

STRATEGY/ CORPORATE PLAN

2018/19 to 2022/23



Prepared in accordance with section 40 of the Water Services Act 1997 and the National Treasury Guideline Framework for Corporate Planning and Shareholder's Compact September 2002, source www.treasury.gov.za

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Vision

“To be the leading provider of quality water services in South Africa”

Mission

Magalies Water Board provides (bulk) water services to Water Services Authorities, Water Services Institutions and other users to positively impact the quality of life and economic growth for communities in our areas of operation.

Strategic Intent

The Strategic Intent of Magalies Water is to meet its Mandate of sustainable water provision and this will be achieved through reliable provision of quality water services and contribution to the socio economic development in the service areas.

Core Values

Magalies Water is guided by its values, which are used as anchor-points to establish the manner in which we approach our activities and how we relate to each other and our Stakeholders.

Integrity	We do what we say we are going to do – ALWAYS!
Service Quality	We endeavour to meet customer requirements in all that we do.
Competence	We deliver services with high level of professionalism.
Eco-efficiency	Our practices reflect our care for the natural environment.
Good Corporate Citizenship	We strive for development of a sustainable economy and the wellbeing of our community.

Magalies Water relies on the commitment and dedication of each of our Staff Members to fulfil its Vision and Mission. This Entity aspires to be both a leader in the delivery of quality services and employer of choice.

Hence the development and retention of the best human capital is at the core of the Magalies Water Strategy and underscores the worth it places on the organisations most valuable asset – its people. To this end, Magalies Water has embarked on an extensive exercise to revive the spirit inherent in its Values as a means to re-imagine the Magalies Water of the future in which the personnel thrive and excel in their areas of operation. Staff members provided input regarding the cultural behaviours that should be typical of Magalies Water, during the Management Strategy Workshop and a combination of novel and existing key themes emerged as highlighted in Figure 1 below.

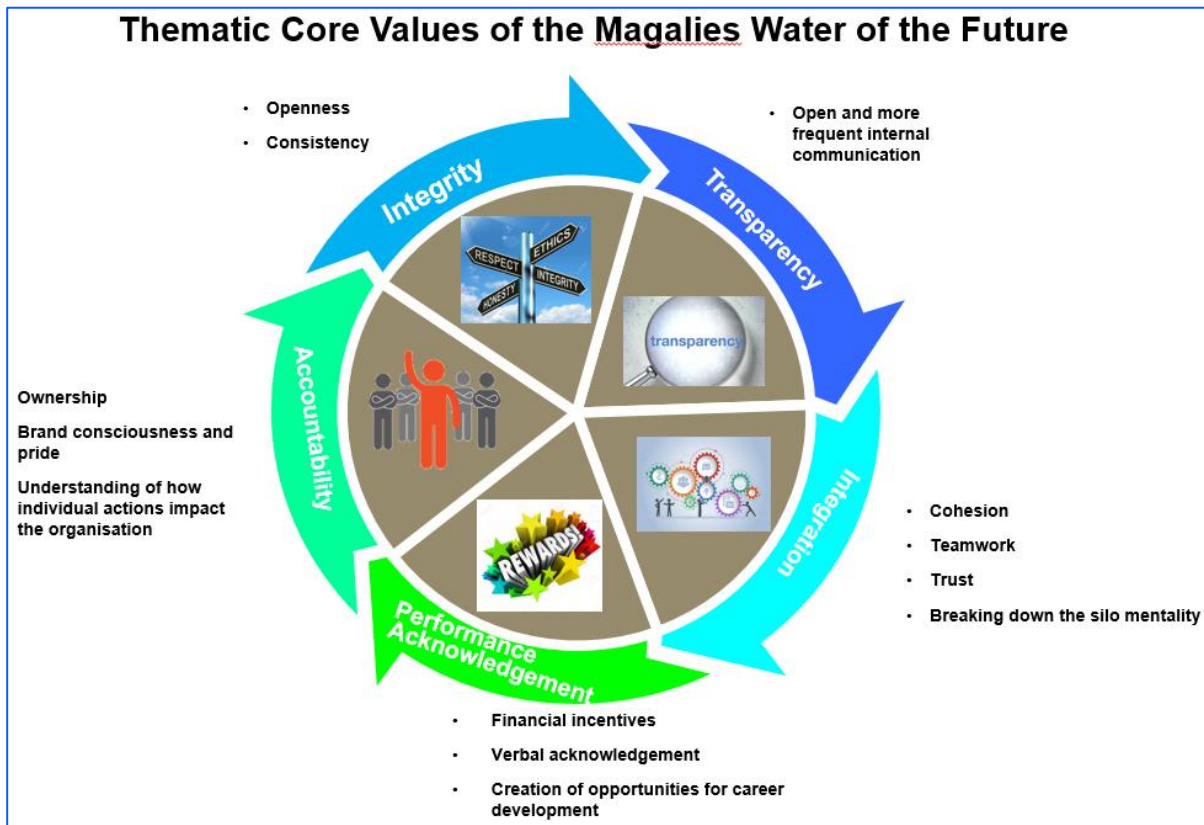


Figure 1: Turn the Values to Culture: Summary of Behaviours at Magalies Water

Magalies Water has committed to revive the internal communication mechanisms in order to foster trust and to ensure synergy / coherence between internally and externally disseminated information. Further to this, Magalies Water will continue to maintain a responsive, timeous and proactive Consumer Centric Service approach to fulfil our aspirations to excel in delivering services to customers. The set standards and performance measures will strategically re-build the Magalies Water brand, reputation, good standing and in the medium to long term, assist in the expansion of the Utility’s footprint.

Statement by the Chairperson

On behalf of Magalies Water, it is my pleasure to present to our Shareholder (Hon. Minister, Gugile Nkwinti MP: Water and Sanitation) and to all our Stakeholders, the Magalies Water's Corporate Plan 2018/19-2022/23 (Plan) as adopted for the next 5-years. We continue to adapt our business focus in line with the set developmental goals, the National Development Plan, the State of the Nation Address and its Medium Term Budget Policy Statements, or any changes of the National Treasury and Department of Water and Sanitation (DWS)'s Plans.

This Plan reflects on the envisaged humanitarian impact we aim to make in areas Magalies Water services have 'presence'; it keeps linkages to the Sustainable Development Goals (SDGs). We focus on the modernisation of access to sanitation in order to improve health, well-being and wealth of our citizens. Our initiatives are similar to the SDGs and the Millennium Development Goals; they address the effect of systematic barriers of socio-economic inequality, environment degradation, changes in business models due to technological advancement and the related techno-risks, among others.

Environmental and Demographic / Socio-Economic Factors

The evident adverse impact of global warming and climate change, in other parts of the country, to the hydrological / water sources systems call for innovative adaptation strategies. Scarcity of both surface and ground water is a serious business disruptor, which could lead to restrictions even to Magalies Water, in recognition of the water-food-energy interconnectivity.

Economic Factors: This Plan is linked to the Government's Policy position to radically transform the RSA economy, i.e., to promote an inclusive economic participation. The timing of the Policy puts the water services value-chain at a back foot as the world economic growth is sluggish. This has been evident in the recent credit downgrades to (near) junk status; albeit this left us with a mixed impact i.t.o the Rand volatility. The latter is not ideal to our contribution to the Government's Fiscal and Monetary Policies; it may curtail the affordability (incl. borrowing) and / or infrastructure related Capital Projects' funding. It ultimately distracts our course to optimally service and/or grow our Section 29 and Section 30 existing markets, alike.

Social / Political Factors: The majority of the societies we serve are in rural and / or of informal settlements that are poverty-stricken and occupied by people with low levels of education. The mines lay-offs increase unemployment. This brings about the relationship of our business to the changing spatial patterns, population growth, and political volatility especially now that we face the looming elections. The increasing demand for water services and / or disruptions to our service will, in all likelihood, be the 'tram card' for in the election manifestos,

In this instance, we continue to capacitate and strengthen our functions in risk and business continuity planning to respond appropriately to mission critical activities. We find comfort that our young and energetic employees have revived their commitments to our Values and they have outlined a range of cultural behaviours towards re-living / reviving our consciences around the spirit of Batho Pele.

Technological factors

Water utilities across the world have already embraced principles of the fourth industrial revolution on utilisation of big data in management of their operations. The internet of things is a reality and

technology is viewed as one of the big disruptors to the business models of organisations. Magalies Water will continuously embrace utilisation of technology in enhancement of our Information Technology value chain. Technology enhancement will occur in the data, applications and governance areas.

Programmes to Implement Strategy

Our Plan exhibits our 5-year objectives and major enabling Programmes designed along the Balanced Score Card perspectives of-

- Organisational Efficiency and Effectiveness
- Financial and Governance
- Customer and Stakeholder Interaction
- Organisational Capacity

Our Infrastructure Master Plan enable us to achieve the commitments. It guides our investment to build/refurbish/upgrade/maintain capacity for effective water demand / supply management. The latter is one of our success factor to achieve the desirable increase in market share and financial returns in line with our Strategy Growth Plan. . We continue to segment our Customers and uphold tailor made engagement approaches to our critical Stakeholders, especially our Local Governments. Likewise, we determine our response to water demand according to each Municipality's classification of vulnerability to delivering services to the End Users (2013/14 assessment report). Innovatively, we set our Treatment Systems / Laboratories consistent with the applicable norms and standards set for the quality of bulk water and/or treated wastewater while we research / search for modern ways to achieve the results.

On behalf of the Board of Directors, we look forward to another term of our Shareholder's unwavering support and guidance, and the DWS's tireless drive to transform our water sector. We further confirm our accountability for the success of this Corporate Plan and that we have identified appropriate talented human capital to ensure we realise the ambitions of this Plan. We have confidence in our Executive Management's capability too.

A handwritten signature in black ink, appearing to read "Adv. MM Petlane".

Adv. MM Petlane

Chairperson of the Board

Statement by the Chief Executive

Together with the Executive Committee of Magalies Water, we are happy to share with our Stakeholders, our Corporate Plan 2018/19 to 2022/23 (Plan) that reflects our strategic “Road Map” for the next five (5) years. As the Chief Executive of Magalies Water, I give re-assurance that the fundamentals of our strategic Corporate Plan are in sink with the great strides and bold decisions we committed on, in the previous financial years. This is a reminder that this Plan marks the end of the first 5 years, since 2013/14, of rolling out our bulk water services (Section 29) and supporting other Water Services Entities or Institutes (Section 30).

The Corporate Plan 2018/19 to 2022/23 presents a renewed dedication to enhance the various management actions and processes for the sole purpose of providing excellent and satisfactory service to all our customers. The desired end-state of Magalies Water is to be a fully capacitated, high performance organisation that keeps on improving and growing sustainably; and that carries out its mandate in the most efficient and effective possible manner.

For this Corporate Plan, our analysis of the external and internal environmental factors gave rise to the articulation of the selected and prioritised intensive strategic Programmes for growing the organisation. We have recognised the possible impacts to our business of the renewal of the debates around the land redistribution models, conversation on the fourth industrial revolution, among others, some of which our Chairman has outlined earlier.

In short, we are cognisance of the factors of uncertainties, trends and scenarios in our strategic environment. These include the following:

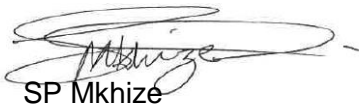
1. Alignment of the increasing demand for water services in our service area to local population growth, local economic conditions (affordability), and our commitment to extending services to all in terms of our Shareholder Compact.
2. The impact of drought conditions and pollution on input water sources.
3. The availability of modern water services technologies and their applicability to our ageing legacy assets.
4. The Department’s Strategic Plans for Institutional Reform and Realignment
5. The capabilities of our Water Service Authority Clients where these may have been assessed as “Extremely Vulnerable” or “Highly Vulnerable” in the Municipal Services Strategic Assessment (MuSSA) for South Africa (2013/14).
6. Our impact on the environment
7. Magalies Water’s own success in operations, capital infrastructure delivery and socio-economic development.

As a result, this Corporate Plan contains our 5-year commitment to further enhance our capabilities, achieving the “desired state”, described above, across the following major programmes:

1. Plan, design and acquire water services facilities, equipment, bulk distribution capacity and enterprise capabilities within funding constraints to achieve our Mandate of primary (Section 29) activities efficiently.

2. Deliver water services that comply with required standards of water quality and reliability of supply and satisfy our customers.
3. Enhance our Section 30 functional capacity and capability to, effectively, handle the supply and demand.
4. Maintain financial sustainability within the approved Tariffs
5. Develop or transform the Magalies Water's Human Capital, Suppliers, and Communities through embarking on initiatives for upskilling, localising employment and effectively implementing enterprise development programmes.
6. Provide efficient and effective business support to Finance, Supply Chain, Information and Communications Technology, Governance and Risk Management
7. Engage Stakeholders (Shareholder, Customers) towards enabling appropriate level of influence to the flexibility of our operations and planning.

On behalf of the Executive Committee and the Magalies Water as an organisation, be assured that we geared to respond to the opportunities and challenges in line with our Strategy Growth Plan. This Corporate Plan is an appropriate basis to meet legislated accountabilities and simultaneously enable Magalies Water to be a "good citizen" in the communities it serves. This Corporate Plan is designed for success.

A handwritten signature in black ink, appearing to read "Mkhize", written over a circular stamp or seal.

SP Mkhize

Chief Executive

Official Sign Off

The Magalies Water Management Staff held a 2-Day Workshop during the 10 to 11 April 2018 on the Corporate Plan (2017/2018 to 2021/2022) in order to assess progress and to identify shortcomings / opportunities that the Executives should be raised to the Board, as the new 5-Year commitment is being crafted. The outputs of the Management Strategy Workshop were further interrogated for relevance to the coming 5-Year planning period - through the lenses of our Board Members during the Board-specific-Workshop held from 23 to 25 April 2018. The latter culminated to the Board's adoption of the format of the Corporate 2018/2019 to 20122/2023, as being submitted to the Shareholder.

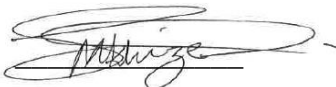
We certify that the Corporate Plan takes into account the Mandate, all relevant Policies, legislation and other commitments for which Magalies Water is accountable. The Corporate Plan accurately reflects the strategic outcome oriented goals and objectives which Magalies Water will endeavour to achieve over the period.

We, further, certify that all the information that the organisation is aware of and is significant to functioning and delivery of the Mandate, is disclosed in this Corporate Plan as required in terms of the Water Services Act (Act 108 of 1997), Public Finance Management Act (Act 1 of 1999), and other relevant legislation and associated Regulations, prescribed Guidelines and practice notes issued by the Department of Water and Sanitation (DWS) and the National Treasury.

A handwritten signature in black ink, appearing to read 'M. Tabane'.

M. Tabane

Acting GM: Finance

A handwritten signature in black ink, appearing to read 'SP Mkhize'.

SP Mkhize

Chief Executive (*Acting*)

A handwritten signature in black ink, appearing to read 'Adv. MM Petlane'.

Adv. MM Petlane

Chairperson of the Board

1 Introduction

This Magalies Water Corporate Plan for the next five (5) years 2018/19 to 2022/23 has been prepared and adopted by the Magalies Water Board as required by Section 40 of the Water Services Act, 1997 (Act No. 108 of 1997).

The Act prescribes that a “Business Plan” must at least contain information regarding the following:

- Each specific primary and other activity to be undertaken and the performance targets for each
- The Tariff applicable to each service, the method by which it was determined, the motivation for the Tariff and the estimated Tariff income
- Forecasts of capital expenditure for the primary and other activities for the next five years, and
- Any other information, which the Minister may prescribe from time to time.

In addition, this Corporate Plan incorporates the recommendations of the National Treasury Guideline Framework for Corporate Planning and Shareholder Compact, September 2002, and the information in the format and order proposed by the National Treasury Guidelines.

2 Purpose of the Public Entity

Magalies Water is a Water Board established in terms of section 28 of the Water Services Act, (Act No 108 of 1997, as amended) and is classified as Government Business Enterprise as per Schedule 3B of the Public Finance Management Act (Act No 1 of 1999, as amended). The Service Area of Magalies Water as determined by the Minister stretches over Pienaars River and Crocodile River, these being two of its major service area Catchments.

The Mandate of Magalies Water is to provide water services in terms of Section 29 and ensure viable Section 30 initiatives as prescribed in the Water Services Act, (Act No 108 of 1997).

Magalies Water will continue to contribute to the socio- economic development within our Service Areas, as mandated.

3 Operating Principles

Magalies Water is a Schedule 3B: State-owned Company (SoC) and like all the businesses operating in the country (the Republic of South Africa), it is governed by all applicable country's legislation. The Magalies Water's operating relevance and its critical role are grounded in the legislative Mandate imposed through the Water Resources Act, i.e., to ensure that the State complies with Bill of Rights duties enshrined in Chapter 2 of the Constitution. Below is the outline of more information on some of the applicable laws.

3.1 Legislative Mandate

Magalies Water is a State-owned Entity governed by, among other legal frameworks that constitute Magalies Water's Regulatory Universe, the following legislation:

1. The Constitution of the Republic of South Africa, 1996 [(Act 108 of 1996), the Constitution]: According to Chapter 2: Bill of Rights of the Constitution that the State must respect, protect, promote and fulfil the Rights of all people in our country and (must) affirm the democratic values of human dignity, equality and freedom. Explicitly, Section 10 states that everyone has Rights to human dignity and Section 11 speaks of everyone's Right to life
2. The Public Finance Management Act, 1999 [(Act 1 of 1999 as amended, PFMA)]: The PFMA classifies Magalies Water as a Schedule 3(B): National Government Business Enterprise.
3. National Water Act, 1998 [(Act 36 of 1998 as amended, (NWA)] and its Regulations: The NWA provides that the National Government is the public trustee of the nation's water resources. Acting through the Minister of Water and Sanitation, the national government has the power to regulate the use, flow and control of all water in the Republic. The goal is protect, use, develop, conserve and manage water resources in a sustainable and equitable manner for the benefit of all persons.
4. Water Services Act, 1997 [(Act 108 of 1997 as amended, WSA)]: The WSA provides for the right of access to the basic water supply and the right to basic sanitation services. The WSA also provides for the establishment of Water Boards and defines their primary (Section 29) and secondary functions (Section 30).

3.2 Overview of Business Activities

Legally, the Minister of the Department of Water and Sanitation (DWS) is the custodian of water resources including the Dams from which Magalies Water abstracts and channels water to its own Water Treatment Plants for treating / cleaning before distributing through pipelines to Water Service Authorities and other Users (Customers).

3.2.1 Primary Activities (Section 29)

The primary activity of a Water Board is to provide water services to other water services institutions within its service area (Section 29). Raw water is obtained through various intermediaries (e.g., Dams, Mining associated sources, etc.) that are linked to two (2) major catchments of the Crocodile and the Pienaars Rivers.

Magalies Water services extend over an area of 42,000 km² (see Figure 2 below) that cuts across three (3) South African Provinces, namely, the North West, Limpopo and Gauteng.

Figure 2: Magalies Water Service Area Map



3.2.2 Magalies Water Customers

Magalies Water provides bulk potable water to the following Water Service Authorities, in terms of the core customers (Section 29):

Table 1: Key Customers: Water Service Authorities

Water Service Authorities	Water Service Authorities
Rustenburg Local Municipality	LIM368 Local Municipality
Moses Kotane Local Municipality	Bela Bela Local Municipality
Thabazimbi Local Municipality	City of Tshwane Metropolitan Municipality

Other (mostly Section 30) major Customers benefitting from Magalies Water in terms of bulk water supply and / or direct provisions of water through servitude arrangements and/or non-availability of the Local Municipality infrastructure, among others, include the following:

Table 2: Other Major Customers

Customers Names	Customers Names
Bafokeng Rasimone Platinum Mine	Pilanesberg Platinum Mines
Bakubung Minerals	Rhino Andalusite Mine
Carousel Casino	Royal Bafokeng Administration
Cullinan Diamond Mine	SA Ferrochrome (Pty)Ltd
Impala Platinum Mine	Sun City
Northam Platinum Limited	Union Section Joint Venture

3.2.3 Water Treatment Plants

Magalies Water owns and operates the following Water Treatment Plants and associated Pipelines:

1. Vaalkop Water Treatment Plant (VWTP)

The VWTP, with a Design Capacity of 270ML/day, functions on raw water abstracted from the Vaalkop Dam in the Crocodile River Catchment surface area. The treated potable water is distributed to the North West and Limpopo Provinces.

2. Klipdrift Water Treatment Plant (KWTP)

The KWTP has a Design Capacity of 42ML/day and the raw water abstracted from the nearby Roodeplaat Dam in the Pienaars River Catchment surface runoff areas is treated and then supplied across Limpopo and Gauteng Provinces.

3. Cullinan Water Treatment Plant (CWTP)

The CWTP, which has a Design Capacity of 16ML/day, functions on raw water abstracted from the Bronkhorstspuit Dam that is also located within the Pienaars River Catchment surface runoff areas. The treated potable water is supplied to the Cullinan Diamond Mine and the City of Tshwane.

4. Wallmannsthal Water Treatment Plant (WWTP)

The WWTP, which has a Design Capacity of 12ML/day, together with the KWTP, also processes raw water abstracted from the Roodeplaat Dam in the Pienaars River Catchment’s surface runoff areas. WWTP supplies potable water to the City of Tshwane and other individual Customers.

3.2.4 Other Activities (Section 30)

In partnership with the DWS and/or Municipalities, Magalies Water concludes Contracts / Agreements to perform Section 30 duties, such as being the Implementing Agency; and as per the Minister's Directive as well.

Summarily, Magalies Water is capacitated and capable to perform the secondary activities to enhance the optimisation of the value chain of the water services business in South Africa in general. Specifically, we actually possess good and relevant experience gained through Programmes rolled out within the areas we have been and still are operating.

Below is an outline of our infrastructure and enabling tools, to offer seamless and compliant services.

1. Infrastructure refurbishment
2. Potable water and wastewater treatment solutions ranging from consultancy services, treatment, monitoring and operation of potable water and wastewater treatment plants
3. Rapid response on critical interventions required on water and sanitation
4. Water conservation and demand management
5. Operations and Maintenance (O&M) of bulk water supply and bulk sanitation infrastructure
6. Magalies Water Scientific Services: The SANAS 17025 accredited laboratory-offering services in chemical, environmental and microbiological analyses to the water industry.



4 Environmental Scan

Magalies Water continues to scan the Business Environment to assess external and internal factors for the purposes of determining the key risks or opportunities and key capabilities and competencies critical to the Company's sustainability and growth. The outcomes of this exercise are useful to management and the Board in rationalising the strategic choices adopted annually and for the 5-Year planning period.

The biggest challenge is for Magalies Water to guesstimate through scenarios thinking, into the future, what will be Magalies Water's biggest Competition in the bulk water supply services space. There is no attempt to provide answers to this question in this particular Corporate Plan, but the issue remains on our Company's radar screens.

4.1 External Environmental Analysis

Magalies Water use the P-E-S-T-L-E (Political, Economic, Social, Technological, Legislation and Environmental) approach during the analysis of external environmental conditions / changes: See **Table 3: The Macro Operating Environment** below



Table 3: The Macro Operating Environment

Aspect	Key outcome
<p>Political</p>	<p>The political landscape, particularly the Policy position on Institutional Reforms and Realignment (IRR) provides a strategic imperative for Magalies Water to grow. The perception that Municipalities’ capabilities in water services delivery and operations of water and sanitation infrastructure are, generally, considered as being highly or extremely vulnerable, provide an opportunity for Magalies Water to grow through providing the necessary (e.g., Section 30) interventions.</p> <p>The different proposed approaches to land redistribution (e.g. land grab) call for Magalies Water’s vigilance in ensuring that alternative plausible servitudes and land assets pockets necessary for its operations are kept intact / measured in line with the growth (expansion) plans.</p> <p>The first two (2) years of this five (5) Year Plan will be politically ‘chaotic’ due to the upcoming elections; the elections campaigns and the manifestos of the rivalries for power tend to be associated with protests and/or highlighting the weaknesses in the water service delivery promises. Magalies water keeps an eye on these situations in its strategic planning.</p> <p>The evident dynamics in Local Government political environment seem to lead to the advent of split ruling constituencies. Political instability in Municipalities pose a serious threat to Magalies Water. The same applies to the mineworkers’ strikes and subsequent closures’ adverse effects to the value chain of the water services industry.</p> <p>At ground level, the Magalies Water role and its brand are not ‘recognised’ separately from the role of the Municipalities we sell water to, and this calls for an intense marketing of our business as well as increased awareness on the fact that Tap Water is an easy ‘road’ to great life.</p> <p>Magalies Water needs to apply its mind to how the Utility could engage and operate better, where the Party political ideologies differ in the same local landscape.</p> <p>The answer to these scenarios lie in Magalies Water’s reviewing of its approach towards having clearly designed proactive Response Plans including careful mapping of its stakeholder segments towards uniting everyone under a common service excellence banner and reliable consumers.</p>
<p>Economic</p>	<p>South Africa weathers economic storms of varying intensity and has been through an immensely difficult time during the first cycle of Magalies Water’s 5-Year Business Plan 2018/2019 to Corporate Plan 2021/2022. Constrained economic growth, tight Fiscal Policies, effects of Monetary Policy and the recent Sovereign Credit Rating Downgrades have already shown their impact on the desired future capital structures particularly in light of the implementation of high austerity measures, to mention a few. Government may not be in a position to provide funding for the social component of projects to the required levels. Yet Magalies Water has to explore other areas to improve operational efficiencies (realise cost savings) and drive its growth aspirations by establishing itself in rural rather than feature high unemployment (the inability to pay) rates.</p> <p>A funding mix will be required, which is capital contributions by customers, grant funding and borrowings only to the extent of improved cash flows and bankable Projects. Net cash flows will therefore need improvements to bring investments to optimal levels within the constraints of the latest significant factor of the increase in VAT and the exchange rate (the Rand volatility) with respect to the cost of importing the necessary equipment).</p>



Aspect	Key outcome
<p style="text-align: center;">Social</p>	<p>Changing spatial patterns, economic and population growth in the service areas provide Magalies Water with an opportunity to grow its business. The ongoing infrastructure upgrades address the demand and progressively reach areas that do not have access to water services. Magalies Water takes into account the affordability impact due to the income levels in the area serviced during the Tariff review process.</p> <p>The radical economic transformation theme articulated by the State President/s bring about an opportunity for the transformation profile of Magalies Water; it should give rise to inclusive socio-economic benefits in the targeted areas of operation as well. The current levels of poverty, low-income levels and unemployment, however, continue to pose threats on financial sustainability of Magalies Water; ill-affordability levels of consumers to pay municipal services has a domino effect in the revenue of the bulk water services.</p> <p>Further to this, Magalies Water should position itself as the service provider of choice through, not only expanding its service footprint, but also creating job opportunities and skills development / youth capacitation. Corporate Social Investment initiatives designs need to encourage 'innovation' as well as research publication based Industry Specific adaptation views to changing environment (best practices within and among Water Services and Water Boards). Learnerships and Internships Programmes strive to grow our social license to operate and expand the economic base of the municipalities in which we have presence. The net effect should improve the rural and informal surrounding consumers' unemployment / affordability challenges.</p>
<p style="text-align: center;">Technological</p>	<p>Technology is a business enabler that doubles up as a disruptor to most business models - consideration the "internet of things". Globally, the water sector is utilising big data to optimise business models that evolve along with times. The Technologies advancement require enhancement of research and development capabilities; operations must respond to 'business unusual' model – hackers pose a serious threat to our business Blue Prints.</p> <p>Now, as much as Magalies Water operates within fresh surface water resources constrained landscape, we are set to grow our customer base, raw water sources, and spatial footprint. We therefore, take cognisance of the need to adopt the emerging diversification strategic trends. Our Strategy Growth Plan already includes the use of boreholes and ground water in recent future. In the end, we might consider a mix such as, for example, innovative initiatives like 1. the zero effluent / zero discharge strategy, 2. the re-engineering of brown water / sanitation water through a closed cycle process similar to the Israel's greening or water re-use – refer to some of the Cruise Ships, 3. desalination that may reduce fresh raw water use, and 4. adoption of energy efficient technologies to generate power from wastewater in order to lower the costs of production and increase competitiveness.</p>
<p style="text-align: center;">Legislation</p>	<p>The current review of water sector legislation provides an opportunistic environment conducive to business growth. Magalies Water will need to prepare itself with respect to the DWS' Institutional Reform and Realignment (IRR) processes.</p> <p>Furthermore, the DWS process of establishing an Independent Regulator for water as well as Nation Water Infrastructure Agency may change the modes of interaction between the Water Boards and the DWS, particularly the benefits associated with Section 30.</p> <p>These factors are on the planning radar, deliberated upon and monitored in order to strengthen Magalies Waters' business framework. The same applies to the continued efforts to monitor the Ministerial deployments and the continued planning of different engagement approaches to various constituencies or stakeholder segments include this phenomenon.</p>



Aspect	Key outcome
<p style="text-align: center;">Environmental</p>	<p>Global warming and climate change requires adaptation strategies as they have an adverse impact on the hydrological systems. Groundwater resource diminishes at a faster rate than it can be naturally replenish and this translate to the surface water scarcity; one of the key business disruptors within the emergent concept of the water-food-energy nexus.</p> <p>Now, in keeping with Magalies Water’s Vision to be the leader in the delivery of bulk water services in the country, the expansion of services plans need not add pressure to natural ecological systems.</p> <p>To understand the human factors to the Catchment areas we draw raw water from, Research and Development efforts will include innovative technologies for the laboratories. Currently, it is possible that the emerging ‘strains’ of contaminants from the pharmaceutical industry and other ecological disruptors need smarter detection techniques.</p> <p>Magalies Water activities that could contribute negatively to the carbon footprint or potentially be legally constrained due to the surrounding natural environment’s protection requirements fall within our eco-efficiency / friendly values and we see opportunities for the future, in exploring initiatives based on water sources associated with the closing mines and the ‘raw’ polluted water from disused mining facilities.</p> <p>In addition, critical environmental management Threats (SWOT) arising from</p> <ol style="list-style-type: none"> 1. Municipalities with weak internal control to deal with the quality of waste water released to the environment, and which increases the Magalies Water’s production costs could be addressed through partnerships that could re-direct such polluted water feedstock to electricity generation, and ultimately, drive Tariffs down; and 2. Emerging trends in severe climatic conditions including droughts and floods, which potentially cripple any Water Board’s business continuity, among many, are difficult to tackle but encourages us to work, innovative, with other parties to, effectively, detect / reduce water losses.

4.2 Internal Environmental Analysis

The key outcomes of the internal environmental analysis, which was performed through a **7S** Framework remain and these are as follows:

Table 4: The Micro Environment

Aspect	Key outcome
S trategy	The organisational strategy is designed and the trajectory is well defined. Funding to implement capital expansions remains a key weakness to implementation of strategy.
S tructure	The organisational structure is well designed for effective delivery of the primary core of Magalies Water, being bulk potable water services delivery. Ability to deliver on secondary activities needs to be enhanced.
S kills	Provision of quality water services including prodigious treatment and water supply remains core competencies of Magalies Water. These competencies needs to be further enhanced for sustainable delivery of mandate. This can be achieved through skills development initiatives that are directly linked to the primary mandate of Magalies Water.
S tyle	Orientation of the organisational style of Magalies Water is geared towards being a learning organisation. That should be further defined considering the growth of infrastructure and complexity of operations to shape core competencies and distinct capabilities of Magalies Water.
S taff	Institutional memory of the organisation still lies within the younger generation. Women representation and employment of people with disabilities need to be attended to in advancement of employment equity efforts in the workplace.
S ystems	Magalies Water has implemented an integration system across the entire business value chain. Continuous improvements needs to be effected through automation of some critical business processes. Some of the water treatment systems are not resilient to treat the poor input raw water quality from the abstraction sources. Treatment processes needs to be continuously optimised.
S uperordinate Goals	Organisational goals that encompass all the above areas have been developed. Those goals are embedded throughout the entire organisation through performance contracting to align individual performance and that of the organisation.

4.3 Outcomes of the Environmental Analysis

Further, the environmental analysis revealed the following:

1. Economic and population growth in our service area presents Magalies Water with an opportunity to grow the business and infrastructure to address the increasing demand and progressively reach areas that do not have access to water and sanitation services
2. There is increasing availability of modern water services technologies globally and in South Africa
3. There is an ongoing increase in opportunities to render Secondary services
4. Policy positions by the Government present opportunities for Magalies Water to position itself to be relevant in achievement of Governments service delivery mandate
5. Increasing attention to environmental impacts is required

Table 5 below provides the contrasting and / or overlapping nature of the **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats (S-W-O-T Self-Analysis).

Table 5: Strengths, Weaknesses, Opportunities and Threats Matrix

<u>Strengths</u>	<u>Opportunities</u>
<ul style="list-style-type: none"> ✓ Values driven internal stakeholder relationships (labour union and employees in general) ✓ (Critical) skills development and retention ✓ Readiness for Institutional Reforms and Realignment process; ✓ Readily crafted Growth Response Plan: ability, capacity and capabilities to respond to the increasing spatial patterns, population growth, urbanisation and increasing demand in the service area; ✓ Ability to utilise new generation technologies and big data in the value chain; ✓ Ownership of assets - Water Treatment / and distribution infrastructure processes ✓ Effective systems to uphold the safety of all employees and asset security. 	<ul style="list-style-type: none"> ✓ Retention and optimisation of youth based skills and organisational memory ✓ Institutional Reforms and Realignment process ✓ Introduction of Independent Water Regulator ✓ Political environment and legislative amendments provide a conducive environment for business growth ✓ Innovation around the prodigious treatment processes ✓ Increasing spatial patterns, population growth, urbanisation and increasing demand in the service area ✓ Adaptation and optimisation / the utilisation of new generation technologies in the value chain ✓ Dependence to other role players for some infrastructure

<u>Weaknesses</u>	<u>Threats</u>
<ul style="list-style-type: none"> ✓ Containment of the operational costs ✓ Financial resources constraints to implement capital expansions ✓ Plants capacity constraints to meet the water demand ✓ Ability to perform Section 30 services ✓ Fiscal consolidation and austerity measures in relation to the business growth plans ✓ Dependence to other role players for some infrastructure ✓ Brand and reputation protection and preservation (e.g. matching Stakeholder Communication Strategy to the media / social media developments) 	<ul style="list-style-type: none"> ✓ Technological Changes (rate and frequency) ✓ Introduction of Independent Water Regulator ✓ Business / industry inherent risks (labour demands, Rand volatility (exchange rates, interest rates, VAT changes, etc.) ✓ Global economic conditions and sovereign credit downgrade ✓ Fiscal consolidation stance and sluggish economic growth Skills and organisational memory still lie in the younger generation ✓ Poor quality of raw water due to pollution and contamination of water resources ✓ Environmental impacts due to the effects of global warming. ✓ Organisational memory lies in the younger / mobile generation ✓ Dependence to other role players for some infrastructure ✓ Political environment and legislative amendments (e.g. land grabs and restitution)

In addition, Magalies Water’s response to the outcomes of the Environmental Analysis is through the implementation of the following Key Action Plans:

1. To prioritise increased volumes of potable water and extend services in terms of the Capital Expansion Masterplan
2. Improve Research and Development capabilities
3. Enhance capabilities to perform Section 30 Activities
4. Perform a credit rating and enhance capability to borrow against the strength of Cash Flows
5. Pay particular attention to threats posed by the natural environment

For the Key Risks, our capacitated risk management process provides another layer of the tools we use to mitigate the impacts and enhance the benefits.

5 Strategy

5.1 Strategic Choices

Magalies Water's response to the outcomes of the environmental analysis is to continue with its pursuance of the following ***intensive strategies*** over the planning period:

- 1. Market Development Strategies:** This comprise expanding services to new areas of supply, thus Magalies Water efforts being made to extend the area of operation in the whole of Bojanala and Waterberg District Municipalities. A request to gazette additional supply areas will be made to the Shareholder in order to execute the strategic Growth Plan extensively.
- 2. Product Development Strategies:** This comprises development of new products to existing and new customers, therefore growing the wastewater treatment in the Magalies Water Treatment Plants. This will further involve a long-term focus in provision of bulk water and wastewater services to customers as a secondary service.
- 3. Market Penetration Strategies:** This involves growth and expansion of existing services to existing customers. This will be performed through continued implementation of capital expansion in the current service area to increase footprint and reach areas that do not have access to services.

5.2 Strategic Perspectives

The strategic perspectives to be pursued are:

1. Organisational Efficiency and Effectiveness
2. Financial and Governance
3. Customer and Stakeholder Interaction
4. Organisational Capacity

5.3 Strategic Objectives

The above strategic perspectives are expanded into the following strategic objectives

1. To provide sustainable water services to customers
2. To provide quality potable water
3. To contribute towards Social and Economic Transformation and Developmental Agenda
4. To manage Customer and Stakeholder Relations or Interactions
5. To achieve Growth and Sustainable Financial Returns
6. To Maintain and Retain Critical Skills as well as uphold the Safety of all our Employees.

5.4 Alignment to the Outcome Oriented Goals of Government and Sustainable Development Goals

South Africa is a signatory to the United Nations Sustainable Development Goals (SDGs) which are built on principles of the Millennium Development Goals. SDGs address key systematic barriers to sustainable development such as inequality, unsustainable consumption patterns, weak institutional capacity, and environmental degradation. The SDG focus on the following six (6) elements:

1. **Dignity:** To end poverty and fight inequality
2. **Prosperity:** To grow a strong inclusive and transformative economy
3. **Justice:** To promote safe and peaceful societies with strong institutions
4. **Partnership:** To catalyse global partnerships for sustainable development
5. **Planet:** To protect ecosystems for all societies and children
6. **People:** To ensure healthy lives, knowledge and (socio-economic) inclusion of women and children.

The National Government developed National Development Plan (NDP) as the implementation Programme of the SDGs. The Medium Term Strategic Framework (MTSF) is a Government's Strategic Plan that came about as 2014-2019 first five (5) year tool that reflects the commitments made by the State.

Magalies Water functions fulfil some the SDGs and our Strategy is constructed likewise (see Table 6 below).



Table 6: Alignment of the Government <=>SDG Outcomes <=> Magalies Water Strategic Objectives:

No.	SDG Goals	Strategic Outcome Goals	DWS Strategic Goals	Organisational Alignment to the Strategic Objective
1	Goal 6: Ensure availability and sustainable management of water and sanitation for all	Outcome 6: An efficient, competitive and responsive economic infrastructure network	➤ Equitable access to reliable, sustainable and acceptable water resources and water sanitation systems	➤ To provide sustainable water services to customers
2	Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Outcome 9: Responsive, accountable, effective and efficient Local Government system		
3	Goal 13: Take urgent action to combat climate change and its impacts	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	➤ Enhanced and protected water as a resource across the value chain	➤ To provide quality potable water
4	Goal 10: Reduce inequality within and among communities	Outcome 12: An efficient, effective and development oriented public service and an empowered and inclusive citizenship Outcome 14: A skilled and capable workforce to support an inclusive growth path Outcome 4: Youth Accord & Job Creation	➤ An efficient, effective and development oriented water and sanitation sector ➤ An enhanced contribution to socio-economic development and transformation by the sector	➤ To achieve growth and sustainable financial returns ➤ To manage customer and stakeholder relations ➤ To maintain and retain skills as well as the safety of all employees ➤ To contribute towards transformation and developmental agenda

6 Operating Model

This Corporate Plan envisages achievement of Strategy through continuing development of Magalies Water Operating Model on the following bases:

6.1 Strategic Objectives Governance

We further expand Strategic Perspectives into the following Strategic Objectives

6.1.1 Magalies Water Governance Structures.

The Board of Directors (Board) is the overarching controlling structure of Magalies Water and this is in line with the legislated good governance requirements in terms of the South African laws. In accordance with the provisions of the Water Services Act (Act 108 of 1997), the Honourable Minister: Department of Water and Sanitation, in this regard, appoints the Magalies Water Board Members. The current Board, appointed on 1 May 2014, is left with eleven (11) of the then thirteen (13) non-executive Board members and one (1) Executive Member. Magalies Water adopted the Board's Term of Office that does not exceed four years. The current Board's tenure has been extended from 30 April 2018 to allow the replacement process to finish at the end of July 2018. The appointment process which was at an advanced stages to meet the April 2018 timeline, had to be reviewed due to, mainly, the revision in the Ministerial / Shareholder's requirements.

The Mandate of the Board is outlined in the adopted Board Charter and the Charter defines the Board's responsibilities as follows: -

1. Ensuring that the Objectives of the Shareholder are achieved
2. Contribute to and adopt the Business Plan
3. Strive to achieve financial viability of the organisation
4. Ensure that there is an effective Risk Management System
5. Ensure that the Annual Financial Statements that objectively represent the monetary affairs of the organisation are prepared for each financial year
6. To be responsive to perceptions that affect the brand and the reputation of the organisation
7. Ensure that Magalies Water is not only perceived to be, but is, a responsible corporate citizen / organisation.

In order to enhance its work and to comply with the applicable legislation, the Board sustains the already established Board Committees along with the next five (5) year cycle of Magalies Water's Corporate Plan, and these include:-

6.1.1.1 Capital Investments Committee

Among others, the roles and responsibilities of the Capital Investments Committee (CIC) include the following:-

1. To recommend to the Board for approval, the Magalies Water Capital Expenditure Programme to be undertaken each year for each five (5) years' Corporate Plan;
2. To recommend to the Board for approval, proposals for all additional Infrastructure Expansion Programmes;
3. To appraise the Board Members of any Capital Investment related matters that warrant their attention relating to the water infrastructure;
4. To ensure that the primary activities of Magalies Water, as articulated in terms of Section 29 of the Water Services Act, 1997 (Act 108 of 1997), are prioritised and achieved; and
5. To ensure adherence to the secondary mandate of Magalies Water in so far as Section 30 of the Water Services Act, 1997 (Act 108 of 1997) is concerned.

6.1.1.2 Finance Committee

The roles and responsibilities pertain to the Finance Committee's functional support towards enabling conformance and compliance to Magalies Water's performance level commitments outlined in the five (5) year Corporate Plan and the related annual Shareholder Compact. The scope of the Finance Committee include recommending to the Board for approval.

1. The financial information and key performance indicators for the organisation;
2. The organisation's Annual Budget and its adjustments;
3. The organisation's Financial assessment Reports;
4. The Financial Quarterly Reports of the organisation;
5. The management advice on the entity's required investments, loans, and any other banking related facilities; and
6. The recommended water Tariffs for each financial year.

6.1.1.3 Risk Committee

The Risk Committee fulfils an independent oversight role on the management of the key risks facing the organisation. The Strategic Risk Management Plan outlines the roles and responsibilities for the implementation of the risk management principles aimed at -

1. Assisting the Board with the formulation of robust Risk Policy and Risk Management Framework;
2. Recommending to the Board, risk tolerance levels and risk appetite and mitigation thereof.
3. Providing assurance to the Board on effectiveness and relevance of the risk management process
4. Providing assurance that the existing controls are in place, relevant and effective in addressing Information Technology risks.

6.1.1.4 Audit Committee

The roles and responsibilities of the Audit Committee (Committee) are set out in accordance with the Public Finance Management Act, 1999 (Act 1 of 1999) and Treasury Regulation 27.1. The Committee plays an independent role in overseeing Corporate Governance, Integrated Reporting and management of internal controls.

The Committee reports on its evaluation of financial statements and effectiveness of internal controls prior to the finalisation of the entity's Annual Sustainability and Integrated Report. Furthermore, the Committee:

1. recommends risk areas of the entity to be covered in the scope of internal audit;
2. assesses the adequacy, reliability and accuracy of financials provided to users of financial information;
3. addresses the accounting and auditing concerns identified as a result of internal and external audit; and
4. ensures that the entity complies with the legal and statutory provisions, across the Board.

6.1.1.5 Human Resources and Remuneration Committee

The roles and responsibilities of the Human Resources and Remuneration Committee include, among others,

1. Overseeing the implementation of the remuneration policies that promote the achievement of strategic objectives and encourage individual performance;
2. Promoting channels of communication between the Board and the Executive Management Team on remuneration matters;
3. Recommending to the Board, general annual salary adjustments
4. Ensuring that appropriate processes are in place for training and succession planning;
5. Reviewing and recommending the terms and conditions for Executive Committee Service Agreements, including review of performance, recognition and rewards; and
6. Reviewing, regularly, the relevant Human Resource Management Policies to ensure compliance to the labour related legal requirements.

6.1.1.6 Stakeholder engagement Committee

Among others, the roles and responsibilities of the Stakeholder Engagement Committee include the following:

1. Submitting the identified material Stakeholders and the related material risks and opportunities for Board's approval;
2. Recommending the implementation of Stakeholder Engagement Strategic Plans and Policies
3. Proposing constructive engagement mechanisms for with all material Stakeholders
4. Recommending the Communication Guidelines for Stakeholders covering the content of the report, publication of policies and interaction Programme / Plan.

6.1.1.7 Board Members

Initially, the current Board had twelve (12) non-executive Directors and one (1) Executive Member.

The non-executive Directors had reduced to ten (10) as at the end of Mar 2018.

Table 7: The Magalies Water Board Members (2014 to 2018)

Board Member	Appointment Date	Gender	F	HR	CIC	A	R	SE
Advocate M Petlane (Board Chairman)	1 May 2014	Male						
PN Nkwinika (Deputy Chairman)	1 Sept 2009	Female		X				
T Monewe	1 Dec 2011	Female	X					X
F Saloojee	1 May 2014	Female		X	X		X	
TT Mohapi	1 Dec 2011	Male	X		X			
DR Sibanda	1 Sept 2009	Male	X	X				
TF Zondi	1 Sept 2009	Female				X	X	
MA Hlahla #^#	1 Sept 2009	Female	X		X			
N Mufamadi	1 May 2014	Female				X	X	
FP Vilakazi	1 May 2014	Male	X		X			X
S Lebeko- Rathagane	1 May 2014	Female			X	X	X	X
Kgosi SV Suping	1 May 2014	Male		X			X	X
S Mamotheti*	1 May 2017	Male				X		
S Madikizela*	1 May 2017	Male				X		
K Moodyly*	1 May 2017	Female				X		

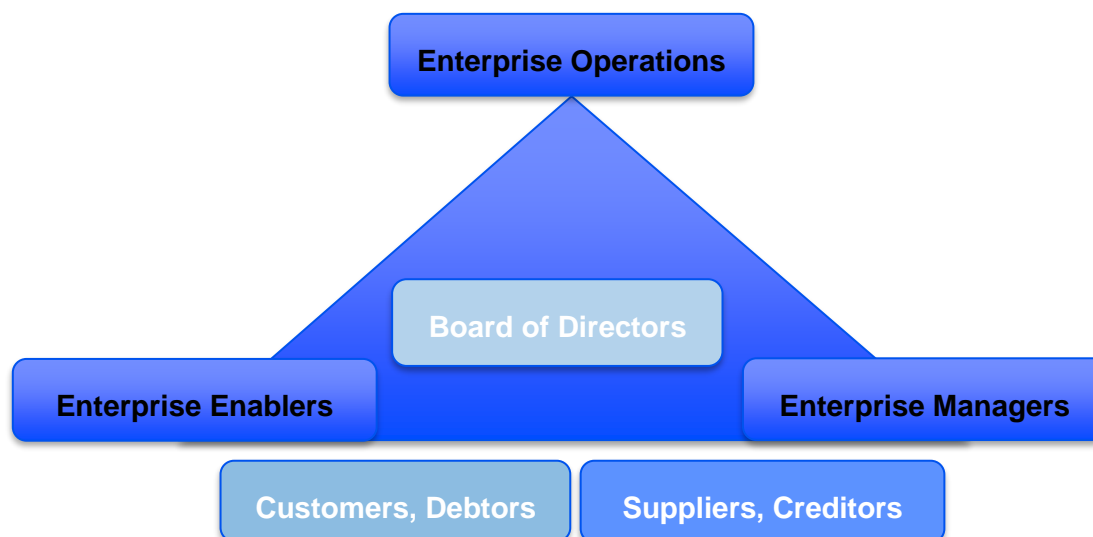
F	Finance Committee
HR	Human Resources and Remuneration Committee
CIC	Capital Investments Committee
A	Audit Committee
R	Risk Committee
SE	Stakeholder Engagement Committee
*	External Member of the Audit committee
#^#	Resigned: 31 Mar 2018

The new Board will be composed of 13 Board Members, as it had been in the past cycle...save the fact of resignations

6.2 Processes and Workflow

The diagram below (Figure 3) is a demonstration of Magalies Water Processes and Workflows and to which no substantial changes are proposed, for the next five years.

Figure 3: Magalies Workflows and Processes



Enterprise Enablers: This capability is responsible for management of supply chain, information technology and business systems, human resource management, management of finances and funding.

Enterprise Managers: This capability supports the entire business, in terms of Enterprise Wide Risk Management, Strategy and Business Development including setting of appropriate parameters within the agreed appetites. This capability also has a duty to watch the interests of the Shareholder through Policy execution and governance.

Enterprise Operations: This capability represents the operational core of Magalies Water, which is composed of operations and maintenance of bulk infrastructure in abstraction, treatment, and conveyance of potable water through the distribution system to customers (Section 29). This also includes operations of customer-owned infrastructure in carrying out secondary activities of Magalies Water (Section 30).

The Magalies Water “Policy Statement” encompasses the established Policies that ultimately support the above-mentioned Processes and Workflows such as the following:-

1. Asset Management Policy
2. Funding Policy
3. Human Resources Management Policies (e.g., Leave, Overtime, etc.)
4. Information, Communications and Technology Policy, etc.

5. Investment Policy
6. Performance Rewards Policy
7. Recognition Policy
8. Revenue and Receivables Policy
9. Risk Management Policy and Risk Management Framework
10. Safety, Health and Environment Policy;
11. Supply Chain Management Policy
12. Tariff Determination Framework

The Corporate Plan is designed to enable the envisaged continuous improvement activities (e.g. Growth Plans) to be identified and implemented annually (Shareholder Compact) across all key processes and workflows during course of the upcoming five (5) years.

6.3 Key Performance Areas

Magalies Water proposes to continue with the management focus on the following Key Performance Areas:

1. Bulk Potable Water Quality Compliance
2. Management of Water Losses
3. Reliability of Supply
4. Financial Sustainability
5. Efficiency of Capital Expenditure
6. Avoidance of Reportable Safety, Health and Environmental Incidents
7. Appropriate Support For Public Policy: Rural Development, Broad Based Black Economic Empowerment (BBBEE), Skills Development and Job Creation.

6.4 Organisational Structure and Human Resources

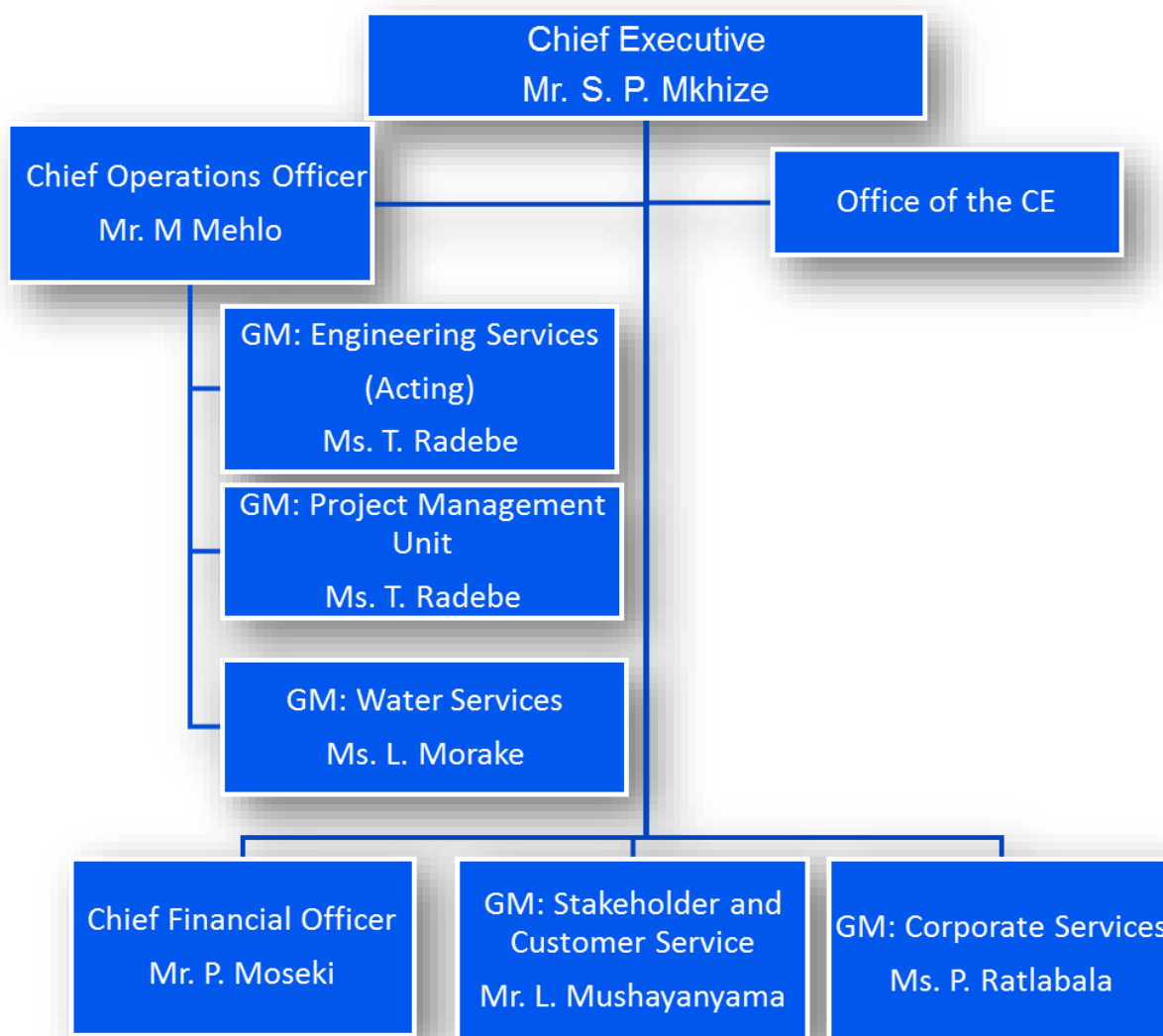
The Workforce Plan contains the Primary activities of the Corporate Services: Human Resources and it drives the critical processes to deploy, pay and reward employees.

Magalies Water will continue implement its Plan through its comprehensive Human Resources Policies that have been established across the following areas:

1. Recruitment and Placement
2. Training and Development
3. Employee Relations
4. Health and Lifestyle Support
5. Workforce Planning

The high-level Organisational Structure is as shown in Figure 4 below.

Figure 4: The Office of the Chief Executive’s Support



No substantial changes to the Organisational Structure are proposed.

6.5 Information Communications and Technology

Magalies Water will entrench, exploit benefits from its major investments in Enterprise Resource Planning Systems, and pursue a Service Oriented Architecture. The overall approach to Information and Communication Technology (ICT) is shown with aspects of the ICT value chain below:

“Change Services”

1. **Service Strategy:** Wherein ICT architecture and plans are aligned with the business priorities and ensure that ICT resources are deployed appropriately to fulfil the approved demand of ICT services.
2. **Service Development:** Development of ICT services that provide sustainable value to the business through continuous and ongoing service delivery.

“Run services”

1. **Service management:** Delivery of reliable ICT services to the business while improving the quality and efficiency through continuous improvements
2. **Information service management:** Enable ICT to deliver its commitments to the business by driving performance, making critical decisions and coordination of internal and external functions

Based on an assessment of capabilities within the ICT value chain indicated above, the following objectives shall be pursued:

1. Align ICT appropriately with changes in business strategy and business requirements;
2. Enhance support for operations technology;
3. Deliver quality services in accordance with service level agreements
4. Safeguard and maintain accuracy of Magalies Water confidential information and data;
5. Deliver ICT projects to specification on time and on budget

In order to achieve the above ICT objectives and service strategy, system integration domains should mature as follows:

1. Total alignment of Information Technology and ICT Governance;
2. Optimisation of System Applications Product (SAP) for applications to be dynamically linked to each other;
3. The architecture is already service oriented in nature, and should be moved to a state of being dynamically reconfigurable; and
4. Configuration of ICT infrastructure to dynamically respond and support full implementation of the service oriented architecture.

6.6 Secured Resources

Magalies Water proposes to place management emphasis on securing necessary input resources for its operations.

The key resources to be secured include:

1. Financial and funding capacity aligned to Infrastructure Plans, as indicated in the Projected Financial Statements
2. Human Resource Expertise and Talent in Operations and Capital Projects management
3. Rapid access to external resources in the event of critical needs and emergencies
4. Appropriate determination of the Service Area/s
5. Security of power supply
6. Enhanced capability to provide analytical insight from accumulated data.

6.7 Compliance

Magalies Water will enhance compliance with regulations and its customer commitments. These include compliance with the following:-

1. Legislation including the Water Services Act and the PFMA
2. Bulk supply agreements, notably for potable water quality compliance, reliability of supply within the current capacity
3. Reportable safety, health and environmental incidents
4. Implementation of Ministerial directives
5. Employment equity and transformation
6. The spirit and rules of BBBEE and socio-economic development.

Adherence to compliance includes taking into account the fact that the Shareholder has a particular interest in the number of resolutions required in relation to those approved by the Board.

Table 8 below contains the Corporate Compliance Cycle 'Calendar' that Magalies Water will follow yearly, unless changes in the underlying legal frameworks arise.

Table 8: Compliance Reporting Schedule

Compliance cycle activity	Stakeholder	Activity	Time
Tariff proposal	Board	Approval to seek mandate	Before end October
	Water Services Authorities	Consultation	Before end November
	National Treasury	Submission to seek written comments in accordance to legislation	01 December
	South African Local Government Association		01 December
	Board	Approval	January Board Meeting
	DWS	Submission for tabling in Parliament	End January
Budget	National Assembly	Tabling	March
Corporate Plan and Shareholders Compact	Board	Approval	May Board Meeting
	DWS and National Treasury	Submission	End May
Annual Financial Statements	Board	Approval	August Board Meeting
	Auditor-General and National Treasury	Submission for audit purposes	End August
Audit and Annual Report	Board	Approval	November Board Meeting
	DWS	Submission	End November
	National Treasury	Submission	End November
Corporate Plan review	DWS	Appraisal	May
Portfolio Committee	Water and Sanitation Portfolio Committee	Oversight	May and any other period required

6.8 Stakeholder Engagement, Communication and Marketing Plans

Magalies Water will always engage with Stakeholders in order to provide appropriate water services and the required support to Public Policy and Stakeholder Goals.

6.8.1 Stakeholder Engagement (Internal and External)

Stakeholder Engagements or Stakeholder and Customer Interactions are an integral imperative of Corporate Governance and Magalies Water appreciates that Stakeholder perception can affect its reputation and brand both negatively and positively, depending on the context. Stakeholder perceptions and legitimate interests should, at all times, be managed to enhance and protect the corporate image of Magalies Water.

The approach of Magalies Water to Stakeholder Engagement will include the following:

1. Identified Stakeholders and setting of the Objectives for engagement purposes
2. Analysis of Stakeholder and Customer frames of reference, available information and assumptions
3. Appropriate messaging, channels and timeframes for such engagement
4. Analysis of feedback from engagement programmes

Stakeholders have been identified and grouped as follows:

1. Stakeholder who have regulatory oversight over Magalies Water
2. Stakeholders that Magalies Water provides services to
3. Stakeholders who provide services to Magalies Water

6.8.2 Stakeholder Value Propositions

Table 9 contains the different categories of Magalies Water Stakeholders. Propositions include how Magalies Water intends to meet all the needs of the Stakeholders:



Table 9: Stakeholder Segmentation and Service Design Strategy

Stakeholder	Value Proposition	Outcomes
Stakeholders who provide Policy, Regulation and Oversight	Compliance with Government Policy on water services	Compliance with Legislation and Public Policies Delivery of Government’s key Mandate
Stakeholders who services are provided to	Quality Water	Product quality Product quantity Reliability of supply Affordable Tariffs Good reputation
Stakeholders who provide services and resources (customer services support)	Employer of Choice	Conducive working environment Fair and transparent labour practice Employment Equity
	Ethical Business Partner	Reliable, credible organisation respected and valued by Community Promote BBBEE Imperatives
	Terms and Conditions of Trade	Reliable, credible, sustainable business partner for investors, employees, suppliers
	Sound Environmental Practices	Compliance with Water and Waste Licences Water Conservation Demand Management

The Stakeholder Engagement Plan will, therefore, be implemented to address all the material issues and achieve the intended Objectives in accordance to the Stakeholder Value Propositions agreed to. Bulk Supply Agreements (BSA) Scorecards are used to continuously measure ‘service and interactions experience’ of either internal and / or external key customers / stakeholders.

Our employees-focussed (internal stakeholders) Engagement Plans are guided by the prescriptions of the Labour Relations legal frameworks and regulations.

6.8.3 Marketing and Communication

Communication initiatives will seek to elevate the brand of Magalies Water to greater levels of visibility and accentuate messages that communicate the organisational vision to its Stakeholders, resulting in marketing of Magalies Water. A communication plan will therefore, be implemented as an instrument to directly work with the Water Services Authorities in determining and addressing water services delivery needs and drive the strategic growth of Magalies Water. Communication will be carried out utilising the following channels:

1. Internal and external publications through brochures, website, intranet and outdoor advertising tools for brand elevation
2. Events to include stakeholder engagements fora and exhibitions at key sector events
3. Interviews and programme features on local and community radio stations on topics relevant to water
4. Supporting Provincial and Local Government initiatives and programmes

7 Key Performance Areas

7.1 Bulk Potable Water Quality Compliance

Magalies Water's strategic goal is to meet SANS 241 2015 Drinking Water Standards at the "good" level

Table 10: Water Quality Standards

Key Performance Indicator	Target	Comments/Justification
Bulk potable water quality compliance	Acute 1 $\geq 97\%$ Acute 2 $\geq 97\%$ Chronic $\geq 95\%$ Aesthetic $\geq 93\%$ Operational $\geq 93\%$	This measures achievement of acute, chronic health, operational and aesthetic drinking water standards as defined in SANS 241:2015.

The major planned activities to reduce risk of non-achievement of the target include:

1. Optimisation of treatment processes
2. Implementation of recommendations based on the outcomes of the technical process audit of each plant
3. Address identified process constraints
4. Research and development

7.2 Average Water Losses

Magalies Water's strategic goal is to maintain Water Losses to below 7% for the plants and below 5% for the bulk distribution.

Table 11: Water Losses Tolerance Limits

Key Performance Indicator	Target	Comments/Justification
Average Water Losses – Plant	$\leq 7\%$	This is a measure of unavoidable losses averaged across all plants.
Average Water Losses – Bulk Distribution	$\leq 5\%$	This is a measure of unavoidable losses averaged across all the pipelines.

The major activities to reduce risk of non-achievement of the targets include:

1. Improve monitoring of the distribution system
2. Pressure monitoring along pipelines (hydraulic modelling and smart metering)
3. Implementation of recommendations based on the outcomes of the technical process audit of each plant.

7.3 Reliability of Supply

Magalies Water's strategic goal is avoid loss of service to end consumers. In the event, the incidents of loss happen, it should a reportable event if number and time of each exceeds the tolerable limits.

Table 12: Continuous Disrupting Incidents Tolerance Limits (Number and Time)

Key Performance Indicator	Target	Comments/Justification
Number of incidents of continuous service interruption exceeding 48 hours	≤8 incidents	Each event of loss of service (due to unplanned outages or other factors) affecting one or more clients at the client delivery points exceeding 48 hours (continuously per event) will be included in the measure.

The major planned activities to reduce risk of non-achievement of the target include:

1. Enhanced focus on full compliance to scheduled maintenance plans
2. Control plant and distribution losses as above
3. Increase storage capacity

7.4 Financial Sustainability

Magalies Water's strategic goal is to achieve growth and financial sustainability.

Table 13: Sustainability Ratios

Key Performance Indicator	Target	Comments/Justification
Current Ratio	1.5:1	These measures assume sustainability as reflected through profitable trading, effective working capital management, optimal capital structures and growth of the business.
Gross Profit Margin / EBIDTA	25%	
Net Profit Margin	10%	
Debt/Equity Ratio	<24%	
Return on Assets	2%	
Percentage Working Capital to Revenue (Working Capital Ratio)	82%	
Staff Remuneration as % of Total Operating Expenditure	≤35%	

The major planned activities to reduce risk of non-achievement of the targets include:

1. Enhanced controls over expenditure
2. Enhance Supply Chain Management to effectively carry out "procure to pay" services
3. Continuing effective management of billing accuracy, client payment plans, cash management and credit control processes applied on a monthly basis
4. Monthly monitoring of key financial ratios
5. Manage capital expansion costs

7.5 Efficiency of Capital Expenditure

Magalies Water's strategic goal is to complete capital projects on time on budget to required quality standard.

Table 14: Capital Projects and Budgets

Key Performance Indicator	Target	Comments/Justification
Actual Capital Expenditure as a Percentage of Total CAPEX Budget	≥90%	This measure monitors progress on project implementation to completion of Capital Expansion Programmes, compared the allocated Budget, including the measurement of activities to grow the asset base of Magalies Water
Number of Growth Projects	2	This measure monitors progress on the earmarked number of Projects submitted to the Board, i.e., activities to implement growth Plan programme for Magalies Water

The major planned activities to reduce risk of non-achievement of the targets include:

1. Enhance the Project Management Unit
2. Implementation of projects within the confines of a project implementation framework and available resources
3. Review of the existing bulk water infrastructure masterplan
4. Compile a sanitation infrastructure masterplan and combine it with the bulk potable water infrastructure masterplan

7.6 Avoidance of Reportable Safety, Health and Environmental Incidents

Magalies Water's strategic goal is to avoid reportable safety, health and environmental incidents.

Table 13: Occupational Health and Safety Incident Monitoring

Key Performance Indicator	Target	Comments/Justification
Disabling Injury Frequency Rate	<1	This measure is a combined measure of safety incidents, which require reporting according to the applicable legislation and Regulations.

The major planned activities to reduce risk of reportable safety, health and environmental incidents include:

1. Application of ISO 14001 standards and maintenance of ISO certification
2. Continue with implementation of OHSAS 18001 standard at the Vaalkop Water Treatment Plant

7.7 Appropriate Support for Public Policy: Rural Development, BBBEE, Skills Development and Job Creation.

Magalies Water's Strategic Goal is to provide appropriate support for transformation and socio economic development in accordance with the Public Policy.

Table 13: Job Creation and Youth Accord: Transformation Agenda

Key Performance Indicator	Target	Comments/Justification
Number of people employed	Direct: 20	This measure is a combination of compacted performance for BBBEE procurement, local SMME procurement, local people employed, corporate social investments, community development projects.
Number of Corporate Social Investments Initiatives implemented	3	
Number of people appointed on the Internship Programme (per annum)	10	
Number of people appointed on the Learnership Programme (per annum)	25	
Number of people appointed on the Graduate Programme (per annum)	4	
Number of External Bursaries awarded (per annum and/or study cycle)	10	

The major planned activities to reduce risk of non-achievement of the targets include:

- Stakeholder engagement
- Implementation of skills development programmes
- Spend 40% of the capital expenditure on Black Owned companies
- Obtain a BBBEE rating and certification to support empowerment in a structured manner

8 Outcomes by Major Programme with Accountability

This Section describes Major Programmes to implement strategy.

8.1 Enhanced Capabilities Programme

Objective: Plan, design and deliver enhanced water treatment facilities within funding constraints.

Outcome: To sustain delivery of our Mandate of primary activities (Section 29).

Scope: The enhanced water treatment facilities are described in the Capital Plan.

Accountability: Chief Operations Officer

8.2 Delivered Water Services to Required Standards

Objective: Deliver water services that at least comply with required standards of water quality, reliability and client satisfaction

Outcome: To achieve the strategic objectives of bulk potable water quality compliance and reliability of supply.

Scope: Management of plant and bulk distribution operations to practical design capacity for delivery of required quality and volumes.

Accountability: Chief Operations Officer

8.3 Enhance Section 30 Capabilities

Objective: Enhance capacity for delivery of Section 30 activities such that supply and demand for those services are aligned.

Outcome: Enable improved citizens' quality of life and economic growth through delivered water services.

Scope: Supply of Section 30 activities with delivery excellence.

Accountability: GM: Stakeholder and Customer Services

8.4 Financial Sustainability within Approved Tariffs

Objective: Maintain financial sustainability within approved Tariffs

Outcome: Long-term operational and capital sustainability without Tariff shocks

Scope: Balance sheet, income statement and cash flow management, Tariff setting, cost management and ability to fund capital expansions.

Accountability: General Manager: Finance / Chief Financial Officer

8.5 Human Resource Development

Objective: Develop the human resources of Magalies Water, suppliers and communities through transformation, skills development, local employment and enterprise development

Outcome: Enhanced human resource capabilities for other strategic programmes and achievement of public policy targets.

Scope: Full scope talent management for Magalies Water employees, organisation development, learnerships and traineeships, employment of local people, procurement from local SMMEs, BBBEE procurement, and Corporate Social Investments.

Accountability: General Manager: Corporate Services

8.6 Business Support and Risk Management

Objective: Provide efficient and effective business support in Finance, Supply Chain Management, Information and Communications Technology, Governance and Risk Management.

Outcome: Mitigation of applicable constraints in operations

Scope: Business support areas, notably in funding, efficient procurement in emergencies, data custody, risk management and setting parameters for performance.

Accountability: Chief Executive, General Manager: Finance and General Manager: Corporate Services

8.7 Stakeholder Engagement

Objective: Engage shareholder, clients and stakeholders to incorporate their appropriate influence on operations and planning.

Outcome: Avoidance of reputational risk and increased stakeholder satisfaction.

Scope: Communication with all stakeholders using meetings, forums and media with involvement of Magalies Water executives and Board.

Accountability: Chief Executive

9 Financial Plan

This section provides projected financial data; including assumptions used in determining the projections. In terms of the financial performance over the five-year period, the net profit margin is expected to increase from 10% to 18%; which will be achieved through increase in water sales and improved efficiencies. Magalies Water is planning to borrow R350 million in 2018/19 financial year to fund capital expansion to meet the increased demand.

9.1 Basic Planning Assumptions

The following basic financial planning assumptions are applicable:

Item	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Year 4 (2021/22)	Year 5 (2022/23)
Inflation (CPI)	5.4%	5.5%	5.6%	5.6%	5.6%
Salary Increases	7.2%	7.2%	7.3%	7.3%	7.3%
Increase in electricity prices	16%	16%	16%	16%	16%
Producer Inflation (linked to increase in chemicals prices)	5.3%	5.3%	5.3%	5.3%	5.3%
Increase in raw water prices (Cullinan)	15%	15%	15%	15%	15%
Increase in raw water prices (Vaalkop, Klipdrift and Wallmannsthal)	13%	13%	13%	13%	13%

9.2 Income Statement

Item	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021	BUDGET 2021/2022	BUDGET 2021/2023
INCOME					
Water Sales	631,179,621	695,324,612	782,814,146	880,421,272	986,071,825
Management Fees	5,404,000	6,484,800	7,781,760	9,338,112	11,205,734
Secondary Activities Income	33,519,000	62,877,200	75,452,640	89,312,888	96,457,919
Total Income	670,102,621	764,686,612	866,048,546	979,072,272	1,093,735,479
EXPENSES					
Water Purchases	97,779,231	112,152,778	128,863,542	147,935,346	170,125,648
Chemicals	35,706,804	39,170,364	43,048,230	47,266,957	51,993,652
Electricity	105,611,032	126,522,016	151,573,375	181,584,904	217,901,884
Remuneration	179,469,484	191,314,469	204,323,853	218,626,523	233,930,380
Transport	6,239,350	6,576,275	6,951,123	7,347,337	7,788,177
Maintenance	27,700,687	29,196,524	30,860,725	32,619,787	34,576,974
Operating Expenses - Indirect	95,516,429	98,925,523	102,820,975	106,494,642	110,754,428
Total Expenses	548,023,016	603,857,949	668,441,824	741,875,495	827,071,143
Operating Surplus Before Depreciation & Finance Income	122,079,605	160,828,662	197,606,723	237,196,778	266,664,336
Depreciation & Impairment	66,865,272	70,475,997	74,493,128	78,739,237	83,463,591
Finance Costs	-	42,000,000	41,417,093	40,764,238	40,033,040



Operating Surplus After Depreciation & Impairment	55,214,333	48,352,666	81,696,501	117,693,303	143,167,705
Finance Income (Investments)	10,322,465	21,542,000	24,389,000	28,717,000	32,163,040
Net Surplus	65,536,798	69,894,666	106,085,501	146,410,303	175,330,745

1. Increase in water sales are based on a projected increase in demand of over the five-year period.
2. Magalies Water salary increases have averaged 7% to 8% per annum, linked to CPI. As a result, the projected increase is based on an average rate of 7.3%.
3. Although the cost of energy is significantly high, Magalies Water is currently researching alternative sources of energy to reduce its total expenditure.

9.3 Balance Sheet Projections

Item	2019	2020	2021	2022	2023
	R'000	R'000	R'000	R'000	R'000
Assets					
Non-current assets	3,260,072	3,335,834	3,570,133	3,610,516	3,733,009
Property plant and equipment	2,376,740	2,431,405	2,625,918	2,652,177	2,731,742
Intangible assets	24,155	19,477	15,016	10,555	6,094
Construction work in progress	859,177	884,952	929,200	947,784	995,173
Current assets	359,865	312,143	343,738	376,016	412,068
Investments	148,075	108,621	121,656	136,254	152,605
Inventory	21,494	21,064	20,643	20,230	19,825
Trade receivables (Water Sales)	85,605	87,317	78,585	72,298	80,974
Other receivables	82,832	74,549	67,094	60,385	54,346
Cash	21,859	20,593	55,760	86,850	104,318
Total assets	3,619,937	3,647,978	3,913,871	3,986,532	4,145,077
Equity and Liabilities					
Equity					
Retained income	1,470,848	1,540,742	1,646,828	1,793,238	1,968,569
Long term liabilities	1,917,147	1,912,968	2,059,173	1,961,926	1,922,897
Capital Contributions	58,794	87,394	137,729	86,431	97,347
Borrowings	345,142	339,702	333,609	326,784	319,141
Government Grant	811,968	798,656	784,677	770,000	754,589
Deferred Income	701,242	687,217	803,158	778,711	751,820
Current liabilities	231,942	194,267	207,870	231,368	253,611
Accounts payable	197,470	157,976	165,875	182,462	200,709
Capital Contributions	1,892	1,892	2,366	2,957	2,957
Borrowings	4,858	5,440	6,093	6,825	7,643
Government Grant	12,679	13,313	13,978	14,677	15,411
Deferred Income	15,044	15,646	19,557	24,447	26,891
Total equity and liabilities	3,619,937	3,647,978	3,913,871	3,986,532	4,145,077

1. A long-term loan of R350 million is required to fund capital projects. Magalies Water is currently sourcing a service provider to assist with a bankable feasibility study; as well as application for funding to enable the organisation to meet the capital infrastructure requirements.
2. Property plant and equipment will increase by 15% over the five-year period due to the capital expansion project.
3. Excess funds are transferred to an investment account to benefit from better returns.
4. Deferred income and government grant consist of amounts received from mines and Department of Water and Sanitation to fund capital project. The related liability reduces on an annual basis over the useful life of the assets.

9.4 Cash flow statement

Item	2019	2020	2021	2022	2023
	R'000	R'000	R'000	R'000	R'000
CASH GENERATED FROM OPERATIONS					
Cash applied in operations	136,814	128,336	222,113	267,193	282,678
Add: Interest received	10,322	21,542	24,389	28,717	32,163
Less: Interest paid	-	42,000	41,417	40,764	40,033
Net operating activities	147,136	107,878	205,085	255,146	274,808
INVESTING ACTIVITIES					
Additions to assets	(564,986)	(146,238)	(308,792)	(119,121)	(205,957)
Decrease/(increase) in investments	(15,865)	39,454	(13,035)	(14,599)	(16,351)
Net investing activities	(580,851)	(106,785)	(321,827)	(133,720)	(222,308)
FINANCING ACTIVITIES					
Capital Contributions	(44,890)	28,600	50,810	(50,707)	10,916
Redemption of borrowings	350,000	(4,858)	(5,440)	(6,093)	(6,825)
Deferred Income	135,535	(13,423)	119,852	(19,558)	(24,446)
Government Grant	(12,075)	(12,679)	(13,313)	(13,978)	(14,677)
Net financing activities	428,570	(2,360)	151,909	(90,337)	(35,032)
CASH AND CASH EQUIVALENTS					
Net cash movements	(5,145)	(1,267)	35,168	31,089	17,468
Cash at the beginning	27,004	21,859	20,592	55,760	86,849
Cash at the end	21,859	20,592	55,760	86,849	104,317

9.5 Five Year Capital Expenditure Plan

No	Project Name	Major / Minor	Funding Source	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000
Major Capex								
1	Pilanesberg Phase 3	Major	DWS	26 000	25 000	25 000	25 000	25 000
2	Mafenya to Evergreen	Major	MW		30 000			
3	Sondela Booster Pump-station	Major	MW	60 357				
5	Zeekoegat Pipeline Project	Major	MW	R 0				
6	Klipdrift Upgrade	Major	DWS	R 0				
7	Tuschenkomst	Major	WS	R 0				
8	Wallmannsthal Plant Upgrade	Major	MW		10 000	129 154		
9	Wallmannsthal Reservoir (25 MI)	Major	MW		25 000	33 661		
10	Wallmannsthal Highlift Pump Station	Major	MW	20 000				
11	Moretele South Scheme	Major	MW	70 000	327 883			
12	Klipvoor Scheme	Major	DWS		500 000	500 000	500 000	500 000
13	Smart Metering	Major	MW		5 000			
14	PMU Tender	Major	MW	5 000	25 000	25 000		
15	IMQS Planning Tool	Major	MW		2 800			
16	250DN Bethanie / Modikwe pipeline upgrade	Major	MW		25 000	25 000		
17	350DN x2 Spitskop bulk supply lines replacement	Major	MW		20 000	40 000		
18	Leeufontein line upgrade	Major	MW		25 000	25 000		
Projects with IRS Documented completed								
19	Goewermentsplaas - Thabazimbi Pipeline & PS	Major	MW/DWS			160 077	160 077	160 077
20	Padda to Swartklip Pipeline	Major	MW/DWS			30 604	30 604	30 604

No	Project Name	Major / Minor	Funding Source	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000
21	La Patrie to Sandfontein Pipeline	Major	MW/DWS			32 268	32 268	32 268
22	La Patrie – Moruleng Pipeline	Major	MW/DWS			11 406	11 406	11 406
23	Mafenya to Phokeng/Tlhabane Pipeline	Major	MW/DWS			221 501	221 501	221 501
24	Phokeng & Tlhabane Reservoirs	Major	MW/DWS			98 677	98 677	98 677
25	Bakubung Reservoir / Pump Sump (Ledig)	Major	MW/DWS			22 598	22 598	22 598
26	Vaalkop additional 60 Ml/day Upgrade	Major	MW/DWS			100 000	100 000	100 000
Minor Capex								
27	Modimolle Motor	Minor	MW	R 0				
28	Cullinan Raw Water Balancing Dam Refurbishment	Minor	MW	2 000				
29	Cullinan Clarifier Refurbishment	Minor	MW	1 250				
30	Wallmannsthal Welding Workshop	Minor	MW	1 000				
31	Wallmannsthal Fencing	Minor	MW	1 500				
32	Wallmannsthal River Sub-Station	Minor	MW	1 000				
33	Vaalkop Plant 4 Floor Modification	Minor	MW		3 000			
34	Head Office SCADA	Minor	MW		5 000			
34	Office Space	Major	MW		3 000	66 600		
36	Vaalkop Lift for New Inlet Works Building	Minor	MW		2 000			
37	Vaalkop Accommodation (Maintenance and Production)	Minor	MW		3 000			
38	Vaalkop Conversion of the Ozone System to LOX	Minor	MW		1 000			
39	Klipdrift Fencing	Minor	MW	1 000				
TOTAL				189 107	1 037 683	1 546 547	1 202 132	1 202 132



No	Project Name	Major / Minor	Funding Source	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000

1. The total capital expenditure required for 2018/19 and 2019/20 amounts to R726.9 million (excluding projects funded by DWS). Based on available resources; expenditure will be funded by: (1) Borrowings – R350 million; (2) Own reserves – (R122 million as at 31 March 2018) and (3) the rest from net surplus.

9.6 Financial Ratio Projections

Item	2019	2020	2021	2022	2023
Gross Profit Ratio	25%	25%	25%	25%	25%
EBITDA Margin	18%	21%	23%	24%	24%
Effective Interest Rate		11%	11%	11%	11%
Net Profit Ratio	10%	10%	14%	17%	18%
Working Ratio	82%	79%	77%	76%	76%
Capital Gearing Ratio	0,19	0,20	0,19	0,18	0,16
Interest-Bearing Debt: Equity Ratio	0,24	0,25	0,23	0,21	0,19
Total Debt Ratio (Debt/Asset Ratio)	10%	11%	10%	9%	9%
Total Debt Ratio (Debt/Equity Ratio)	24%	25%	23%	21%	19%
Interest Cover Times	0	3,83	4,77	5,82	6,66
Current Ratio	1,58	1,52	1,57	1,56	1,57
Acid-Test Ratio	1,49	1,43	1,49	1,48	1,50
Return on Equity Ratio	4%	5%	6%	8%	9%
Return on Capital Employed	4%	4%	5%	7%	7%
Return on Total Assets	2%	2%	3%	4%	4%
Asset Turnover	0,17	0,19	0,20	0,22	0,24
Debtors Collection Days	50	46	37	30	30

9.7 Financial Risk Management

Using the Materiality and Significance Framework, the following trends emerge:

1. Implementation of the Klipvoor Scheme and Pilanesberg Bulk Water Supply Scheme will require huge capital investments and this may have an impact on the capital structures of Magalies Water.
2. Engagements with the DWS are essential for grant funding since the schemes will also cater for domestic demand. Engagements will take place with the economic users of the Scheme for capital contributions or payment of capital Tariffs as a measure to mitigate financial risks. Borrowings may be required to implement some components of the Scheme and that will require Ministerial approval. In principle, however, these Strategic Schemes will rely primarily on Grant Funding because, currently, the Business Cases and Payback Mechanisms are weak.

9.8 Borrowing Limits and Maturity Profile of Debt

Magalies Water has not yet utilised gearing to fund its Capital Expansion Implementation Programmes. The credit rating process to enable Magalies Water to utilise and / or increase its borrowing limits is one of the steps that started during 2017/18 financial year. One finalised, an application to obtain the approval of the Honourable Minister of Water and Sanitation and subsequently the National Treasury will follow the provisions of Section 54 of the Public Finance Management Act, 1999 (Act 1 of 1999).

10 Tariff Management and Consultation

Tariffs management is in accordance with the Magalies Water's Tariff Methodology, which provides the most appropriate set of guidelines to, consistently, determine water prices to achieve social equity, water conservation and sustainability. Furthermore, the Policy aims to achieve consistency, accuracy and transparency in how the Tariffs are set.

The Tariffs Policy incorporates the following principles:

1. Independent Tariffs are set for each bulk water scheme due to differing structures, geographic locations and resource circumstances.
2. Tariffs should be underpinned by efficiency of operations such that prices do not lead to an increase in inflation.
3. Tariffs should be set in a manner to promote economic development
4. Tariffs should be set in a manner that takes cognisance of inequalities and attempts to bridge such gaps
5. Customers will be consulted and adequately informed on the cost components of a Tariff to inform customer budget processes.
6. Tariffs should be reflective of the costs incurred in providing the water services including costs incurred to augment supply and other capital investment costs in such a manner that Magalies Water is able to:
 - a. Repay and service its current debts
 - b. Recover its capital and maintenance costs
 - c. Make reasonable provision for the depreciation of assets
 - d. Recover the costs associated with capital expenditure from revenue over a period
 - e. Make reasonable provision for future capital requirements, expansion and renewals.

Extensive consultation processes were, as legislated, undertaken with affected Customers and at the Inter-Governmental level with the National Treasury and SALGA to comply with provisions of the Local Government: Municipal Finance Management Act, (Act 52 of 2008).

The Bulk Water Tariff Projections are as follows:

Plant	2019 (R/KL)	2020 (R/KL)	2021 (R/KL)	2022 (R/KL)	2023 (R/KL)
Vaalkop	6.31	6.91	7.58	8.33	9.17
Wallmannsthal	9.05	10.82	11.78	12.85	14.04
Klipdrift	7.57	8.21	8.92	9.71	10.59
Cullinan	7.13	7.72	8.39	9.12	9.93
Indicative Average Uniform Tariff	7.49	8.17	8.89	9.71	10.62
Average % increase	10%	9%	9%	9%	9%

The Table above indicates the current Tariff per Scheme and the average Tariff that will be paid when a uniform Tariff is implemented. This is in line with the Magalies Water's strategic decision to move away from a Scheme-based-Tariff to a Uniform Tariff that is charged for all the Schemes. With the new approach, all Water Schemes will be priced the same independent of the use, and Consumers will pay proportionally to their water consumption.

11 Risk Management Plan

The Board is accountable for Magalies Water overall governance of risk and this is advocated by its responsibilities of setting an appropriate risk management tone, approving risk management policies and other strategies. This include leveraging the applicable governance and assurance structures for combined assurance on the effectiveness of risk management within Magalies Water. Risks management is carried out through the internal Risk Management Committee wherein the output of Committee discussions is escalated to the Risk Committee of the Board on a quarterly basis.

The following strategic risks were identified:



RISK MANAGEMENT (INCLUDING TREASURY RISKS), AUDIT & GOVERNANCE

No.	Risk Category	Description of Risk	Residual risk			Root Causes	Mitigation measures
			Likelihood	Impact	Rating		
1.	Strategic Risks	Erosion of reputation	Major (4)	Common(5)	20	1. Inadequate Stakeholder Engagement 2. Poor customer service 3. Inadequate marketing and communication 4. State of the Organisational climate 5. Confidentiality * Ineffective internal and external communication strategy	1. Customer/ Stakeholder engagement Plan 2. Whistle blowing hotline 3. Customer Care Call Centre 4. Monthly Stakeholder engagement meetings 5. Feedback as per BSA
2.		Inadequate financial resources to sustain operations	Critical (5)	Likely (40)	20	1. Capital expenditure budget not sufficient to ensure all planned projects are executed timeously. 2. Inadequate debt collection 3. Operational inefficiencies, ineffectiveness	1. Application of borrowing limits 2. A portion of water sales will be transferred to investments.
3.		Poor quality of raw water resources	Major (4)	Likely (4)	16	1. Droughts and floods 2. Increased natural resource consumption 3. Deteriorating quality of raw water	1. Engage with stakeholders with regards to pollution control upstream of abstraction 2. Treatment processes optimization and research on latest relevant treatment technology measures are in place to achieve compliance to Drinking Water Standards
4.		Current infrastructure not	Moderate (3)	Moderate(3)	9	1. Ageing Infrastructure 2. Delays in project implementation 3. Dependency on infrastructure owned by external parties	1. Development of an infrastructure planning tool



No.	Risk Category	Description of Risk	Residual risk			Root Causes	Mitigation measures
			Likelihood	Impact	Rating		
		meeting current demand				* Leaking dams 4. Unreliable electricity supply 5. Poor assets management 6. Obsolete equipment 7. Delays in finalising procurement processes 8. Limited financial resources	2. Implementation of the Bulk Water Infrastructure Master Plan 3. Implementation of minor capex projects. 4. Concluding the borrowing process 5. Capacitating the SCM unit
5.		Security breaches and incidents	Moderate (3)	Likely (4)	12	1. Inadequate implementation of security procedures 2. Lack of physical security management 3. Inadequate security systems 4. Lack of OHS Awareness	1. Enforce implementation of security measures. 2. Ensure sufficient implementation of security assessment recommendations.
6.		Failure to align ICT activities to the approved governance framework, policies and procedures.	Moderate (3)	Moderate(3)	9	1. Not adhering to approved ICT policies, procedures and frameworks.	1. Ensure adhere to implementation and monitoring of compliance with approved ICT Framework, Policies and Procedures. 2. Conduct monthly review of ICT Compliance report. 3. Ensure Implementation and monitoring of compliance with ICT Framework, Policies and Procedures
7.		Failure to maintain and develop critical skills	Moderate (3)	Unlikely (2)	6	1. Reputational working environment 2. Market power and competition	1. Ensure Analysis of exit interviews and



No.	Risk Category	Description of Risk	Residual risk			Root Causes	Mitigation measures
			Likelihood	Impact	Rating		
							2. address areas of concern Implementation of retention mechanisms 3. Implementation of training programmes
8.		Poor potable water quality (Non-compliance to SANS Standards)	Moderate (3)	Unlikely (2)	6	1. Droughts and floods 2. Increased natural resource consumption 3. Deteriorating quality of raw water	1. Conduct annual technical process audit for each plant and implement recommendations thereof. 2. Optimise treatment processes

No	Risk Category	Risk Description	Residual Risk			Root Causes	Mitigation
			Likelihood	Impact	Rating		
1.	Emerging risks	Inadequate resources to provide sustainable water services to customers / meet strategic objectives	Critical-(5)	Likely (4)	20	1. Capital expenditure budget not sufficient to ensure all planned projects are executed timeously. 2. Inadequate debt collection 3. Operational inefficiencies, ineffectiveness	1. Plants upgrades and infrastructure expansion



No	Risk Category	Risk Description	Residual Risk			Root Causes	Mitigation
			Likelihood	Impact	Rating		
	Treasury Risks						
	Operational	Risk that operations may be delayed as a result of the normal procurement processes waiting period .For example the execution of tender is 90 days & quotations is 7 - 14 days.	Critical-(5)	Likely (4)	20	<ol style="list-style-type: none"> 1. High volume of Purchase requisitions received daily in the procurement division. 2. Incomplete descriptions /information from users on purchase requisitions. 3. Delays of delivery by suppliers. 4. Non- response to request for quotation from suppliers. 5. Incorrect valuation price 	<ol style="list-style-type: none"> 1. To finalise the remaining position in Supply Chain to be filled to ensure that there are no delays 2. Regular follow-up with end-user to resolve on purchase requisition. 3. Request of deviation where it is impractical to obtain suppliers. 4. Regular follow-up with suppliers to resolve possible delivery delays
	Liquidity	Inability to effectively manage cash inflows and outflows due to failure to collect debt due timeously.	Critical-(5)	Likely (4)	20	<ol style="list-style-type: none"> 1. Customers not paying on time 2. Lack of adequate debtors collection strategy 	<ol style="list-style-type: none"> 1. Restriction of water quantity for non- paying water- service authorities. 2. Monthly reconciliation and follow-up on outstanding debt 3. Debtors collection policy to be approved and implemented
	Interest rate	Changes in the economic market result in fluctuation in interest rate which could have an impact on the investment income	Moderate (3)	Unlikely (2)	6	Reduction in interest rate	<ol style="list-style-type: none"> 1. Diversify the investment and limit the risk exposure to 25% for each financial institution. 2. Reduction in interest rate



	Counterparty	Loss of capital invested, if counterparties are unable to repay the original investment.	Moderate (3)	Unlikely (2)	6	1. Deteriorating share price in the counter party.	1. Diversify the investment and limit the risk exposure to 25% for each financial institution.
	Foreign Currency	Not applicable, Magalies Water does not have transactions with foreign suppliers.					
	Borrowing Limits	Failure to take advantage or implement new capital opportunities due to lack of funding.	Critical-(5)	Likely (4)	20	<ol style="list-style-type: none"> 1. Capital expenditure budget not sufficient to ensure all planned projects are executed timeously 2. Inadequate debt collection 3. Operational inefficiencies, ineffectiveness 	<ol style="list-style-type: none"> 1. Application of borrowing limits 2. Monthly transfer of 2.5% of water sales to investment 3. 3. Transfer of 100% of monthly depreciation charge

12 Materiality and Significance Framework

Magalies Water has adopted a Materiality and Significance Framework, within its Risk Management Plan, as described in this section

12.1 Materiality

A material issue is an error or omission in information with a value impact that would cause a user of such information to change an Enterprise decision based upon such information. In Magalies Water, an issue is considered to be material if the associated value impact would exceed 5% of turnover, 5% of total expenditure, or 2% of total assets.

Other issues which are considered material regardless of value are:

1. Any issue that may, due to its nature, pose a threat to the going concern assumption applied to the business of Magalies Water.

12.2 Significance

Significance is defined as the condition that a specific item or trend may adversely impact on the evaluation of the performance delivery by a key stakeholder. In Magalies Water, an item is considered significant if it would noticeably compromise delivery within a Key Performance Area.

Items, which are considered significant, include:

1. An interruption of supply of bulk water services to customers exceeding 48 hours
2. An incident involving communicable disease transmitted through potable water supplied by Magalies Water
3. A wide-spread work stoppage arising from industrial action
4. A gain of new Water Services business
5. A loss of existing Water Services business
6. A change in the legal structure of Magalies Water
7. Investments in capital expansions that may significantly alter the capital structure

12.3 Use of the Framework

The above Framework will be used for all material operational and financial risk reporting to the Board and externally to the Shareholder for significant transactions. Funding that will be raised in finance of some of the components of Pilanesberg Bulk Water Supply Scheme may present interest rate risks to Magalies Water due to finance cost that will need to be paid.

13 Fraud Prevention Plan

The Board explicitly supports and fosters a culture of zero tolerance for the commission or concealment of fraudulent, corruption and illegal acts. Magalies Water investigates allegations of fraudulent acts and behaviours in a fair and transparent manner prior to taking appropriate actions. The process followed is in line with the approved existing Fraud, Corruption and Prevention Policy and it is based on the following key elements:

Prevention Controls:

1. Promotion of ethical culture
2. Implementation of physical and information security controls
3. Management of conflict of interest
4. Vetting of employees and suppliers
5. Fraud and corruption risk assessments
6. Encouraging the reporting of any corrupt activities, and
7. Strengthening internal control systems

Detection Controls:

1. Whistle-blowing mechanisms
2. Application of internal controls aimed at detecting fraud incidents, and
3. Internal audits

Response to Fraud and Corruption:

1. Investigations
2. Disciplinary action
3. Resolutions
4. Improved internal controls
5. Monitoring, and
6. Reporting

14 Business Continuity Management

Magalies Water Board is committed to ensure the continuity of its business operations and to minimise the impact of all forms of disruptions. We have adopted the principles that are internationally developed (the Business Continuity Institute's Good Practice Guidelines 2018 relating to the ISO 22301: 2012 (Societal Security: Business Continuity Management Systems - Requirements). The Board has approved a Business Continuity Management (BCM) Policy and Plan.

The BCM Policy aims to meet the following objectives:

1. Ensure the safety of staff, staff welfare and confidence;
2. Minimise the financial, operational and business impact to Magalies Water in the event of a disaster;
3. Safeguard the facilities, purification plants, business information and assets of all the divisions;
4. Provide timely availability of all key resources necessary to operate the critical business processes at a level of operation that is acceptable to management; and
5. Maintain stakeholder confidence in Magalies Water

Magalies Water acknowledges the Business Continuity Management System and emphasizes the importance of:

1. Understanding continuity and preparedness needs, necessity for review of the existing BCM policy, establishment of business continuity management plan and objectives
2. Implementation of operating controls and measures for management of overall continuity risks
3. Monitoring and review of performance and effectiveness of the BCM system
4. Continuous improvements based on objective measurements of BCM

The underpinning components of the BCM Plan are as follows:

1. Business Continuity Programme and Strategy
2. Business Impact Analysis / Risk Assessment
3. Business Continuity Plan
4. Crisis Communication Plan
5. Emergency Response Plan
5. Disaster Recovery Plan
6. BCM awareness, training, testing and exercise

15 Supply Chain Management Plan

Supply Chain Management (SCM) is a capability that seeks to enable the business to ensure seamless operation of the value chain. Effective execution of SCM activities will be grounded on the following objectives:

1. Achievement of sustainable financial returns through cost reductions;
2. Achievement of value for money through service delivery improvements;
3. Maintaining relations with Stakeholders by performance management of procurement;
4. Establishing a link between the SCM Plan and the Organisational Strategy; and
5. Commitment to continuous process improvements

The SCM is currently running in a reactive mode as opposed to driving the purchase to pay processes in an efficient manner. SCM will be enhanced to provide value added support to business in sourcing goods and services.

Magalies Water continues to resource SCM, as it serves as the capability that supports the implementation of the overall Strategy, i.e., positioning our company favourably in relation to the Supplier base. In the recent past, an assessment was carried out to determine how Magalies Water should source goods or services while also, taking into account the strategic importance attached to a particular commodity and how any Sourcing Strategy selected could impact the core mandate of the organisation. The knowledge gained continues to form the basis of SCM performance and in monitoring how sourcing of goods and services should be, going forward.

16 Records Management Plan

The National Archives and Record Service Act (No. 43 of 1996) provides the terms and conditions under which public records must be managed. Magalies Water can therefore not afford exposure to risks of poor management of public records. This could lead to loss or misplacement of records resulting in qualified audit reports, damages, fines and possible litigation.

The business imperative of effective records management is within the ambit of good governance, accountability and transparency. A Five (5) Year Records Management Implementation Plan to ensure systematic and effective records upkeep. This Plan, which is aligned to the strategic objectives and operational requirements of Magalies Water, serves as a checklist for compliance to the applicable legal frameworks.

The Five (5) Year Records Management Implementation Programme covers the following key components of Magalies Water's value chain:

Regulatory Compliance

1. Retention of records
2. Classification of records
3. Custody and preservation
4. Management of electronic records
5. Central registry

Risk Management

1. Business continuity
2. Utilisation during the audit process
3. Evidential value

Value for Money

1. Space saving
2. Improved service delivery
3. Cost reduction

The Key Outcomes of implementation of the Records Management Plan are as follows:

1. To have verifiable / auditable mechanism to ensure compliance records related laws;
2. To ensure easy retrieval of official records;
3. To implement it as a control to mitigate records management related risks;
4. To provide a systematic approach to records handling from 'creation to disposal'; and
5. To ensure safe custody of Magalies Water's vital records.

17 Human Resources Plan

17.1 Implementation of a Human Resources Plan

Magalies Water will continue to deepen implementation of Human Resources plans within the context of Board-approved policies covering the following areas:

1. Remuneration

To implement a rewards system that is consistent with the objectives, strategic value drivers and sustainability of the organisation whilst attracting and retaining employees;

2. Succession Plan & career Path

To ensure effective performance of the organisation through development of specific employees to take up key position by maintenance of a database of employees with specific competencies;

3. Recruitment & Selection

To ensure effective development and retention of staff with expertise, experience and the requisite skills, and we embrace diversity;

4. Incentives

To recognise and reward performance that is geared towards achievement of the strategic objectives and targets of Magalies Water; and

5. Employment Equity

Creation of an environment free of discrimination and removal of barriers to actively appoint and develop individuals with potential from previously disadvantaged groups

17.2 Workforce Profile

Employees of Magalies Water are key inputs to the strategic management process and will continually deploy the key process to ensure that the organisation delivers sustainably on its service delivery mandate.

As at Quarter 3: 2017/18, the Workforce Profile (%age achieved and earmarked Targets per category over the next 5-years) is as shown below.

Occupational Category	Male				Female				Total	%Actual / Category	%age 5-Yr Target
	A	C	I	W	A	C	I	W			
Top Management	3	0	0	0	3	0	0	0	6	2,2%	3,3%
Senior Management	7	1	2	0	3	0	0	0	13	4,7%	4%
Professionally qualified and experienced Specialists ^{^^}	6	0	0	1	7	0	0	1	15	5,4%	3%
Skilled Technical & academically qualified Workers, Junior Management, Supervisors, Foremen & Superintendents	22	0	0	5	10	0	0	1	38	13,7%	4%
Semi-Skilled and Discretionary Decision Making	56	1	0	7	62	1	0	5	132	47,7%	22%
Unskilled and defined decision making	52	0	0	0	21	0	0	0	73	26,4%	8%
Total Permanent	146	2	2	13	106	1	0	7	277	100%	
Total By Gender (Actuals)	163				114						
Actuals: % Male to Female #^#	59%				41%				100%		
Target Vacancies to be filled	305[#]										
%Target: Differentially Abled*##	2%								6/305	1,15%	

Legend/ Key: **A**-African, **C**-Coloured, **I**-Indian, **W**-White

^{#^#} All the above Actual Targets achieved are calculated on the basis of filled positions, as at 31 Mar 2018

[#] The number of staff (305) is anticipated to increase over the next 5 years; 47 new positions, depending on affordability, will be filled as per the newly approved organisation structure.

^{*##} The actual of 3 of the 6 targeted differentially abled people have been recruited as at 31 March 2018 (no Gender specified)

^{^^} Of the Professionals, MW has 10 (upon death of the 1 Engineer in 2017/18). We will increase Engineers to twenty (20) during the implementation of this 5-Year planning period.

17.3 Staff Development, Advancement of Women and of All-Gender-Differentially-Abled-People (with Disabilities)

The current Gender Profile of Magalies Water comprises 41% of females and 59% of males. Regarding the Age Profile, more than 90% of the staff is less than 55 years. This means that the organisational is rich of people who are not close to retirement and this provides an opportunity to nurture this organisational 'renewable capital' or 'bankable' memory 'reserve'.

The Workforce Profile Table above shows Equity Targets per skills-category as a percentage of the total workforce. The summary below shows two areas that still require an increase in numbers.

1. Top Management: Increase appointments to 3.3% of the entire workforce
2. Differentially abled employees: Increase appointments to 2% of the entire workforce.

The rest of the Targets are at monitoring and maintenance levels.

3. Senior Management: Maintain appointments to $\geq 4\%$ of the entire workforce
4. Professional qualified and experienced specialists: Maintain appointments to $\geq 3\%$ of the entire workforce
5. Skilled technical and academically qualified: Maintain the target of $\geq 4\%$ of the entire workforce
6. Semi-skilled and discretionary decision making: Maintain the target of $\geq 22\%$ of the entire workforce
7. Unskilled and defined decision-making: Maintain the target of $\geq 8\%$ of the entire workforce

Throughout the previous 5-years' planning period, the targets achieved for women and differentially abled people, respectively, 41% and 1.15%, of the total workforce.

Item	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23
Permanent	277	277	277	277	277
Vacant	28	28	28	28	28
Total	305[#]	305	305	305	305

Note: # The number of staff (305) is anticipated to increase over the next 5 years; 47 new positions, depending on affordability, will be filled as per the newly approved organisation structure.

17.4 Training Programmes

Magalies Water recognises that employees are a fundamental input to its strategic management process. Hence, recruitment and training interventions are intended to ensure that the organisation has sufficient staff to deliver on its mandate. The following Programmes will, therefore, be implemented throughout the business-planning period.

During the Business Plan period, Magalies Water will continue with implementation of:

1. An externally focussed Learnership Programme intended to benefit one hundred and twenty five (125) Learners in the field of Bulk Potable Water Treatment; this is twenty five (25) per annum over the 5-Year period. The Learners will be identified from the areas to which Magalies Water supplies the bulk water.
2. An Internship Programme aimed at benefitting fifty (50) qualifying Graduates selected from the areas to which Magalies Water supplies the bulk water over the 5-Years,.
3. Sponsorship through the Bursary Programme to ten (10) new Bursars per Study duration, which will be annually renewable per candidate until the end of the study period, during the 5-Year planning period,.
4. Permanent Staff training and development to enhance the skills and competencies pool to the organisational requirements for effective rollout of the Business Plan. The Individual Development Plans will continue to be used to monitor uptake and progress and the actual numbers will be reported on in relation to the demand.
5. Staff re-allocation, rotation and/or conversion human development strategies through which Staff with core business operational capabilities are converted into performing functions that are related to the support functions. Depending on the nature of placement, the Workforce Profile-related Reports will include the changes.

All the training programmes mentioned above are considered as mechanisms for addressing core and critical skills required by the organisation.

17.5 Wellness and HIV/AIDS Programmes

Comprehensive occupational health service will be implemented for the benefit of all the employees, as occupational health remains necessary for staff members. This includes an HIV/AIDS Programme, which will include the following:

1. Access to voluntary HIV/AIDS counselling and testing
2. Strengthening of HIV/AIDS awareness in the organisation

Implementation of a wellness programme will further be implemented through collaborative effort with other stakeholders, medical aids and other associated institutions.

18 Bulk Potable Water Services Plan

18.1 Capacity of Supply

The total average capacity utilisation has been set at a maximum benchmark of 85% of the total plant capacity. This is to measure plant performance and efficiencies at a production level so that imminent plant upgrades can be identified at an early stage. Progress is being made to address capacity constraints of treatment plants with plant upgrades, particularly at the Klipdrift water treatment plant. Upgrades to a capacity of 270ML/day have been made at the Vaalkop Water Treatment Plant. This will allow assets to have an improved redundancy and provide for consistent supply with less disruption.

Wallmannsthal Water Treatment Plant has reached its design capacity and plans are being put in place to upgrade it. Cullinan Water Treatment Plant has been operating below capacity and the set utilisation benchmark due to low demand in the Cullinan area.

The following table presents the capacity utilisation per plant and current raw water abstraction limits.

Item	Vaalkop Water Treatment Plant	Wallmannsthal Water Treatment Plant	Cullinan Water Treatment Plant	Klipdrift Water Treatment Plant
Design Capacity	270ML/day	12 ML/day	16 ML/day	42 ML /day
Average Utilisation	199 ML/day	11 ML/day	9 ML/day	15 ML /day
Current Withdrawal Licence	250 ML/day	12 ML/day	22 ML/day	42ML/day
% Utilisation to Design	74%	91.9%	62.4%	84.2%
% Utilisation to Withdrawal Licence	80%	91.9%	45%	36%

18.2 Water Resources and Raw Water Quality

The water quality in all the dams in the Crocodile River Catchment, except for the two small dams of Bela-Bela, is low due to the upstream urban development. Eutrophication due to increased nitrates and phosphate loadings of the return flows from the waste waterworks has stimulated the growth of algae and other flora, which negatively affects the aesthetic and operational potential and makes the water more difficult to treat.

Mining activities can also have a negative impact on water quality although the Magalies Water area of supply covers part of the mineral-rich Bushveld Complex; most of the mining activities are on the fringes of the area thus affecting the downstream regions more than Magalies Water's area itself. The exception is the Rustenburg/Bafokeng area where mining negatively affects water quality of the Hex River.

The Raw Water Quality issues facing Magalies Water are summarised as follows:

Water Source	Constituent of Concern	Status
Cullinan Dam	Total organic carbon, Iron and Manganese	Magalies Water has retrofitted chlorine dioxide for removal of iron and Manganese
Roodeplaats Dam	Iron, Manganese, Algae nitrate and nitrite	Nutrient loading from Zeekoegat Waste Water Treatment Works is being closely monitored by City of Tshwane and feedback given to Magalies Water.
Wallmannsthal Raw	Nitrate, nitrite phosphates, and Mycrocystin	High Algae infestation and nutrient loading remain a problem and will be continuously monitored.
Klipdrift Raw	Nitrite, Algae	Algae still remain a problem, DWS and Magalies Water to continuously monitor
Klipdrift Canal	Algae (Mycrocystin)	Plant to be upgraded in order to treat high levels of algae
Vaalkop Raw	Manganese, Chlorides and algae and Geosmin, 2-Methylisoborneol and algae	Chlorine and Manganese are due to natural resources. Geosmin and 2-Methylisoborneol are due to increased algae concentration. Monitoring of quality through dam levels still in progress.
Vaalkop supernatant	High organic content	Treatment processes adequate to treat supernatant
Roodekopjies Dam	Algae, nitrates, ammonia and phosphates	Engagements with DWS in progress
Bospoort Dam	Nutrients from Rustenburg Waste Water Treatment Works	Nutrient loading remains a cause for concern and monitoring is on-going. Engagement with relevant Stakeholders is in progress.
Seshebele River	Nutrients loading due to Mogwase Waste Water Treatment Works	Nutrient loading remains a cause for concern. Engagement with relevant Stakeholders is in progress

18.3 Bulk Potable Water Quality

Quality of potable water produced, offsite reservoirs and the reticulation system will be assessed against SANS 241:2015, the National standard which specifies the highest quality standard for drinking water. SANS 241:2015 stipulates compliance targets per the defined risk and non-conformities to SANS 241:2015 will be communicated as per incident management protocol. Water safety planning processes and procedures for all Magalies Water plants are in place.

The following, are thus the Targets for the planning period to be applied to all the Treatment Plants always:

Parameter	Targeted Compliance to SANS 241:2015
Acute health-1	>97%
Acute health-2	>97%
Chronic health	>95%
Operational	>93%
Aesthetic	>93%

18.4 Projected Potable Water Quantity Demand

The projected potable water quantity demands are undertaken in collaboration with clients to enable Magalies Water to project future revenues and to be able to plan for capital expansions. The long-term potable water quantity demand is projected over a long period of up to 2040 and that is a fundamental input to the infrastructure master planning. The demand is expected to grow by 40% from 2020 to 2040.

Description of projected demand in the Magalies Water area of supply is provided below:

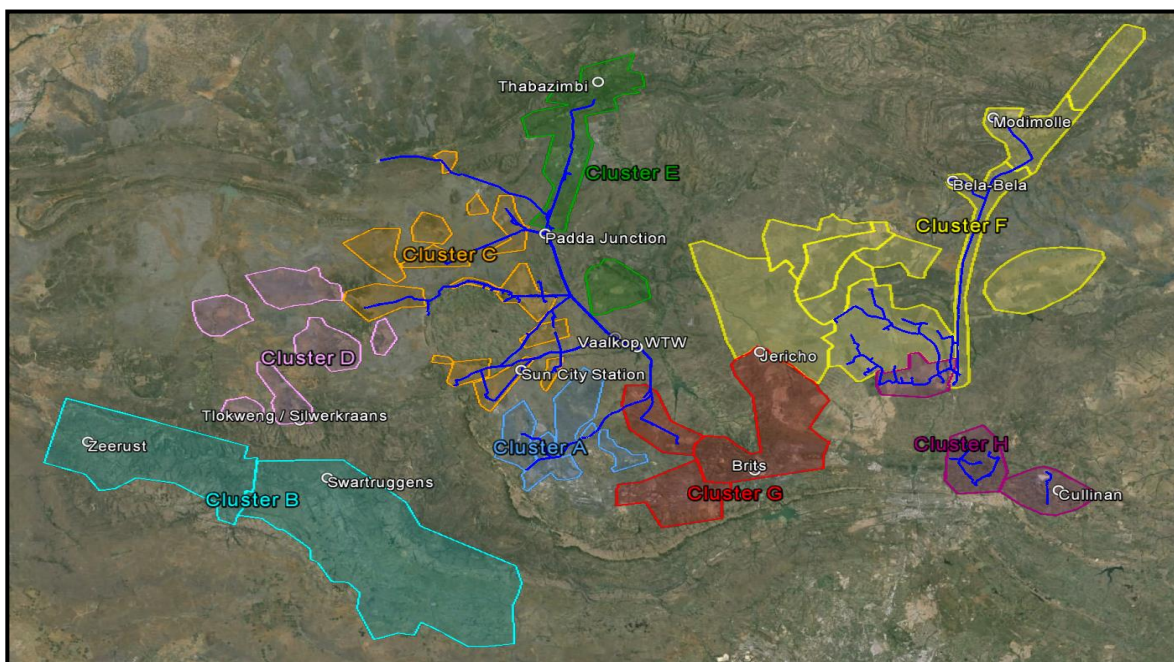
Local Municipality	Demand (Kilolitres/day)	
	2020	2040
Bela-Bela Local Municipality	14 277	23 258
Kgetlengrivier Local Municipality	13 700	26 843
Madibeng Local Municipality	84 916	126 085
LIM368 Municipality	17 956	18 201
Moretele Local Municipality	24 861	26 501
Moses Kotane Local Municipality	33 456	34 959
Rustenburg Local Municipality	139 212	202 123
Thabazimbi Local Municipality	15 332	25 920

18.5 Planned Expansions to address Demand

Magalies Water implements the Growth Plan initiatives from the list of 40 documented during 2017/18 financial year. Year-on-year, the plan is to increase the capacity and footprint of bulk infrastructure with an intention to enhance service delivery in the areas of supply and to expand the customer base in areas / customers never serviced in the past. This is a direct response to the strategic challenges of water shortages and an increasing population; and to contribute to the target population numbers by our government. The scope of the Projects or impact of interventions in providing solutions for water service delivery through infrastructure expansions. This will grow our asset base, revenues and profitability within the confines of the triple bottom line.

A Future and Long Term Master Plan for infrastructure expansions is in pace and it serves as the Blueprint to effect envisaged capital expansions related growth.

The map below provides the demarcation of the Future and Long Term Master Plan of infrastructure expansions cluster layout:



Outlined below is the breakdown of the key developments in terms of the Capital Expansions Master Plan.

Klipvoor Bulk Water Scheme (Cluster F and Cluster G)

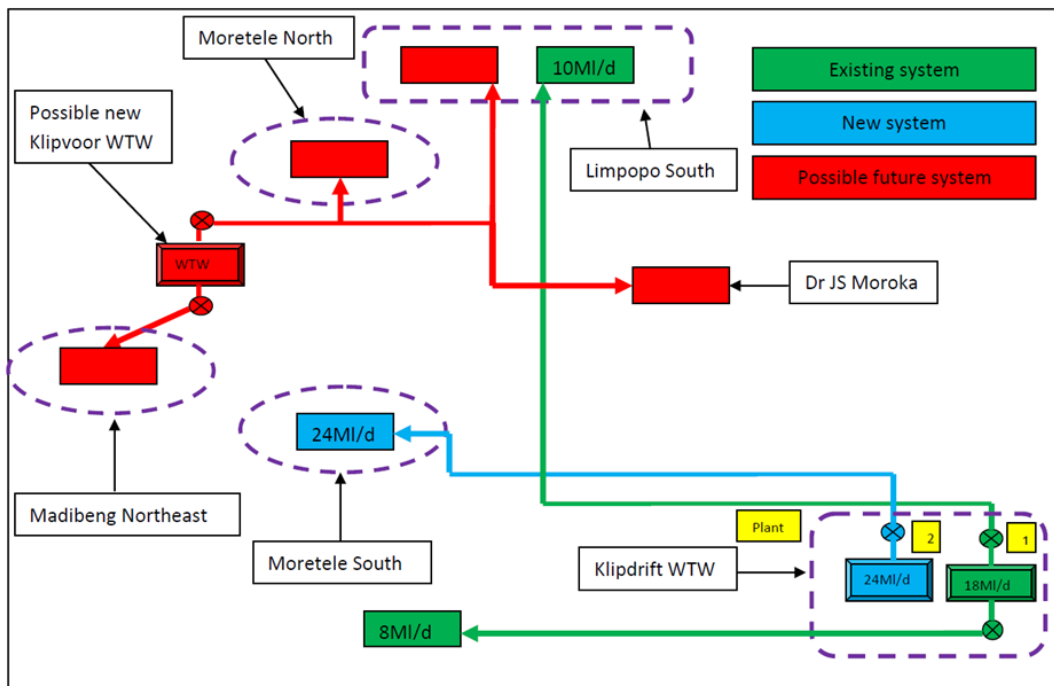
This project will augment bulk water supply to the Bela-Bela and Modimolle Local Municipalities and it is envisaged that there will be supply the Mokgoophong area. The project will also extend to the Western Dr JS Moroka Local Municipality (near Rust de Winter) and supply the Northern parts of Madibeng and Moretele Local Municipalities currently dependent on groundwater. Concept design and viability assessments of the project have been completed and final project design is in progress.

Pilanesberg Bulk Water Supply Scheme (Cluster A to E)

The Pilanesberg South scheme will benefit the growing demand for sustainable bulk water supply of the Moses Kotane and Rustenburg Local Municipalities, including the new mining developments in the Pilanesberg and Bakubung areas. The Northern and Southern parts of the scheme, including upgrades at the Vaalkop Water Treatment Plant have been concluded. Phase 3 of the scheme that links Mafenya reservoir to Kgetleng Rivier Local Municipality will be implemented once resources have been mobilised.

Moretele South Scheme (Cluster F and Cluster G)

The Moretele South Scheme comprise a 24ML/day plant to cater for the needs of Moretele Local Municipality and the City of Tshwane. It is independent of the Klipvoor Scheme and is represented in the following schematic presentation:



Upgrades at the Klipdrift Water Treatment Plant (Cluster F and Cluster G)

Klipdrift Water Treatment Plant is being upgraded with an additional treatment capacity of 18ML/d to meet the current demand of Moretele, Bela-Bela and LIM368 Local Municipalities to a total capacity of 42ML/d. This development includes, an improved raw water abstraction system, clear water balancing storage, Pump Station and Pipeline.

18.6 Asset Management to Maintain Condition of Assets

The scope of asset management within Magalies Water extends from the raw water intakes in the water catchments to the point of sale at the individual customer's property boundaries. It excludes dams, intake structures and canals, which belong to the DWS.

Included to our assets are the raw water abstraction pump stations, water treatment works, and bulk water supply mains with associated equipment, reservoirs, and water meters.

The Asset Management System is given effect through the Asset Care Plan, which is compiled annually and is an equivalent of the Asset Maintenance Plan.

Various assets care tactics are employed to achieve to achieve management maintenance objectives, operational excellence and sustainability of equipment as follows:

1. Preventive maintenance

This maintenance type is carried out at predetermined intervals, or corresponding to prescribed criteria, and intended to reduce the probability of failure or the performance degradation of an asset.

2. Predictive Maintenance

This type of maintenance also referred to as "condition monitoring" is a maintenance technique that involves monitoring the condition of an asset and using that information to predict its failure.

3. Corrective Maintenance

This is maintenance carried out to restore an asset to good working condition.

4. Breakdown Maintenance

This type of maintenance is also referred to as "run to failure". This entails the maintenance technique wherein assets are allowed to run-to-failure if it is more cost effective not to maintain them.

From these tactics, information is collated and used to make informed management decisions on whether assets should be, either replaced or refurbished or reconditioned or decommissioned.

The asset maintenance strategy is being further enhanced to implement all the aspects for compliance with ISO 55000 which will be carried out during the planning period.

18.7 Status of Agreements with Key Customers

The status of Bulk Supply Agreement Contracts with the Magalies Water's Customers is as follows:

Name of Customer	Agreement Expiry
Bela Bela Local Municipality	2018
City of Tshwane Metropolitan Municipality	2018
LIM 368 Municipality	2018
Moses Kotane Local Municipality	2023
Rand Water (Vaalkop Southern Water Supply Scheme)	Open ended contract
Royal Bafokeng Administration	2021
Rustenburg Local Municipality	2018 (under negotiation)
Thabazimbi Local Municipality	2019

19 Environmental Management Plan

Environmental sustainability is incorporated into the operations of Magalies Water to ensure that the impact on natural resources is minimised and that key environmental risks are managed. The National Development Plan proposes a strategic imperative of a transition towards low-carbon resilient economy to build a competitive resource-efficient and inclusive future. The environmental management framework of Magalies Water will therefore be aligned to that strategic imperative. Environmental management will therefore be based on implementation of the following initiatives:

1. To ensure that an impact on the environment is minimised, monitoring and auditing of environmental performance will be conducted. This will include annual environmental audits at all the operational sites and an environmental legal compliance audit for the entire organisation.
2. The principles of Integrated Environmental Management will continue to be applied in the entire life cycle of infrastructure implementation. This will include Environmental Impact Assessments for the proposed projects in accordance to the applicable legislation in the capital expansions plan.
3. Resource quality objectives will be set for abstraction of raw water to identify triggers for mitigation against any risks. Monitoring of resources quality will continue and engagement with affected Stakeholders in the catchment to ensure that resource quality objectives are met to safeguard raw water quality.
4. Wastewater initiatives, which will include among others, waste management plans for bulk potable water residues for implementation during the planning period.
5. Implementation of a bio-diversity management plan to eliminate and dispose of alien and invasive plant species in alignment to the national bio-diversity norms and standards.

19.1 Greenhouse Gas Emissions and Carbon Footprint Assessments

The United Nations Framework Convention on Climate Change provided objectives to achieve stabilisation of greenhouse gas concentrations in the atmosphere, at a level that would prevent dangerous pollution caused by humans to interfere with the climate system.

The Kyoto protocol specifies principles for both the developed and the developing world to reduce emissions of greenhouse gases. The principles includes among others, design, adaptation and implementation of measures to mitigate climate change.

South Africa is a signatory to the above International conventions and is thus obligated to comply with any rules and conditions of those conventions.

Magalies Water has embarked on the initiative to compute, record and reduce its carbon footprint. This initiative is geared towards a low carbon economy and improvement in the long-term effects of climate change in order to support the Government’s mitigation and adaptation strategies.

A baseline for the Greenhouse Gas emissions is thus as follows:

Aspect	Total Kg Co ₂ e
Water	24 528 070
Energy consumption	82 802 911
Travel	1 522 408
Total	108 853 390

The above results will therefore be utilised for comparability with future emission activities.

20 Water Conservation and Demand Management

The losses of water and revenue in the domestic sector are generally very high. Urgent measures to develop and implement comprehensive WCDM interventions are required as that may have an impact on the future demand of water.

Currently, the implementation of comprehensive Water Conservation and Demand Management (WCDM) studies and interventions in the supply area need more attention. It must, however, be mentioned that the biggest mining houses operating in the Rustenburg and Madibeng Local Municipality have developed and implemented comprehensive WCDM Plans. Among others, various strategies are employed and water re-use or recycle in order to improve their water use efficiency is among the initiatives taken by the following:

- Lonmin,
- Anglo,
- Impala and
- Glencore)

Magalies Water will continue to work closely with the above Customers on the Water Conservation and Demand Management initiatives during the planning period.

21 Corporate Social Investment

Responsible Corporate Citizenry is one of the three focus areas of the Board and Magalies Water has adopted a policy to that effect. This focus area recognises the fact that organisations operate within communities and their activities impact on the societies within which they operate. Magalies Water is no exception to this notion and it is for this reason that Magalies Water seeks to play its role of responsible corporate citizenry within its area of operation.

A Corporate Social Investment (CSI) resource mobilization plan has been developed in order to align the CSI initiatives with the Government objectives and plans of various Municipalities within the service area. The approach to CSI is that Magalies Water obtains water and sanitation initiatives that should be implemented per Municipality in the service area.



22 Key Performance Indicators and Targets

For the exact version of the DWS Template and Format, refer to:

Annexure A: SHAREHOLDER COMPACT : APPENDIX 1 (PERFORMANCE OBJECTIVES AND TARGETS) - MAGALIES WATER

Below is the Magalies Water’s attempt to revise the DWS’s format such that it talks to the five (5-Year) Planning Horizon

Key Performance Indicators and Targets: MAGALIES WATER’S ADAPTED VERSION

Perf. Pers.	Strat. Obj.	Outcomes/Impact	Key Performance Indicator	2019	2020	2021	2022	2023
Organisation Effectiveness and Efficiency	To provide quality potable water	Bulk potable water quality compliance to SANS 241:2015 standards	Compliant Test Results, SANS 241:2015 Acute 1 ≥ 97% Acute 2 ≥ 97% Chronic ≥ 95% Aesthetic ≥ 93% Operational ≥ 93%	Acute 1 ≥ 97% Acute 2 ≥ 97% Chronic ≥ 95% Aesthetic ≥ 93% Operational ≥ 93%	Acute 1 ≥ 97% Acute 2 ≥ 97% Chronic ≥ 95% Aesthetic ≥ 93% Operational ≥ 93%	Acute 1 ≥ 97% Acute 2 ≥ 97% Chronic ≥ 95% Aesthetic ≥ 93% Operational ≥ 93%	Acute 1 ≥ 97% Acute 2 ≥ 97% Chronic ≥ 95% Aesthetic ≥ 93% Operational ≥ 93%	Acute 1 ≥ 97% Acute 2 ≥ 97% Chronic ≥ 95% Aesthetic ≥ 93% Operational ≥ 93%



Organisation Effectiveness and Efficiency	To provide quality potable water	Reduced avoidable Water Losses in Treatment and Distribution Systems (% average)	Plants: ≤7%	Plants: ≤7%	Plants: ≤7%	Plants: ≤7%	Plants: ≤7%	Plants: ≤7%	
			Distribution: ≤5	Distribution: ≤5%	Distribution: ≤5 %	Distribution: ≤5 %	Distribution: ≤5 %	Distribution: ≤5 %	
		No unplanned interruptions to bulk supply exceeding 48 hrs continuously per incident or event	Number of incidents of continuous service delivery interruptions	≤8 incidents	≤8 incidents	≤8 incidents	≤8 incidents	≤8 incidents	≤8 incidents
		Infrastructure expansion to meet demand	%compliance to the Bulk Water Infrastructure Maintenance Plan	90%	90%	90%	90%	90%	90%
		Contribution to national objectives of extending services	Actual CAPEX spend on expansion related projects (initiatives by the Minister) as % of Total CAPEX Budget	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW



Organisation Effectiveness and Efficiency	To achieve growth and sustainable financial returns / To manage financial and business risks	Audit Report	Annual external audit	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
		Improve viability and sustainability	Current Ratio	1.5:1	1,58:1	1,52:1	1,57:1	1,56:1
			Gross Profit Margin (Primary activity)	25%	25%	25%	25%	25%
			Gross Profit Margin (Secondary activity)	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW
			Net Profit Margin (Primary activity)	10%	10%	14%	17%	18%
			Net Profit Margin (Secondary activity)	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW
			Debt/Equity Ratio	24%	25%	23%	21%	19%
			Return on Assets	2%	2%	3%	4%	4%
			Av. Debtors Days	50 Days	50 Days	50 Days	50 Days	50 Days
			Repairs and maint. as % of PPE & Investment Property (Carrying Value)	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW
			% Working Capital to Revenue (Working Ratio)	82%	79%	77%	76%	76%
Staff Remuneration as % of Total OPEX	≤35%	≤35%	≤35%	≤35%	≤35%			



Finance and Governance	To contribute towards transformation and development agenda	Spend increased and increased new entrants awarded contracts in the financial year	%Spend (achieved)	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW
		Actual expenditure compared with budgeted expenditure for the quarter (% increase per financial Reports)	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW	
	To achieve growth and sustainable financial returns (CAPEX Prog)	Infrastructure available to meet demands	Actual CAPEX spend on expansion related projects as % of Total CAPEX budget (previously measured in Milestones)	≥ 90%	≥ 90%	≥ 90%	≥ 90%	≥ 90%
			Overall project expenditure within R target	N/A to MW / Replaced	N/A to MW / Replaced	N/A to MW / Replaced	N/A to MW / Replaced	N/A to MW / Replaced
		Growth in turnover from secondary (other activities)	% of total turnover (from secondary)	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW



Stakeholder and Customer Satisfaction	To manage customer and stakeholder relations	Statutory and Service Level Agreements in place	%Compliance with Municipalities/Other Customers with Bulk Supply Agreements (Scorecard weighted av.).	80%	80%	80%	80%	80%
			%Compliance with good reputation per Stakeholder Engagement Plan (no. actual/planned)	80%	80%	80%	80%	80%
		New Ministerial directives issued are implemented on time	Progress against Implementation Plan	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW
		Total Number of identified Municipalities supported	Number of Signed Contracts, MOUs, etc.	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW
		All Statutory Reports submitted on time	% Achievement of all compliant Statutory Reports (on time)	100%	100%	100%	100%	100%



Organisational capacity	To contribute towards transformation and development agenda	Optimal staff retention (maintain Staff numbers)	%Staff Turnover	<3%	<3%	<3%	<3%	<3%
		Employee safety (maintain / retain)	Disabling Injury Frequency Rate	<1	<1	<1	<1	<1
		Skills and capacity building	No. appointed on the Learnership Programme (p/a)	25	25	25	25	25
			No. of People Appointed on the Internship Programme (p/a)	10	10	10	10	10
			No. of external Bursaries awarded by Study Cycle	10	10	10	10	10
			Graduate Programme	4	4	4	4	4
		Job creation (Capacity building and skills development)	No. of permanent & contract people employed (direct)	Direct: 20	Direct: 20	Direct: 7	Direct: 0	Direct: 0
			No. of temporal staff employed (indirect)	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW



General Performance	To manage customer and stakeholder relations	Improved governance	%age Board Members' Attendance (incl. Committees) p/a	85%	85%	85%	85%	85%
			No. of Meetings planned for the quarter vs Actual	24	24	24	24	24
			%No. of actual Resolutions /Total required	100%	100%	100%	100%	100%
			Progression: Growth Projects to Board. (No.)	2	2	2	2	2
Finance and governance	To achieve sustainable financial returns	Improved Controls (test control effectiveness and relevance)	No. of repeat & Unresolved Internal Audit Findings dealt with	Repeat: ≤2	Repeat: ≤2	Repeat: ≤2	Repeat: ≤2	Repeat: ≤2
				Unresolved: ≤5	Unresolved: ≤5	Unresolved: ≤5	Unresolved: ≤5	Unresolved: ≤5
			No. of Breaches to the Materiality & Significance Framework	N/A to MW	N/A to MW	N/A to MW	N/A to MW	N/A to MW



Stakeholder and Customer Satisfaction	To contribute towards transformation and developmental agenda (Customer and stakeholder relations)	Good Corporate citizenship	Number of CSI Initiatives undertaken	3	3	3	3	3
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23 Ministerial Directives

There are no new Ministerial Directives planned for the 2018/19 financial year. The following Directives, however, will have an impact for the duration of the planning period:

23.1 Emergency intervention in the Majakaneng Area and broader assessment of water supply in the Madibeng Local Municipality to address water challenges

The Minister of Water and Sanitation directed Magalies Water in terms of Section 41(1)(ii) of the Water Services Act, 1997 (Act 108 of 1997) for an immediate intervention with effect from 8 February 2015 to upgrade bulk water supply systems and associated infrastructure that provide water to the Majakaneng reservoir.

The directive included three elements being; repair of leaks in the reticulation network and at customer delivery points, replacement of customer care meters, implementation of water management devices and consumer education.

The impact of this intervention is that water supply increased from 10% households who were receiving intermittent supply to 83% of households receiving steady supply of water in their yards. The remaining 17%, which is 736 households did not have reticulation but are receiving water from strategically located thirty-one Jojo Tanks.

Phase 3 of the Project was only able to address 199-yard connection and the remainder of outstanding scope will be covered in Phase 4 of the project to be implemented in the 2017/18 financial year.

23.2 Emergency intervention in the Madibeng Local Municipality to address bulk water and sanitation challenges and to support the Municipality in the turnaround of the retail business

The Minister of Water and Sanitation directed Magalies Water in terms of Section 41(1)(ii) of the Water Services Act, 1997 (Act 108 of 1997) for an emergency intervention in the Madibeng Local Municipality to address water and sanitation challenges and in support of the Municipality on the turn-around of its retail business.

The directive came into effect from 23 March 2015 and the intervention was to be for a maximum period of 12 months. A directive was provided impetus by the poor water and sanitation services provision, water disruptions, poor water quality, poor state of infrastructure and an uneven provision of services to communities.

Impact of this intervention is as follows:

More than 60% of demand is currently being met at Jericho and the remaining 40% of demand shall be addressed when phase 3 of the project is completed in the 2017/18 financial year.

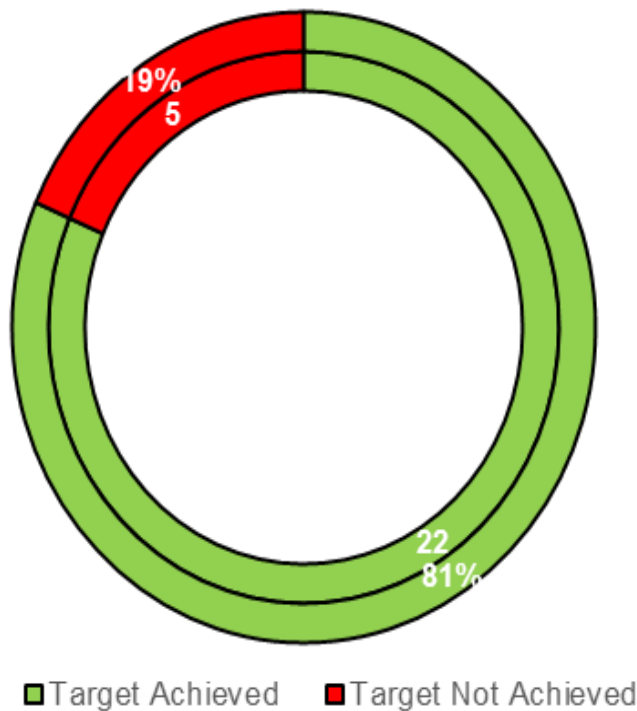
Thirty Three (33%) of the total demand of 6ML/d is currently being met at MabolokMagalies Water will continue with implementation of management approaches that have created and sustained success, while adopting mitigating actions when faced with new imperatives and challenges. The following reflects summary of performance as at 31 December 2016 and has assisted in identification of key improvement areas.

24 Self - Appraisal of Performance

Magalies Water has a history of success in capital infrastructure delivery and socio-economic development. To sustain efficiencies, the recently upgraded and commissioned infrastructure enables us to meet the progressive increase in water volumes (demand). The quality of produced water continues to comply with all the risk based quality compliance requirements as set out in the SANS 214:2015.

The organisation is trading profitably; it generates positive cash flows from operations even though water sales volumes are adversely affected due to End User affordability and Debtors challenges.

In terms of the Key Performance Areas and Indicators contracted for the current financial year, both financial and non-financial measures were reported at eighty-one (81%) percent, i.e., 22 of 27 Key Performance Indicators, as at the end of Quarter 3 (31 Mar 2018). See the diagram below



The five (5) unachieved Key Performance Indicators that constitute the remaining 19% included

- Debtor Days,
- DIFR,
- Projects Milestones,
- Corporate Social Investment Programmes and
- Expenditure levels for Repairs and Maintenance as a Percentage of Property, Plant and Equipment.

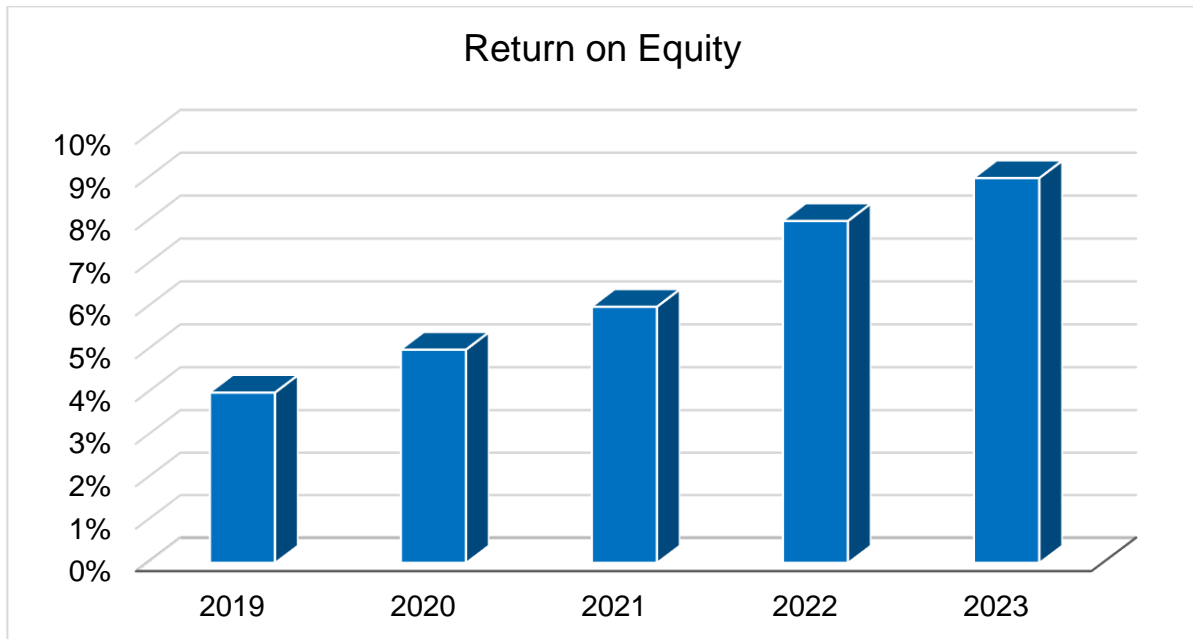
During the course of the financial year and the subsequent years, monitoring will continue and the Corrective Action Plans to deal with the deviations will be set up accordingly. We are confident that the annual results will continue to be on the positive trajectory.

25 Statement of Financial Viability

Magalies Water will measure the financial viability performance in terms of the following key Ratios:

The Return on Equity will remain solid over the planning period due to increasing profitability.

Return on Equity

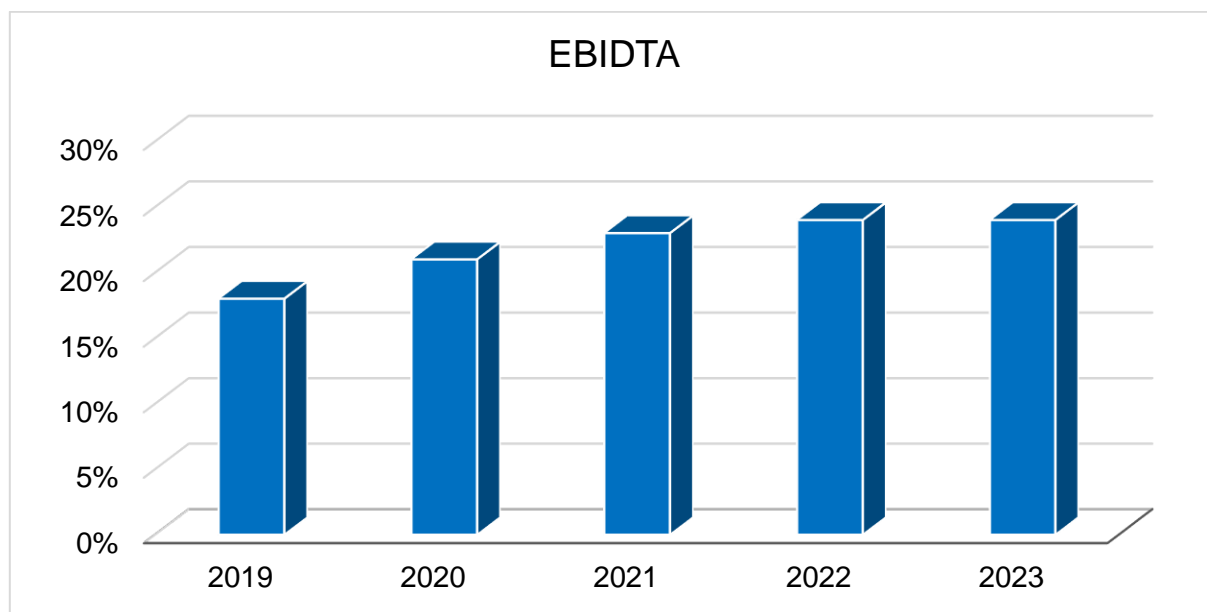


The detailed targets below informed the above graphic representation of this measurement.

Ratio/Year	2019	2020	2021	2022	2023
Return on Equity Ratio	4%	5%	6%	8%	9%

EBIDTA Margin

The EBITDA Margin will progressively increase over the first three (3) years of planning period, and remain stable in the last two (2), and as such reflecting the robustness of Magalies Water’s cash generation capacity from operations.

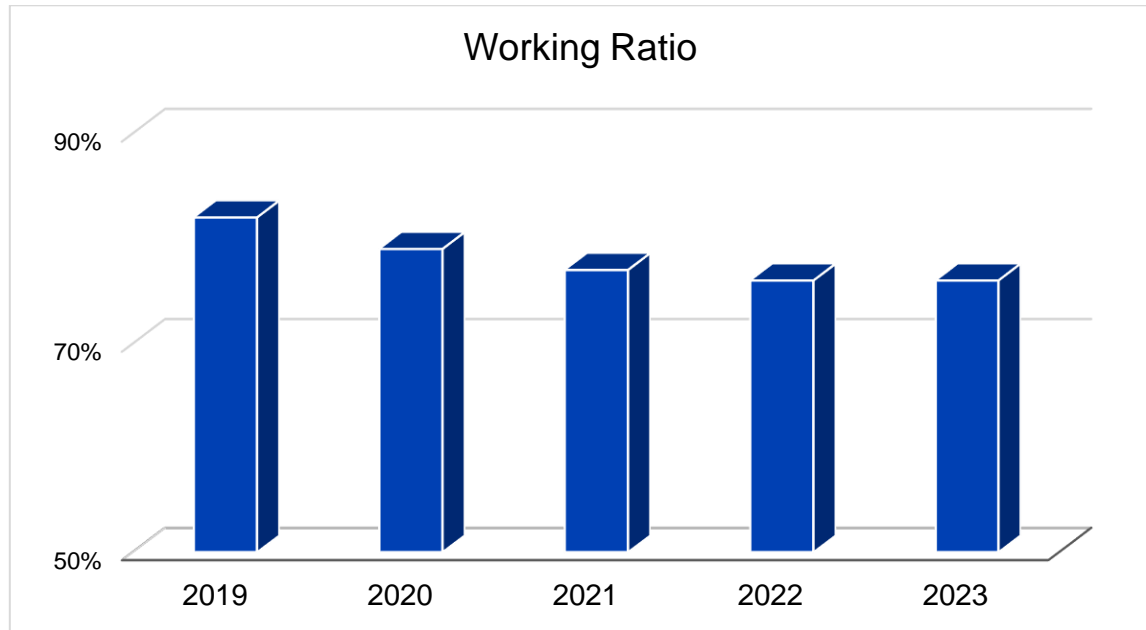


The detailed targets below informed the above graphic representation of this measurement.

Ratio/Year	2019	2020	2021	2022	2023
EBITDA Margin	18%	21%	23%	24%	24%

Working Ratio

The Working Ratio will progressively decrease over the first three (3) years of the planning period and remain stable in the last two (2), and as such reflecting the implementation of the existing cost control measures and improved efficiencies at the operations level.

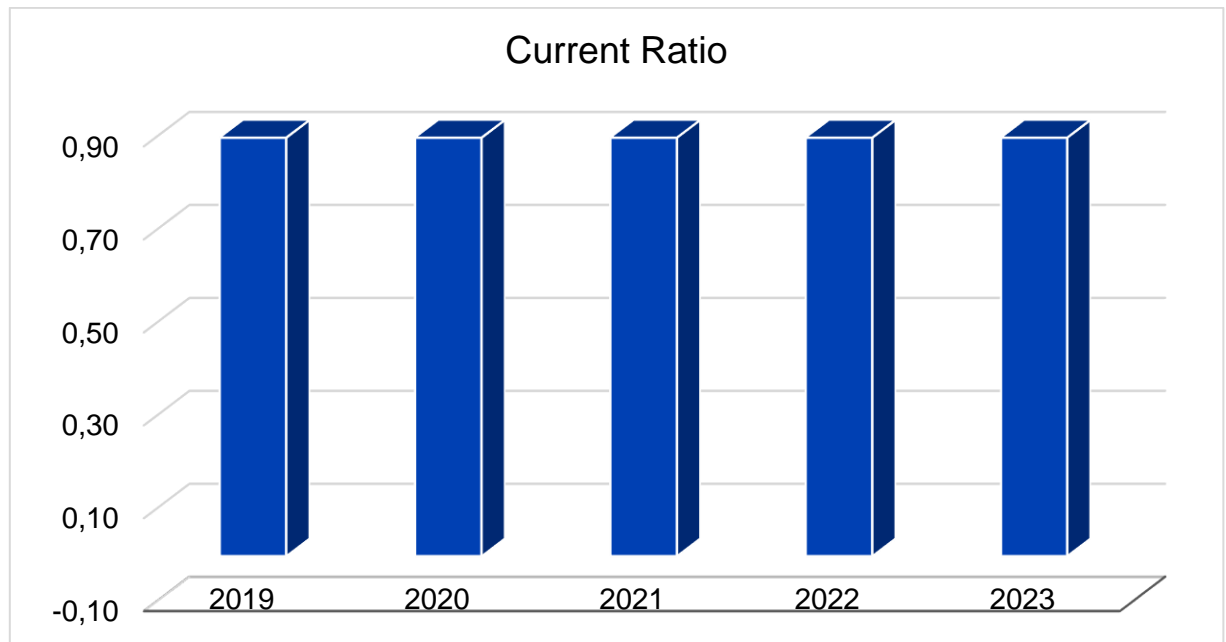


The detailed targets below informed the above graphic representation of this measurement.

Ratio/Year	2018	2019	2020	2021	2022
Working Ratio	82%	79%	77%	76%	76%

Current Ratio

Magalies Water will be in a position to meet its short-term obligations over the planning period. Investments will also be brought to their optimum levels as efficiencies continue to be harvested from investments in fixed assets.

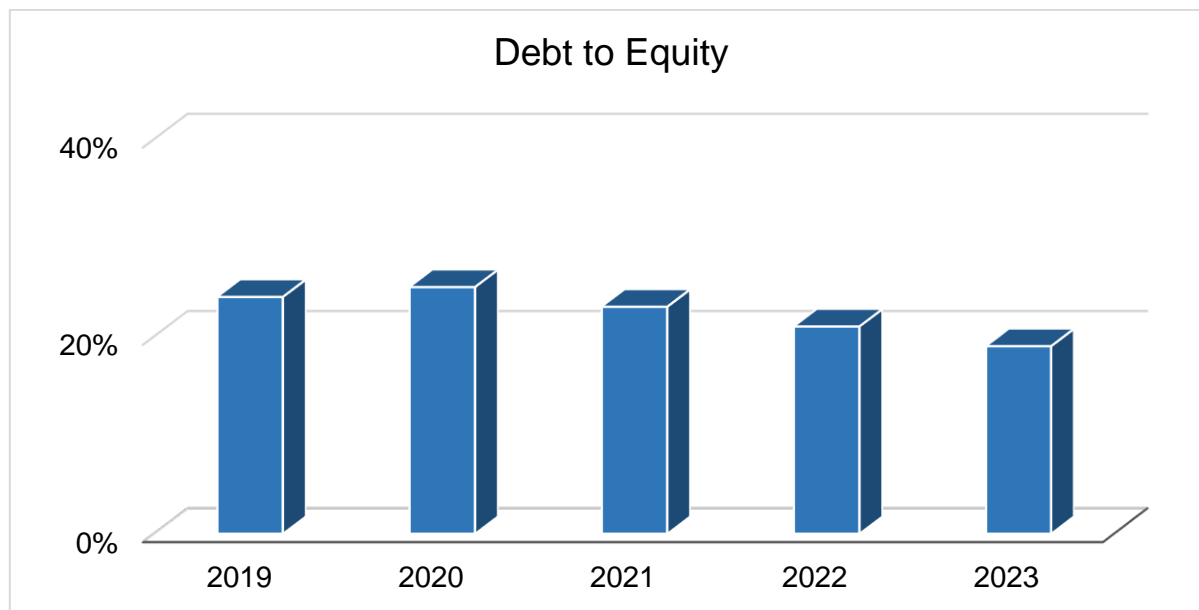


The detailed targets below informed the above graphic representation of this measurement.

Ratio/Year	2019	2020	2021	2022	2023
Current Ratio	1,58:1	1,52:1	1,57:1	1,56:1	1,57:1

Debt to Equity Ratio

The capital structure will be stable over the first two (2) years and then progressively reduce in line with the reduction in debt levels over the planning period and as assets are utilised.

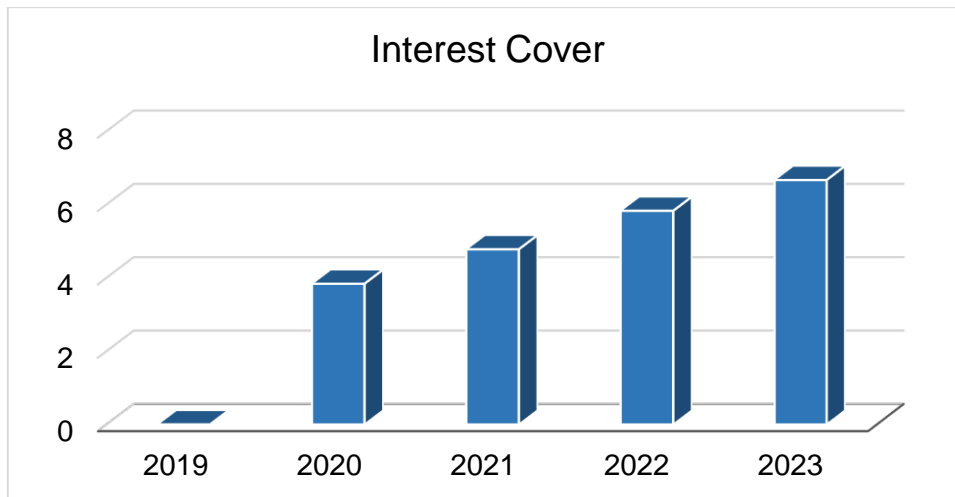


The detailed targets below informed the above graphic representation of this measurement.

Ratio/Year	2019	2020	2021	2022	2023
Debt/Equity Ratio	24%	25%	23%	21%	19%

Interest Cover Ratio

Sufficient profits and cash flows will be generated to cover costs of servicing debt.



The detailed targets below informed the above graphic representation of this measurement.

Ratio/Year	2019	2020	2021	2022	2019
Interest Cover Times	0	3,83	4,77	5,82	6,66

26 Bank Accounts

Magalies Water operates on the following current accounts with the Standard Bank of South Africa.

1. 03 313 9539
2. 03 309 6937
3. 03 311 8213

Magalies Water operates on the following investment accounts with the Standard Bank of South Africa.

1. 03 844 1241
2. 03 844 3325

Magalies Water operates on the following investment accounts.

- | | |
|------------------------------------|--|
| 1. 3774408-ZAR-2201-0 | : ABSA |
| 2. 1400-202968-500 | : Nedbank |
| 3. SMT-DC14A00194 | : FirstRand Bank |
| 4. 9538 (deal confirmation number) | : Land and Agricultural Development Bank |
| 5. 1101 3701 0015 | : Nedbank |
| 6. 202 683 966 | : Standard Bank |

27 Declaration

Magalies Water hereby declares that all information that the organisation is aware of and which is significant to functioning and delivery of its mandate is disclosed in this Business Corporate Plan, as required in terms of the Water Services Act (Act 108 of 1997), the Public Finance Management Act (Act 1 of 1999), and other relevant legislation and associated regulations, prescribed guidelines and practice notes issued by the DWS and the National Treasury.

28 List of Abbreviations

BBBEE	Broad Based Black Economic Empowerment
BCM	Business Continuity Management
Co ₂ e	Carbon Dioxide equivalent
CSI	Corporate Social Investment
DWS	Department of Water and Sanitation
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
ICT	Information and Communications Technology
ISO	International Organisation for Standards
ML/day	Megalitre per day
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NQF	National Qualifications Framework
OHSAS	Occupational Health and Safety Assessment Series
SALGA	South African Local Government Association
SANAS	South African National Accreditation System
SANS	South African National Standard
SCM	Supply Chain Management
SDG	Sustainable Development Goals
SMME	Small Medium and Micro Enterprises
WCDM	Water Conservation and Demand Management