

A close-up photograph of a hand holding water from a tap. The water is splashing and creating a misty spray. The background is a soft, golden sunset over a landscape. The tap is a dark, industrial-looking fixture.

Draft Annual Performance Report

uThukela Water (Pty) Ltd

FY2020/2021



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Introduction

This report serves to table the annual performance of the company as at 30/06/2021 against its pre-determined objectives planned out in May 2020. (Measurement of performance against the SDBIP of FY2020/2021)

The financial performance of the entity will be reported on separately

Service Delivery Performance Analysis

uThukela Water (Pty) Ltd uphold its mission statement by ensuring excellent and consistent performance across all areas of expertise within the entity.

In May 2020 a pre-determined strategic plan/SDBIP that converts into measurable criteria on how, where and when the strategic objectives and normal business processes of the entity will be achieved and implemented was tabled for the FY 2020/2021.

This plan has since been approved by both the Board of directors as well as the respective parent municipalities of the entity.

a) PERFORMANCE SETTING

The SDBIP of uThukela Water (Pty) Ltd for the FY 2020/2021 comprised of 6 key strategic objectives. Which were filtered into key performance areas and key performance indicators. The key performance indicators were assigned annual targets and performance is measured against these targets quarterly.

uThukela Water (Pty) Ltd Key Strategic Objectives



b) MONITORING PERFORMANCE

The entity's performance is measured as per the performance management policy of uThukela Water (Pty) Ltd. The performance of the entity is measured at the end of every quarter and is carried out by the Chairperson of the Board of Directors Mr. P.S Naidoo

uThukela Water (Pty) Ltd make use of a 4 Point rating scale to measure performance, it is the same rating scale used to measure targets within the SDBIP of the entity.

Rating	Level	Description
1	Unacceptable Performance / Needs Development	Performance does not meet the standard expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half of the performance criteria and indicators as specified in the Performance Agreement. The member has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.
2	Not Fully Effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against less than half of the key performance criteria and indicators as specified in the Performance Agreement.
3	Fully Effective	Performance fully meets the standard expected in all areas of the job. The review / assessment indicate that the member has achieved fully effective results against all the performance criteria and indicators as specified in the Performance Agreement.
4	Performance Above Expectations	Performance is significantly higher than the standard expected in the job or far exceeds the standard expected of a member at this level. The appraisal indicates that the member has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.

c) PERFORMANCE OUTCOMES

The below chart (*Figure 1*) serves to represent the performance outcomes as at 30 June 2021 of uThukela Water (Pty) Ltd. A detailed scoresheet can be found at the end of this report.

The entity managed to meet all its agreed targets as per the SDBIP FY 2020/2021 in the key performance areas of the following strategic objectives:

- Manage stakeholder relationships
- Communicate Company Performance to Stakeholders and Public
- Increase financial sustainability

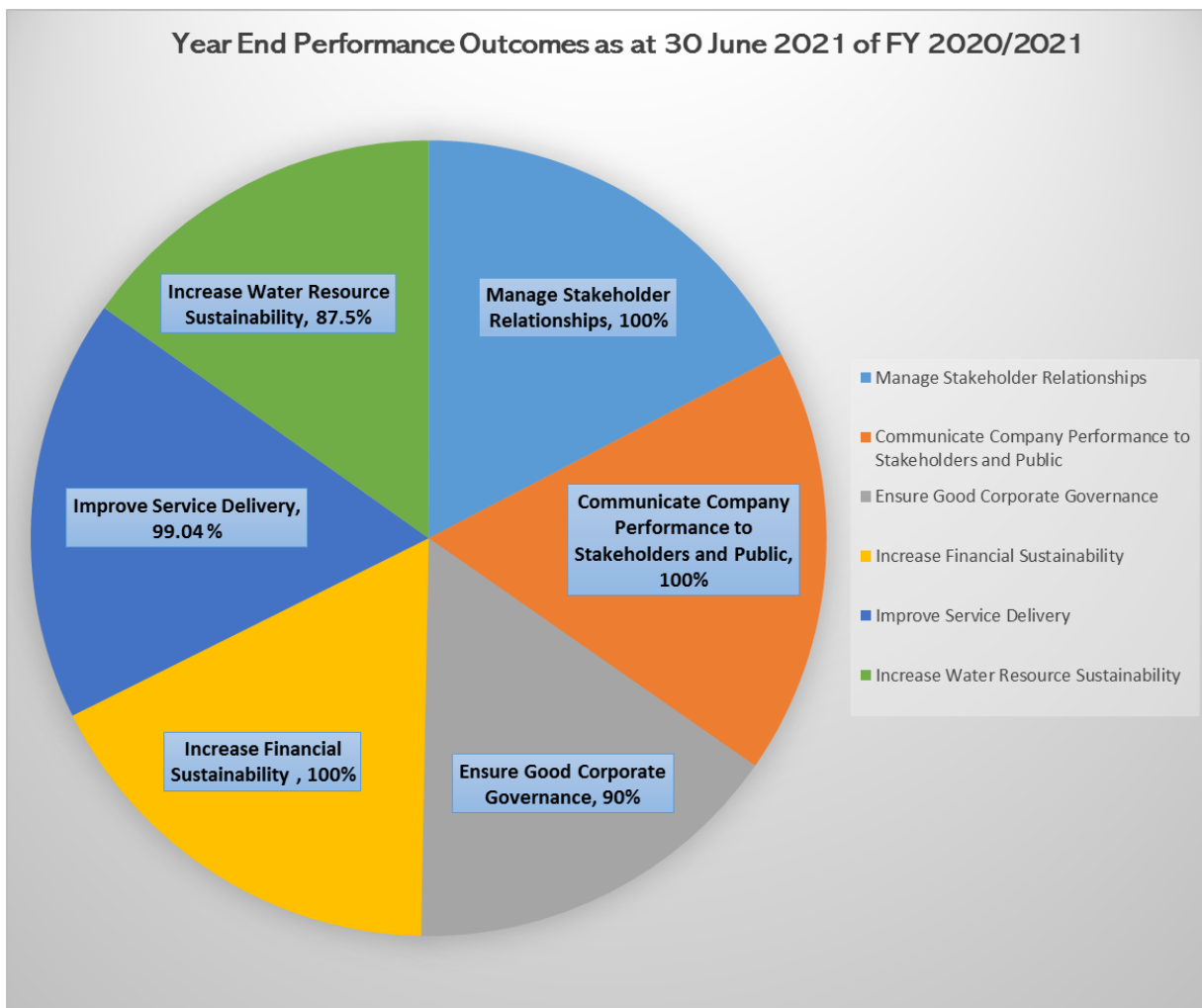


FIGURE 1



uThukela Water (Pty) Ltd.

Annual Performance Scorecard – FY2020/2021

Strategic Objective	Key Performance Area	Key Performance Indicator	Annual Target	Responsibility	Actual at 30 June 2021	Target Met/Target Not Met	Reason for Variance	Recommended Corrective Action	Performance Score
Manage Stakeholder Relationships	Align Business Plans & Budgets with Municipal IDPs, Budgets & Plans, and National / Provincial Development Objectives	Submission of Business Plan, Budgets and Mid-Year Performance Assessments in terms of the provisions of the MFMA. One Meeting per annum with each Shareholder and Provincial Representative Committee to align budgets to Municipal IDPs, National and Provincial Plans	<ul style="list-style-type: none"> • Submit an annual business plan to WSA's. • Submit a Mid-Year Performance Assessment Report and, a final annual performance report. • Schedule one meeting per WSA to align budgets and plans 	Managing Director	<ul style="list-style-type: none"> • 1 Business plan submitted to all 3 WSA's • 1 Mid-Year Performance Report submitted to all WSA's • 1 Annual Performance Report submitted to all WSA's • 1 meeting per WSA scheduled in FY 2020/2021 	Target Met			3
	Schedule and attend regular Operational Admin and Financial meetings with Parent Municipalities	To schedule monthly meetings with all WSAs	<ul style="list-style-type: none"> • 12 monthly meetings scheduled with all WSA's. 	Executive Director: Operations and Engineering	<ul style="list-style-type: none"> • 12 monthly meetings scheduled. 	Target Met			3
	Board, Shareholder and Audit Committee Meetings	Quarterly meetings to be scheduled	<ul style="list-style-type: none"> • 4 Board meetings scheduled • 1 Shareholders meeting scheduled 	Managing Director	<ul style="list-style-type: none"> • 4 Board Meetings scheduled • 1 Shareholder Meeting scheduled 	Target Met			3

			• 4 Audit Committee meetings scheduled		• 4 Audit Committee Meetings scheduled				
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Strategic Objective	Key Performance Area	Key Performance Indicator	Annual Target	Responsibility	Actual at 30 June 2021	Target Met/Target Not Met	Reason for Variance	Recommended Corrective Action	Performance Score
Communicate Company Performance to Stakeholders and Public	Submission of Monthly Section 71 Reports (Section 87(11))	Compile and submit Monthly Reports to Shareholders	12 Monthly Section 71 reports	• Managing Director	• 12 Monthly Section 71 Reports	Target Met			4
	Compile Annual Report with Input from Stakeholders	Compile and submit Final Annual Report to Stakeholders and Public by the 25th of August each year	Compile and submit 1 annual report by the 25 th August each year	• Managing Director	• 1 Draft Annual Report Compiled and submitted by the 28/10/2020	Target Met	National Treasury issued an extension of submission of Annual Reports and Annual Financial Statements to the 31/10/2020		4

Strategic Objective	Key Performance Area	Key Performance Indicator	Annual Target	Responsibility	Actual at 30 June 2021	Target Met/Target Not Met	Reason for Variance	Recommended Corrective Action	Perf Score
Ensure Good Corporate Governance	Compliance with Statutory Company and Local Government Legislation	To ensure compliance with Company, National, Provincial and Local Government legislative guidelines by updating and signing off control sheets on a quarterly basis	4 Quarterly Compliance Sheets	Managing Director	2 Signed Compliance Sheets	Target Not Met	Only 2 sheets were correctly completed and signed off for the year	Ensure that compliance sheets are properly completed and signed off and dated every quarter.	4
	Compliance with Statutory Company and Local Government Legislation	Number of material external audit findings in the Annual Audit Report to be less than 3 findings.	< 3 Material External Findings	Managing Director	1 Material External Finding	Target Met			3
	Manage and Reduce Risks	Carry out an annual institutional risk assessment and perform quarterly monitoring exercises thereof	<ul style="list-style-type: none"> • 1 annual risk assessment • 4 quarterly risk monitoring reports 	Performance and Risk Officer	<ul style="list-style-type: none"> • 1 annual risk assessment conducted • 4 quarterly risk monitoring reports 	Target Met			3

	Attract, Retain and increase organisational skills and capacity	Training and development of Staff in line with the institution's succession plan, career pathing, talent management, performance intervention, WSP	Capacitating staff and developing staff in line with the succession plan. With a total of 80% of all staff in training and development programmes been from the staff highlighted to be developed in terms of	Human Resource Manager	<ul style="list-style-type: none"> • Annual training and development Report documenting more than 80% of employees selected for succession are currently being trained and developed • Updated succession plan 	Target Met			3
	Information Technology Systems	Functional modern-day and live IT systems that generate management and stakeholder information.	12 monthly IT reports	Chief Technology Officer	12 Monthly IT Reports completed	Target Met			4

Strategic Objective	Key Performance Area	Key Performance Indicator	Annual Target	Responsibility	Actual at 30 June 2021	Target Met/Target Not Met	Reason for Variance	Recommended Corrective Action	Perf Score
Improve Service Delivery	To supply agreed bulk water volumes to WSAs	To supply uninterrupted bulk water volumes in terms of WSP / WSA Agreements and budgeted volumes	<ul style="list-style-type: none"> • Newcastle – 33215000 KL • uMzinyathi – 5600000KL • Amajuba – 5750000 KL 	Executive Director – Operations and Engineering	<ul style="list-style-type: none"> • Newcastle - 32159684 KL • uMzinyathi - 5599740KL • Amajuba - 5297103 KL 	Target Not Met	<p>Supply Volumes to Newcastle LM and Newcastle were less than the budgeted volume due to limited raw water supply. The use of the Ngagane river pump station is also restricted due to current payment challenges the entity is facing. The entity cannot afford to always run the pump station. Amajuba DM has no dedicated reservoir and supply volumes to the DM are</p>	<p>Raise issues of inconsistent payment with all 3 WSA's to ensure that the entity is able to efficiently operate without any financial restrictions. Continuously lobby for the roll out of the bulk water master plan to ensure that raw water shortages and shared reservoirs do not adversely affect service delivery in the future.</p>	4

							dependent on the consumption volumes of Newcastle LM. The more Newcastle LM consume the less water available for Amajuba DM. Supply volumes to uMzinyathi DM are also restricted due to raw water shortages in the area.		
	To supply quality bulk water in terms of SANS 241:2015	95% compliance of; Acute health, chemical and microbiological, Aesthetic and operational, and Chronic health chemical standards.	95% Water Quality Across all determinants in terms of SANS 241:2015	Executive Director – Operations and Engineering	<ul style="list-style-type: none"> • Ngagane Water Treatment Works • Acute Health Chemical Compliance >99.9% • Acute Health Microbiological Compliance >99.9% • Aesthetic Compliance >99.9% • Chronic Health Chemical Compliance 	Target Met and Exceeded			4

					<p>99.4% Operational Compliance 99.1% Biggarsberg Water Treatment Works</p> <ul style="list-style-type: none"> • Acute Health Chemical Compliance >99.9% • Acute Health Microbiological Compliance >99.9% • Aesthetic Compliance >99.9% • Chronic Health Chemical Compliance 99.4% • Operational Compliance >99.9% 				
	Reliability of Bulk Water Supply	To minimise unavoidable or planned maintenance interruptions of bulk water supply to less than 24 hours in any one instance.	All planned and unplanned maintenance disruptions of bulk water should be less than 24 hours per disruption.	Executive Director – Operations and Engineering	58 planned and unplanned outages from July 2020-June 2021 all under 24 hours per disruption. >50% of these outages were due to Eskom interruptions.	Target Met			4
	Water Conservation Management	To restrict bulk water losses on raw and potable	To restrict water loss on total bulk	Executive Director: Operations and Engineering	• Ngagane – 4.56%	Target Met and Exceeded			4

		bulk pipelines to less than 15% per annum	water system raw and potable pipelines to an average of less than 15% per annum.		<ul style="list-style-type: none"> • Biggarsberg – 5.21% Total Loss 4.64%				
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Strategic Objective	Key Performance Area	Key Performance Indicator	Annual Target	Responsibility	Actual at 30 June 2021	Target Met/Target Not Met	Reason for Variance	Recommended Corrective Action	Perf Score
Increase Water Resource Sustainability	To coordinate the regional bulk water master plan	To coordinate quarterly meetings of the regional bulk water master plan	<ul style="list-style-type: none"> • Schedule 4 Meetings • To include at least 2 bulk water master planning initiatives in the annual capital budgets 	Manager - Engineering	<ul style="list-style-type: none"> • 4 meeting scheduled. • 2 bulk water master planning initiatives included in capital budget 	Target Met			3
	Increasing the resiliency of the institution	Business Continuity Planning	<ul style="list-style-type: none"> • 4 Meetings to develop an Institutional Business Continuity Plan 	Managing Director	<ul style="list-style-type: none"> • 1 Meeting Held with Provincial Treasury to discuss BC Planning • 1 Meeting held to conduct BCP Training carried out by Provincial Treasury 	Target Not Met	Only 2 meetings held due to a delay in carrying out training within the entity. Since training has taken place a BCP Policy has been drafted and submitted for Board Approval.	Prioritise meetings in new financial year and encourage departments to develop departmental Business Continuity plans.	3
	Regular asset conditional assessments	To annually assess the overall condition of all assets	1 Annual asset conditional assessment	Asset and Budget Manager	1 Annual Asset Conditional Assessment Compiled and submitted	Target Met			3
	Maintenance Planning	To update the Annual	1 updated Annual	Maintenance Manager	1 Maintenance Plan	Target Met			4

		Maintenance Plan.	Maintenance Plan		completed for January-December 2021				
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	Key Performance Area	Key Performance Indicator	Annual Target	Responsibility	Actual at 30 June 2021	Target Met/Target Not Met	Reason for Variance	Recommended Corrective Action	Perf Score
Increase Financial Sustainability	Bulk Water Tariff Modelling	A single cost driven bulk water tariff for all WSA's	<ul style="list-style-type: none"> To submit a cost based bulk water tariff model for board approval. 1 Board approved bulk water tariff. 	Managing Director	Cost based bulk water tariff submitted to Board for approval. 1 Board approved tariff of R3.81 per KL	Target Met			4
	Revenue Management	To invoice bulk debtors within 10 days of each new month for services rendered.	12 monthly invoices per WSA.	Chief Financial Officer	12 monthly invoices per WSA.	Target Met			4
	Financial Performance	To produce Annual Financial Statements by the 31 August each year	Annual Financial Statements by the 31st August	Chief Financial Officer	Annual Financial Statements submitted by the 28/10/2020	Target Met	National Treasury issued an extension of submission of Annual Reports and Annual Financial Statements to the 31/10/2020		4

In signing the below I hereby declare that all the content contained in this report is complete and accurate to the best of my knowledge, this is a true reflection of the performance of uThukela Water (Pty) Ltd. for the financial year ending 30 June 2021

Name and Surname: _____

Capacity: _____

Signature: _____

Date: _____