June 2019).
- Impact: Reskill the previously employed through learnerships on the other hand to alleviate poverty, create employability of beneficiaries and also provide them with the nationally recognised qualification.
- Challenges:
 - Learners providing incorrect bank accounts which then results in unpaid stipends;
 - Municipalities not responding on time which causes project delays; and
 - Suspension of classes by students in some sites.

FEASIBILITY STUDIES CONDUCTED IN 2019/2020

- Water supply pipeline from Nsezi WTP to Forest Reservoirs (CoU). Due to increase in demand to this supply area, the CoU has approached MW to consider options to increase supply. The feasibility study is planned to identify the most economical and sustainable way to achieve this;
- Water supply from Nsezi WTP to KCDM. The KCDM district has approached MW as a partner in providing a long term solution to its water demands;
- Waste water re-use in partnership with the City of uMhlathuze. Mhlathuze Water is working together with the City of uMhlathuze (CoU) in investigating the feasibility of re-using waste water and associated by-products. The project is advancing well with investigating industrial/domestic effluent re-use options as a potential Public Private Partnership (PPP). The project aims at treating industrial and domestic effluent for reuse as water supply to industries. The proposed reuse plant is rated 75 MI/d to be situated between Empangeni and Richards Bay;
- The DWS has requested that Mhlathuze Water provides means to conduct a feasibility study for the project that will support the long term sustainability of water provision in the region. The project identified to be subjected to feasibility is the proposed Nseleni/ Mhlathuzana dam and the Mfolozi off-channel storage; and
- The terms of reference for the appointment of the service provider to conduct the feasibility studies was presented at BAC and tender briefing was held on 28 November 2019.

13.4 FUTURE PLANS

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

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

AUGMENTATION OF NSEZI WATER TREATMENT PLANT

The objective of the project is to refurbish and upgrade the existing Water Treatment Plant, in order to increase the output

from 205MI/d to 265MI/d by the 2020/2021 financial year. The project is at the design phase, following the completion of the study. It is envisaged that the construction phase will commence at the end of the 2019/2020 financial year.

The refurbishment project includes a series of works:

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

PROJECTS TO BE SUBJECTED TO FEASIBILITY STUDY IN 2020/2021

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

PROJECTS TO BE SUBJECTED TO FEASIBILITY STUDY IN 2021/2022

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

- UMfolozi off – channel dam; and
- Desalination.





The Mhlathuze Water Weir undergoing an upgrade in 2001.



13.5 TECHNICAL SERVICES PRE-DETERMINED OBJECTIVES: 2020/2021 – 2024/2025 TARGETS

Table 31: Technical Services Pre-determined Objectives: 2020/2021 – 2024/2025 Targets

Statutory targets and strategic targets	Strategic Objective	To grow the provisions of water services										
	Output	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited 2 nd quarter performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
SC9	Capital expenditure Programme	Percentage of Capital projects completed within targeted dates	100%	100%	95.00%	82.00%	100%	100%	100%	100%	100%	100%
SC12	Implementation of Ministerial directives	Percentage of Ministerial directives implemented against allocated budget	66.70%	100%	100%	100%	Nil	Nil	Nil	Nil	Nil	Nil
SC17	Temporary jobs created	Number of temporary jobs created through MW external programme	1167	155	208	147	40	40	Nil	Nil	Nil	Nil
MW15	Feasibility study completed within targeted dates	Number of feasibility studies completed within targeted dates	-	-	-	ToR for 4 feasibility studies to be conducted	4	2	2	Nil	Nil	Nil
Statutory targets and strategic targets	Strategic Objective	To Optimise Business Processes and Systems										
	Output	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited 2 nd quarter performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
MW16	Fixed plant assets GIS mapping	Percentage of fixed plant assets digitised	-	-	-	-	100%	100%	100%	100%	100%	100%

² Ministerial Directives are issued by the Minister as and when required. These are multi-year projects that can only be implemented once DWS has confirmed the budget allocation for the financial year. No new Ministerial Directives were issued since 2019/2020 financial year.



12.5 SCIENTIFIC SERVICES 2020/2021 – 2024/2025 PRE-DETERMINED OBJECTIVES ...continued

Table 32: Technical Services 2020/2021 Pre-determined Objectives

Strategic Objective	To grow the provision of water services							
Output	Performance Indicator	Reporting Period	Activities	Annual Target	Quarterly Targets			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Capital expenditure Programme	Percentage of Capital projects completed within targeted dates	Quarterly	Identify projects targeted for completion in financial year and monitor	100%	25%	50%	75%	100%
Temporary jobs created	Number of temporary jobs created through MW external programme	Quarterly	Appoint candidates	40	10	20	30	40
Feasibility study completed within targeted dates	Number of feasibility studies completed within targeted dates	Quarterly	Develop feasibility studies	2	ToR for 1 feasibility study	1 Feasibility study completed within targeted dates	ToR for 1 feasibility study	1 Feasibility study completed within targeted dates
Strategic Objective	To Optimise Business Processes and Systems							
Output	Performance Indicator	Reporting Period	Activities	Annual Target	Quarterly Targets			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Fixed plant assets GIS mapping	Percentage of fixed assets GIS mapped	Quarterly	Digitisation of Mhlathuze Water infrastructure assets	100%	25%	50%	75%	100%

14. FINANCE UNIT

14.1 MANDATE OF FINANCE UNIT

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

14.2 FUNCTIONS WITHIN THE FINANCE UNIT

FINANCIAL ACCOUNTING

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

MANAGEMENT ACCOUNTING

The function is responsible for providing an accurate budget and financial forecasts, determine relevant cost effective tariffs, provide management and financial information, monitor and report on variances, analyse financial feasibility and meet financial obligations to generate accurate and relevant information and mobilise resources to achieve accurately informed and supported decision makers and a

financially resourced organisation in order to contribute to the sustainable delivery on mandate.

ASSET MANAGEMENT

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

SUPPLY CHAIN MANAGEMENT

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

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

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



14.3 KEY PERFORMANCE HIGHLIGHTS

Mhlathuze Water will continue to have a sound financial status as demonstrated by the following ratios. The debt-equity ratio in 2021 and 2022 is expected to increase and decreases thereafter in line with loan acquisition and repayments. The current ratio is expected to range between 2.03 and 2.13 in 2020/21 to 2022/23, this is however expected to significantly increase in the last two Financial years because of decrease in capital expenditure (refer to table 41). This shows that Mhlathuze Water will manage to pay its debtors as they become due. The gross profit margin is expected to constantly increase in the next 5 years in line with increase in sale of goods and services.

Financial Ratios	Actual			Budget	Estimate	Budget				
	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Operating Risks										
Gross margin	60.40%	62.24%	61.62%	43.02%	57.46%	61.92%	63.26%	64.61%	66.83%	66.07%
Debtors collection period	60.00	43.36	44.77	45.00	45.00	45.00	45.00	45.00	45.00	45.00
% of staff remuneration	30.74%	31.89%	27.37%	28.38%	30.48%	30.00%	30.00%	30.00%	30.00%	30.00%
Net profit margin	18.48%	20.37%	22.33%	5.76%	32.89%	11.80%	16.06%	14.32%	20.75%	20.70%
% of repairs and maintenance	3.00%	5.10%	3.74%	3.70%	4.01%	4.00%	4.00%	4.00%	4.00%	4.00%
Financial Risks										
Current ratio	2.42	2.87	2.50	3.70	2.79	2.13	2.03	2.13	3.05	4.55
Debt-equity ratio	0.34	0.26	0.24	0.26	0.17	0.24	0.26	0.22	0.19	0.15

14.4 FUTURE PLANS AND FIVE YEAR PROJECTIONS

INTRODUCTION

With Richards Bay area hit by the drought season for the past financial years, Mhlathuze Water continued to realise steady growth on financial performance. To remain financial viable, the steady growth is expected to be sustained for the next 5 years. Mhlathuze Water has further invested in infrastructure to mitigate the draught effects in the area and ensure sustainable water services are provided to our customers.

The current economic conditions and drought impact has encouraged our customers to find innovative ways to minimise water use and improve quality of water disposals. This has resulted in customers requesting amendments to their current agreements with Mhlathuze Water. To mitigate the risk of revenue loss, Mhlathuze Water has embarked on diversifying and expanding the business footprint.

VOLUMES

BULK RAW WATER

Over the years Mhlathuze Water has built, maintained good relationship and added value to our stakeholders. Consumption volumes are projected to increase as demonstrated by the increase in raw water consumptions in FY2018/19. The table provide details of our key stakeholders contracted for Bulk Raw Water and projected consumption.

Table 33: Raw Water

MHLATHUZE WATER										
CONTRACTED DEMANDS AND CONSUMPTION VOLUMES										
Figures m ³ /day										
Mhlathuze Transfer Scheme - Contracted Demands										
Raw Water										
Maximum Demand	Audited			Budget	Estimate	Projections				
	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
RBM – North	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Tronox	31,460	31,460	48,000	48,840	48,840	48,840	48,840	48,840	48,840	48,840
CoU – Esikhaleni	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
RBM - Zulti South	-	-	-	-	-	-	-	28,000	28,000	28,000
Tongaat Hulett	-	-	-	-	-	-	2,740	2,740	2,740	2,740
Total	91,460	91,460	108,000	108,840	108,840	108,840	111,580	139,580	139,580	139,580
Mhlathuze Transfer Scheme - Consumption Volumes										
Raw Water										
Consumption	Audited			Budget	Estimate	Projections				
	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
RBM – North	6,731	3,296	5,923	10,385	10,385	10,385	10,385	10,385	10,385	10,385
Tronox	1,415	283	1,848	890	890	890	890	890	890	890
CoU – Esikhaleni	-	73	-	229	229	229	229	229	229	229
RBM - Zulti South	-	-	-	-	-	-	-	28,000	22,350	22,350
Tongaat Hulett	-	-	-	-	-	-	2,740	2,740	2,740	2,740
Total	8,146	3,652	7,771	11,504	11,504	11,504	14,244	42,244	36,594	36,594

POTABLE WATER

An increase in consumption volumes of potable water in FY2018/19 was also realised, a steady increase for the next 5 years is expected. Mhlathuze Water is in engagement with potential customers. The table below provide details of our key stakeholders contracted for Bulk potable and projected consumption.

Table 34: Potable Water

MHLATHUZE WATER										
CONTRACTED DEMANDS AND CONSUMPTION VOLUMES										
Figures m ³ /day										
Nsezi Water Treatment Plant - Contracted Demands										
Potable Water										
Maximum Demand	Audited			Budget	Estimate	Projections				
	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Mondi	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
CoU - Richards bay	48,000	48,000	48,000	48,000	48,000	48,000	60,000	60,000	60,000	60,000
Foskor*	17,000	17,000	17,000	17,000	17,000	30,000	30,000	30,000	30,000	30,000
CoU - Empangeni	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
RBIDZ*	-	-	-	-	-	-	-	20,000	20,000	20,000
Phinda Power Producers	-	-	-	-	-	-	60,000	60,000	60,000	60,000
CoU eSikhaleni	-	-	-	-	-	-	-	-	20,000	20,000
Total	202,000	202,000	202,000	202,000	202,000	215,000	287,000	307,000	327,000	327,000

*clarified water



Nsezi Water Treatment Plant - Consumption Volumes										
Potable Water										
Consumption	Audited			Budget	Estimate	Projections				
	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Mondi	18,014	17,860	22,105	52,000	56,272	56,272	56,272	56,272	56,272	56,272
CoU - Richards bay	12,645	9,748	12,563	48,000	30,714	30,714	30,714	30,714	30,714	30,714
Foskor	3,754	3,871	4,257	37000	12,196	24,000	24,000	24,000	24,000	24,000
CoU - Empangeni	7,654	8,221	7,903	17,000	25,903	25,903	25,903	25,903	25,903	25,903
RBIDZ	-	-	-	-	-	-	-	20,000	20,000	20,000
Phinda Power Producers	-	-	-	-	-	-	60,000	60,000	60,000	60,000
CoU eSikhaleni	-	-	-	-	-	-	-	-	20,000	20,000
Total	42,067	39,700	46,828	154,000	125,085	136,889	196,889	216,888	236,888	236,888

The table below provides details of our key stakeholders contracted for Bulk Waste Water.

Table 35: Effluent Disposal

MHLATHUZE WATER										Permits A Line B Line	158,983 30,000
CONTRACTED DEMANDS - EFFLUENT DISPOSAL											
Figures m ³ /day											
A LINE											
Maximum Demand	Audited			Budget	Estimate	Projections					
	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
Mondi	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	
CoU - Richards Bay	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	
South 32 - Bayside	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
South 32 - Hillside	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	
Mpact	8,000	8,000	8,000	8,000	8,000	6,000	6,000	6,000	6,000	6000	
Foskor	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Tronox	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	
Isizinda Aluminum	333	333	333	333	333	333	333	333	333	333	
John Ross Interchange	-	-	-	5,500	5,500	5,500	5,500	5,500	5,500	5,500	
TOTAL	153,483	153,483	153,483	158,983	158,983	156,983	156,983	156,983	156,983	156,983	
B LINE											
Maximum Demand	Audited			Budget	Estimate	Projections					
	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
Foskor	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
TOTAL	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	

TARIFFS

MFMA (56 of 2003) Section 42 and Circular 23 provide guidance on process to be followed on preparation of tariffs. Mhlathuze Water consulted with the Water Service Authority in its area of operation as required by the aforementioned requirements.

FINANCIAL ASSUMPTIONS

In preparation of the proposed tariff increase the following assumptions are considered to ensure Mhlathuze Water financial viability:

Table 36: Planning Financial Assumptions

Year ending 30 June	Audited		Current	Forecast				
	2018	2019	2020	2021	2022	2023	2024	2025
CPI	5.60%	5.70%	5.30%	4.70%	4.80%	4.80%	4.80%	4.80%
Tariff growth - Raw Water : City	10.24%	7.42%	12.99%	10.57%	10.31%	10.32%	11.05%	10.56%
: Other	14.43%	11.48%	15.10%	10.63%	12.91%	12.53%	12.79%	12.22%
Tariff growth - Potable Water : City	10.20%	8.00%	12.86%	10.77%	10.46%	10.52%	11.15%	10.73%
: Other	14.16%	11.98%	13.95%	11.77%	12.97%	12.67%	12.84%	12.56%
Tariff growth - A Line Effluent	7.00%	8.36%	12.23%	11.49%	9.77%	10.46%	10.99%	10.68%
Tariff growth - B Line Effluent	7.00%	9.97%	14.77%	11.82%	10.89%	11.86%	12.34%	11.73%
Raw water ex Govt. Schemes	15.13%	13.85%	14.14%	4.38%	14.60%	14.97%	14.89%	14.89%
Average Loan Pool Rate	10.64%	10.61%	10.64%	10.54%	10.54%	10.54%	10.54%	10.54%
Expected Rates - New Funding	10.00%	10.25%	10.25%	11.54%	11.54%	11.54%	11.54%	11.54%
Electrical Power – Eskom High then moderate to CPI	2.20%	5.53%	5.00%	13.47%	13.47%	13.47%	13.47%	13.47%
Electrical Power – Municipality High then 4% above Eskom	6.20%	9.53%	9.00%	17.47%	17.47%	17.47%	17.47%	17.47%
Chemicals	10.00%	9.50%	9.50%	10.59%	10.59%	10.59%	10.59%	10.59%
Emoluments Increases - Staff	7.50%	7.50%	7.50%	8.00%	8.00%	8.00%	8.00%	8.00%
Emoluments Increases - EXCO	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Staff Complement								
Staff	213	204	225	225	225	225	225	225
EXCO	5	4	6	6	6	6	6	6

The following cost drivers increased by more than CPI:

Average tariff increases - based on the previous years' tariffs and proposed tariff increase

Average Loan pool - based on existing loans that Mhlathuze Water have

Expected Rates - based on estimated cost should Mhlathuze Water obtain new loans from the market

Electricity - based on the proposed Eskom increases, this was however not yet approved by NERSA on preparation of tariffs

Chemicals - base on current contracts in place which are further impacted by foreign currency exchange

Staff cost - based on average increase from Amanzi Bargain Council



TARIFF COMPOSITION

Mhlathuze Water tariffs consist of the following elements:

A-Factor – fixed cost

C-Factor – capital cost

Tc-Factor – variable cost

TRWP – government levies and charges

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

PROPOSED TARIFF INCREASES

To ensure that Mhlathuze Water remains financially viable, reasonable tariff increases were proposed which take into account the current economic conditions. The financial increases for FY2020/21 are indicated in tables 37 to 40.

Table 37: Raw Water

MHLATHUZE WATER										
TRANSFER SCHEME - WEIR		Audited			Current	PROJECTION				
		2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Proposed Tariff increases	Municipality	6,50%	10,24%	11,66%	13,77%	10,57%	10,31%	10,32%	11,05%	10,56%
	Industries	6,50%	13,93%	12,99%	14,48%	10,63%	12,91%	12,53%	12,79%	12,22%
		R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³
Capital Charges	Municipality	0.1009	0.1009	0.1084	0.1228	0.1416	0.1562	0.1723	0.1914	0.2116
	Industries	0.1009	0.1160	0.1292	0.1491	0.1719	0.1941	0.2184	0.2463	0.2765
Fixed Operation and maintenance	Municipality	0.4011	0.4011	0.4355	0.5013	0.5514	0.6082	0.6710	0.7452	0.8239
	Industries	0.4011	0.4412	0.4967	0.5817	0.6398	0.7224	0.8129	0.9169	1.0289
Variable Cost Electricity & Chemicals	Municipality	0.0744	0.0744	0.0753	0.0755	0.0806	0.0889	0.0981	0.1089	0.1204
	Industries	0.0744	0.0760	0.0800	0.0818	0.0873	0.0986	0.1109	0.1251	0.1404
Tariff Excluding Government Levies	Municipality	0.5764	0.5764	0.6192	0.6996	0.7736	0.8534	0.9414	1.0455	1.1559
	Industries	0.5764	0.6332	0.7059	0.8126	0.899	1.0151	1.1422	1.2883	1.4458
Government Levies	Municipality	0.9600	1.1236	1.2657	1.4560	1.5198	1.6765	1.8495	2.0539	2.2708
	Industries	0.9600	1.1236	1.2657	1.4560	1.5198	1.7160	1.9310	2.1780	2.4442
Total Tariff	Municipality	1.5364	1.7000	1.8849	2.1556	2.2934	2.5298	2.7909	3.0993	3.4266
	Industries	1.5364	1.7568	1.9716	2.2686	2.4188	2.7311	3.0733	3.4663	3.8899

Table 38: Potable Water

MHLATHUZE WATER										
TRANSFER SCHEME - NSEZI	Audited			Current	PROJECTION					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
Proposed Tariff increases	Municipality	6.50%	9.35%	9.59%	13.24%	10.77%	10.46%	10.52%	11.15%	10.73%
	Industries	6.50%	12.29%	12.48%	14.17%	11.77%	12.97%	12.67%	12.84%	12.56%
		R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³
Capital Charges	Municipality	0.9243	1.0088	0.9595	1.1235	1.2558	1.3872	1.5331	1.7040	1.8869
	Industries	0.9243	1.0627	1.0386	1.2265	1.3832	1.5626	1.7606	1.9866	2.2362
Fixed Operation and maintenance	Municipality	1.1452	1.1716	0.8494	0.9931	1.0773	1.1900	1.3152	1.4618	1.6187
	Industries	1.1452	1.2261	0.8964	1.0570	1.1572	1.3073	1.4729	1.6620	1.8708
Variable Cost Electricity & Chemicals	Municipality	0.7427	0.7935	0.7838	0.8095	0.9082	1.0032	1.1087	1.2324	1.3646
	Industries	0.7427	0.7951	0.8126	0.8474	0.9591	1.0835	1.2208	1.3775	1.5505
Tariff Excluding Government Levies	Municipality	2.8122	2.9739	2.5927	2.9261	3.2413	3.5803	3.9570	4.3982	4.8701
	Industries	2.8122	3.0839	2.7476	3.1309	3.4995	3.9534	4.4543	5.0262	5.6575
Government Levies	Municipality	0.9600	1.1236	1.2756	1.4560	1.5198	1.6788	1.8554	2.0623	2.2835
	Industries	0.9600	1.1236	1.2756	1.4560	1.5198	1.7169	1.9345	2.1828	2.4570
Total Tariff	Municipality	3.7722	4.0975	3.8683	4.3821	5.5346	6.1135	6.7567	7.5100	8.3159
	Industries	3.7722	4.2075	4.0232	4.5869	5.9183	6.6859	7.5330	8.5002	9.5679

Table 39: Buoyant Effluent

MHLATHUZE WATER										
TRANSFER SCHEME – A-LINE				Current	PROJECTION					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
Proposed Tariff increases		6.50%	7.00%	8.36%	12.23%	11.49%	9.77%	10.46%	10.99%	10.68%
		R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³
Capital Charges		0.5367	0.5743	0.6278	0.6612	0.7291	0.8003	0.8840	0.9812	1.0860
Fixed Operation and maintenance		0.8369	0.8955	0.9648	1.1261	1.2635	1.3869	1.5320	1.7004	1.8820
Total Tariff		1.3736	1.4698	1.5926	1.9926	2.1873	2.4161	2.6816	2.9680	2.5659

Table 40: Dense Effluent

MHLATHUZE WATER										
TRANSFER SCHEME -B -LINE				Current	PROJECTION					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
Proposed Tariff increases		7.00%	7.00%	9.97%	14.76%	11.82%	10.89%	11.86%	12.34%	11.73%
		R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³	R/m ³
Capital Charges		1.0341	1.1065	1.1554	1.2284	1.3546	1.502	1.680	1.888	2.109
Fixed Operation and maintenance		3.6296	3.8837	4.2314	4.9537	5.5582	6.163	6.894	7.745	8.654
Total Tariff		4.6637	4.9902	5.3868	6.1821	6.9128	7.666	8.575	9.633	10.763



PROJECTED REVENUE

Below are projected primary and secondary revenue and expenditure based on current contractual agreements and expected future demands informed by current engagements.

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES

	Primary Activities		Secondary Activities		TOTAL
	Bulk Water	Waste Water	TG Scheme O & M	Other Activities	
Volumes (m ³)	54 598	70 900			125 498
The Segmental report is as follows	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions					
Sale of goods and services	362,580	192,470	84,011	150,263	789,325
Cost of Sales	160,625	50,735	54,897	34,197	300,454
Bulk purchases	64,043	-	-	-	64,043
Electricity and water	27,197	25,646	50,839	-	103,682
Chemicals	16,582	-	-	5,053	21,635
Employee related costs	12,407	10,351	4,058	29,144	55,960
Depreciation	40,395	14,739	-	-	55,134
Gross Profit	201,955	141,735	29,115	116,066	488,871
Other income	1,347	10,951	-	-	12,298
Expenditure	172,477	124,897	29,115	109,195	435,684
Employee related costs	72,407	52,433	-	-	124,839
Remuneration of board members	4,209	3,048	-	-	7,256
Depreciation and amortisation	4,142	2,999	-	-	7,142
Finance costs	5,896	4,270	-	-	10,166
Lease rentals on operating lease	1,912	1,384	-	-	3,296
Repairs and maintenance	24,625	17,832	22,386	63,699	128,541
Other expenses	58,002	42,002	-	-	100,004
Electricity and water	794	575	-	-	1,368
Chemicals	491	356	6,729	45,496	53,072
Operating surplus	30,825	27,789	-	6,871	65,484
Loss on disposal of assets	-	-	-	-	-
Surplus for the year	30,825	27,789	-	6,871	65,484
Assets					
Segment assets	853,310	307,866	-	28,883	1,190,059
Centralised services					576,661
Total assets as per statement of financial position					1,766,720
Liabilities					
Segment liabilities	14,821	68,685	-	1,938	85,444
Centralised services					251,950
Total liabilities as per statement of financial position					337,394
Other information					
Capital expenditure	145,560	27,550	-	-	173,110
Centralised services					83,466
					256,576

FORECAST OF CAPITAL EXPENDITURE FOR PRIMARY ACTIVITIES

To ensure that Mhlathuze Water meets its strategic objectives one and seven which are to grow the provision of water services and improve efficiency through technology and best practise, Mhlathuze Water plans to invest in capital project to meet the desired outcomes. Major expenditure is expected to be incurred from 2021 to 2023 on expansion, augmentation & upgrade projects. Upon completion of the major projects, a massive decrease in capital expenditure is expected. The planned capital projects will be funded from reserves and long term borrowings.

The following projects can be highlighted as impactful in the tariff calculations:

- Backup generator which was completed and capitalised in June 2019;
- The New Weir Structure reached practical completion in October 2019, the project will be capitalised in March 2020;
- The Pipeline from Weir to Shooting Range project is currently at practical handover stage; and
- The Nsezi Augmentation project is currently at the procurement stage.

The table below provides details on planned projects for the next 5 years per scheme.

STATEMENT OF CAPITAL EXPENDITURE BUDGET

Table 41: Projected Statement of Capital

Projected Statement of Capital Expenditure	Estimate 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Total 2021 -2025
Year ending 30 June	R'000	R'000	R'000	R'000	R'000	R'000	R'000
BULK RAW WATER SUPPLY							
Mhlathuze Transfer Scheme							
New Weir (Revised Budget)	26,139	3,256	-	-	-	-	29,395
Pipeline from Weir to shooting range	178,855	-	-	-	-	-	178,855
Construction of Weir Change Room Building	1,200	-	-	-	-	-	1,200
Standby Diesel Generator and associated works	801	-	-	-	-	-	801
Small items	1,195	3,400	1,500	1,250	850	-	8,195
FY2021-2025 Business Plan	208,190	6,656	1,500	1,250	850	-	218,446
FY2020-2024 Business Plan	126,610	3,256	-	-	-	-	129,866
Difference between the two Business Plan	81,580	3,400	1,500	1,250	850	-	88,580
BULK PURIFIED & CLARIFIED WATER SUPPLY							
Lake Nsezi WTP							
Plant Augmentation(Independent 170 M/D Plant	2,000	118,872	140,092	108,429	-	-	369,393
Civil & Buildings Refurbishment	561	150	200	200	200	-	1,311
AC Mitigation System for Empangeni Pipelines	2,315	-	-	-	-	-	2,315
Polymer Tank Bund Wall at Nsezi WTW	-	4,000	-	-	-	-	4,000
Nsezi WTW Control Room and Plant Laboratory Refurbishment	-	650	-	-	-	-	650
Plant Augmentation(Independent 170 M/D Plant) CPA	-	7,132	8,406	1,080	-	-	16,618
Nsezi Security Fence	-	6,000	-	-	-	-	6,000
Permanent bottling plant structure	-	-	500	-	-	-	500
Small Items	780	2,100	500	-	-	-	3,380



Table 41: Projected Statement of Capital ...continued

Projected Statement of Capital Expenditure	Estimate 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Total 2021 -2025
Year ending 30 June	R'000	R'000	R'000	R'000	R'000	R'000	R'000
FY2021-2025 Business Plan	5,656	138,904	149,698	109,709	200	-	404,167
FY2020-2024 Business Plan	49,077	119,272	140,092	18,005	-	-	326,446
Difference between the two Business Plan	43,421	19,632	9,606	91,704	200	-	77,721
P/S NO1 SHARED BETWEEN A&B LINE							
Refurbishment	50		-	-	-	-	50
construction of Guardhouse Building	250		-	-	-	-	250
Portable Gas Monitors X10		250	-				250
Replacement of Rotary Screens		1,000	1,000				2,000
FY2021-2025 Business Plan	300	1,250	1,000	-	-	-	2,550
FY2020-2024 Business Plan	300	-	-	-	-	-	300
Difference between the two Business Plan	-	1,250	1,000	-	-	-	2,250
BUOYANT EFFLUENT DISPOSAL							
Replacement of Switchgear	-	800	-	-	-	-	800
Replacement of Suction Piping	-	1,000	500	-	-	-	1,500
Landline Pipeline Refurbishment		500	500	500	-	-	1,500
Offshore Pipeline Refurbishment		4,000	3,000	1,000	1,000	-	9,000
FY2021-2025 Business Plan	-	6,300	4,000	1,500	1,000	-	12,800
FY2020-2024 Business Plan	-	-	-	-	-	-	-
Difference between the two Business Plan	-	6,300	4,000	1,500	1,000	-	12,800
B Line Connections							
Improvements & Refurbishments (552)	2,500	-	-	-	-	-	2,500
Replacement of B-Line Electrical Equipment	3,500						3,500
Upgrade of B-Line (Mech, Elect and Instrument)	524	18,000	15,000	3,000			36,524
							-
FY2021-2025 Business Plan	6,524	18,000	15,000	3,000	-	-	42,524
FY2020-2024 Business Plan	6,000	-	-	-	-	-	6,000
Difference between the two Business Plan	524	18,000	15,000	3,000	-	-	36,524
DENSE EFFLUENT DISPOSAL							
Foskor Pump station and new C Line							
Improvements & Refurbishments (554)	1,571	-	-	-	-	-	1,571
Improvements & Refurbishments (556)	167	2,000	1,500	2,000	1,500		7,167
Booster Pump station	-	-	-	7,500	-	-	7,500
FY2021-2025 Business Plan	1,738	2,000	1,500	9,500	1,500	-	16,238
FY2020-2024 Business Plan	1,000	-	-	-	-	-	1,000
Difference between the two Business Plan	738	2,000	1,500	9,500	1,500	-	15,238
Centralised Services							
Acquire, Enhance, Upgrade and Integrate Core Financial and Related Business Systems	-	30,000	18,000				48,000
Central Renovations	1,251	300	200	-	-	-	750
Strategic Stock	2,500	7,500	5,000	5,000	5,000	5,000	30,000
Office Expansion at MW Head Office	310	14,690	-	-	-	-	16,001
Alternative Potable Water Supply	-	3,000					3,000
Upgrade of Standby Generator		2,000					2,000
Backup and Recovery Hardware and Servers		8,000					8,000
Small Items	7,385	2,683	176	321	1,520	620	12,705
FY2021-2025 Business Plan	11,884	68,173	23,376	5,321	6,520	5,620	120,894
FY2020-2024 Business Plan	33,497	12,863	117	250	1,450	-	48,117
Difference between the two Business Plan	-21,613	55,310	23,259	5,071	5,070	5,620	72,717
SUB-TOTAL	234,292	241,283	196,074	130,280	10,070	5,620	817,619
Capitalised interest	8,094	15,293	27,210	28,408	3,935	-	82,940
TOTAL CAPITAL EXPENDITURE	242,386	256,576	223,284	158,688	14,005	5,620	900,559



Table 41: Projected Statement of Capital ...continued

Projected Statement of Capital Expenditure	Estimate 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Total 2021 -2025
Year ending 30 June	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Expansion	208,867	30,746	700	7,700	200	-	248,213
Rehabilitation	18,110	35,483	23,676	8,071	4,870	620	90,830
Equipment	2,750	19,050	5,200	5,000	5,000	5,000	42,000
Information technology communication	-	30,000	18,000	-	-	-	48,000
Augmentation & upgrade	4,565	126,004	148,498	109,509	-	-	388,576
Total Capital before Interest	234,292	241,283	196,074	130,280	10,070	5,620	817,619
Capitalised interest	8,094	15,293	27,210	28,408	3,935	-	82,940
Total Capital after Interest	242,386	256,576	223,284	158,688	14,005	5,620	900,559

PROJECTED STATEMENT OF FINANCIAL POSITION

The Non-Current Assets of Mhlathuze Water have constantly increased in the past audited 4 years and they are projected to continue growing in line with the planned capital projects. The cash and cash equivalent is projected to remain constant as a result of planned long term borrowings to be utilised for capital projects.

Table 42: Statement of Financial Position

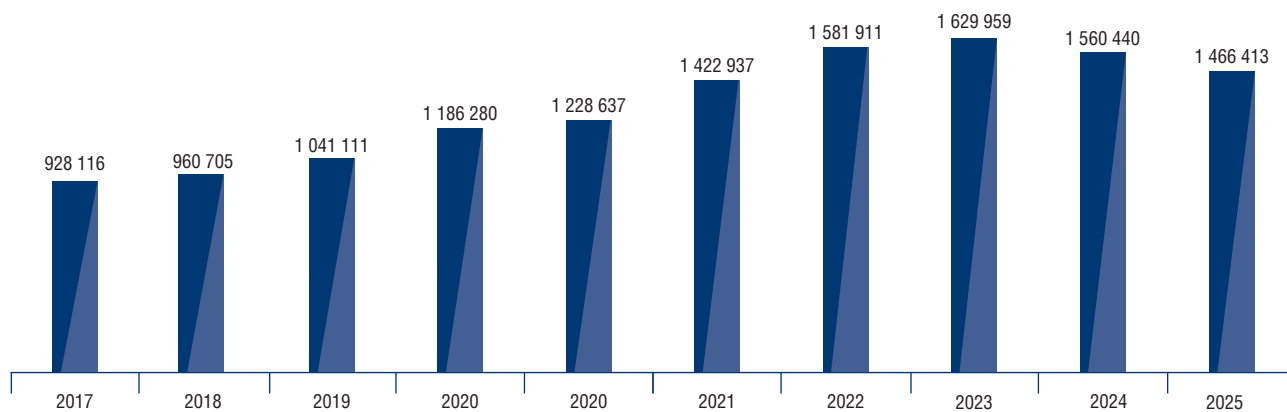
FIVE YEAR PROJECTIONS - STATEMENT OF FINANCIAL POSITION (R'000)										
Projected Statement of Financial Position for Year ending 30 June	Audited 2017	Audited 2018	Audited 2019	Budget 2020	Estimate 2020	Budget 2021	Budget 2021	Budget 2023	Budget 2024	Budget 2025
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ASSETS										
Current Assets										
Inventories	30,587	32,828	36,565	34,698	30,198	28,948	27,748	27,498	27,248	27,000
Receivables from exchange transactions	159,516	112,858	141,567	90,643	87,288	97,314	105,003	114,027	124,385	135,614
VAT receivable	-	-	3,071	-	2,956	5,505	4,635	3,261	4,421	1,286
Cash and cash equivalents - Primary activities	223,987	265,529	263,087	209,463	250,246	212,016	210,704	216,605	417,521	633,646
	414,090	411,215	444,290	334,805	370,688	343,783	348,090	361,391	573,575	797,546
Non-current assets										
Property, plant and equipment	921,471	955,813	1,038,654	1,181,637	1,226,180	1,390,480	1,531,454	1,595,502	1,541,983	1,463,956
Intangible assets	6,645	4,892	2,457	4,643	2,457	32,457	50,457	34,457	18,457	2,457
	928,116	960,705	1,041,111	1,186,280	1,228,637	1,422,937	1,581,911	1,629,959	1,560,440	1,466,413
Total assets	1,342,206	1,371,920	1,485,401	1,521,084	1,599,325	1,766,720	1,930,001	1,991,350	2,134,015	2,263,959
LIABILITIES										
Current liabilities										
Short term interest bearing borrowings	22,110	22,782	22,692	36,110	17,963	20,345	29,345	29,345	29,345	29,345
Payables from exchange transactions	125,910	94,369	131,390	52,408	91,363	116,469	116,019	112,848	129,466	115,002
VAT Payable	1,735	1,389	0	2,995	0	0	0	0	0	0
Employee benefit liability	13,206	16,645	16,825	6,955	17,330	18,171	19,625	21,195	22,891	24,722
Income received in advance	7,965	7,965	7,026	6,359	6,359	6,335	6,288	6,288	6,289	6,288
	170,926	143,150	177,933	104,827	133,015	161,320	171,277	169,676	187,991	175,357



Table 42: Statement of Financial Position

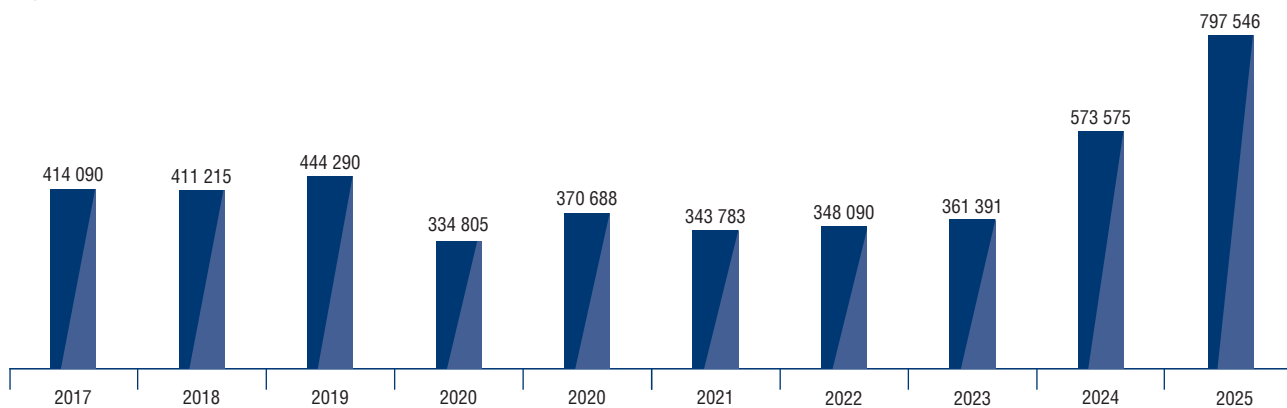
FIVE YEAR PROJECTIONS - STATEMENT OF FINANCIAL POSITION (R'000)										
Projected Statement of Financial Position for Year ending 30 June	Audited 2017	Audited 2018	Audited 2019	Budget 2020	Estimate 2020	Budget 2021	Budget 2021	Budget 2023	Budget 2024	Budget 2025
	R'000	R'000	R'000		R'000	R'000	R'000	R'000	R'000	R'000
Non-current liabilities										
Long term interest bearing borrowings	101,877	79,006	56,897	161,461	51,726	133,010	193,666	164,321	134,976	105,631
Employee benefit liability	258	32	0	257	0	0	0	0	0	0
Income received in advance	71,154	63,189	57,102	49,400	50,743	43,065	36,777	30,488	24,200	17,914
	173,289	142,227	113,998	211,119	102,469	176,075	230,443	194,809	159,176	123,545
Total liabilities	344,215	285,378	291,933	315,946	235,484	337,395	401,720	364,485	347,167	298,902
Net assets										
Reserves										
Capital replacement reserve	228,900	235,802	242,418	235,802	239,896	239,896	239,896	239,896	239,896	239,896
Business development reserve	16,220	17,601	18,805	17,601	20,122	20,122	20,122	20,122	20,122	20,122
Self-insurance reserve	8,768	9,514	10,165	9,514	10,876	10,876	10,876	10,876	10,876	10,876
Maintenance reserve	4,722	5,124	5,475	5,124	5,858	5,858	5,858	5,858	5,858	5,858
Environmental reserve	1,410	2,370	1,605	2,370	1,717	1,717	1,717	1,717	1,717	1,717
Accumulated surplus	737,970	816,131	915,000	934,727	1,085,372	1,150,856	1,249,812	1,348,396	1,508,379	1,686,588
Total net assets	997,990	1,086,542	1,193,467	1,205,138	1,363,841	1,429,325	1,528,281	1,626,865	1,786,848	1,965,057
Total net assets and liabilities	1,342,206	1,371,920	1,485,401	1,521,084	1,599,325	1,766,720	1,930,001	1,991,350	2,134,015	2,263,959

Figure 19: Non-Current Assets



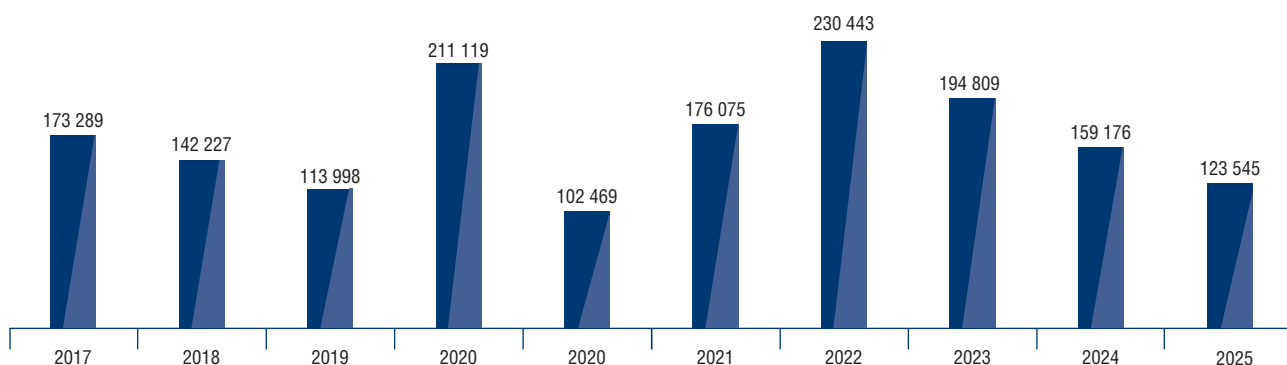
Non-Current Assets are projected to increase over the years in line with projected capital expenditure.

Figure 20: Current Assets



The current assets are projected to remain constant from FY2021 to 2023 and increase in the other years in line with decrease in planned capital projects.

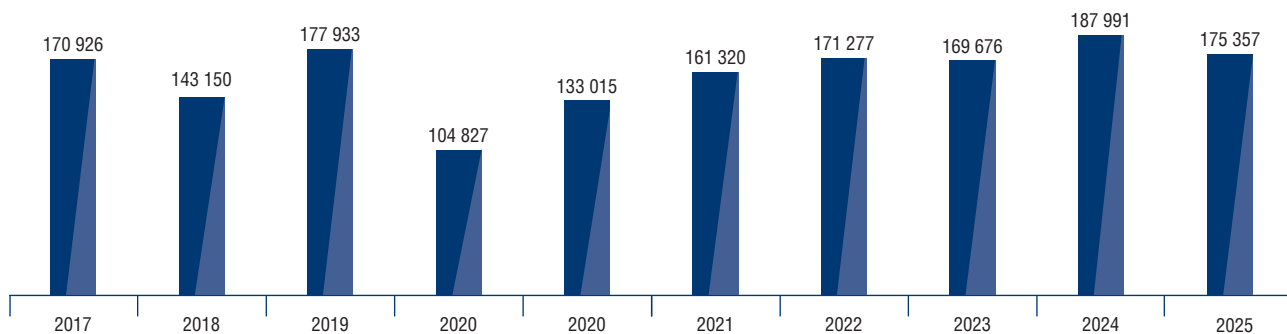
Figure 21: Non-Current Liabilities



The liability is expected to increase in FY2022 in line with the planned borrowing, thereafter decreasing as the existing loans mature.

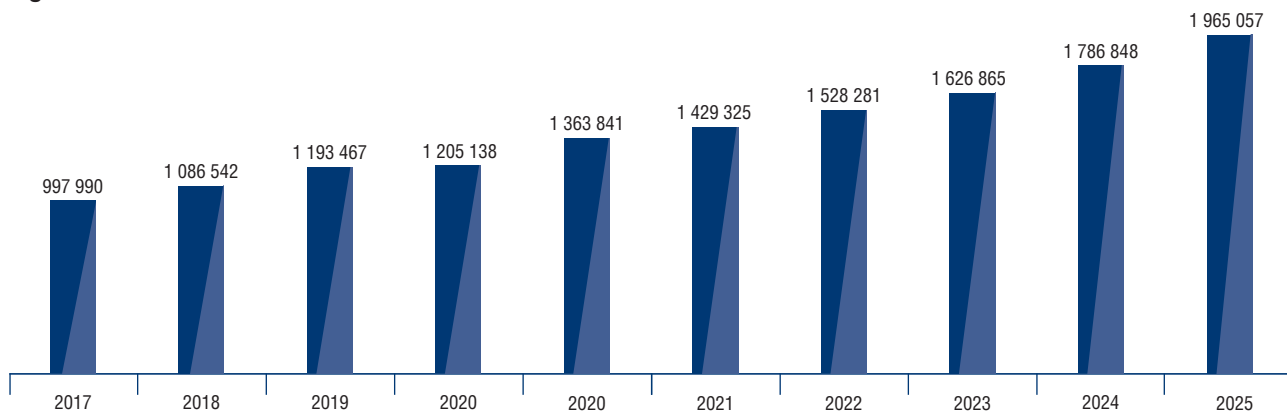


Figure 22: Current Liabilities



The current liabilities are projected to constant increase over 5 year period due to increase in short term loan portion, trade payable and employee benefits in comparison to FY2020 budget.

Figure 23: Net Assets Reserves



The Net Assets Reserves are projected to constantly increase as a result of expected surplus.



PROJECTED STATEMENT OF FINANCIAL PERFORMANCE

In FY2018/19 the sales volumes for Bulk and Waste Water increased, the increase in sales volume is projected to increase in line with new customer requirements and upgrade of plant capacity. The increase in sales volume is expected to result in an increase in revenue. The operating expenditure is projected to increase by CPI.

Table 43: Statement of Financial Performance

FIVE YEAR PROJECTIONS - STATEMENT OF FINANCIAL PERFORMANCE (R'000)										
Projected Statement of Financial Performance for the year ended 30 June	Audited 2017	Audited 2018	Audited 2019	Budget 2020	Estimate 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Volumes (kilolitres)	131,295	117,506	110,470	142,011	122,429	119,159	131,609	143,366	160,886	158,860
Revenue from exchange transactions										
Sale of goods and services	375,697	402,338	478,840	521,183	518,032	555,050	616,246	688,265	771,096	860,983
	-	-								
Cost of Sales	(148,782)	(151,941)	(183,765)	(296,993)	(220,354)	(211,360)	(226,387)	(243,590)	(255,758)	(292,162)
Bulk purchases	(44,315)	(44,378)	(63,069)	(61,713)	(56,084)	(64,043)	(67,886)	(71,959)	(76,277)	(80,853)
Electricity and water	(41,455)	(43,101)	(46,327)	(57,277)	(59,734)	(52,843)	(59,713)	(67,475)	(76,247)	(86,159)
Chemicals	(13,613)	(12,223)	(14,795)	(19,171)	(9,428)	(16,582)	(17,925)	(19,377)	(20,946)	(22,642)
Employee related costs	(13,982)	(13,769)	(13,283)	(89,868)	(48,571)	(22,758)	(24,123)	(25,571)	(27,105)	(28,731)
Depreciation	(35,418)	(38,469)	(46,290)	(68,964)	(46,537)	(55,134)	(56,739)	(59,208)	(55,183)	(73,776)
Gross Profit	226,916	250,397	295,075	224,190	297,678	343,690	389,859	444,674	515,338	568,821
Total Secondary activities	10,363	3,404	9,887	8,227	3,624	6,871	4,685	3,264	4,419	4,640
Sale of goods and services - Secondary activities	157,926	136,666	233,109	214,035	189,973	234,274	235,446	236,623	237,806	238,995
Expenditure - Secondary activities	(147,563)	(133,262)	(223,222)	(205,808)	(186,348)	(227,404)	(230,761)	(233,358)	(233,387)	(234,356)
	-	-								
Other income	14,407	17,392	19,962	12,524	20,587	12,298	12,928	17,865	26,470	17,390
Sundry income	761	1,436	2,610	-	2	-	-	-	-	-
Interest received - investment	13,646	15,956	17,352	12,524	20,586	12,298	12,928	17,865	26,470	17,390
Expenditure										
Employee related costs	(86,919)	(93,107)	(95,588)	(55,409)	(64,720)	(124,839)	(135,282)	(146,587)	(158,825)	(172,073)
Remuneration of board members	(2,679)	(620)	(3,274)	(4,783)	(4,932)	(7,256)	(7,837)	(8,464)	(9,141)	(9,872)
Depreciation and amortisation	(6,386)	(7,910)	(9,785)	(11,112)	(8,129)	(7,142)	(7,570)	(23,024)	(24,406)	(25,870)
Finance cost	(9,850)	(6,021)	(5,625)	(3,226)	(8,693)	(10,166)	(3,914)	(26,824)	(22,651)	(24,179)
Lease rentals on operating lease	(2,565)	(2,805)	(2,740)	(3,072)	(3,076)	(3,296)	(3,454)	(3,620)	(3,794)	(3,976)
Debt impairment	(293)	-	(20)	-	-	-	-	-	-	-
Repairs and maintenance	(23,633)	(18,908)	(30,109)	(39,644)	(12,695)	(42,456)	(44,494)	(46,630)	(48,868)	(51,214)
General expenses	(45,078)	(51,104)	(63,940)	(94,721)	(46,141)	(100,004)	(103,522)	(109,372)	(115,576)	(122,157)
Electricity and water	(2,026)	(1,914)	(2,076)	(2,937)	(2,937)	(1,368)	(1,546)	(1,747)	(1,975)	(2,231)
Chemicals	-	(797)	(829)	-	-	(847)	(898)	(951)	(1,009)	(1,069)
Total expenditure	(179,429)	(183,185)	(213,985)	(214,905)	(151,323)	(297,374)	(308,517)	(367,219)	(386,243)	(412,641)
Operating surplus	72,256	88,008	110,939	30,036	170,566	65,484	98,956	98,584	159,983	178,209
Gain/(loss) on disposal of assets	(2,815)	(6,059)	(4,014)	-	(194)	-	-	-	-	-
Surplus for the year	69,440	81,949	106,925	30,036	170,372	65,484	98,956	98,584	159,983	178,209



PROJECTED STATEMENT OF CASH FLOW

The table below provides an overview of the projected Statement of Cash for the next 5 years. Mhlathuze Water intends to utilise external funding for major capital projects and subsidise shortfall with internal funding.

Table 44: Statement of Cash Flow

FIVE YEAR PROJECTIONS - STATEMENT OF FINANCIAL PERFORMANCE (R'000)										
Cash flows from operating activities Year ending 30 June	Audited 2017	Audited 2018	Audited 2019	Budget 2020	Estimate 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash flow from operating activities										
Receipts										
Sale of goods and services	520,814	577,818	678,824	632,122	568,911	544,194	606,906	676,214	758,867	843,466
Interest received	13,646	15,955	17,352	12,524	20,586	12,298	12,928	17,865	26,470	17,390
	534,460	593,773	696,176	644,646	589,497	556,492	619,834	694,079	785,338	860,856
Payments										
Cash paid to employees	(115,929)	(143,959)	(147,383)	(158,331)	(113,291)	(147,597)	(159,405)	(172,157)	(185,930)	(200,804)
Cash paid to suppliers	(360,784)	(292,812)	(382,236)	(376,748)	(228,264)	(264,049)	(304,199)	(329,571)	(336,426)	(384,783)
Finance costs	(9,850)	(6,021)	(5,625)	(3,227)	(8,693)	(10,166)	(3,914)	(26,824)	(22,651)	(24,179)
Finance costs capitalised	(4,967)	(6,436)	(4,434)	(18,528)	(8,094)	(15,293)	(27,210)	-	-	-
	(491,530)	(449,228)	(539,678)	(556,834)	(358,341)	(437,104)	(494,728)	(528,552)	(545,007)	(609,766)
Net cash flows from operating activities	42,930	144,545	156,498	87,812	231,155	119,387	125,106	165,527	240,331	251,090
Net cash flows from investing activities										
Purchase of property, plant and equipment	(46,310)	(79,909)	(137,437)	(216,484)	(234,292)	(211,283)	(178,074)	(130,280)	(10,070)	(5,620)
Proceeds from sale of property, plant and equipment	85	-	852	-	194	-	-	-	-	-
Purchase of intangible assets	(2,786)	(895)	(156)	-	-	(30,000)	(18,000)	-	-	-
Net cash flows from investing activities	(49,011)	(80,804)	(136,741)	(216,484)	(234,098)	(241,283)	(196,074)	(130,280)	(10,070)	(5,620)
Cash flows from financing activities										
Proceeds (Repayment) of Long term borrowings	(22,199)	(22,199)	(22,198)	117,890	(9,900)	83,666	69,655	(29,345)	(29,345)	(29,345)
Net cash flows from financing activities	(22,199)	(22,199)	(22,198)	117,890	(9,900)	83,666	69,655	(29,345)	(29,345)	(29,345)
Net increase/(decrease in cash and cash equivalents	(28,280)	41,542	(2,442)	(10,781)	(12,842)	(38,230)	(1,312)	5,902	200,916	216,125
Cash and cash equivalents at beginning of year	252,267	223,987	265,529	220,245	263,087	250,246	212,016	210,704	216,605	417,521
Cash and cash equivalents at end of year	223,987	265,529	263,087	209,463	250,246	212,016	210,704	216,605	417,521	633,646

PROJECTED BORROWINGS

LONG-TERM BORROWINGS: TERMS AND CONDITIONS

Mhlathuze Water currently has long-term borrowings from Rand Merchant Bank (RMB) and Nedbank and they are both unsecured. Interest and Capital payments are paid bi-annually and MW has constantly met the agreed upon payment terms.

INFORMATION ON PROPOSED DOMESTIC BORROWINGS

New borrowings, as outlined in table below, will be sourced on the local finance market in the form of loans with fixed interest rates in FY2020/21 and FY2021/22. New funding will be sourced via open tenders.

Table 45: Maturity Profile of the Debt

Maturity Profile of Debt Repayments and Borrowings									
	Audited			Estimate	Projected				
	2017/18	2018/19		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Opening Long Term Borrowings	(146,009)	(123,899)	(101,790)	(79,591)	(69,689)	(153,355)	(223,010)	(193,666)	(164,321)
New Borrowings	-	-	-	-	(100,000)	(90,000)	-	-	-
Scheduled Repayments	22,110	22,110	22,692	17,963	20,345	29,345	29,345	29,345	29,345
Closing Loan Pool	(123,899)	(101,790)	(79,591)	(69,689)	(153,355)	(223,010)	(193,666)	(164,321)	(134,976)

Table 46: Amortisation of Proposed Long Term Loan

Proposed Long Term Borrowing	Proposed Year of Borrowing	Proposed Term of Borrowing	Projected Interest Rate	Estimated Capital Repayment Over the Term	Estimated Interest Payment over the Term	Estimated Total Repayment over the Term
R'000			%	R'000	R'000	R'000
100,000	2020/21	10 Years	11.54	100,000	60,533	160,533
90,000	2022/22	10 Years	11.54	90,000	54,479	144,479

INFORMATION ON PROPOSED FOREIGN BORROWING

No foreign borrowings are envisaged during this period. Appropriate approvals will be sought should foreign financing be required.

DEBT GUARANTEES BY THE GOVERNMENT

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

CONFIRMATION OF COMPLIANCE WITH LOAN COVENANTS

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

Proposed Borrowing Limits for the Period 2019/20 to 2021/22

Table 47: Proposed borrowing limits for period 2019/20 to 2021/22

Financial Year	Amount R'000
2019/20	57,570
2020/21	137,225
2021/22	197,880

The borrowing limit is based on Mhlathuze Water's borrowing requirements and the funding needed to meet operational demands.



FINANCIAL VIABILITY

GOING CONCERN

The Board has reasonable grounds to believe that the business has adequate resources to continue as a going concern for the foreseeable future. The following 5 year projections have also demonstrated that Mhlathuze Water will be able to operate for the foreseeable future. Mhlathuze Water has long-term agreements with its customers for bulk water and waste water. Based on the projected Cash Flow, Mhlathuze Water will have sufficient funds to honour both their short and long term commitments, is also demonstrated by the strong current ratio. Interest turnover ratio which demonstrates Mhlathuze Water's ability to service its debt is also strong at 20 times in FY2018/19 audited AFS and is projected to remain strong over the next 5 years.

14.4 FINANCE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021 – 2024/2025 TARGETS

Table 48: Finance Unit Pre-determined Objectives: 2020/2021 – 2024/2025 Targets

Statutory targets and strategic targets	Strategic Objective	To ensure the long term financial sustainability of the organisation												
		Output	Performance Indicator	Baseline				5 year target	Estimated performance					
				Audited actual performance					Audited 2 nd quarter performance	2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
				2016/2017	2017/2018	2018/2019	2019/2020							
SC6	Effective and Efficient Mechanisms to Ensure Financial Viability	Current ratio	2.35	2.78	2.50	3.14	4.55	2.13	2.03	2.13	3.05	4.55		
		Percentage of primary gross profit margin	60.40%	62.24%	61.62%	65.00%	66.07%	61.92%	63.26%	64.61%	66.83%	66.07%		
		Percentage of primary net profit margin	15.72%	19.52%	20.27%	32.00%	20.16%	10.56%	15.30%	13.85%	20.17%	20.16%		
		Debt equity ratio	0.26	0.16	0.12	0.10	0.15	0.24	0.26	0.22	0.19	0.15		
		Percentage of return on assets	3.76%	6.42%	7.79%	11.57%	7.87%	3.71%	5.13%	4.95%	7.50%	7.87%		
		Percentage of repairs and maintenance of PPE	3.00%	5.01%	3.74%	1.31%	4%	4%	4%	4%	4%	4%		
		Percentage of staff remuneration of total operating expenditure	12.00%	31.00%	23.97%	30.11%	30%	30%	30%	30%	30%	30%		
		Number of days to collect primary activities debts	60.00 days	43.36 days	44.77 days	43.00 days	45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days		
Number of days to collect secondary activities debts	60.00 days	43.36 days	44.77 days	43.00 days	45 days	Secondary activities debts collected within 45 days	Secondary activities debts collected within 45 days	Secondary activities debts collected within 45 days	Secondary activities debts collected within 45 days	Secondary activities debts collected within 45 days				
SC7	Increase BBBEE expenditure relatives to operational projects	Percentage of total procurement spent on BBBEE services providers	70.02%	53.14%	72.29%	83.55%	55%	55%	55%	55%	55%			
SC8	Manage cost within approved budget	Percentage of actual expenditure within total budget	Actual expenditure within 7.00% of total budget	Actual expenditure within 8.32% of total budget	Actual expenditure within 7.47% of total budget	17.30%	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget			

14.4 FINANCE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021 – 2024/2025 TARGETS ...continued

Table 48: Finance Unit Pre-determined Objectives: 2020/2021 – 2024/2025 Targets

Statutory targets and strategic targets	Strategic Objective	To ensure the long term financial sustainability of the organisation										
	Output	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited 2 nd quarter performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
SC9	Capital Expenditure Programme	Percentage of CAPEX spend against budget	-	80.75%	99.49%	24.96%	90%	90%	90%	90%	90%	90%
SC10	Engagement in secondary activities	Percentage of growth in turnover secondary activities	0.25%	25.35%	10.00%	-27.10%	2.5%	0.5%	0.5%	0.5%	0.5%	0.5%
MW22	Approved tariff increase	Percentage of approved tariff increase : Raw water: City	6.50%	10.24%	11.66%	13.77%	10.56%	10.57%	10.31%	10.32%	11.05%	10.56%
		Percentage of approved tariff increase : Raw water: Industries	6.50%	14.43%	12.99%	14.48%	12.22%	10.63%	12.91%	12.53%	12.79%	12.22%
		Percentage of approved tariff increase : Potable water: City	6.50%	10.20%	9.59%	13.24%	10.73%	10.77%	10.46%	10.52%	11.15%	10.73%
		Percentage of approved tariff increase : Potable water: Industries:	6.50%	14.08%	12.48%	14.17%	11.77%	11.77%	12.97%	12.67%	12.84%	12.56%
		Percentage of approved tariff increase : A-Line	6.50%	7.00%	8.36%	12.23%	11.49%	11.49%	9.77%	10.46%	10.99%	10.68%
		Percentage of approved tariff increase : B-Line	7.00%	7.00%	9.97%	14.77%	11.82%	11.82%	10.89%	11.86%	12.34%	11.73%
Statutory targets and strategic targets	Strategic Objective	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All										
	Output	Performance Indicator	Baseline				5 year target	Estimated performance				
			Audited actual performance			Audited 2 nd quarter performance		2020/2021 Target	2021/2022 Target	2022/2023 Target	2023/2024 Target	2024/2025 Target
			2016/2017	2017/2018	2018/2019							
SC7	Increase BBBEE expenditure relatives to operational projects	Percentage of total procurement spent on BBBEE services providers	70.02%	53.14%	72.29%	83.55%	55%	55%	55%	55%	55%	55%
MW23	SMMEs paid within turnaround time	Percentage of SMME suppliers paid within 14 days	-	-	75.00%	43.13%	100%	100%	100%	100%	100%	100%
MW24	Invoices paid within 30 days of receipts	Percentage of invoices paid within 30 days of receipts	-	-	-	82.00%	100%	100%	100%	100%	100%	100%



14.4 FINANCE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021 – 2024/2025 TARGETS ...continued

Table 49: Finance Unit Pre-determined Objectives: 2019/2020 Targets

Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organisation								
	Output	Performance Indicator	Reporting Period	Activities	Annual Target	Quarterly Targets			
						1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Approved tariff increase	Percentage of approved tariff increase : Raw water: City	Quarterly	Review tariff of water services Planning Parameters Volumes Budget approval	10.57%	Nil	Nil	Nil	10.57%	
	Percentage of approved tariff increase : Raw water: Industries			10.63%	Nil	Nil	Nil	10.63%	
	Percentage of approved tariff increase : Raw water: Industries			10.77%	Nil	Nil	Nil	10.77%	
	Percentage of approved tariff increase : Potable water: Industries:			11.77%	Nil	Nil	Nil	11.77%	
	Percentage of approved tariff increase : A-Line			11.49%	Nil	Nil	Nil	11.49%	
	Percentage of approved tariff increase : B-Line			11.82%	Nil	Nil	Nil	11.82%	
Effective and efficient mechanisms to ensure financial sustainability and viability	Percentage of actual expenditure within total budget	Quarterly	Collect information from the financial management system	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	Actual expenditure within 10% of total budget	
Effective and efficient mechanisms to ensure financial sustainability and viability	Number of days to collect primary activities debts	Quarterly	Collect debt progressively	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	Primary activities debts collected within 45 days	
	Number of days to collect Secondary activities debts	Quarterly	Collect debt progressively	Secondary activities debts collected within 45 days	Secondary activities debts collected within 45 days	Secondary activities debts collected within 45 days	Secondary activities debts collected within 45 days	Secondary activities debts collected within 45 days	
Effective and efficient mechanisms to ensure financial sustainability and viability	% of staff remuneration of total operating expenditure	Quarterly	Collect information from the financial management system	30%	30%	30%	30%	30%	
Effective and efficient mechanism to ensure financial sustainability and viability	Current ratio	Quarterly	Meet financial ratios to determine financial viability as per SHC Collection of debtors on time Invest cash to get best interest rate Adhere to cash flow projection Pay creditors on time	2.13	2.13	2.13	2.13	2.13	
Effective and efficient mechanism to ensure financial sustainability and viability	Percentage of primary gross profit margin	Quarterly	Adhere to procurement plan Ensure responsible spending	61.92%	61.92%	61.92%	61.92%	61.92%	
Effective and efficient mechanism to ensure financial sustainability and viability	Percentage of primary net profit margin	Quarterly	Monitor cost and ensure that all cost incurred are within specified Budget	10.56%	10.56%	10.56%	10.56%	10.56%	
Effective and efficient mechanism to ensure financial sustainability and viability	Debt equity ratio	Quarterly	Use cash available before borrowing Negotiate best interest rates on loans	0.24	0.24	0.24	0.24	0.24	

14.4 FINANCE UNIT PRE-DETERMINED OBJECTIVES: 2020/2021 – 2024/2025 TARGETS ...continued

Table 49: Finance Unit Pre-determined Objectives: 2019/2020 Targets

Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organisation							
Output	Performance Indicator	Reporting Period	Activities	Annual Target	Quarterly Targets			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Effective and efficient mechanism to ensure financial sustainability and viability	Percentage of return on assets	Quarterly	Link revenue growth to infrastructure investment	3.71%	3.71%	3.71%	3.71%	3.71%
Effective and efficient mechanism to ensure financial sustainability and viability	Percentage of growth in turnover secondary activities	Quarterly	Monitor the growth of secondary activities against previous financial year	0.50%	0.50%	0.50%	0.50%	0.50%
Effective and Efficient Mechanisms to Ensure Financial Viability	Percentage of repairs and maintenance of PPE	Quarterly	Collect information from the financial management system	4%	4%	4%	4%	4%
Capital Expenditure Programme	Percentage of CAPEX spend against budget	Quarterly	Identify, monitor and report on major infrastructural projects in the WIP register that are internally funded	90%	20%	40%	60%	90%
Strategic Objective	To Initiate and Build Relationships with Stakeholders to add Value for the Mutual Benefit of all							
Output	Performance Indicator	Reporting Period	Activities	Annual Target	Quarterly Targets			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Increase BBBEE expenditure relatives to operational projects	Percentage of total procurement spent on BBBEE services providers	Quarterly	Collect information from the financial management system	55%	55%	55%	55%	55%
SMMEs paid within turnaround time	Percentage of SMME suppliers paid within 14 days	Quarterly	Classify qualifying SMMEs according to levels Develop database for qualifying SMMEs	100%	100%	100%	100%	100%
Invoices paid within 30 days of receipts	Percentage of invoices paid within 30 days of receipts	Quarterly	Pay valid invoices within 30 days	100%	100%	100%	100%	100%



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS

ANNUAL TARGETS

CHIEF EXECUTIVE UNIT

MW Strategic Objective	Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All		
Output	Position MW as a Customer Centric Organization		
Targets Set for the Next Five Financial Years			
5-year target: 5 Stakeholder indaba held by 30 June 2025	2020/2021: 1 Stakeholder indaba held by 30 June 2021	2021/2022: 1 Stakeholder indaba held by 30 June 2022	
	2022/2023: 1 Stakeholder indaba held by 30 June 2023	2023/2024: 1 Stakeholder indaba held by 30 June 2024	
	2024/2025: 1 Stakeholder indaba held by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of Stakeholder Indaba held		
Short Definition	Stakeholder Indaba is a high level event for the executive management to engage with the primary and secondary stakeholders on operational matters.		
Purpose of Indicator	To account for the number of Stakeholder Indaba held with primary & secondary stakeholders.		
Type of Indicator	Quantitative Output indicator		
Desired Performance	To strengthen stakeholder working relations and align activities		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Corporate Communications	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Invitation; Attendance register, Programme of the event, approved Stakeholder; concept documents and Stakeholder Indaba report, photographs from the event		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All		
Output	Position MW as a Customer Centric Organization		
Targets Set for the Next Five Financial Years			
5-year target: 20 Stakeholder engagements held by 30 June 2025	2020/2021: 4 Stakeholder engagements held by 30 June 2021	2021/2022: 4 Stakeholder engagements held by 30 June 2022	
	2022/2023: 4 Stakeholder engagements held by 30 June 2023	2023/2024: 4 Stakeholder engagements held by 30 June 2024	
	2024/2025: 4 Stakeholder engagements held by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of Stakeholder engagements held		
Short Definition	Engagements with key stakeholders in order to strengthen partnerships between MW and other organisations, especially our clients		
Purpose of Indicator	To account for the number of stakeholder engagements held with key stakeholders to strengthen partnerships.		
	To ensure that the Chief Executive has working relations with our stakeholders executive management.		
	In order for the Chief Executive to have a platform to engage stakeholders on all strategic matters in ensuring that our planning is aligned to that our clients.		
Type of Indicator	Quantitative Output indicator		
Desired Performance	Stakeholder engagements held to strengthen partnerships with stakeholders		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Office of the CE	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Invitation, Attendance register, Stakeholder Engagement report		
System used to Capture and Archive Data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CHIEF EXECUTIVE UNIT ...continued

MW Strategic Objective	Initiate and Build Relationship with Stakeholders to Add Value for the Mutual Benefit of All		
Output	External stakeholders informed on MW programmes, projects and service through media Engagements		
Targets Set for the Next Five Financial Years			
5-year Target: 80 media initiatives conducted by 30 June 2025	2020/2021: 16 media initiatives conducted by 30 June 2021	2021/2022: 16 media initiatives conducted by 30 June 2022	
	2022/2023: 16 media initiatives conducted by 30 June 2023	2023/2024: 16 media initiatives conducted by 30 June 2024	
	2024/2025: 16 media initiatives conducted by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of media initiatives conducted		
Short Definition	Media initiatives are mechanisms to communicate or convey information. Media initiatives include editorials, press releases, opinion pieces, advertisements and interviews		
Purpose of Indicator	To measure the number of MW media initiatives that enhance stakeholder's understanding on MW programmes, projects and services		
Type of Indicator	Quantitative outputs indicator		
Desired Performance	16 media initiatives conducted		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Communication	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Published articles/ editorials/ opinion pieces/ compact disk of the interview		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All		
Output	MW positioned as a brand through Marketing initiatives		
Targets Set for the Next Five Financial Years			
5-year Target: 20 marketing initiatives conducted by 30 June 2025	2020/2021: 4 marketing initiatives conducted by 30 June 2021	2021/2022: 4 marketing initiatives conducted by 30 June 2022	
	2022/2023: 4 marketing initiatives conducted by 30 June 2023	2023/2024: 4 marketing initiatives conducted by 30 June 2024	
	2024/2025: 4 marketing initiatives conducted by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	Simple count of marketing initiative conducted against the plans		
Indicator Title	Number of marketing initiatives conducted		
Short Definition	Marketing initiatives are marketing tools through exhibitions, career guidance, sponsorships, electronic advertising, advertorials and participation at national and provincial government events		
Purpose of Indicator	To measure the number of marketing initiatives conducted by MW		
Type of Indicator	Quantitative outputs indicator		
Desired Performance	4 marketing initiatives conducted		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Corporate Communication	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Either photographs/ approved proposal or paper/ attendance register/ published advertorial		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CHIEF EXECUTIVE UNIT ...continued

MW Strategic Objective	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All		
Output	Rural Development Support in line with the organisation's mandate		
Targets Set for the Next Five Financial Years			
5-year target: 10 projects implemented in municipalities by 30 June 2025	2020/2021: 2 projects implemented in municipalities by 30 June 2021	2021/2022: 2 projects implemented in municipalities by 30 June 2022	
	2022/2023: 2 projects implemented in municipalities by 30 June 2023	2023/2024: 2 projects implemented in municipalities by 30 June 2024	
	2024/2025: 2 projects implemented in municipalities by 30 June 2025		
Target Status	New	X	Continuous, has significantly Changed
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of projects implemented in municipalities		
Short Definition	Support provided to municipalities to enhance rural development within KwaZulu-Natal. NB: According to the National Development Plan, rural development refers to any intervention that improves the quality of lives of people within the rural areas (which includes but not limited to) women, youth, and people with disabilities.		
Purpose of Indicator	To account for the number of projects implemented in municipalities		
Type of Indicator	Quantitative output indicator		
Desired Performance	Projects implemented in municipalities		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Office of the CE	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Minutes of meeting or resolutions capturing the discussions Meeting agendas Signed MoUs Letter of appointment Letter of appreciation Practical completion certificate Photos		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All		
Output	Corporate Social Investment (CSI) Initiatives in line with the organisation's mandate		
Targets Set for the Next Five Financial Years			
5-year target: 20 CSI initiatives undertaken by 30 June 2025	2020/2021: 4 CSI initiatives undertaken by 30 June 2021	2021/2022: 4 CSI initiatives undertaken by 30 June 2022	
	2022/2023: 4 CSI initiatives undertaken by 30 June 2023	2023/2024: 4 CSI initiatives undertaken by 30 June 2024	
	2024/2025: 4 CSI initiatives undertaken by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of CSI initiatives undertaken		
Short Definition	CSI initiatives includes MW's activities that assist communities		
Purpose of Indicator	To account for the number of CSI initiatives undertaken		
Type of Indicator	Quantitative Output indicator		
Desired Performance	4 CSI initiatives undertaken		
Indicator Responsibility	Department	Owner	
	Executive	Company Secretary	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	EXCO approved list beneficiaries Support letters to beneficiaries Proof of items procured Appreciation notes Photos		
System used to Capture and Archive Data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CHIEF EXECUTIVE UNIT ...continued

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Board Effectiveness		
Targets Set for the Next Five Financial Years			
5-year target: 80% attendance of Board members at Board meetings by 30 June 2025	2020/2021: 80% attendance of Board members at Board meetings by 30 June 2021	2021/2022: 80% attendance of Board members at Board meetings by 30 June 2022	
	2022/2023: 80% attendance of Board members at Board meetings by 30 June 2023	2023/2024: 80% attendance of Board members at Board meetings by 30 June 2024	
	2024/2025: 80% attendance of Board members at Board meetings by 30 June 2025		
Target Status	New	X	Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	Number of Board members attending x 100 = % attendance Total number of Board members		
Indicator Title	Percentage of attendance of Board members at Board meetings		
Short Definition	Acceptable attendance rate		
Purpose of Indicator	To account for the average attendance rate		
Type of Indicator	Quantitative Output indicator		
Desired Performance	80% Attendance of Board committee members		
Indicator Responsibility	Department	Owner	
	Executive	Company Secretary	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Board members appointment letters, Board terms of reference, attendance register of the Board meeting		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All		
Output	Bulk supply agreements concluded with municipalities/other customers		
Targets Set for the Next Five Financial Years			
5-year target: 9 Bulk supply agreements in place by 30 June 2025	2020/2021: 7 bulk supply agreements in place by 30 June 2021	2021/2022: 7 bulk supply agreements in place by 30 June 2022	
	2022/2023: 7 bulk supply agreements in place by 30 June 2023	2023/2024: 8 bulk supply agreements in place by 30 June 2024	
	2024/2025: 9 bulk supply agreements in place by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of bulk supply agreements in place		
Short Definition	Service level agreements are signed to legally formalise bulk supply provided to relevant municipalities/customers.		
	Bulk water supply agreements are determined by the number of customers for bulk water supply which are listed as follows: (1) City of uMhlathuze Water for Richards Bay (2) City of uMhlathuze Water for Empangeni (3) City of uMhlathuze Water for Esikhawini (4) City of uMhlathuze Water for Foskor (5) Tronox (6) Richards Bay Minerals (RBM) (7) Mondi		
Purpose of Indicator	To account for the number of bulk supply agreements in place		
Type of Indicator	Quantitative output indicator		
Desired Performance	Ensure 7 Bulk supply agreements are in place		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Strategy and Development	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	List of Service level agreements signed by MW and relevant municipalities/customers, Bulk supply agreements		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CHIEF EXECUTIVE UNIT ...continued

MW Strategic Objective	To Optimise Business Processes and Systems			
Output	Effective risk controls and management			
Targets Set for the Next Five Financial Years				
5-year target: 100% Implementation of fraud risk further action plans by 30 June 2025	2020/2021: 100% Implementation of fraud risk further action plans by 30 June 2021	2021/2022: 100% Implementation of fraud risk further action plans by 30 June 2022		
	2022/2023: 100% Implementation of fraud risk further action plans by 30 June 2023	2023/2024: 100% Implementation of fraud risk further action plans by 30 June 2024		
	2024/2025: 100% Implementation of fraud risk further action plans by 30 June 2025			
Target Status	New	Yes	Continuous, has Significantly Changed	No
	Continuous, without Change from the Previous Year	X		
Calculation Type	Cumulative		Non-cumulative	X
Calculation Details	Simple Count		Formula	X
Formula Used	Number of Fraud risk further action items implemented x 100 Total number of Fraud risk further action plans			
Indicator Title	Percentage of Implementation of fraud further action plans			
Short Definition	Fraud Risk Register with identified mitigation controls The action plans that are considered are for the current financial year.			
Purpose of Indicator	To identify and understand risks of Mhlathuze Water business and weaknesses in controls that present fraud risks to the organization.			
Type of Indicator	Quantitative output indicator			
Desired Performance	Ensure 100% Implementation of fraud risk action plans			
Indicator Responsibility	Department	Owner		
	Executive	Risk Specialist		
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved Fraud Risk Register with identified mitigation controls and Signed Quarterly progress reports on the implementation of Fraud Risk action plan			
System used to Capture and Archive Data	SharePoint			

MW Strategic Objective	To Optimise Business Processes and Systems			
Output	Effective risk controls and management			
Targets Set for the Next Five Financial Years				
5-year target: 100% Implementation of strategic risk further action plans by 30 June 2025	2020/2021: 100% Implementation of strategic risk further action plans by 30 June 2021	2021/2022: 100% Implementation of strategic risk further action plans by 30 June 2022		
	2022/2023: 100% Implementation of strategic risk further action plans by 30 June 2023	2023/2024: 100% Implementation of strategic risk further action plans by 30 June 2024		
	2024/2025: 100% Implementation of strategic risk further action plans by 30 June 2025			
Target Status	New		Continuous, has Significantly Changed	
	Continuous, without Change from the Previous Year	X		
Calculation Type	Cumulative		Non-cumulative	X
Calculation Details	Simple Count		Formula	X
Formula Used	Number of strategic risk further action items implemented x 100 Total number of strategic risk further action plans = % Implementation of strategic risk further action items			
Indicator Title	Percentage implementation of strategic risk further action plans			
Short Definition	Implementation of Strategic Risk Register with identified mitigation The action plans that are considered are for the current financial year.			
Purpose of Indicator	To identify, assess and manage the risks in the organization's business strategy including taking swift action when risks are realized.			
Type of Indicator	Quantitative Output indicator			
Desired Performance	Ensure 100% Implementation of strategic risk further action plans			
Indicator Responsibility	Department	Owner		
	Executive	Risk Specialist		
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator				
Source Data	Approved Strategic Risk Register with identified mitigation controls and Signed Quarterly progress reports on the implementation of Strategic Risk Register action plans.			
System used to Capture and Archive Data	SharePoint			

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CHIEF EXECUTIVE UNIT ...continued

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Effective risk controls and management		
Targets Set for the Next Five Financial Years			
5-year target: 100% Implementation of operational risk further action plans by 30 June 2025	2020/2021: 100% Implementation of operational risk further action plans by 30 June 2021	2021/2022: 100% Implementation of operational risk further action plans 2020 by 30 June 2022	
	2022/2023: 100% Implementation of operational risk further action plans 2020 by 30 June 2023	2023/2024: 100% Implementation of operational risk further action plans by 30 June 2024	
	2024/2025: 100% Implementation of operational risk further action plans by 30 June 2025		
Target Status	New	Yes	Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	$\frac{\text{Number of operational risk further action items implemented}}{\text{Total number of operational risk further action items}} \times 100 = \% \text{ Implementation of operational risk further action items}$		
Indicator Title	Percentage Implementation of operational risk further action items		
Short Definition	Operational Risk register further actions identified to mitigation The action plans that are considered are for the current financial year.		
Purpose of Indicator	To implement operational risk assessment		
Type of Indicator	Quantitative Output indicator		
Desired Performance	Ensure 100% Implementation of operational risk action plans		
Indicator Responsibility	Department	Owner	
	Executive	Risk Specialist	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved Operational Risk Registers with identified mitigation controls and Signed Quarterly progress reports on the implementation of Operational Risk action item.		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Optimise Business Processes and Systems to be Compliant		
Output	Meeting statutory submission deadlines		
Targets Set for the Next Five Financial Years			
5-year target: 5 Business plan submitted as per compliance requirements by 15 April 2025	2020/2021: 1 Business plan submitted as per compliance requirements by 15 April 2021	2021/2022: 1 Business plan submitted as per compliance requirements by 15 April 2022	
	2022/2023: 1 Business plan submitted as per compliance requirements by 15 April 2023	2023/2024: 1 Business plan submitted as per compliance requirements by 15 April 2024	
	2024/2025: 1 Business plan submitted as per compliance requirements by 15 April 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of approved business plans submitted as per compliance requirements		
Short Definition	<p>The business plan translates MW priorities determined by EXCO into actionable plans with clear objectives, activities, and performance measurements.</p> <p>Compliance requirements are stipulated in the following legislation:</p> <ul style="list-style-type: none"> Water Services Act, 1997, Section 40 Public Finance Management Act, Act 1 of 1999 (as amended) 		
Purpose of Indicator	To account and meet statutory submission deadlines		
Type of Indicator	Quantitative Output indicator		
Desired Performance	All Statutory documents submitted on time		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Performance Monitoring and Evaluation	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved minutes/documented resolution taken Proof of submission Approved business plan		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CHIEF EXECUTIVE UNIT ...continued

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Meeting statutory submission deadlines		
Targets Set for the Next Five Financial Years			
5-year target: 5 Shareholder compact submitted as per compliance requirements by 15 April 2025	2020/2021: 1 Shareholder compact submitted as per compliance requirements by 15 April 2021	2021/2022: 1 Shareholder compact submitted as per compliance requirements by 15 April 2022	
	2022/2023: 1 Shareholder compact submitted as per compliance requirements by 15 April 2023	2023/2024: 1 Shareholder compact submitted as per compliance requirements by 15 April 2024	
	2024/2025: 1 Shareholder compact submitted as per compliance requirements by 15 April 2025		
Target Status	New		Continuous, has Significantly Changed X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of approved Shareholder Compact submitted as per compliance requirements		
Short Definition	Shareholder compact is a compliance template signed by the Chairperson of the Board and Minister of Water and Sanitation. It a mechanism to translate MW priorities determined by the Board into actionable plans with clear objectives, activities, performance measurements and resource commitments.		
	Compliance requirements are stipulated in the following regulations and legislation: <ul style="list-style-type: none"> Water Services Act, 1997, Section 40 Public Finance Management Act, Act 1 of 1999 (as amended) National Treasury Draft Framework for Corporate Planning and Shareholder's Compact, 2002, Section 29.1 		
Purpose of Indicator	To account and meet statutory submission deadlines		
Type of Indicator	Quantitative Output indicator		
Desired Performance	All Statutory documents submitted on time		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Performance Monitoring and Evaluation	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved minutes/documented resolution taken		
	Proof of submission		
	Approved shareholders compact		
System used to Capture and Archive Data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CHIEF EXECUTIVE UNIT ...continued

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Meeting statutory submission deadlines		
Targets Set for the Next Five Financial Years			
5-year target: 20 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year	2020/2021: 4 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year	2021/2022: 4 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year	
	2022/2023: 4 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year	2023/2024: 4 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year	
	2024/2025: 4 MW quarterly reports submitted as per compliance requirements on the 30th day after the end of the financial year		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of approved quarterly reports submitted as per compliance requirements		
Short Definition	Performance reports are used to monitor and report on MW priorities determined by EXCO and the Board		
	Compliance requirements are stipulated in the following regulations and legislation: <ul style="list-style-type: none"> National Treasury Instruction No. 2 of 2014/2015 Guidelines on the Preparation of Quarterly Reports for Public Entities and Constitutional Institution, 2017 Quarterly Reporting Guidelines for Department of Water and Sanitation Water Entities		
Purpose of Indicator	To account and meet statutory submission deadlines		
Type of Indicator	Quantitative Output indicator		
Desired Performance	All Statutory documents submitted on time		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Performance Monitoring and Evaluation	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved minutes/documented resolution taken		
	Proof of submission		
	Approved quarterly reports		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CHIEF EXECUTIVE UNIT ...continued

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Meeting statutory submission deadlines		
Targets Set for the Next Five Financial Years			
5-year target: 5 Annual report submitted as per compliance requirements by 30 October 2025	2020/2021: 1 Annual report submitted as per compliance requirements by 30 October 2021	2021/2022: 1 Annual report submitted as per compliance requirements by 30 October 2022	2023/2024: 1 Annual report submitted as per compliance requirements by 30 October 2024
	2022/2023: 1 Annual report submitted as per compliance requirements by 30 October 2023	2024/2025: 1 Annual report submitted as per compliance requirements by 30 October 2025	
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of approved annual reports submitted as per compliance requirements		
Short Definition	Annual report provides consolidated performance information on MW priorities determined by EXCO and the Board. Compliance requirements are stipulated in the following regulations and legislation: <ul style="list-style-type: none"> Water Services Act, 1997, Section 40 Public Finance Management Act, Act 1 of 1999 (as amended) 		
Purpose of Indicator	To account and meet statutory submission deadlines		
Type of Indicator	Quantitative Output indicator		
Desired Performance	All Statutory documents submitted on time		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Performance Monitoring and Evaluation	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved minutes/documented resolution taken Proof of submission Approved annual report		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Unqualified report		
Targets Set for the Next Five Financial Years			
5-year target: Clean audit opinion by 30 October 2025	2020/2021: Unqualified audit opinion by 30 October 2021	2021/2022: Unqualified audit opinion by 30 October 2022	2023/2024: Clean audit opinion by 30 October 2024
	2022/2023: Unqualified audit opinion by 30 October 2023	2024/2025: Clean audit opinion by 30 October 2025	
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	N/A	Non-cumulative
Calculation Details	Simple Count	N/A	Formula
Formula Used	N/A		
Indicator Title	External audit reports		
Short Definition	Unqualified opinion indicates that the financial statements are free from material misstatements and there are no material findings on reported performance objectives or non-compliance with legislation		
Purpose of Indicator	To account for the implementation of corrective measures		
Type of Indicator	Qualitative Output indicator		
Desired Performance	Unqualified opinion		
Indicator Responsibility	Department	Owner	
	Executive	Internal Auditor	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	External audit report		
System used to Capture and Archive Data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CHIEF EXECUTIVE UNIT ...continued

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Effective internal controls		
Targets Set for the Next Five Financial Years			
5-year target: 5 Three-year strategic internal audit plan by 31 December 2025	2020/2021: 1 Three-year strategic internal audit plan by 31 December 2021	2021/2022: 1 Three-year strategic internal audit plan by 31 December 2022	
	2022/2023: 1 Three-year strategic internal audit plan by 31 December 2023	2023/2024: 1 Three-year strategic internal audit plan by 31 December 2024	
	2024/2025: 1 Three-year strategic internal audit plan by 31 December 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of three-year strategic internal audit plan		
Short Definition	Audit plan is used to report on audit progress and track progress on the implementation of a risk based audit approach		
Purpose of Indicator	To account for the implementation of risk based audit approach		
Type of Indicator	Qualitative outputs indicator		
Desired Performance	Ensure risks are identified and mitigated, including enhancing controls		
Indicator Responsibility	Department	Owner	
	Executive	Internal Auditor	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved 3 year Strategic Rolling Internal Audit Plan by Finance, Audit and Risk Committee		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Corrective measures for internal audit findings		
Targets Set for the Next Five Financial Years			
5-year Target: 0 unresolved internal audit findings by 30 June 2025	2020/2021: 0 unresolved internal audit findings by 30 June 2021	2021/2022: 0 unresolved internal audit findings by 30 June 2022	
	2022/2023: 0 unresolved internal audit findings by 30 June 2023	2023/2024: 0 unresolved internal audit findings by 30 June 2024	
	2024/2025: 0 unresolved internal audit findings by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of unresolved internal audit findings		
Short Definition	Unresolved internal audit findings that relate to non-financial and financial data		
Purpose of Indicator	To account for unresolved internal audit findings		
Type of Indicator	Quantitative Output indicator		
Desired Performance	Ensure 0 unresolved internal audit findings		
Indicator Responsibility	Department	Owner	
	Executive	Internal Auditor	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Internal audit report		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CHIEF EXECUTIVE UNIT ...continued

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Corrective measures for internal audit findings		
Targets Set for the Next Five Financial Years			
5-year Target: 0 repeat internal audit findings by 30 June 2025	2020/2021: 0 repeat internal audit findings by 30 June 2021	2021/2022: 0 repeat internal audit findings by 30 June 2022	
	2022/2023: 0 repeat internal audit findings by 30 June 2023	2023/2024: 0 repeat internal audit findings by 30 June 2024	
	2024/2025: 0 repeat internal audit findings by 30 June 2025		
Target Status	New	X	Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of repeat internal audit findings		
Short Definition	Repeat internal audit findings that relate to non-financial and financial data		
Purpose of Indicator	To account for repeat internal audit findings		
Type of Indicator	Quantitative Output indicator		
Desired Performance	0 repeat internal audit findings		
Indicator Responsibility	Department	Owner	
	Executive	Internal Auditor	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Internal audit report		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Ensure the Long –Term Financial Sustainability of the Organization		
Output	Good governance		
Targets Set for the Next Five Financial Years			
5-year target: 0 Breaches of materiality and significant framework for 2019/2020 by 30 June 2025	2020/2021: 0 Breaches of materiality and significant framework for 2019/2020 by 30 June 2021	2021/2022: 0 Breaches of materiality and significant framework for 2020/2021 by 30 June 2022	
	2022/2023: 0 Breaches of materiality and significant framework for 2019/2020 by 30 June 2023	2023/2024: 0 Breaches of materiality and significant framework for 2019/2020 by 30 June 2024	
	2024/2025: 0 Breaches of materiality and significant framework for 2019/2020 by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year		
		X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count		Formula X
Formula Used	N/A		
Indicator Title	Number of breaches of materiality and significance framework		
Short Definition	The average of all amounts that exceed the percentage determined by the framework for materiality and significance is counted as breach of materiality. Any amount that exceeds the % determined by the framework is considered as breach of materiality. This is determined after an external audit.		
Purpose of Indicator	To monitor the instance of irregular, fruitless and wasteful expenditure that could results in non-compliance with Materiality and Significant framework against the MW threshold of 1% gross revenue.		
Type of Indicator	Quantitative output indicator		
Desired Performance	Ensure Zero instances of irregular, fruitless and wasteful expenditure that exceeds materiality of 1% of gross revenue by end of 30 June 2021		
Indicator Responsibility	Department	Owner	
	Executive	Manager: Strategy and Development	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved annual financial statement		
System used to Capture and Archive Data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CORPORATE SERVICES UNIT

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent		
Output	Optimal staff retention		
Targets Set for the Next Five Financial Years			
5-year target: 8% staff turnover by 30 June 2025	2020/2021: 8% staff turnover by 30 June 2021	2021/2022: 8% staff turnover by 30 June 2022	
	2022/2023: 8% staff turnover by 30 June 2023	2023/2024: 8% staff turnover by 30 June 2024	
	2024/2025: 8% staff turnover by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	Number of unplanned staff losses/exits during the current period/average YTD staff complement) x 100 x number of months passed in the year/12 = % of staff turnover		
Indicator Title	Percentage of staff turnover		
Short Definition	Refers to the number or percentage of employees leaving the organisation in a given period of time but prior to the anticipated end of their contracts (Unplanned termination of employment by employer or employee)		
Purpose of Indicator	To measure the staff turnover rate		
Type of Indicator	Quantitative Output Indicator		
Desired Performance	Staff turnover rate must be below 8% projected rate		
Indicator Responsibility	Department	Owner	
	Corporate Services	Manager: Human Resource	
Collection of data to enable effective reporting on the adopted Output measure/indicator			
Source Data	Approved termination forms, approved headcount report, staff turnover report		
System used to capture and archive data	SharePoint		

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent		
Output	Learners Trained and Equipped with Skills		
Targets Set for the Next Five Financial Years			
5-year target: 25 learners trained and equipped with skills by 30 June 2025	2020/2021: 5 learners trained and equipped with skills by 30 June 2021	2021/2022: 5 learners trained and equipped with skills by 30 June 2022	
	2022/2023: 5 learners trained and equipped with skills by 30 June 2023	2023/2024: 5 learners trained and equipped with skills by 30 June 2024	
	2024/2025: 5 learners trained and equipped with skills by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of learners trained and equipped with skills		
Short Definition	Learnership is a SETA aligned programme for beneficiaries to get exposure on theory and practical experience with the purpose of getting a recognised qualification		
Purpose of Indicator	To measure the number learnerships awarded		
Type of Indicator	Quantitative output indicator		
Desired Performance	Learnership programme implemented		
Indicator Responsibility	Department	Owner	
	Corporate Services	Manager: Human Resource	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Signed SETA agreements, letter of appointment/study assistance agreement		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CORPORATE SERVICES UNIT ...continued

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent		
Output	Graduate trainees participating in the graduate training programme		
Targets Set for the Next Five Financial Years			
5-year target: 4 graduate trainees participating in the Graduate Training Programme (graduates from previous FY) by 30 June 2025	2020/2021: 4 graduate trainees participating in the Graduate Training Programme (graduates from previous FY) by 30 June 2021	2021/2022: 4 graduate trainees participating in the Graduate Training Programme (graduates from previous FY) by 30 June 2022	
	2022/2023: 4 graduate trainees participating in the Graduate Training Programme (graduates from previous FY) by 30 June 2023	2023/2024: 4 graduate trainees participating in the Graduate Training Programme (graduates from previous FY) by 30 June 2024	
	2024/2025: 4 graduate trainees participating in the Graduate Training Programme (graduates from previous FY) by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of graduate trainees participating in the Graduate Training Programme		
Short Definition	Graduate Training Programme train learners to become professionals in their career by equipping them with skills and work experience.		
Purpose of Indicator	To measure the number of trainee graduates		
Type of Indicator	Quantitative Output indicator		
Desired Performance	Graduate trainees participating in the Graduate Training Programme		
Indicator Responsibility	Department	Owner	
	Corporate Services	Manager: Human Resource	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Employment contract/approved quarterly progress reports		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent		
Output	MW Employees trained and equipped with skills		
Targets Set for the Next Five Financial Years			
5-year target: 3 new internal bursaries awarded to MW employees by 30 June 2024	2020/2021: 3 new internal bursaries awarded to MW employees by 30 June 2021	2021/2022: 3 new internal bursaries awarded to MW employees by 30 June 2022	
	2022/2023: 3 new internal bursaries awarded to MW employees by 30 June 2023	2023/2024: 3 new internal bursaries awarded to MW employees by 30 June 2024	
	2024/2025: 3 new internal bursaries awarded to MW employees by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	x	Non-cumulative X
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of new internal bursaries awarded to MW employees.		
Short Definition	Bursaries awarded to MW employees to equip them with the required skills to get a recognised qualification.		
Purpose of Indicator	To measure the number of internal bursaries awarded		
Type of Indicator	Quantitative Output indicator		
Desired Performance	MW employees participates on the Internal Bursary Programme		
Indicator Responsibility	Department	Owner	
	Corporate Services	Manager: Human Resource	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Tertiary institution acceptance letter, Approved application forms for study assistance, acknowledgement of debt		
System used to Capture and Archive Data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CORPORATE SERVICES UNIT ...continued

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent		
Output	Approved Vacant Positions Filled within Turnaround Time on Recruitment		
Targets Set for the Next Five Financial Years			
5-year target: 100% Approved vacant positions filled within 90 days by 30 June 2025	2020/2021: 100% Approved vacant positions filled within 90 days by 30 June 2021	2021/2022: 100% Approved vacant positions filled within 90 days by 30 June 2022	
	2022/2023: 100% Approved vacant positions filled within 90 days by 30 June 2023	2023/2024: 100% Approved vacant positions filled within 90 days by 30 June 2024	
	2024/2025: 100% Approved vacant positions filled within 90 days by 30 June 2025		
Target Status	New	X	Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	$\frac{\text{Number of approved vacancies filled within 90 days}}{\text{Total number of the approved vacancies}} \times 100 = \% \text{ approved vacant positions}$ <p>This covers the period from approval of filling of the position until acceptance of the offer of employment and excludes the rejected offers and positions that are officially placed on hold. Only Mhlathuze Water positions on approved staff complement are considered.</p>		
Indicator Title	Percentage of approved vacant positions filled within 90 days		
Short Definition	Approved vacancies filled within 90 days after the approval		
Purpose of Indicator	To measure the number of vacant positions filled within the turnaround time of 90 days on recruitment. Positions must be filled to ensure that all sections are adequately resourced to meet the objectives of the organisation		
Type of Indicator	Quantitative output indicator		
Desired Performance	All approved positions are filled within an average of 90 days to meet performance standards		
Indicator Responsibility	Department	Owner	
	Corporate Services	Manager: Human Resource	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved Staff requisition forms, accepted Offer of Employment, recruitment tracking schedule		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Resource the Organisation with the Required Skills and Competence to Deliver the Strategic Intent		
Output	MW internship programme that equips youth with the required skills that will assist them to be professional		
Targets Set for the Next Five Financial Years			
5-year target: 40 graduates appointed in the MW internship programme by 30 June 2025	2020/2021: 8 graduates appointed in the MW internship programme by 30 June 2021	2021/2022: 8 graduates appointed in the MW internship programme by 30 June 2022	
	2022/2023: 8 graduates appointed in the MW internship programme by 30 June 2023	2023/2024: 8 graduates appointed in the MW internship programme by 30 June 2024	
	2024/2025: 8 graduates appointed in the MW internship programme by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of graduates appointed in the MW internship programme		
Short Definition	Internship is a programme for beneficiaries to get exposure on practical experience in order to be employable.		
Purpose of Indicator	To measure the number of internships awarded		
Type of Indicator	Quantitative Output indicator		
Desired Performance	Internship positions must be filled to ensure that all sections are adequately resourced to meet the objectives of the organisation.		
Indicator Responsibility	Department	Owner	
	Corporate Services	Manager: Human Resource	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Either approved staff requisition forms/appointment letters/internship contracts/agreements		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

CORPORATE SERVICES UNIT ...continued

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Alignment of processes and systems		
Targets Set for the Next Five Financial Years			
5-year target: 100% of identified core IT systems implemented by 30 June 2025	2020/2021: 100% of identified core IT systems implemented by 30 June 2021	2021/2022: 100% of identified core IT systems implemented by 30 June 2022	
	2022/2023: 100% of identified core IT systems implemented by 30 June 2023	2023/2024: 100% of identified core IT systems implemented by 30 June 2024	
	2024/2025: 100% of identified core IT systems implemented by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	Count Number of core systems implemented x 100 Total core systems identified = % of identified core business systems implemented		
Indicator Title	Percentage of identified core IT systems implemented		
Short Definition	Core IT systems support business processes, and software applications that is applicable to ensure efficiency, reliability and integrity. The identified core IT systems implemented are Dynamics AX, Labware LIMS, VIP Payroll, Maximo		
Purpose of Indicator	To optimise business systems and processes		
Type of Indicator	Qualitative output indicator		
Desired Performance	Integrated business systems and processes		
Indicator Responsibility	Department	Owner	
	Corporate Services	Manager: Information Technology	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Software licences, user profiles and audit log activities		
System used to Capture and Archive Data	SharePoint		

MW Strategic	To Optimise Business Processes and Systems		
Output	Zero default judgements against Mhlathuze Water		
Targets Set for the Next Five Financial Years			
5-year target: Zero default judgement against the organisation by 2025	2020/2021: Zero default judgement against the organisation by 2021	2021/2022: Zero default judgement against the organisation by 2022	
	2022/2023: Zero default judgement against the organisation by 2023	2023/2024: Zero default judgement against the organisation by 2024	
	2024/2025: Zero default judgement against the organisation by 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of default judgements against the organisation		
Short Definition	It is the judgement granted by the court against MW if MW representative is not at court		
Purpose of Indicator	To ensure that there are no default judgements against Mhlathuze Water		
Type of Indicator	Quantitative		
Desired Performance	Ensure zero judgments taken against the Organization		
Indicator Responsibility	Department	Owner	
	Executive	Legal Advisor	
Collection of data to enable effective reporting on the adopted Output measure/indicator			
Source Data	Signed default judgement report		
System used to capture and archive data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

OPERATIONS

MW Strategic Objective	To Improve Efficiency Through Technology and Best Practices		
Output	Manage Avoidable Water Losses		
Targets Set for the Next Five Financial Years			
5-year target: 2.5% Avoidable water losses on water abstracted by 30 June 2025	2020/2021: 5% Avoidable water losses on water abstracted by 30 June 2021	2021/2022: 5% Avoidable water losses on water abstracted by 30 June 2022	
	2022/2023: 4% Avoidable water losses on water abstracted by 30 June 2022	2023/2024: 3% Avoidable water losses on water abstracted by 30 June 2024	
	2024/2025: 2.5% Avoidable water losses on water abstracted by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	$\frac{\text{Volume of unaccounted for water}^* \times 100}{\text{Total raw water abstracted}} = \% \text{ water losses}$ <p>*Volume of unaccounted for water = total raw water abstracted – accounted for water# #Accounted for water = process waste water + domestic usage + water supplied</p>		
Indicator Title	Percentage of avoidable water losses on water abstracted		
Short Definition	The indicator measures the amount of preventable water loss in the plant (during the treatment process) due to reservoir overflows, leaks etc. This water loss is reported as a percentage of the total amount of raw (untreated) water abstracted from the available sources (the Weir and/or the Lake) and pumped to the plant for treatment/purification.		
Purpose of Indicator	To measure the water losses from the water treatment process as a result of inefficiencies		
Type of Indicator	Quantitative Output indicator		
Desired Performance	Water losses must not exceed 5%		
Indicator Responsibility	Department	Owner	
	Operations and Maintenance	Manager: Operations	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved monthly log sheets (flow meter readings and pump hours) Water balance spreadsheet, monthly reports Flow meter readings are the primary method used for quantifying the volume of water pumped. However the volume can also be quantified using a combination of pump hours and pump capacity. Hour meters on the pump indicate the number of hours that each pump has been in operation. Pump capacity is based on the volume that a pump can deliver as a function of time, i.e. cubic metres per hour (m ³ /h). From this information the pumped volumes are calculated using the formula below:		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Grow the Provision of Water Services		
Output	Reliability of Water Supply		
Targets Set for the Next Five Financial Years			
5-Year target: 15 instances of unplanned supply interruptions exceeding 24 hours (1 day) by 30 June 2025	2020/2021: 3 instances of unplanned supply interruptions exceeding 24 hours (1 day) by 30 June 2021	2021/2022: 3 instances of unplanned supply interruptions exceeding 24 hours (1 day) by 30 June 2022	
	2022/2023: 3 instances of unplanned supply interruptions exceeding 24 hours (1 day) by 30 June 2023	2023/2024: 3 instances of unplanned supply interruptions exceeding 24 hours (1 day) by 30 June 2024	
	2024/2025: 3 instances of unplanned supply interruption exceeding 24 hours (1 day) by 30 June 2025		
Target Status	New	X	Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of instances of unplanned supply interruptions exceeding 24 hours (1 day)		
Short Definition	Supply interruptions referrers to water supply (Weir Pump Station and Nsezi WTP) and effluent disposal (WWDS) services Only unplanned plant interruptions exceeding 24 hrs are accounted for in this target Planned plant shutdowns are not plant interruptions. This only applies to infrastructure/assets owned by Mhlathuze Water		
Purpose of Indicator	To measure prolonged unplanned supply interruptions in order to ensure reliability of supply		
Type of Indicator	Quantitative Output indicator		
Desired Performance	No unplanned interruptions should exceed 24 hours		
Indicator Responsibility	Department	Owner	
	Operations	Manager: Maintenance	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Call out forms, approved maintenance performance indicator spreadsheet		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

OPERATIONS ...continued

MW Strategic Objective	To Grow the Provision of Water Services		
Output	Existing infrastructure maintained to ensure plant availability		
Targets Set for the Next Five Financial Years			
5-year target: 95% plant availability based on operating hours by 30 June 2025	2020/2021: 95% Plant availability based on operating hours by 30 June 2021	2021/2022: 95% Plant availability based on operating hours by 30 June 2022	
	2022/2023: 95% plant availability based on operating hours by 30 June 2023	2023/2024: 95% plant availability based on operating hours by 30 June 2024	
	2024/2025: 95% plant availability based on the operating hours by 30 June 2025		
Target status	New		Continuous, has significantly changed
	Continuous, without change from the previous year	X	
Calculation type	Cumulative		Non-cumulative X
Calculation details	Simple count		Formula X
Formula used	Number of uptime hours x 100 = % Plant availability Total worked hours		
Indicator title	Percentage of plant availability based on operating hours		
Short definition	Conducting maintenance activities to ensure 99% plant availability		
Purpose of indicator	To measure plant availability based on operating hours		
Type of indicator	Quantitative Output indicator		
Desired performance	Plant availability should not be below 95%		
Indicator responsibility	Department	Owner	
	Operations	Manager: Maintenance	
Collection of data to enable effective reporting on the adopted Output measure / indicator			
Source data	Maintenance performance indicator spreadsheet		
System used to capture and archive data	SharePoint, MAXIMO		

MW Strategic Objective	To Grow the Provision of Water Services		
Output	Availability of the Thukela Goedetrouw (TG) Scheme		
Targets Set for the Next Five Financial Years			
5-year target: 95% Scheme availability based on operating hours by 30 June 2025	2020/2021: 80% Scheme availability based on operating hours by 30 June 2021	2021/2022: 90% Scheme availability based on operating hours by 30 June 2022	
	2022/2023: 90% Scheme availability based on operating hours by 30 June 2023	2023/2024: 95% Scheme availability based on operating hours by 30 June 2024	
	2024/2025: 95% Scheme availability based on operating hours by 30 June 2025		
Target status	New	X	Continuous, has significantly changed
	Continuous, without change from the previous year		
Calculation type	Cumulative		Non-cumulative X
Calculation details	Simple count		Formula X
Formula used	Number of uptime hours x 100 = % Scheme availability Total worked hours		
Indicator title	Percentage of scheme availability based on operating hours		
Short definition	Conducting maintenance activities to ensure 80% scheme availability		
Purpose of indicator	To measure scheme availability based on operating hours		
Type of indicator	Quantitative Output indicator		
Desired performance	Scheme availability should not be below 80%		
Indicator responsibility	Department	Owner	
	Operations	Manager: Maintenance	
Collection of data to enable effective reporting on the adopted Output measure / indicator			
Source data	Maintenance performance indicator spreadsheet		
System used to capture and archive data	SharePoint, MAXIMO		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

OPERATIONS ...continued

MW Strategic Objective	To be Proactive in Issues Related to Health, Safety, Security and the Environment		
Output	Health and Safety of employees		
Targets Set for the Next Five Financial Years			
5-year target: 0.5 Disabling injury frequency rate by 30 June 2025	2020/2021: 0.5 Disabling injury frequency rate by 30 June 2021	2021/2022: 0.5 Disabling injury frequency rate by 30 June 2022	
	2022/2023: 0.5 Disabling injury frequency rate by 30 June 2023	2023/2024: 0.5 Disabling injury frequency rate by 30 June 2024	
	2024/2025: 0.5 Disabling injury frequency rate by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	(Number of Incidents) X 200 000 (Number of Man hours worked for 12 months) = DIFR		
Indicator Title	Disabling injury frequency rate (DIFR)		
Short Definition	Injuries on duty which require medical treatment by a medical practitioner and resulting in loss of working hours due to hospitalisation or death		
Purpose of Indicator	To account for the number of injuries at work resulting in hospitalisation or death		
Type of Indicator	Quantitative		
Desired Performance	Disabling injury frequency rate must be 0.5 or less		
Indicator Responsibility	Department	Owner	
	Operations	Specialist: Health and Safety	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Federated employers (FEM) mutual assurance IOD form, FEM statistics, Occupational health practitioner referral report, approved MANCO report		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To be Proactive in Issues Related to Health, Safety, Security and the Environment		
Output	Measures in place to reduce disaster risks		
Targets Set for the Next Five Financial Years			
5-year target: 5 Disaster Management Plan by 30 June 2025	2020/2021: 1 Disaster Management Plan by 30 June 2021	2021/2022: 1 Disaster Management Plan by 30 June 2022	
	2022/2023: 1 Disaster Management Plan by 30 June 2023	2023/2024: 1 Disaster Management Plan by 30 June 2024	
	2024/2025: 1 Disaster Management Plan by 30 June 2025		
Target Status	New	X	Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of Disaster Management Plans prepared		
Short Definition	Disaster management plan is to enhance the capacity of the Mhlathuze Water to prevent and to deal with disaster and to avoid developments which are subject to high risk of disaster. The Disaster Management Plan is to be seen as an information guide to the relevant role players.		
Purpose of Indicator	To account for the number of Disaster Management Plans prepared		
Type of Indicator	Quantitative		
Desired Performance	Disaster Management Plans prepared and approved		
Indicator Responsibility	Department	Owner	
	Operations	GM: Operations	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved Disaster Management Plans		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

SCIENTIFIC SERVICES

MW Strategic Objective	To be Proactive in Issues Related to Health, Safety, Security and the Environment		
Output	Compliance with SANS 241:2015 water quality standard for potable water		
Targets set for the next five financial year			
5-year target: 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2025	2020/2021: 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2021	2021/2022: 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2022	
	2022/2023: 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2023	2023/2024: 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2024	
	2024/2025: 97% water quality compliance with SANS 241: 2015 standard for Nsezi WTP by 30 June 2025		
Target status	New		Continuous, has significantly changed
	Continuous, without change from the previous year	X	
Calculation type	Cumulative		Non-cumulative X
Calculation details	Simple count		Formula X
Formula used	Number of tests passed x 100 = Percentage compliance to water quality standard Total number of tests conducted		
Indicator title	Percentage compliance to water quality standard		
Short definition	Compliance with SANS 241:2015 drinking water quality standard		
Purpose of indicator	To measure compliance to the requirements of the water quality standard		
Type of indicator	Quantitative output indicator		
Desired performance	Ensure water quality compliance is not less than 97%		
Indicator responsibility	Department	Owner	
	Scientific Services	Chemist	
Collection of data to enable effective reporting on the adopted output measure / indicator			
Source data	Run sheets, exported data, LIMS report		
System used to capture and archive data	SharePoint, LIMS		

MW Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment		
Output	Compliance with Coastal Water's Discharge Permit		
Targets set for the next five financial year			
5-year target: 100% effluent quality compliance CWDP for A and C lines by 30 June 2025	2020/2021: 100% effluent quality compliance CWDP for A and C lines by 30 June 2021	2021/2022: 100% effluent quality compliance CWDP for A and C lines by 30 June 2022	
	2022/2023: 100% effluent quality compliance CWDP for A and C lines by 30 June 2023	2023/2024: 100% effluent quality compliance CWDP for A and C lines by 30 June 2024	
	2024/2025: 100% effluent quality compliance CWDP for A and C lines by 30 June 2025		
Target status	New		Continuous, has significantly changed
	Continuous, without change from the previous year	X	
Calculation type	Cumulative		Non-cumulative X
Calculation details	Simple count		Formula X
Formula used	Number of tests passed x 100 = Percentage of quality compliance with CWDP Total number of tests conducted		
Indicator title	Percentage of quality compliance with CWDP		
Short definition	Compliance with effluent quality permit		
Purpose of indicator	To measure compliance to the requirements of the effluent discharge permit		
Type of indicator	Quantitative output indicator		
Desired performance	Ensure combined effluent quality compliance is not less than 100%		
Indicator responsibility	Department	Owner	
	Scientific Services	Chemist	
Collection of data to enable effective reporting on the adopted output measure / indicator			
Source data	Run sheets, exported data, LIMS report		
System used to capture and archive data	I:Drive, SharePoint, LIMS		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

SCIENTIFIC SERVICES ...continued

MW Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment		
Output	ISO 17025 laboratory management system standard accreditation maintained		
Targets set for the next five financial year			
5-year target: 1 ISO 17025 accreditation maintained by 30 June 2025	2020/2021: 1 accreditations maintained by 30 June 2021	2021/2022: 1 accreditations maintained by 30 June 2022	2022/2023: 1 accreditations maintained by 30 June 2023
	2023/2024: 1 accreditations maintained by 30 June 2024	2024/2025: 1 accreditations maintained by 30 June 2025	
Target status	New		Continuous, has significantly changed
	Continuous, without change from the previous year	X	
Calculation type	Cumulative		Non-cumulative X
Calculation details	Simple count	X	Formula
Formula used	N/A		
Indicator title	Number of accreditations retained on laboratory management system		
Short definition	Accreditation indicating that MW laboratory complies to the requirements of ISO 17025 standard		
Purpose of indicator	Ensure compliance to ISO 17025 requirements		
Type of indicator	Quantitative output indicator		
Desired performance	Accreditation maintained		
Indicator responsibility	Department	Owner	
	Scientific Services	Manager: SHEQ	
Collection of data to enable effective reporting on the adopted output measure / indicator			
Source data	ISO 17025 Certificate		
System used to capture and archive data	SharePoint		

MW Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment		
Output	Maintain ISO 9001, 14001, OHSAS 18001 Certifications		
Targets set for the next five financial year			
5-year target: 3 Certifications maintained by 30 June 2025	2020/2021: 3 Certifications maintained by 30 June 2021	2021/2022: 3 Certifications maintained by 30 June 2022	2022/2023: 3 Certifications maintained by 30 June 2023
	2023/2024: 3 Certifications maintained by 30 June 2024	2024/2025: 3 Certifications maintained by 30 June 2025	
Target status	New		Continuous, has significantly changed
	Continuous, without change from the previous year	X	
Calculation type	Cumulative		Non-cumulative X
	Simple count	X	Formula
Formula used	N/A		
Indicator title	Number of compliance certifications maintained		
Short definition	Certifications indicating that MW complies to the requirements of ISO 9001, 14001 & OHSAS 18001 standards		
Purpose of indicator	To measure compliance to the requirements of ISO 9001, 14001 & OHSAS 18001 standards		
Type of indicator	Quantitative output indicator		
Desired performance	All three certifications maintained		
Indicator responsibility	Department	Owner	
	Scientific Services	Manager: SHEQ	
Collection of data to enable effective reporting on the adopted output measure / indicator			
Source data	ISO 9001, 14001 & OHSAS 18001 Certificates		
System used to capture and archive data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

SCIENTIFIC SERVICES ...continued

MW Strategic Objective	To be pro-active on issues relating to health, safety, security and the environment		
Output	Obtain ISO 50001 certification		
Targets set for the next five financial year			
5-year target: 2023/2024: 1 Certification Obtained & Maintained by 30 June 2025	2020/2021: 1 Certification Obtained & Maintained by 30 June 2021	2021/2022: 1 Certification Obtained & Maintained by 30 June 2022	
	2022/2023: 1 Certification Obtained & Maintained by 30 June 2023	2023/2024: 1 Certification Obtained & Maintained by 30 June 2024	
	2024/2025: 1 Certification Obtained & Maintained by 30 June 2025		
Target status	New	X	Continuous, has significantly changed
	Continuous, without change from the previous year		
Calculation type	Cumulative		Non-cumulative X
	Simple count	X	Formula
Formula used	N/A		
Indicator title	Number of compliance certifications obtained		
Short definition	Certification indicating that MW complies to the requirements of ISO 50001 standard		
Purpose of indicator	To measure compliance to the requirements of ISO 50001 standard		
Type of indicator	Quantitative output indicator		
Desired performance	One certification obtained		
Indicator responsibility	Department	Owner	
	Scientific Services	Manager: SHEQ	
Collection of data to enable effective reporting on the adopted output measure / indicator			
Source data	ISO 50001 Certificate		
System used to capture and archive data	SharePoint		

MW Strategic Objective	To Grow Provision of Water Services		
Output	Improve Knowledge Hub, Evidence and Innovation through Research and Development		
Targets Set for the Next Five Financial Years			
5-year target: 1 Research and development initiatives conducted by 30 June 2025	2020/2021: 1 Research and development initiative conducted by 30 June 2021	2021/2022: 1 Research and development initiative conducted by 30 June 2022	
	2022/2023: 1 Research and development initiative conducted by 30 June 2023	2023/2024: 1 Research and development initiative conducted by 30 June 2024	
	2024/2025: 1 Research and development initiative conducted by 30 June 2025		
Target Status	New	X	Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of research and development initiatives conducted		
Short Definition	R & D Strategy implementation		
Purpose of Indicator	Monitor R & D Strategy implementation		
Type of Indicator	Quantitative		
Desired Performance	Research and development initiatives conducted		
Indicator Responsibility	Department	Owner	
	Scientific Services	GM: Scientific Services	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved reports		
System used to Capture and Archive Data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

SCIENTIFIC SERVICES ...continued

MW Strategic Objective	To grow the provision of water services		
Output	Improve Knowledge Hub and innovation through R&D		
Targets Set for the Next Five Financial Years			
5-year target: 5 Research and development initiatives conducted by 30 June 2025	2020/2021: 1 Research and development initiatives conducted by 30 June 2021	2021/2022: 1 Research and development initiatives conducted by 30 June 2022	
	2022/2023: 1 Research and development initiatives conducted by 30 June 2023	2023/2024: 1 Research and development initiatives conducted by 30 June 2024	
	2024/2025: 1 Research and development initiatives conducted by 30 June 2025		
Target Status	New	X	Continuous, has significantly changed
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of research and development initiatives conducted		
Short Definition	R & D Strategy implementation		
Purpose of Indicator	Monitor R & D Strategy implementation		
Type of Indicator	Quantitative		
Desired Performance	Research and development initiatives conducted		
Indicator Responsibility	Department	Owner	
	Scientific Services	GM: Scientific Services	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved reports		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To grow the provision of water services		
Output	Improve Knowledge Hub and innovation through R&D		
Targets Set for the Next Five Financial Years			
5-year target: 3 Research and development initiative recommendations implemented by 30 June 2025	2020/2021: Nil	2021/2022: Nil	
	2022/2023: 1 Research and development initiative recommendations implemented by 30 June 2023	2023/2024: 1 Research and development initiative recommendations implemented by 30 June 2024	
	2024/2025: 1 Research and development initiative recommendations implemented by 30 June 2025		
Target Status	New	X	Continuous, has significantly changed
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of research and development initiative recommendations implemented		
Short Definition	Research papers considered are those with recommendations		
Purpose of Indicator	Measure the number of research and development initiative recommendations implemented		
Type of Indicator	Quantitative output indicator		
Desired Performance	Research and development initiative recommendations implemented		
Indicator Responsibility	Department	Owner	
	Scientific Services	GM: Scientific Services	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Finalised research papers with recommendations, report on implemented recommendations		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

SCIENTIFIC SERVICES ...continued

MW Strategic Objective	To grow provision of water services		
Output	Improve Knowledge Hub and innovation through R&D		
Targets Set for the Next Five Financial Years			
5-year target: 5 Research paper finalised by 30 June 2025	2020/2021: 1 Research paper finalised by 30 June 2021	2021/2022: 1 Research paper finalised by 30 June 2022	
	2022/2023: 1 Research paper finalised by 30 June 2023	2023/2024: 1 Research paper finalised by 30 June 2024	
	2024/2025: 1 Research paper finalised by 30 June 2025		
Target Status	New	X	Continuous, has significantly changed
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of research papers finalised		
Short Definition	Research papers considered are published or presented at conferences		
Purpose of Indicator	Measure the number of research papers finalised		
Type of Indicator	Quantitative output indicator		
Desired Performance	Research papers finalised		
Indicator Responsibility	Department	Owner	
	Scientific Services	GM: Scientific Services	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Finalised research papers, copy of publication, conference agenda/ electronic/ manual confirmation of acceptance		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Grow Provision of Water Services (Section 30 activities)		
Output	Engagement in secondary laboratory activities		
Targets set for the next five financial year			
5-year target: 45% of growth in Laboratory Revenue by 30 June 2025	2020/2021: 5% of growth in Laboratory Revenue by 30 June 2021	2021/2022: 10% of growth in Laboratory Revenue by 30 June 2022	
	2022/2023: 10% of growth in Laboratory Revenue by 30 June 2023	2023/2024: 10% of growth in Laboratory Revenue by 30 June 2024	
	2024/2025: 10% of growth in Laboratory Revenue by 30 June 2025		
Target status	New		Continuous, has significantly changed
	Continuous, without change from the previous year	X	
Calculation type	Cumulative	X	Non-cumulative
	Simple count		Formula
Formula used	$\frac{(\text{Lab Income for Current Year} - \text{Lab Income for Previous Year}) / \text{Lab Income for Previous Year} \times 100}{\text{Lab Income for Current Year} - \text{Price Increase needs to removed}}$ $\text{Lab Income for Previous Year} - \text{Monthly average income for previous year} \times \text{month to date (e.g. January = 1, February = 2 etc.)}$		
Indicator title	Percentage of growth in Laboratory Revenue		
Short definition	Growth in Laboratory Revenue (Real growth excluding annual price increases)		
Purpose of indicator	To measure growth in Laboratory Revenue		
Type of indicator	Quantitative output indicator		
Desired performance	Increase laboratory revenue (Real growth excluding annual price increases)		
Indicator responsibility	Department	Owner	
	Scientific Services	GM: Scientific Services	
Collection of data to enable effective reporting on the adopted output measure / indicator			
Source data	Financial Statements & Reports		
System used to capture and archive data	AX, SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

TECHNICAL SERVICES

MW Strategic Objective	To Grow the Provision of Water Services		
Output	Capital expenditure programme		
Targets Set for the Next Five Financial Years			
5-year target: 100% of Capital projects completed within targeted dates by 30 June 2025	2020/2021: 100% of Capital projects completed within targeted dates by 30 June 2021	2021/2022: 100% of Capital projects completed within targeted dates by 30 June 2022	
	2022/2023: 100% of Capital projects completed within targeted dates by 30 June 2023	2023/2024: 100% of Capital projects completed within targeted dates by 30 June 2023	
	2024/2025: 100% of Capital projects completed within targeted dates by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	Non-cumulative	X
Calculation Details	Simple Count	Formula	X
Formula Used	$\frac{\text{Number of Capital projects completed on planned completion dates}}{\text{Number of total Capital projects to be completed over the period}} \times 100 = \% \text{ Capital projects completed within target date}$		
Indicator Title	Percentage of Capital projects completed within targeted dates		
Short Definition	Internal projects completed against approved completion date by General Manager: Technical Services		
Purpose of Indicator	Infrastructure needs are provided for timeously		
Type of Indicator	Quantitative Output indicator		
Desired Performance	Improved rate of projects completed within budget and on time		
Indicator Responsibility	Department	Owner	
	Technical Services	Manager: Programmes	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Consulting engineer's progress reports		
	Approved projects manager's progress report (for projects managed internally)		
	Approved internally funded projects spreadsheet		
System used to Capture and Archive Data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

TECHNICAL SERVICES ...continued

MW Strategic Objective	To Grow the Provision of Water Services		
Output	Implementation of Ministerial Directives		
Targets Set for the Next Five Financial Years			
5-year target: Nil	2020/2021: Nil	2021/2022: Nil	
	2022/2023: Nil	2023/2024: Nil	
	2024/2025: Nil		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	$\frac{\text{Number of implemented funded Ministerial Directives of projects} \times 100}{\text{Total funded Ministerial Directives}}$ =% of Ministerial directives implemented against allocated budget Projects implemented are as per Ministerial Directives		
Indicator Title	Percentage of Ministerial directives implemented against allocated budget		
Short Definition	Implementation is measured when the contractor has commenced construction on site. From the time the directive is received, the planning and procurement process is executed; once concluded implementation of Ministerial directives then commences. Only Ministerial Directives with confirmed budget from DWS. Budgets are allocated by DWS in the beginning of each financial year. Budget is confirmed by the first quarter of DWS's financial year for implementation during Mhlathuze Water's financial year. Emergency directives issued to Mhlathuze Water within the financial year and without confirmed budget are not included. Directives implementation is monitored by ensuring that Monthly Progress Reports, Consulting Engineers Reports and Completion Reports are in place.		
Purpose of Indicator	To account for implemented Ministerial Directives and cash flow projections		
Type of Indicator	Quantitative Output indicator		
Desired Performance	Improved rate of Ministerial directives projects completed within budget and on time		
Indicator Responsibility	Department	Owner	
	Technical Services	Manager: Programmes	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Ministerial Directive issued by DWS Consulting engineer's progress reports/ Projects manager's progress report (for projects managed internally) Externally funded projects spreadsheet/ Monthly Management Report		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Grow Provisions of Water Services		
Output	Temporary jobs created		
Targets Set for the Next Five Financial Years			
5-year target: 40 temporary jobs created through MW external programme by 30 June 2025	2020/2021: 40 temporary jobs created through MW external programme by 30 June 2021	2021/2022: Nil	
	2022/2023: Nil	2023/2024: Nil	
	2024/2025: Nil		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of temporary jobs created through MW external programme		
Short Definition	Jobs created through Section 29 and 30 activities projects are accounted for. Mhlathuze Water external programme includes all jobs created. Even jobs that were created on completed projects must still be accounted for when reporting during the financial year in which the project was completed.		
Purpose of Indicator	To account for MW external programme		
Type of Indicator	Quantitative Output indicator		
Desired Performance	Improved rate of jobs created		
Indicator Responsibility	Department	Owner	
	Technical Services	Manager: Programme	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Externally funded projects spreadsheet Monthly management report		
System used to Capture and Archive Data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

TECHNICAL SERVICES ...continued

MW Strategic Objective	To Grow Provisions of Water Services		
Output	Feasibility studies completed within targeted dates		
Targets Set for the Next Five Financial Years			
5-year target: 4 Feasibility studies completed within targeted dates by 30 June 2025	2020/2021: 2 Feasibility studies completed within targeted dates by 30 June 2021	2021/2022: 2 Feasibility studies completed within targeted dates by 30 June 2022	
	2022/2023: Nil	2023/2024: Nil	
	2024/2025: Nil		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count	X	Formula
Formula Used	N/A		
Indicator Title	Number of feasibility studies completed within targeted dates		
Short Definition	To conduct major infrastructure feasibility studies		
Purpose of Indicator	To enhance business planning and development		
Type of Indicator	Quantitative output indicator		
Desired Performance	Ensure 2 feasibility studies are completed within targeted dates		
Indicator Responsibility	Department	Owner	
	Technical Services	Manager: Programme	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Terms of reference, Completed feasibility study reports		
System used to Capture and Archive Data	SharePoint		

MW Strategic Objective	To Optimise Business Processes and Systems		
Output	Fixed assets digitised		
Targets Set for the Next Five Financial Years			
5-year target: 100% Fixed assets digitised by 30 June 2025	2020/2021: 100% Fixed assets digitised by 30 June 2021	2021/2022: 100% Fixed assets digitised by 30 June 2022	
	2022/2023: 100% Fixed assets digitised by 30 June 2023	2023/2024: 100% Fixed assets digitised by 30 June 2024	
	2024/2025: 100% Fixed assets digitised by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	$\frac{\text{Number of digitised fixed assets}}{\text{Total fixed assets}} \times 100 = \% \text{ Fixed assets digitised}$		
Indicator Title	Percentage of Fixed assets digitised		
Short Definition	The digitisation of infrastructure (civil, electrical & mechanical) assets for Nsezi, Alkandstrand and Weir Transfer scheme on a GIS system		
Purpose of Indicator	To account for monitoring of MW assets		
Type of Indicator	Outputs		
Desired Performance	Improved assets management by ensuring the exact location of MW assets		
Indicator Responsibility	Department	Owner	
	Technical Services	GIS Specialist	
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	GIS Shapefiles representing assets		
System used to Capture and Archive Data	Esri Suite – Arc GIS		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

FINANCE UNIT

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organisation		
Output	Effective and Efficient Mechanisms to Ensure Financial Viability		
Targets Set for the Next Five Financial Years			
5-year target: 4% repairs and maintenance of PPE by 30 June 2025	2020/2021: 4% repairs and maintenance of PPE by 30 June 2021		2021/2022: 4% repairs and maintenance of PPE by 30 June 2022
	2022/2023: 4% Repairs and maintenance of PPE by 30 June 2023		2023/2024: 4% Repairs and maintenance of PPE by 30 June 2024
	2024/2025: 4% Repairs and maintenance of PPE by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count		Formula X
Formula Used	Expenditure of repairs and maintenance for primary activities + ground maintenance x 100 PPE = % Repairs & maintenance of PPE for primary activities		
Indicator Title	Percentage of repairs and maintenance of PPE		
Short Definition	The maintenance of property, plant and equipment of Mhlathuze Water assets ground maintenance is land maintenance as stipulated in the asset register. PPE considered excludes Work in Progress (WIP) and software maintenance.		
Purpose of Indicator	To account for monitoring of MW assets		
Type of Indicator	Quantitative Output indicator		
Desired Performance	Repairs and maintenance should be 4% or above		
Indicator Responsibility	Department		Owner
	Finance		CFO
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved annual financial statement		
System used to Capture and Archive Data	SharePoint, Dynamics AX		

MW Strategic Objective	To ensure the long term financial sustainability of the organisation		
Output	Capital Expenditure Programme		
Targets Set for the Next Five Financial Years			
5-year target: 90% CAPEX spend against budget by 30 June 2025	2020/2021: 90% CAPEX spend against budget by 30 June 2021		2020/2021: 90% CAPEX spend against budget by 30 June 2021
	2021/2022: 90% CAPEX spend against budget by 30 June 2022		2022/2023: 90% CAPEX spend against budget by 30 June 2023
	2023/2024: 90% CAPEX spend against budget by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	Actual + Retention x 100 Total Budget = % of CAPEX spend against budget (Accrual basis of accounting)		
Indicator Title	Percentage of CAPEX spend against budget		
Short Definition	This indicator refers to the expenditure on internally funded projects Capital expenditure includes savings on completed projects, retentions and penalties. Budget and Expenditure reported on is for the current financial year. The internal projects in the WIP register are considered.		
Purpose of Indicator	To monitor the expenditure of the CAPEX budget for internally funded projects in order to ensure adequate infrastructure is developed		
Type of Indicator	Quantitative Output indicator		
Desired Performance	90% or above CAPEX spend against budget		
Indicator Responsibility	Department		Owner
	Finance		CFO
Collection of Data to enable Effective Reporting on the Adopted Output Measure/Indicator			
Source Data	Approved financial reports, approved annual financial statements		
System used to Capture and Archive Data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

FINANCE UNIT ...continued

MW Strategic	Effective and Efficient Mechanisms to Ensure Financial Sustainability and Viability		
Output	Approved tariff increases		
Targets Set for the Next Five Financial Years			
5-year target: Approved tariff increase by 30 June 2025 10.56% approved tariff increase: Raw water: City 12.22% approved tariff increase: 10.73% of approved tariff increase: Potable water: City 12.56% approved tariff increase: Potable water: Industries: Industries 10.68% approved tariff increase: A-Line 11.73% approved tariff increase: B-Line	2020/2021: Approved tariff increase by 30 June 2021	2021/2022: Approved tariff increase by 30 June 2022	
	10.57% approved tariff increase: Raw water: City	10.31% approved tariff increase: Raw water: City	
	10.63% approved tariff increase: raw water industries	12.91% approved tariff increase: raw water: industries	
	10.77% of approved tariff increase: Potable water: City	10.46% of approved tariff increase: Potable water: City	
	11.77% approved tariff increase: Potable water: Industries: Industries	12.97% approved tariff increase: Potable water: Industries: Industries	
	11.49% approved tariff increase: A-Line	9.77% approved tariff increase: A-Line	
	11.82% approved tariff increase: B-Line	10.89% approved tariff increase: B-Line	
	2022/2023: Approved tariff increase by 30 June 2023	2023/2024: Approved tariff increase by 30 June 2024	
	10.32% approved tariff increase: Raw water: City	11.05% approved tariff increase: Raw water: City	
	12.53% approved tariff increase:	12.79% approved tariff increase:	
10.52% of approved tariff increase: Potable water: City	11.15% of approved tariff increase: Potable water: City		
12.67% approved tariff increase: Potable water: Industries: Industries	12.84% approved tariff increase: Potable water: Industries: Industries		
10.46% approved tariff increase: A-Line	10.99% approved tariff increase: A-Line		
11.86% approved tariff increase: B-Line	12.34% approved tariff increase: B-Line		
2024/2025: Approved tariff increase by 30 June 2025			
10.56% approved tariff increase: Raw water: City			
12.22% approved tariff increase:			
10.73% of approved tariff increase: Potable water: City			
12.56% approved tariff increase: Potable water: Industries: Industries			
10.68% approved tariff increase: A-Line			
11.73% approved tariff increase: B-Line			
Target Status	New	Continuous, has Significantly Changed	X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	Non-cumulative	X
Calculation Details	Simple Count	Formula	X
Formula Used	Current year approved tariff – Prior year approved tariff Prior year approved tariff = Percentage of approved tariff increase		
Indicator Title	Percentage of approved tariff increase		
Short Definition	It's a proposal to address fair tariff increases to customers		
Purpose of Indicator	To approve a control tariff increase guided by MFMA		
Type of Indicator	Qualitative output indicator		
Desired Performance	Viable tariff ensuring that Mhlathuze Water is financially sustainable		
Indicator Responsibility	Department	Owner	
	Finance Department	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved budget parameters/volumes/approved budget/approved EXCO paper/approved minutes/attendance register/communication letters to the customers		
System used to capture and archive data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

FINANCE UNIT ...continued

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organisation		
Output	Manage cost within approved budget		
Targets Set for the Next Five Financial Years			
5-year target: Actual expenditure within 10% of total budget expenditure by 30 June 2025	2020/2021: Actual expenditure within 10% of total budget expenditure by 30 June 2021	2021/2022: Actual expenditure within 10% of total budget expenditure by 30 June 2022	
	2022/2023: Actual expenditure within 10% of total budget expenditure by 30 June 2023	2023/2024: Actual expenditure within 10% of total budget expenditure by 30 June 2024	
	2024/2025: Actual expenditure within 10% of total budget expenditure by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	Actual expenditure - Budget expenditure x 100 = % budget expenditure Budgeted expenditure		
Indicator Title	Percentage of actual expenditure compared with budget expenditure		
Short Definition	Actual spending versus budget		
Purpose of Indicator	Monitor spending in line with approved budget		
Type of Indicator	Quantitative output indicator		
Desired Performance	Acceptable spending		
Indicator Responsibility	Department	Owner	
	Finance Department	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved Annual Financial Statements		
System used to capture and archive data	SharePoint		

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organisation		
Output	Effective and Efficient Mechanisms to Ensure Financial Viability		
Targets Set for the Next Five Financial Years			
5-year target: Primary activities debts collected 45 days by 30 June 2025	2020/2021: Primary activities debts collected 45 days by 30 June 2021	2021/2022: Primary activities debts collected 45 days by 30 June 2022	
	2022/2023: Primary activities debts collected 45 days by 30 June 2023	2023/2024: Primary activities debts collected 45 days by 30 June 2024	
	2024/2025: Primary activities debts collected 45 days by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	Primary trade debtors x 365 Revenue = Number of days to collect primary activities debts Exclude section 30 activities		
Indicator Title	Number of days to collect primary activities debts		
Short Definition	The debtors days ratio indicates the average time taken to collect trade debts		
Purpose of Indicator	Reducing the period of time is an indication of increasing efficiency		
Type of Indicator	Quantitative output indicator		
Desired Performance	45 days or below is acceptable		
Indicator Responsibility	Department	Owner	
	Finance Department	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved financial reports, approved Annual Financial Statements		
System used to capture and archive data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

FINANCE UNIT ...continued

MW Strategic	To Ensure the Long-term Financial Sustainability of the Organisation		
Output	Effective and Efficient Mechanisms to Ensure Financial Viability		
Targets Set for the Next Five Financial Years			
5-year target: Secondary activities debts collected 45 days by 30 June 2025	2019/2021: Secondary activities debts collected 45 days by 30 June 2021	2021/2022: Secondary activities debts collected 45 days by 30 June 2022	
	2022/2023: Secondary activities debts collected 45 days by 30 June 2023	2023/2024: Secondary activities debts collected 45 days by 30 June 2024	
	2024/2025: Secondary activities debts collected 45 days by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	Non-cumulative	X
Calculation Details	Simple Count	Formula	X
Formula Used	$\frac{\text{Secondary trade debtors} \times 365}{\text{Revenue}}$ = Number of days to collect secondary activities debts Exclude section 30 activities		
Indicator Title	Number of days to collect secondary activities debts		
Short Definition	The debtors days ratio indicates the average time taken to collect trade debts		
Purpose of Indicator	Reducing the period of time is an indication of increasing efficiency		
Type of Indicator	Quantitative output indicator		
Desired Performance	45 days or below is acceptable		
Indicator Responsibility	Department	Owner	
	Finance Department	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved financial reports, approved Annual Financial Statements		
System used to capture and archive data	SharePoint		

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organisation		
Output	Effective and Efficient Mechanisms to Ensure Financial Viability		
Targets Set for the Next Five Financial Years			
5-year target: 30% staff remuneration of total operating expenditure by 30 June 2025	2020/2021: 30% staff remuneration of total operating expenditure by 30 June 2021	2021/2022: 30% staff remuneration of total operating expenditure by 30 June 2022	
	2022/2023: 30% staff remuneration of total operating expenditure by 30 June 2023	2023/2024: 30% staff remuneration of total operating expenditure by 30 June 2024	
	2024/2025: 30% staff remuneration of total operating expenditure by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	Non-cumulative	X
Calculation Details	Simple Count	Formula	X
Formula Used	$\frac{\text{Employee costs}}{\text{Total costs excl. finance cost}}$ = % of staff remuneration of total operating expenditure		
Indicator Title	Percentage of staff remuneration of total operating expenditure		
Short Definition	Percentage of staff remuneration is the payroll's percentage of a company's operating expenditure		
Purpose of Indicator	To measure and account for staff remuneration		
Type of Indicator	Quantitative output indicator		
Desired Performance	30% or below is acceptable		
Indicator Responsibility	Department	Owner	
	Finance	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved Financial Reports, Approved Annual Financial Statements		
System used to capture and archive data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

FINANCE UNIT ...continued

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organisation		
Output	Effective and Efficient Mechanisms to Ensure Financial Viability		
Targets Set for the Next Five Financial Years			
5-year target: 4.55 current ratio on assets over current liabilities that measure liquidity by 30 June 2025	2020/2021: 2.13 current ratio on assets over current liabilities that measure liquidity by 30 June 2021	2021/2022: 2.03 current ratio on assets over current liabilities that measure liquidity by 30 June 2022	
	2022/2023: 2.13 current ratio on assets over current liabilities that measure liquidity by 30 June 2023	2023/2024: 3.05 current ratio on assets over current liabilities that measure liquidity by 30 June 2024	
	2024/2025: 4.55 current ratio on assets over current liabilities that measure liquidity by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	Current assets = Current ratio Current liabilities		
Indicator Title	Current ratio		
Short Definition	Current ratio measures liquidity		
Purpose of Indicator	Measures whether the business can pay debts within one year out of current assets		
Type of Indicator	Quantitative output indicator		
Desired Performance	A ratio of 2.13 or above is considered good		
Indicator Responsibility	Department	Owner	
	Finance Department	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved Financial Reports, Approved Annual Financial Statements		
System used to capture and archive data	SharePoint		

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organisation		
Output	Effective and Efficient Mechanisms to Ensure Financial Viability		
Targets Set for the Next Five Financial Years			
5-year target: 66.07% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2025	2020/2021: 61.92% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2021	2021/2022: 63.26% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2022	
	2022/2023: 64.61% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2023	2023/2024: 66.83% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2024	
	2024/2025: 66.07% gross profit margin ratio on revenue minus cost of sales over revenue, measures profitability on primary activities by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative		Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	Revenue primary activities – cost of sales primary activities x 100 Revenue primary activities = % gross profit margin ratio Revenue extrapolated for all periods prior to year end		
Indicator Title	Percentage of primary gross profit margin		
Short Definition	Percentage on primary gross profit margin that measures profitability and if MW is financially sound for the core business		
Purpose of Indicator	Is used to assess MW's financial health by revealing the proportion of money left over from revenue after accounting for the cost of goods sold on primary activities		
Type of Indicator	Quantitative output indicator		
Desired Performance	Achievement of 61.92% or above is acceptable		
Indicator Responsibility	Department	Owner	
	Finance Department	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved Financial Reports, Approved Annual Financial Statements, monthly management accounts		
System used to capture and archive data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

FINANCE UNIT ...continued

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organization		
Output	Effective and Efficient Mechanisms to Ensure Financial Viability		
Targets Set for the Next Five Financial Years			
5-year target: 20.16% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2025	2020/2021: 10.56% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2021	2021/2022: 15.30% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2022	
	2022/2023: 13.85% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2023	2023/2024: 20.17% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2024	
	2024/2025: 20.16% net profit margin ratio on gross profit minus expenditure over revenue, measures profitability on primary activities by 30 June 2025		
Target Status	New	Continuous, has Significantly Changed	X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	Non-cumulative	X
Calculation Details	Simple Count	Formula	X
Formula Used	Surplus primary activities x 100 Revenue primary activities = % net profit margin ratio		
Indicator Title	Percentage of primary net profit margin		
Short Definition	Percentage of primary net profit margin that measures profitability and if MW is financially sound for the core business		
Purpose of Indicator	Percentage of primary net profit margin is the percentage of revenue left after all expenses have been deducted from sales on primary activities		
Type of Indicator	Quantitative output indicator		
Desired Performance	Achievement of 10.56% or above is acceptable		
Indicator Responsibility	Department	Owner	
	Finance Department	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved Financial Reports, Approved Annual Financial Statements, monthly management accounts		
System used to capture and archive data	SharePoint		

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organization		
Output	Effective and Efficient Mechanisms to Ensure Financial Viability		
Targets Set for the Next Five Financial Years			
5-year target: 0.15 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2025	2020/2021: 0.24 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2021	2021/2022: 0.26 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2022	
	2022/2023: 0.22 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2022	2023/2024: 0.19 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2024	
	2024/2025: 0.15 debt equity ratio on total debt liabilities over equity, measures, financial leverage and long-term solvency by 30 June 2025		
Target Status	New	Continuous, has Significantly Changed	X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	X	Non-cumulative X
Calculation Details	Simple Count		Formula X
Formula Used	Total debt liabilities Total equity = Debt equity ratio		
Indicator Title	Debt equity ratio		
Short Definition	The debt equity ratio measures financial leverage and long-term solvency		
Purpose of Indicator	It indicates how much debt a company is using to finance its assets relative to the amount of value represented in the equity statement		
Type of Indicator	Quantitative output indicator		
Desired Performance	Control the debt equity ratio to be below one		
Indicator Responsibility	Department	Owner	
	Finance Department	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved Financial Reports by EXCO, Approved Annual Financial Statements		
System used to capture and archive data	SharePoint		



ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

FINANCE UNIT ...continued

MW Strategic Objective	To Ensure the Long-term Financial Sustainability of the Organization		
Output	Effective and Efficient Mechanisms to Ensure Financial Viability		
Targets Set for the Next Five Financial Years			
5-year target: 7.87% return on assets ratio on net income over total assets, measures profitability by 30 June 2025	2020/2021: 3.71% return on assets ratio on net income over total assets, measures profitability by 30 June 2021	2021/2022: 5.13% return on assets ratio on net income over total assets, measures profitability by 30 June 2022	
	2022/2023: 4.95% return on assets ratio on net income over total assets, measures profitability by 30 June 2023	2023/2024: 7.50% return on assets ratio on net income over total assets, measures profitability by 30 June 2024	
	2024/2025: 7.87% return on assets ratio on net income over total assets, measures profitability by 30 June 2025		
Target Status	New	Continuous, has Significantly Changed	X
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	Non-cumulative	X
Calculation Details	Simple Count	Formula	X
Formula Used	EBIT Total assets excl. investments = Percentage of return on assets EBIT: Earnings Before Interest and Taxes		
Indicator Title	Percentage of return on assets		
Short Definition	The return on assets ratio measures profitability		
Purpose of Indicator	It reflects the efficient management of MW's assets to generate earnings		
Type of Indicator	Quantitative output indicator		
Desired Performance	3.71% or above return on assets		
Indicator Responsibility	Department	Owner	
	Finance Department	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved Financial Reports by EXCO, Approved Annual Financial Statements		
System used to capture and archive data	SharePoint		

MW Strategic Objective	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All		
Output	Invoices paid within 30 days of receipt		
Targets Set for the Next Five Financial Years			
5-year target: 100% of invoices paid within 30 days of receipts by 30 June 2025	2020/2021: 100% of invoices paid within 30 days of receipts by 30 June 2021	2021/2022: 100% of invoices paid within 30 days of receipts by 30 June 2022	
	2022/2023: 100% of invoices paid within 30 days of receipts by 30 June 2023	2023/2024: 100% of invoices paid within 30 days of receipts by 30 June 2024	
	2024/2025: 100% of invoices paid within 30 days of receipts by 30 June 2025		
Target Status	New	Continuous, has Significantly Changed	
	Continuous, without Change from the Previous Year		
Calculation Type	Cumulative	Non-cumulative	X
Calculation Details	Simple Count	Formula	X
Formula Used	Number of valid invoices paid within 30 days x100 Number of Invoices received for the period =% of invoices paid within 30 days of receipts		
Indicator Title	Percentage of invoices paid within 30 days of receipts		
Short Definition	Payment of valid invoices within 30 days of receipts		
Purpose of Indicator	To account for the payment of suppliers within 30 days upon receipts of invoices.		
Type of Indicator	Output Indicator		
Desired Performance	Ensure 100% payment of all invoices received within 30 days		
Indicator Responsibility	Department	Owner	
	Finance and SCM	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Invoice tracking register, Stamped Invoice, Proof of payment		
System used to capture and archive data	SharePoint		

ANNEXURE A: TECHNICAL INDICATOR DESCRIPTIONS ...continued

ANNUAL TARGETS ...continued

FINANCE UNIT ...continued

MW Strategic Objective	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All		
Output	Increase BBBEE expenditure relative to operational projects		
Targets Set for the Next Five Financial Years			
5-year target: 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2025	2020/2021: 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2021	2021/2022: 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2022	
	2022/2023: 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2023	2023/2024: 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2024	
	2024/2025: 55% BBBEE spend as per PPPFA compliance requirements by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count		Formula
Formula Used	Total BBBEE orders issued excl. VAT X 100 Total orders issued by MW = % of total procurement spent on BBBEE services providers		
Indicator Title	Percentage of total procurement spent on BBBEE service providers		
Short Definition	BBBEE spend as per PPPFA compliance requirements		
Purpose of Indicator	To account for the MW's compliance on the PPPFA requirements		
Type of Indicator	Outputs Indicator		
Desired Performance	Achievement of 55% or above is acceptable		
Indicator Responsibility	Department	Owner	
	Finance and SCM	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Approved VRM BBBEE spend report, BBBEE orders report		
System used to capture and archive data	SharePoint		

MW Strategic Objective	To Initiate and Build Relationships with Stakeholders to Add Value for the Mutual Benefit of All		
Output	SMMEs paid within Turnaround Time		
Targets Set for the Next Five Financial Years			
5-year target: 100% of SMME suppliers paid within 14 days by 30 June 2025	2020/2021: 100% of SMME suppliers paid within 14 days by 30 June 2021	2021/2022: 100% of SMME suppliers paid within 14 days by 30 June 2022	
	2022/2023: 100% of SMME suppliers paid within 14 days by 30 June 2023	2023/2024: 100% of SMME suppliers paid within 14 days by 30 June 2024	
	2024/2025: 100% of SMME suppliers paid within 14 days by 30 June 2025		
Target Status	New		Continuous, has Significantly Changed
	Continuous, without Change from the Previous Year	X	
Calculation Type	Cumulative	X	Non-cumulative
Calculation Details	Simple Count		Formula
Formula Used	Number of SMME invoices paid within 14 days X 100 Total Number of SMME invoices paid for the period = % SMME paid within 14 days		
Indicator Title	Percentage of SMME valid suppliers paid within 14 days		
Short Definition	Payment of valid invoices within 14 days of receipts		
Purpose of Indicator	To account for the payment of SMME suppliers within 14 days upon receipts of invoices.		
Type of Indicator	Outputs Indicator		
Desired Performance	Ensure 100% payment of all SMME service providers within 14 days		
Indicator Responsibility	Department	Owner	
	Finance and SCM	CFO	
Collection of data to enable effective reporting on the adopted output measure/indicator			
Source Data	Invoice tracking register, Stamped Invoice Register, Proof of payment		
System used to capture and archive data	SharePoint		



ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR SIX YEARS ENDING 2025

STATEMENT OF COMPREHENSIVE INCOME								R000'S
ACTUAL 2018/19	ACCOUNT	ESTIMATED ACTUAL 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	PROJECTED 2024/25	
123,578	Water sold (kilolitres)	205,757	205,568	243,186	300,990	315,340	246,483	
7,771	▪ Raw water sales (kl)	11,504	11,504	14,244	42,244	36,594	36,594	
46,828	▪ Potable water sales (kl)	125,085	125,085	160,085	189,889	209,889	209,889	
68,979	▪ Waste water sales (kl)	69,168	68,979	68,857	68,857	68,857		
711,949	TOTAL REVENUE (Primary and secondary activities)	708,004	789,325	851,692	924,887	1,008,902	1,099,979	
478,840	Revenue (Primary activity)	518,032	555,050	616,246	688,265	771,096	860,983	
74,027	▪ Raw water sales	81,567	102,159	111,952	125,534	141,084	157,827	
229,616	▪ Potable water sales	253,005	254,750	286,258	321,100	361,029	404,806	
160,312	▪ Waste water sales	175,188	189,869	209,267	232,336	259,131	287,907	
	▪ Industrial water sales							
6,613	▪ Implementing Agency fee							
8,272	▪ Connection Fees	8,272	8,272	8,768	9,295	9,852	10,443	
	▪ O & M Activities							
	▪ Lab Analysis							
233,109	Revenue (Secondary activity)	189,973	234,274	235,446	236,623	237,806	238,995	
	▪ Retail water operation							
	Waste water management fee							
	▪ Management fee - consulting							
	▪ Management fee - other							
14,320	▪ Section 30 activities	140,412	140,909	139,642	138,512	134,725	130,268	
3,313	▪ Implementing Agency fee	1,873	5,527	3,153	384			
3,645	▪ Lab Analysis	3,335	3,828	4,019	4,220	4,431	4,653	
211,830	▪ O & M Activities	44,352	84,011	88,632	93,507	98,650	104,075	
406,986	TOTAL COST OF SALES	406,702	438,764	457,147	476,949	489,146	526,518	
183,765	Cost of sales (raw water purchased)	220,354	211,360	226,387	243,590	255,758	292,162	
63,069	▪ Raw water	56,084	64,043	67,886	71,959	76,277	80,853	
120,695	Electricity, Chemicals, Employee costs, Depreciation	164,270	147,317	158,501	171,631	179,482	211,309	
223,222	Cost of sales (secondary activities)	186,348	227,404	230,761	233,358	233,387	234,356	
	▪ Employee costs							
	▪ Chemicals and purification							
	▪ Energy							
	▪ Repairs and maintenance							
	▪ General and administration expenses							
	▪ Project / WIP costs							
223,222	▪ Other direct operating activities	186,348	227,404	230,761	233,358	233,387	234,356	
304,962	GROSS INCOME	301,302	350,561	394,544	447,939	519,756	573,460	
42.8	Gross profit %	42.6	44.4	46.3	48.4	51.5	52.1	
61.6	▪ Gross profit % - primary activity	57.5	61.9	63.3	64.6	66.8	66.1	
4.2	▪ Gross profit % - secondary activity	1.9	2.9	2.0	1.4	1.9	1.9	

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR SIX YEARS ENDING 2025 ...continued

STATEMENT OF COMPREHENSIVE INCOME								R000'S
ACTUAL 2018/19	ACCOUNT	ESTIMATED ACTUAL 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	PROJECTED 2024/25	
	Government grants and other funding							
(1,397)	Other operating income	2						
	▪ Commission income and insurance							
	▪ Game and grazing sales (net of expenses)							
	▪ House and other rentals - all related income							
	▪ Other income (scrap, telephone, refurbishment, lab)							
	▪ Project income							
	▪ Bad debts recovered							
(4,014)	▪ Profit (loss) on sale of fixed assets							
	▪ Profit (loss) on disposal of investments							
	▪ Profit (loss) on sale of biological assets							
	▪ Profit (loss) on sale of intangible assets							
	▪ Wastewater - Darville revenue amort							
2,617	▪ Sundry income	2						
303,565	TOTAL OPERATING INCOME	301,304	350,561	394,544	447,939	519,756	573,460	
208,367	TOTAL EXPENSES	142,630	287,208	304,603	340,395	363,593	388,463	
138,406	▪ Variable costs (related to cost of sales)	88,481	178,052	191,177	220,302	236,404	253,720	
95,588	▪ Employee costs	64,720	124,839	135,282	146,587	158,825	172,073	
	▪ Directors emoluments (include in general)							
77,137	▪ Employee salaries - (including leave, annual bonus, 13th cheque)	47,648	105,973	114,906	124,581	135,059	146,406	
5,946	▪ Performance bonuses	2,287	12,296	13,280	14,342	15,489	16,728	
1,348	▪ Company contributions - Medical contributions and expenses	2,045	85	92	99	107	116	
537	▪ Company contribution - UIF and SDL	1,853	375	405	438	473	510	
	▪ Contributions to pension and provident funds							
1,444	▪ OID contributions	756	1,009	1,089	1,176	1,271	1,372	
	▪ Changes in post-employment liabilities							
	▪ Direct cost of Water Schemes allocated to Cost of Sales							
9,175	▪ Allowances	10,132	5,101	5,509	5,950	6,426	6,940	
829	▪ Chemicals		847	898	951	1,009	1,069	
2,076	▪ Energy	2,937	2,768	2,934	3,110	3,297	3,494	
30,109	▪ Repairs and maintenance - (cost of sales related)	12,695	42,456	44,494	46,630	48,868	51,214	
2,108	▪ Property and buildings	1,537	2,587	2,711	2,841	2,978	3,120	
14,952	▪ Plant, machinery and equipment	10,267	18,532	19,421	20,353	21,330	22,354	
13,049	▪ Other - to be included in general expenses	890	21,338	22,362	23,435	24,560	25,739	
	Sealine inspection							
	vehicles							



ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR SIX YEARS ENDING 2025 ...continued

STATEMENT OF COMPREHENSIVE INCOME							R000'S
ACTUAL 2018/19	ACCOUNT	ESTIMATED ACTUAL 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	PROJECTED 2024/25
9,785	▪ Depreciation	8,129	7,142	7,570	23,024	24,406	25,870
6,899	▪ Depreciation property, plant and equipment	54,666	62,276	64,310	82,232	79,589	99,647
2,591	▪ Amortisation of intangible assets						
295	▪ Impairments of property, plant and equipment	(46,537)	(55,134)	(56,739)	(59,208)	(55,183)	(73,776)
	▪ impairments of intangible assets						
20	▪ Impairment of trade receivables						
	▪ Other direct costs						
	▪ Motor vehicle repairs and running expenses						
	▪ Other direct						
69,960	▪ General expenses	54,150	109,156	113,426	120,093	127,189	134,743
	▪ Advertising and promotions						
	▪ Amortisation - office intangibles						
	▪ Amortisation of biological assets						
3,598	▪ Audit fees	1,097	4,790	5,173	5,587	6,034	6,517
	▪ Bad debts						
678	▪ Bursaries, donations and gifts	105	650	681	714	748	784
4,493	▪ Cleaning - all administration areas	2,112	3,690	3,867	4,052	4,247	4,451
250	▪ Computer and IT consumables	10,598	4,870	5,186	5,524	5,883	6,265
115	▪ Conferences, seminars and workshops	209	154	161	169	177	186
271	▪ Consultants and professional fees	542	1,055	1,105	1,158	1,214	1,272
1,481	▪ Contractors	1,503	2,358	2,512	2,675	2,849	3,034
14	▪ Courier and postage	24	10	11	11	12	12
	▪ Depreciation of office assets						
	▪ Directors - performance bonuses						
38	▪ Directors emoluments	2,556	3,337	3,597	3,877	4,180	4,506
	▪ Employee costs - (related to administration)						
	▪ Energy - related to administration areas						
	▪ Impairments of biological assets						
2,549	▪ Insurance	1,648	5,175	5,486	5,815	6,164	6,533
2,195	▪ Lease costs	2,227	2,584	2,708	2,838	2,975	3,117
22,110	▪ Legal and contract fees	15,127	10,900	11,423	11,972	12,546	13,148
52	▪ Marketing - not advertising and promotions		159	167	175	183	192
709	▪ Motor vehicle expenses (not in direct costs)	1,136	1,733	1,816	1,904	1,995	2,091
602	▪ Operating leases - photocopiers etc	849	712	746	782	819	859
21,073	▪ Other operating expenses	2,976	51,226	52,004	54,952	58,088	61,421
654	▪ Printing and stationery	711	819	859	900	943	988
575	▪ Protective clothing and uniforms	238	929	973	1,020	1,069	1,120
559	▪ Rates and taxes	633	904	948	993	1,041	1,091
	▪ Relocation costs - all items						
	▪ Rent paid - equipment hire and other hiring costs						
	▪ Repairs and maintenance						
3,380	▪ Safety and security	2,880	5,731	6,279	6,880	7,540	8,265
	▪ Service contracts						
	▪ Software and other small assets expensed						

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR SIX YEARS ENDING 2025 ...continued

STATEMENT OF COMPREHENSIVE INCOME							R000'S	
ACTUAL 2018/19	ACCOUNT	ESTIMATED ACTUAL 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	PROJECTED 2024/25	
2,105	▪ Staff welfare	3,364	2,783	2,916	3,056	3,203	3,357	
327	▪ Subscriptions, licences and membership fees	64	561	588	616	645	676	
668	▪ Training and development	955	800	838	879	921	965	
363	▪ Telephone and fax	248	700	734	769	806	845	
1,099	▪ Travel and entertainment	2,348	2,526	2,647	2,774	2,908	3,047	
	▪ Veterinary services, supplies and biological costs							
95,199	OPERATING PROFIT (LOSS) FOR YEAR	158,674	63,353	89,941	107,544	156,164	184,997	
17,352	Finance income - (enter as positive)	20,586	12,298	12,928	17,865	26,470	17,390	
	▪ Trade receivables							
	▪ Extended payment trade receivables - deemed interest							
17,352	▪ Short term deposits - call accounts	20,586	12,298	12,928	17,865	26,470	17,390	
	▪ Held to maturity financial assets							
	▪ Available for sale investments							
	▪ Employee advances							
	▪ SARS							
	▪ Other							
	▪ 57 pipeline							
(5,625)	Finance costs - (enter as negative)	(8,693)	(10,166)	(3,914)	(26,824)	(22,651)	(24,179)	
(10,540)	▪ Long term borrowings	(16,787)	(25,458)	(31,124)	(26,824)	(22,651)	(24,179)	
	▪ Bank overdraft							
	▪ SARS							
	▪ Finance leases							
4,915	▪ Borrowing costs capitalised (positive)	8,094	15,293	27,210				
	▪ Other							
	▪ Darvill revenue in advance							
106,926	PROFIT (LOSS) FOR YEAR	170,566	65,484	98,955	98,585	159,983	178,209	
	Other comprehensive income	194						
	▪ Gain on revaluation of property, plant and equipment	194						
	▪ Gain on revaluation of intangible assets							
	▪ Transfers (to) from general reserves							
	▪ Gains / (losses) on retirement benefit plans							
	▪ Retirement benefit adjustment (IAS19)							
106,925	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	170,372	65,484	98,956	98,584	159,983	178,209	



ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR SIX YEARS ENDING 2025 ...continued

STATEMENT OF FINANCIAL POSITION							R000'S
ACTUAL 2018/19	ACCOUNT	ESTIMATED ACTUAL 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	PROJECTED 2024/25
	ASSETS						
	Non-current assets						
1,038,654	Property, plant and equipment	1,226,180	1,390,480	1,531,454	1,579,502	1,509,983	1,415,956
955,813	Carrying value - opening balance	1,038,654	1,226,180	1,390,480	1,531,454	1,579,502	1,509,983
139,662	Additions - (will be carried to cashflow)	234,292	211,283	178,074	130,280	10,070	5,620
(53,188)	Depreciation - (ex income statement)	(54,666)	(62,276)	(64,310)	(82,232)	(79,589)	(99,647)
(7,824)	Disposals - carrying value	(46,537)	(55,134)	(56,739)	(59,208)	(55,183)	(73,776)
(294)	Impairments - (ex income statement)	46,537	55,134	56,739	59,208	55,183	73,776
52	Revaluations - (ex income statement)	(194)					
4,434	Interest capitalised	8,094	15,293	27,210			
2,457	Intangible assets	2,457	32,457	50,457	50,457	50,457	50,457
4,892	Carrying value - opening balance	2,457	2,457	32,457	50,457	50,457	50,457
156	Additions - (will be carried to cashflow)		30,000	18,000			
(2,591)	Amortisation - (ex income statement)						
	Disposals - carrying value						
	Impairments - (ex income statement)						
	Revaluations - (ex income statement)						
	Biological assets						
	Carrying value - opening balance						
	Additions - (will be carried to cashflow)						
	Amortisation - (ex income statement)						
	Disposals - carrying value						
	Impairments - (ex income statement)						
	Fair value adjustment						
	Investments in subsidiaries and associates						
	Opening balance						
	Changes in year						
	Investments - financial instruments						
	Held to maturity						
	Loans receivable						
	Employee loans						
	Other financial assets						
	General						
1,041,111		1,228,637	1,422,937	1,581,911	1,629,959	1,560,440	1,466,413

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR SIX YEARS ENDING 2025 ...continued

STATEMENT OF FINANCIAL POSITION							R000'S
ACTUAL 2018/19	ACCOUNT	ESTIMATED ACTUAL 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	PROJECTED 2024/25
	Assets held for sale - net						
	Dams						
	Farms						
	Reservoirs						
	Other						
	Current assets						
	Investments						
	Short term						
	Available for sale						
36,565	Inventories	30,198	28,948	27,748	27,498	27,248	27,000
	Piping						
	Electrical						
21,321	Maintenance spares	30,198	28,948	27,748	27,498	27,248	27,000
364	Water						
7,019	Chemical stores						
7,861	Consumables						
	Miscellaneous						
139,652	Trade receivables	87,288	97,314	105,003	114,027	124,385	135,614
111,808	Trade receivables - bulk and waste water	60,911	62,926	71,341	81,594	90,645	104,863
28,525	Trade receivables - other activities	26,377	34,388	33,662	32,434	33,740	30,751
(681)	less: provision for doubtful debts / impairments - balance b/f						
	Change in prov - doubtful/impairments - ex income statement						
4,986	Sundry debtors	2,956	5,505	4,635	3,261	4,421	1,286
1,915							
3,071	VAT	2,956	5,505	4,635	3,261	4,421	1,286
	Interest receivable						
	Loans and financial receivables						
	Employee loans						
	Other loans						
263,087	Cash and cash equivalents	250,246	212,016	210,704	216,605	417,521	633,646
5	Cash on hand						
44,671	Bank current account						
205,861	Short term deposits						
12,550	Cash Reserves	250,246	212,016	210,704	216,605	417,521	633,646
444,290		370,687	343,783	348,090	361,392	573,576	797,546
1,485,401	TOTAL ASSETS	1,599,325	1,766,720	1,930,001	1,991,350	2,134,015	2,263,959



ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR SIX YEARS ENDING 2025 ...continued

STATEMENT OF FINANCIAL POSITION							R000'S
ACTUAL 2018/19	ACCOUNT	ESTIMATED ACTUAL 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	PROJECTED 2024/25
	EQUITY AND LIABILITIES						
	Capital and reserves						
242,418	Capital	239,896	239,896	239,896	239,896	239,896	239,896
36,050	Reserves	38,573	38,573	38,573	38,573	38,573	38,573
36,050	Opening balance	36,050	38,573	38,573	38,573	38,573	38,573
	Transfers in (out)						
	Transfer in reserves	2,523					
915,000	Accumulated profit (loss)	1,085,372	1,150,857	1,249,812	1,348,396	1,508,380	1,686,588
915,000	Opening balance	915,000	1,085,372	1,150,857	1,249,812	1,348,396	1,508,380
	Comprehensive income (loss) for year - (ex income statement)	170,372	65,484	98,955	98,585	159,983	178,209
	Other						
1,193,467		1,363,841	1,429,325	1,528,281	1,626,865	1,786,848	1,965,057
	Non-current liabilities						
113,998	Long term debt	102,469	176,075	230,442	194,809	159,176	123,543
56,897	Bank loan - fixed rate						
	Bank loan - variable rate	51,726	133,010	193,666	164,321	134,976	105,631
	Bonds - fixed rate						
	Bonds - variable rate						
	Loans - interest free						
	Settlement agreements						
57,102	Income received in advance	50,743	43,065	36,777	30,488	24,200	17,912
	Finance lease obligation						
	Other non-current liabilities						
	Post retirement benefit obligations						
	Defined benefit and contribution plans - opening						
	Actuarial movement on defined benefit contribution						
	▪ Healthcare benefits						
113,998		102,469	176,075	230,443	194,809	159,176	123,545

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR SIX YEARS ENDING 2025 ...continued

STATEMENT OF FINANCIAL POSITION							R000'S
ACTUAL 2018/19	ACCOUNT	ESTIMATED ACTUAL 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	PROJECTED 2024/25
	Current liabilities						
29,718	Current portion of long term loans	24,322	26,680	35,633	35,633	35,633	35,633
22,692	Bank loan - fixed rate	17,963	20,345	29,345	29,345	29,345	29,345
	Bank loan - variable rate						
	Bonds - fixed rate						
	Bonds - variable rate						
	Loans - interest free						
	Settlement agreements						
7,026	Income received in advance	6,359	6,335	6,288	6,288	6,288	6,288
	Finance lease obligations						
	Interest payable						
111,512	Trade and other payables	91,363	116,469	116,019	112,848	129,466	115,002
27,146	Trade payables	91,363	116,469	116,019	112,848	129,466	115,002
	Trade payables - related parties						
2,725	Statutory payables - employees tax / benefits funds						
	SARS - VAT						
12,550	Amounts received in advance						
	Accrual - audit fees						
69,091	Accruals - other						
19,878	Other payables / loans						
16,827	Provisions	17,330	18,171	19,625	21,195	22,891	24,722
7,071	Leave pay	17,330	18,171	19,625	21,195	22,891	24,722
9,636	Bonuses						
	Legal fees - costs and claims						
120	Other						
	Bank overdraft						
	Current account 1						
	Current account 2						
	Current account 3						
177,935		133,015	161,320	171,277	169,676	187,991	175,357
1,485,401	Total equity and liabilities	1,599,325	1,766,720	1,930,001	1,991,350	2,134,015	2,263,959



ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR SIX YEARS ENDING 2025 ...continued

STATEMENT OF CASHFLOW							R000'S
ACTUAL 2018/19	ACCOUNT	ESTIMATED ACTUAL 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	PROJECTED 2024/25
	OPERATING ACTIVITIES						
106,926	Net profit for period before changes	170,566	65,484	98,955	98,585	159,983	178,209
60,770	Adjustments for non-cash items, interest and other	(3,763)	5,010	(1,444)	31,983	20,586	32,659
55,780	▪ Depreciation and amortisation	54,666	62,276	64,310	82,232	79,589	99,647
975	▪ Impairments of PPE, intangibles and biological assets	(46,537)	(55,134)	(56,739)	(59,208)	(55,183)	(73,776)
	▪ Retirement benefits provisions						
4,014	▪ Profit (loss) on sale of fixed, intangible and biological assets						
	▪ Interest received - (deduct from profit)	(20,586)	(12,298)	(12,928)	(17,865)	(26,470)	(17,390)
	▪ Interest paid - (add to profit)	8,693	10,166	3,914	26,824	22,651	24,179
	▪ Revaluations of assets						
	▪ Impairment of trade receivables						
	Net Finance costs capitalised						
(4,434)	Adjustments for:	(8,094)	(15,293)	(27,210)			
	▪ Discontinued operations						
(4,434)	Finance cost capitalised	(8,094)	(15,293)	(27,210)			
(6,763)	Working capital changes	21,235	14,622	(4,615)	(9,002)	7,045	(20,478)
(3,737)	▪ Inventories	6,367	1,250	1,200	250	250	248
(28,709)	▪ Trade debtors	54,279	(10,026)	(7,689)	(9,024)	(10,358)	(11,229)
(11,486)	▪ Sundry debtors	114	(2,550)	871	1,374	(1,160)	3,135
37,021	▪ Trade and other payables	(40,028)	25,106	(450)	(3,171)	16,618	(14,464)
148	▪ Provisions	503	841	1,454	1,570	1,696	1,831
156,498	Net cash generated from operating activities	179,944	69,823	65,687	121,566	187,614	190,389
(136,741)	INVESTING ACTIVITIES - NET CASH UTILISED	(187,755)	(186,149)	(139,334)	(71,072)	45,113	68,156
(137,437)	▪ Additions to property, plant and equipment	(234,292)	(211,283)	(178,074)	(130,280)	(10,070)	(5,620)
(156)	▪ Additions to intangible assets		(30,000)	(18,000)			
	▪ Additions to biological assets						
852	▪ Proceeds on disposal of fixed and intangible assets	46,537	55,134	56,739	59,208	55,183	73,776
	▪ Proceeds on disposal of biological assets						
	▪ Investments in subsidiaries and associates						
	▪ Interest receivable movement						
	▪ Movement in assets held for sale						
	▪ Increase (decrease) in capital						
(22,198)	FINANCING ACTIVITIES - NET CASH UTILISED	(5,033)	78,096	72,334	(44,592)	(31,813)	(42,421)
(22,198)	▪ Movement in long term borrowings	(11,530)	73,606	54,367	(35,633)	(35,633)	(35,633)
	▪ Movement in investments						
	▪ Proceeds (repayment) short term borrowings	(5,396)	2,358	8,953	0		
	▪ Movement in loan receivables						
	▪ Interest received	20,586	12,298	12,928	17,865	26,470	17,390
	▪ Interest paid	(8,693)	(10,166)	(3,914)	(26,824)	(22,651)	(24,179)
	▪ Movement in retirement benefit obligations						
	▪ Adjustment for non-cash interest						
	▪ Decrease in income received in advance						
	CASH AND CASH EQUIVALENTS						
(2,442)	▪ Net increase (decrease) in cash utilised for the year	(12,842)	(38,230)	(1,312)	5,902	200,916	216,125
265,529	▪ At beginning of year	263,088	250,246	212,016	210,704	216,605	417,521
263,087	▪ AT END OF YEAR	250,246	212,016	210,704	216,606	417,521	633,646

ANNEXURE B: DWS TEMPLATE – PROJECTED FINANCIAL STATEMENTS FOR SIX YEARS ENDING 2025 ...continued

CAPITAL EXPENDITURE PROGRAM							R000'S
ACTUAL 2018/19	ACCOUNT	ESTIMATED ACTUAL 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	PROJECTED 2024/25
	Immovable capex						
131061	Augmentation and upgrade	4,565	126,004	148,498	109,509		
	Expansion	208,867	30,746	700	7,700	200	
	Rehabilitation	18,110	35,483	23,676	8,070	4,870	620
	Development projects						
	Capitalised interest	8,094	15,293	27,210	28,408	3,935	
131061		239,636	207,526	200,084	153,687	9,005	620
	Movable capex						
8601	Equipment and vehicles	2,750	19,050	5,200	5,000	5,000	5,000
155.845	Information technology communication		30,000	18,000			
	Laboratory and process services						
8756.845		2,750	49,050	23,200	5,000	5,000	5,000
	Summary						
131061	Immovable capex	239,636	207,526	200,084	153,687	9,005	620
8756.845	Movable capex	2,750	49,050	23,200	5,000	5,000	5,000
139817.845		242,386	256,576	223,284	158,687	14,005	5,620
	% of total	26.9%	28.5%	24.8%	17.6%	1.6%	0.6%
	Total forecast period - 2014 to 2019	900,558	55.4%	53.3%	42.4%	19.2%	2.2%
	Reconciliation						
139817.845	Capex above	242,386	256,576	223,284	158,687	14,005	5,620
(139,662)	Capitalised fixed assets - per fixed assets entry	(234,292)	(211,283)	(178,074)	(130,279)	(10,070)	(5,620)
(156)	Capitalised intangibles - per intangibles entry		(30,000)	(18,000)			
	Written off to expenses	(8,094)	(15,293)	(27,210)	(28,408)	(3,935)	



ANNEXURE C: ACCOUNTING POLICIES

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

These Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements

and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

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

TRADE RECEIVABLES

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

1.4 CASH AND CASH EQUIVALENTS

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

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

ANNEXURE C: ACCOUNTING POLICIES ...continued

Property, plant and equipment are initially measured at cost

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

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

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

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

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

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

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

Item	Average useful life
Buildings	20-45 years
Plant and machinery	10-20 years
Furniture and fixtures	5-10 years
Motor vehicles	6 years
Office equipment	5-10 years
Electrical supply	15-20 years
Industrial Electronics	5-10 years
Radio and Communication equipment	5 years
Pipelines	20-40 years
Tools and loose gear	5 years
Lab Equipment	4-10 years
Fire and Safety Equipment	5 years
Electronic Equipment	5 years

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

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

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

CAPITAL WORK IN PROGRESS

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

Depreciation is not provided on capital work in progress.

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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



ANNEXURE C: ACCOUNTING POLICIES ...continued

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

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

Item	Useful life
Computer software	3 years

1.7 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

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

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

DE-RECOGNITION OF FINANCIAL INSTRUMENTS

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

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

OFFSETTING OF FINANCIAL INSTRUMENTS

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

SECTION 30 FINANCIAL ASSETS AND LIABILITIES

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

1.8 LEASES

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

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

OPERATING LEASES - LESSOR

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

OPERATING LEASES - LESSEE

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

1.9 INVENTORIES

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

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

ANNEXURE C: ACCOUNTING POLICIES ...continued

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

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

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

1.10 IMPAIRMENT

FINANCIAL ASSETS

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

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

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

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

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

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

NON-FINANCIAL ASSETS

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

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

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

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

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



ANNEXURE C: ACCOUNTING POLICIES ...continued

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

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

1.11 PAYABLES FROM EXCHANGE TRANSACTION

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

1.12 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

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

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

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

DEFINED CONTRIBUTION PLANS

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

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

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

POST-RETIREMENT BENEFITS

Post-retirement healthcare benefits are provided to certain of the entity's retiree. The fair value of the post retirement plan is arrived at after considering key assumptions and market rates and life expectancy.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation.

1.13 EMPLOYEE BENEFIT LIABILITY

Employee benefit liabilities are recognised when:

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

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

1.14 PROVISIONS

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

1.15 EXPENDITURE

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

1.16 ACCRUED EXPENSES

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

ANNEXURE C: ACCOUNTING POLICIES *...continued*

1.17 RESERVES

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

1.18 REVENUE FROM EXCHANGE TRANSACTIONS

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

MEASUREMENT

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

SALE OF GOODS AND SERVICES

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

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

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

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

INTEREST INCOME

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

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and

- The amount of the revenue can be measured reliably. Interest is recognised, in the statement of financial performance, using the effective interest rate method.

MANAGEMENT SERVICES

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

LABORATORY SERVICES

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

IMPLEMENTING AGENCY REVENUE

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

OPERATION AND MAINTENANCE SERVICES (O & M)

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

1.19 COST OF SALES

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

1.20 BORROWING COSTS

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

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment as per accounting policy number 1.10. In certain



ANNEXURE C: ACCOUNTING POLICIES ...continued

circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

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

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

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

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment as per accounting policy number 1.10. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

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

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

1.21 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.22 SEGMENT REPORTING

A segment is a distinguishable component of the entity that is engaged either in providing related products or services

(business segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the entity's business segments. The business segments are determined based on the entity's management and internal reporting structure.

Segment results that are reported to the entity's Chief Executive (the chief operating decision-maker) include assets and liabilities and items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

1.23 RELATED PARTIES

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

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

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

1.24 BULK PURCHASES

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

1.25 INCOME RECEIVED IN ADVANCE

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

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

ANNEXURE C: ACCOUNTING POLICIES ...continued

1.26 EVENTS AFTER BALANCE SHEET

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

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

1.27 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the Public Finance Management Act (PFMA), 1999 as expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including –

- (a) This Act; or
- (b) The State Tender Entity Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) Any provincial legislation providing for procurement procedures in that provincial government.

Initial and Subsequent Recognition of Irregular Expenditure

Irregular expenditure is initially recognised when resulting transaction is recognized in the financial records of an entity in accordance with GRAP on accrual basis of accounting. Initially irregular expenditure is measured at cost. Subsequently, irregular expenditure is measured at cost less amount condoned, or recovered or written off by relevant authority.

Where irregular expenditure was incurred in the previous financial years and is only condoned in the current financial year, the register and the disclosure note to the financial statements is updated with the amount condoned.

1.28 STANDARD AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 110- LIVING AND NON LIVING RESOURCES

The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources and disclosure requirements for non-living resources.

This standard details recognition, measurement, presentation and disclosure of living resources except those living resources that are:

- (i) biological assets related to agricultural activity other than bearer plants (see the Standard of GRAP on Agriculture (GRAP 27)); (iA) bearer plants related to agricultural activity (see the Standard of GRAP on Property, Plant and Equipment (GRAP 17)); or
- (ii) inventory

EFFECTIVE DATE

An entity shall apply this Interpretation prospectively for annual financial statements covering periods beginning on or after 1 April 2020. Earlier application is permitted.

IGRAP 20 - ACCOUNTING FOR ADJUSTMENTS TO REVENUE

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process

EFFECTIVE DATE

An entity shall apply this Interpretation prospectively for annual financial statements covering periods beginning on or after 1 April 2020. Earlier application is permitted.

1.29 COMMITMENTS

Items are classified as commitments where the entity commits itself to future transactions that will normally result in the outflow of resources.

CAPITAL COMMITMENTS

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes where required by GRAP 17 and 31.

A contractual amount for each class of capital expenditure committed is disclosed in the financial statements for the acquisition of property, plant and equipment or intangible asset less expenditure recognised in the statement of financial position and financial performance.

LEASE COMMITMENTS

Committed future minimum lease payments under non-cancellable operating leases are disclosed in accordance with GRAP 13.



ANNEXURE D: SHAREHOLDERS COMPACT

Performance Perspective	Output	Alignment			Outcome/ Impact	Indicators/ Calculation	Measure	Annual Performance Targets							
		Ministerial Outcomes	DWS Strategic Goals	WB Strategic Objectives				2017/18 Projected Target	2017/18 Actual	2018/19 Projected Target	2018/19 Actual	2019/20 Projected Target	2019/20 2 nd quarter audited	2020/21 Projected Target	
Organisational Efficiency and Effectiveness	1	Compliance with SANS 241:2015 water quality standard for potable water	MO A, OP1, Ta) & c). MO B, OP2, Ta)	SG1 (SO1.1, 1.2, 1.3) SG2 (SO3.2)	SO 1	Water quality standards met	Percentage compliance to water quality standard	%	97%	99.90%	97%	99.95%	97%	100%	97%
	2	Manage avoidable water losses	MO A, OP1, Ta) MO B, OP2, Ta)	SG2 (SO2.1) SG3 (SO 3.1, 3.2)	SO 1	Reduced avoidable water losses in treatment and distribution systems	Percentage of avoidable water losses on water abstracted	%	5%	2.72%	5%	1.41%	5%	1.45%	5%
	3	Reliability of water supply	MO A > G OP1, Ta), b) & c). OP2, Ta)	SG2 (SO2.1, 2.4) SG3 (SO 3.1)	SO 1	No unplanned interruptions to bulk supply exceeding 24 hours	Number of instances of unplanned supply interruptions exceeding 24 hours (1 day)	Number	3	0	3	0	3	0	3
Financial Performance	4	Effective governance, compliance with legislation and financial sustainability	MO A > G	SG1 (SO1.2) SG3 (SO3.2)	SO 2	Unqualified audit report	External audit report	Unqualified audit report	Unqualified audit opinion with no matters of emphasis	Qualified audit opinion	Unqualified audit opinion with no matters of emphasis	Unqualified audit opinion with matters of emphasis	Unqualified audit opinion with no matters of emphasis	Unqualified audit opinion with matters of emphasis	Unqualified Audit Opinion
	5	Effective and efficient mechanisms to ensure financial sustainability and viability	MO A B & D OP1, Ta), b) & c). OP2, Ta)	SG1 (SO1.2) SG3 (SO3.2)	SO 2	Improved viability and sustainability	Current Ratio	Ratio	1.90	2.78	2	2.50	3.7	3.14	2.13
							Percentage of primary gross profit margin (primary activity)	%	80%	57%	60%	62%	46%	65%	61.92%
							Percentage of primary net profit margin (primary activity)	%	6%	16%	10%	20%	15%	32%	10.56%
							Debt equity Ratio	Ratio	0.33%	16%	0.33%	0.21	0.15	0.10	0.24
							Percentage of return on assets	%	2.9%	6.42%	4%	7.79%	4.3%	12.45%	3.71%
							Number of days to collect primary activities debts (primary activities)	Number	45 days	43 days	45 days	44.7 days	45 days	43 days	45 days
							Percentage of repairs and maintenance of PPE	%	2%	5.01%	2%	3.74%	3%	1.31%	4%
Percentage of staff remuneration of total operating expenditure	%	30%	31%	30%	23.97%	30%	30.11%	30%							

ANNEXURE D: SHAREHOLDERS COMPACT ...continued

Performance Perspective	Output	Alignment			Outcome/ Impact	Indicators/ Calculation	Measure	Annual Performance Targets							
		Ministerial Outcomes	DWS Strategic Goals	WB Strategic Objectives				2017/18 Projected Target	2017/18 Actual	2018/19 Projected Target	2018/19 Actual	2019/20 Projected Target	2019/20 2 nd quarter audited	2020/21 Projected Target	
Financial Performance	6	Increase BBBEE expenditure relative to operational projects	MO E	SG1(S01.2) SG3(S03.2)	SO3	Procurement spent on BBBEE services providers	Percentage of total procurement spent on BBBEE services providers	%	50.1%	53.14%	55%	72.29%	55%	83.55%	55%
	7	Manage costs within approved budget	MO B OP2 Ta)	SG1(S01.2) SG3(S03.2)	SO 2	Actual expenditure compared with budgeted expenditure	Percentage of actual expenditure within total budget	%	90%	81.68%	90%	97.47%	90%	72.71%	90%
	8	Capital expenditure programme	MO E MO A,B & D	SG1 (S01.2) SG 3 (S03.2)	SO 2	Infrastructure available to meet demands	Percentage of CAPEX spend against budget	%	80%	80.75%	80%	99.49%	80%	24.96%	90%
							Percentage of capital projects completed within targeted dates	%	80%	100%	80%	95%	100%	82%	100%
9	Engagement in secondary activities	MO A,D,E & G	SG1(S01.2) SG3(S03.4)	SO 2	Growth in turnover from secondary (other activities)	Percentage of growth in turnover secondary activities	%	10%	(25.35%)	No target set for the FY	10%	0.5%	(27.13%)	0.50%	
Customer/ Stakeholder Interaction	10	Bulk supply agreements concluded with municipalities/ other customers	MO A,B & D OP1, Ta), b) & c). OP2, Ta)	SG1(S01.3) SG2(S02.3) SG3(S03.2, 3.4)	SO 3	Statutory and Service Level Agreements in place	Number of bulk supply agreements in place	Number	9	7	9	7	7	7	7
	11	Implementation of Ministerial directives	MO B,C	SG1(S01.3) SG2(S02.2) SG3(S03.2)	SO 3	Ministerial directives issued are implemented on time	Percentage of Ministerial directives implemented against allocated budget	%	80%	100%	100%	100%	100%	100%	Nil
	12	Rural development support in line with the organisation's mandate	MO C,G,F	SG1(S01.1, 1.3) SG2(S02.3)	SO 3	Total Number of projects implemented in municipalities	Number of projects implemented in municipalities	Number	2	0	2	2	2	Service providers appointed for construction services in 2 municipalities supported	2
	13	Meeting statutory submission deadline	MO A,B & D OP1, Ta), b) & c). OP2, Ta)	SG1(S01.2) SG3(S03.2)	SO 3	All statutory reports submitted on time	Number of approved business plans submitted as per compliance requirements	Number	1	1	1	1	1	EXCO and MANCO strategic plan held	1
Meeting statutory submission deadline		MO A,B & D OP1, Ta), b) & c). OP2, Ta)	SG1(S01.2) SG3(S03.2)	SO 3	All statutory reports submitted on time	Number of approved shareholders compact submitted as per compliance requirements	Number	1	1	1	1	1	Shareholders template in place	1	



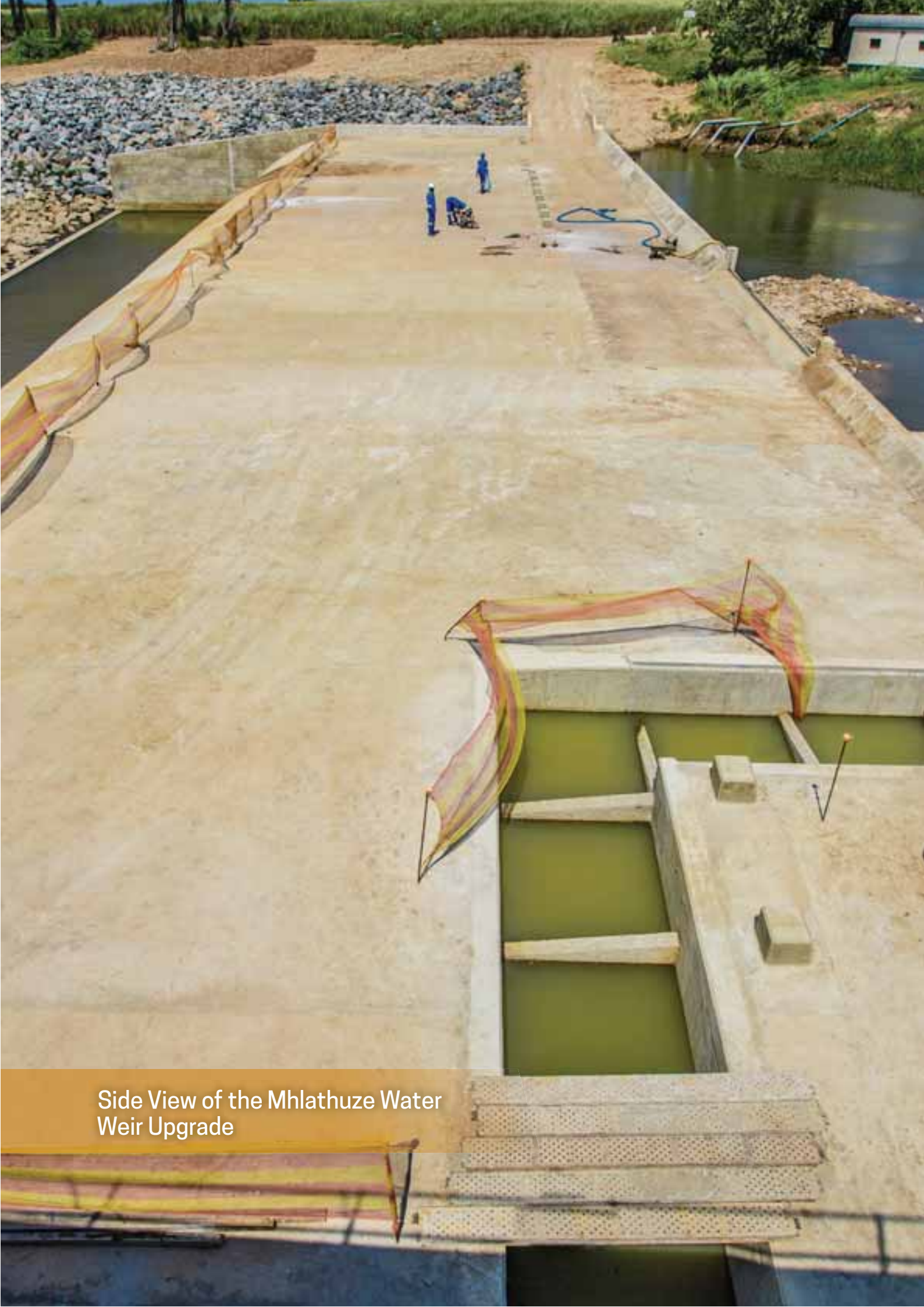
ANNEXURE D: SHAREHOLDERS COMPACT ...continued

Performance Perspective	Output	Alignment			Outcome/ Impact	Indicators/ Calculation	Measure	Annual Performance Targets						
		Ministerial Outcomes	DWS Strategic Goals	WB Strategic Objectives				2017/18 Projected Target	2017/18 Actual	2018/19 Projected Target	2018/19 Actual	2019/20 Projected Target	2019/20 2 nd quarter audited	2020/21 Projected Target
Customer/ Stakeholder Interaction	13 Meeting statutory submission deadline	MO A,B & D OP1, Ta), b) & c). OP2, Ta)	SG1(S01.2) SG3(S03.2)	SO 3	All statutory reports submitted on time	Number of approved annual reports submitted as per compliance requirements	Number	1	1	1	1	1	1	1
	Meeting statutory submission deadline	MO A,B & D OP1, Ta), b) & c). OP2, Ta)	SG1(S01.2) SG3(S03.2)	SO 3	All statutory reports submitted on time	Number of approved quarterly reports submitted as per compliance requirements	Number	4	4	4	4	4	2	4
Organisational Capacity	14 Optimal staff retention	MO E	SG1(S01.1, 1.3)	SO 4	Optimal staff turnover	Percentage of staff turnover	%	5%	6.99%	8%	11.17%	8%	1.24%	8%
	15 Learners trained and equipped with skills	MO E	SG1(S01.1, 1.3)	SO 4	Skills and capacity building	Number of learners trained and equipped with skills	Number	6	6	5	8	5	Learnership programme advertised	5
	MW employees trained and equipped with skills	MO E	SG1(S01.1, 1.3)	SO 4	Skills and capacity building	Number of new internal bursaries awarded to MW employees	Number	25	18	1	6	3	4 Study assistance applications received	3
	Graduate trainees participating in the graduate training programme	MO E	SG1(S01.1, 1.3)	SO 4	Skills and capacity building	Number of graduate trainees participating in the graduate training programme	Number	2	2	2	2	2	4	4
16 Temporary jobs created	MO E	SG1(S01.1, 1.3)	SO 4	Temporary jobs created	Number of temporary jobs created through MW external programme	Number	100	155	200	208	200	147	40	

ANNEXURE D: SHAREHOLDERS COMPACT ...continued

Performance Perspective	Output	Alignment			Outcome/ Impact	Indicators/ Calculation	Measure	Annual Performance Targets								
		Ministerial Outcomes	DWS Strategic Goals	WB Strategic Objectives				2017/18 Projected Target	2017/18 Actual	2018/19 Projected Target	2018/19 Actual	2019/20 Projected Target	2019/20 2 nd quarter audited	2020/21 Projected Target		
General Performance	17	Board Effectiveness	MO A > G	SG1(S01.1, 1.2) SG3(S03.1, 3.2)	SO5	Improved performance of fiduciary duties/ governance	Percentage of attendance of Board members at Board meetings	%	100%	100%	80%	95%	80%	86.5%	80%	
	18	Corrective measures for internal audit findings	MO B	SG1(S01.2) SG3(S03.2)	SO 5	Internal audit findings dealt with	Number of repeat internal audit findings	Number	0	31	10	2	0	0	0	
							Number of unresolved internal audit findings	Number	0	5	4	9	0	2	0	
	19	Good governance	MO E,F & G	SG1(S01.2) SG3(S03.2)	SO 5	Improved controls and risk mitigation	Number of breaches of materiality and significant framework	Number	0	8	0	0	0	0	0	0
	20	Corporate Social Investment (CSI) initiatives in line with the organisation's mandate	MO E	SG2(S02.2) SG3(S03.2)	SO3	Good corporate citizenship	Number of CSI initiatives undertaken	Number	4	5	4	4	4	1	4	
Optional WB Specific Performance objectives	21	Health & Safety of employees	MO B	SG1(S01.2) SG3(S03.2)	SO4	Reduced number of disabling injuries	Disabling injury frequency rate (DIFR)	Rate	0.44	0.31	0.44	0.91	0.44	0.22	0.5	





Side View of the Mhlathuze Water Weir Upgrade



Private Bag 1047
Richards Bay, KwaZulu-Natal, 3900

Tel: +27 (0) 35 902 1000

Fax: +27 (0) 35 902 1111

Email: mw-info@mhlathuze.co.za

www.mhlathuze.co.za