LEPELLE NORTHERN WATER
Water is our passion

CORPORATE PLAN

2025/26 – 2029/30

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ACRONYMS AND DEFINITIONS

AWSISA	: Association of Water and Sanitation Institutions in South Africa
BEE	: Black Economic Empowerment
BFI	: Budget Facility for Infrastructure
CPI	: Consumer Price Index
DWS	: Department of Water and Sanitation
ERP	: Enterprise Resource Planning
Eskom	: Electricity Supply Commission
EWP	: Employee Wellness Programme
IDP	: Integrated Development Plan
IF	: Infrastructure Fund
IWRM	: Integrated Water Resources Management
kVA	: Kilo Volt Amperes
kWh	: Kilo Watt Hour
LDP	: Limpopo Development Plan
LNW	: Lepelle Northern Water
OHSAS	: Occupational Health and Safety Assessment
NWRS	: National Water Resources Strategy
ORWRDP	: Olifants River Water Resources Development Programme
OMM	: Olifants Management Model
PFMA	: Public Finance Management Act
RBIG	: Regional Bulk Infrastructure Grant
RCM	: Reliable Centred Maintenance
SALGA	: South African Local Government Association
SANAS	: South African National Accreditation System
SDG	: Sustainable Development Goals
SDM	: Sekhukhune District Municipality
NRW	: Non-revenue Water
WSAs	: Water Services Authorities
WSDP	: Water Services Development Plan
WSLAs	: Water Services Level Agreements
WSP	: Water Services Provider
WTW	: Water Treatment Works
WWTW	: Wastewater Treatment Works

FOREWORD BY THE CHAIRPERSON OF THE BOARD

The primary mandate of Lepelle Northern Water (LNW) is to provide bulk water to Water Services Authorities and Industries within the Limpopo Province. LNW is regulated by amongst others, the Water Services Act No.108 of 1997 and the Public Finance Management Act No.1 of 1999. The Board is the accounting authority and has the responsibility to ensure that the resources are managed in an effective, efficient, and sustainable manner. This corporate plan is underpinned by the following key prescripts, pronouncements and policies amongst others:

- The Constitution of Republic of South Africa
- National Development Plan for 2030 (NDP).
- State of the Nation Address (SONA).
- The Department of Water and Sanitation Strategic Plan.
- Limpopo Development Plan (LDP).
- State of the Province Address (SOPA).
- State of the Districts Address (SODA).
- Districts Development Models (DDM).
- Integrated Development Plans (IDPs) of the Water Services Authorities.

LNW will continue to operate on the sound business principles, namely reliability, accountability and collaboration, to ensure effectiveness and efficiency. LNW will strive to maintain a sound statement of financial position which will contribute towards the ability to raise capital in the open financial market should such a need arise.

Some of the strategic challenges that LNW must deal with are the following:

- Negative effects and consequences of climate change in which drought dominates when compared to flooding and therefore negatively impacting the availability of water resources.
- Ageing infrastructure.
- Deteriorating raw water quality.
- Non-payment for bulk water services by the Water Service Authorities.
- Water demand exceeding the available raw water allocation (over abstraction).
- Cyberattacks.

LNW consistently conducts research on the mitigating strategies to mitigate the negative impact of the challenges.

LNW has decided that on the following key strategic outcomes: -

1) Provision of equitable and sustainable bulk water services.

2) Bulk water services infrastructure planning and development.
3) Financial viability and sustainability.
4) Effective and efficient organisational development processes and practices; and
5) Good governance and clean administration.

LNW has aligned these strategic outcomes to the overall national priorities. The accomplishment of the strategic outcomes is elaborated upon in the corporate plan and constitutes the basis of the shareholder compact between the Board (Accounting Authority) and the Minister of Water and Sanitation (Executive Authority).

The implementation of the strategic outcomes will be done through integration with the business balance score card focussing on the following imperatives:

1) Financial perspective.
2) Customer perspective.
3) Learning and Organisational Growth perspective; and
4) Internal Process perspective.

LNW always endeavour to strike a balance between applying the limited and providing support to municipalities to execute their mandates in so far as it relates to the provision of water services. However, LNW anticipates not to spend more than 5% of the total turnover on secondary activities.

LNW subscribes to succession planning and retention strategies for key skills for business continuity. The developments taking place within LNW's service area present more opportunities for bulk water utilities and therefore there is a need to create the necessary capacity within LNW to ensure successful implementation of the legislative mandate.

Water conservation and water demand management warrant that entities take a proactive approach in terms of ensuring uninterrupted supply of bulk water as the primary function. The reality is that water losses cannot be afforded, and it is therefore imperative that the focus on water conservation and water demand management is strengthened, especially as there is a big return on investment through reducing non-revenue water (NRW) and the efficient use of available water.

LNW recognises the significance of drinking water quality and has therefore established a SANAS accredited laboratory at the Ebenezer Water Treatment Works to conduct independent tests, performed by the Scientific Water Services Unit. The laboratory is used to test the quality of water produced by the water treatment works to ensure adherence to SANS 241 requirements. There are stringent internal control systems and targets in place for both potable and industrial water qualities. The laboratory underwent SANAS assessment in March 2025, following which

the accreditation status and recommendation for six (6) methods, five (5) of which are for chemistry whereas one (1) is for microbiology.

The slogan “Water is Our Passion” and our commitment to the provision of cost-effective bulk water services is reflected in our tariff increases for the next financial year. The average potable water tariff increases for the year 2024/25 is on average 10,91%. Other measures like energy conservation, plant optimisation and the reduction of non-revenue water will continue to be implemented in all our schemes to continue providing cost effective bulk water services our customers.

Higher raw water and spiralling energy costs are becoming significant cost drivers in the composition of LNW’s bulk tariff. Payment for services rendered remains crucial for the ability of LNW to provide bulk water on a sustainable basis. The continued non-payment for bulk water services by municipalities remains a concern and stringent measures including reduction of water supply will be put in place as well as utilising Inter-Governmental Relation (IGR) structure to ensure that our monies are collected for sustainable provision of bulk water services.

LNW remains committed to maintaining and improving its relationships with Water Services Authorities (WSAs) and other stakeholders within the service area. LNW has begun to provide support to WSAs on water demand management and conservation and other water-related issues.

LNW is also committed to good governance and will continue the quest to eradicate all forms of transgressions and/or maladministration whenever identified. The maintenance of fraud hotline remains key to ensuring that all fraud and corruption related matters are anonymously reported. Risk management will continue to be prioritised throughout this financial year. To this end, the 2025/26 Enterprise-Wide Risk Profile has been reviewed, and the Board will be guided by this plan.

The cybersecurity policy is being monitored to prevent cyberattacks and avoid disruptions to Information and Communication Technology Services.

It is worth mentioning that as the Board, we have achieved an unqualified audit opinion with two matters of emphasis in the 2023/24 financial year. The intention of the board is to achieve unqualified audit opinion without matters of emphasis. Strategies and implementation plans have been put in place for closing all the gaps that affected the audit report. The upgrade of the SAP system is in progress to eliminate manual processes that often led

to errors that negatively affected the audit report.

More than fourteen (14) months ago we broke ground on the Olifantspoort-Ebenezer Project, with the refurbishment work packages aimed at restoring the original design capacity of the ailing infrastructure. We have reached practical completion on the pipeline portion of the project, which used to have frequent bursts, and the pumping stations are being replaced. The new pumps will address operational deficiencies and improve system reliability. This was only but a start of a long journey to increase reliability and sustainability of water supply from the Olifantspoort and Ebenezer Schemes respectively. The financial stream of the project is gaining significant traction with the market sounding starting in the new financial year of 2025/26 where the private investors will be given a comprehensive project brief to fund additional phases of the pipeline to provide additional capacity, and this estimated at a total cost of R18,5 billion.

Climate change is an accepted threat to the sustainability of water supplies. LNW will constantly review the climate change policy based on the on-going research, benchmarking and monitoring of the effects of climate change in Limpopo Province and the country at large, with relevant interventions defined.

The continuous interaction between the Minister of Water and Sanitation, the Board, and Executive Management strengthens the relationship and has contributed towards improved performance by LNW. The Board is committed to aligning the Policy Statement and Shareholder Compact to the policies of the government so that LNW becomes a true delivery instrument. The Board further commits to the effective and efficient supply of bulk water services and will continue to strive to make LNW a leader in water service provision.

DR NF MPHEPHU

CHAIRPERSON OF THE BOARD

THE CORPORATE PLAN OF
LEPELLE NORTHERN WATER
PREPARED IN COMPLIANCE WITH SECTION 40 OF THE WATER SERVICES ACT, 108 of 1997

1 VISION

Changing lives through the provision of sustainable bulk water services

2 MISSION

Provision of quality and sustainable water services to our customers.

3 VALUES

LNW upholds the values underpinned by the eight Batho Pele principles in the management of its operations and the way it conducts its business.

The values guiding our business are:

VALUE	DEFINITION
Excellence	Performing responsibilities above expectations
Integrity	Conducting ourselves with honesty
Accountability	Accept responsibility of our own actions
Agility	Respond swiftly and effectively to changes
Innovation	Introduce new ways to provide services

4 BUSINESS PRINCIPLES

Lepelle Northern Water has developed guiding business principles through which the organisation will engage both internal and external stakeholders. The guiding business principles are reliability, collaborative, and accountability and are consolidated in Figure 4-1 below:

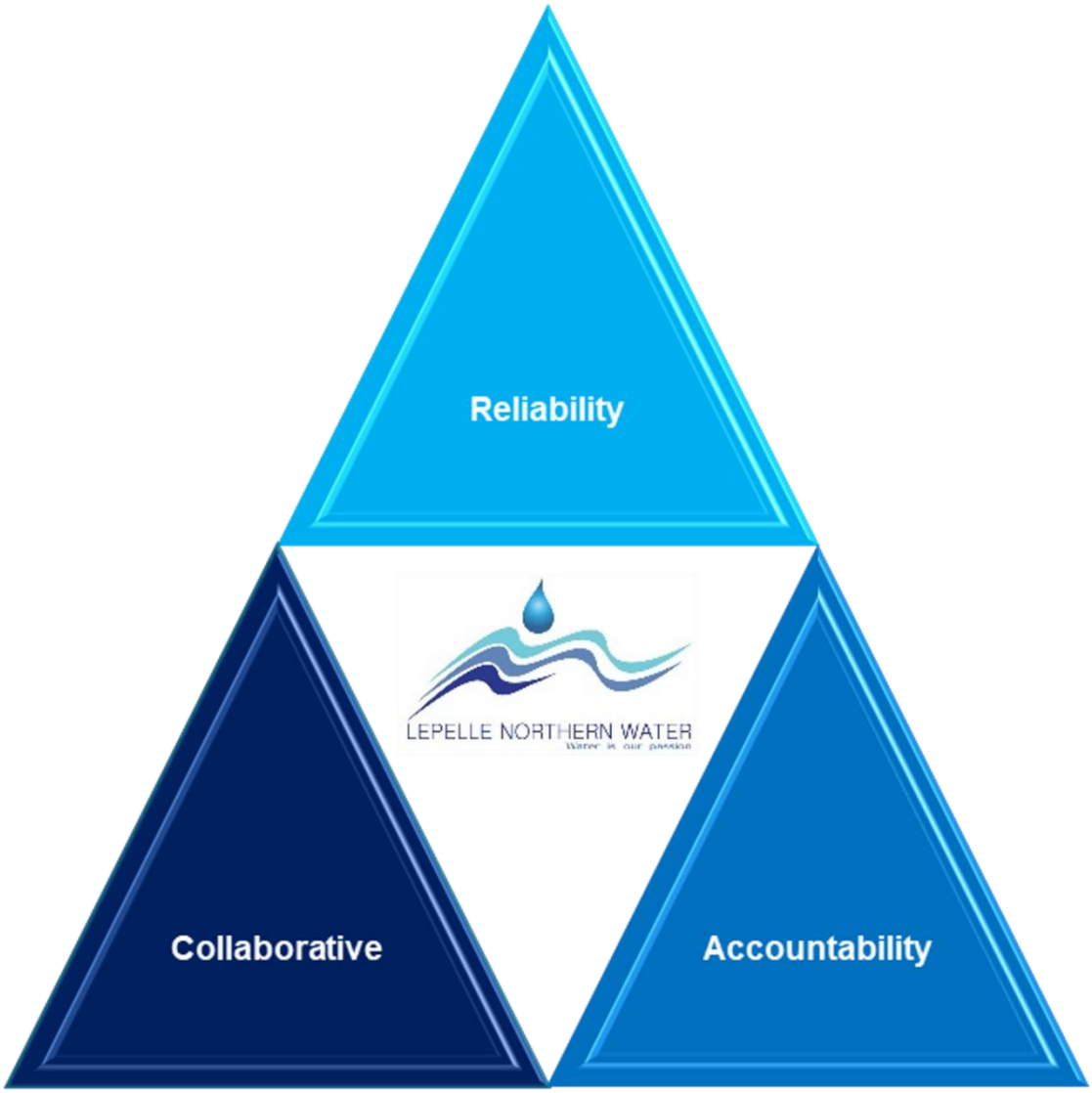

Figure 4:1: Guiding business principles.

4.1 RELIABILITY

LNW will operate with predictable and repeatable systems that support consistent operations while catching and correcting potentially catastrophic errors before they happen. The organisation will be characterised by constant state of awareness to recognise errors quickly and intervene before they become catastrophic and impact safety.

The intention is to improve our production through the elimination of unwarranted variation in service delivery — while also improving maximising the outcomes and reducing costs. Reaching this level of operational excellence frequently requires a transformation of culture — fundamentally changing the attitudes, beliefs, goals and

values of an organisation. Key departments are already working on the organisational culture to ensure uniform approach in the provision of reliable water supply.

4.2 COLLABORATIVE

LNW will always try to collaborate with its clients and all the key stakeholders to forge and positively work towards the common objective. LNW will ensure that it engages all key stakeholders in honesty and willingness to change to make water services deliver better and where applicable complete projects collectively for the benefit of all.

4.3 ACCOUNTABILITY

LNW has defined its vision, mission, values, and business principles, and will therefore hold all the employees and executives responsible for accomplishing the vision, completing assignments with precise decisions that will deliver on the expectations within and outside the organisation. LNW accountability will revolve around the following principles:

4.3.1 Set expectations from the initial stages

The foundation of accountability is defining clear roles, responsibilities, leadership structure, and clarity of ownership of projects and strategic outcomes. LNW will ensure that there is clear communication and transparency in decisions to succeed in this fundamental step. LNW will involve its employees from planning to the completion of any project whether soft or hard, sharing sessions of both successes and failures will be established to ensure that the organisation is seeing things from the same platform.

4.3.2 Outcome-focused accountability

One of the most important steps, is getting employees to see how their individual contributions play into LNW's bigger vision, mission, and values. The organisation will ensure that leaders conversations and one-on-one meetings with employees are implemented because they are instrumental in casting vision, helping employees see how their work is an important puzzle piece in the organisation's goals.

4.3.3 Filling positions with right people

LNW acknowledges that accountability belongs to everyone within the organisation. When the LNW succeeds, the organisation recognises and reward employees who followed guidelines, acted appropriately, and met or exceeded expectations. It is

therefore imperative that LNW appoint the right people who at every level are willing to align themselves with the organisation's vision and mission.

4.3.4 Communicate with transparency.

LNW regards transparent communication as more than being open and honest with employees. The organisation will strengthen the current communication standards, norms, and expectations. This approach will create a safe space for honest dialogue, providing consistent and constant communication, and proactively seeking feedback.

4.3.5 Be accountable.

LNW recognises that accountability starts with the leaders and management of the organisation. This means that the organisation will ensure that it demonstrates all traits of leadership and management with integrity, discipline, and respect. The leadership will strengthen the relationship with employees through sharing of the progress, challenges, and solutions of its own tasks, thus model accountability and transparency for LNW employees.

5 LEGISLATIVE AND OTHER MANDATES

5.1 CONSTITUTIONAL MANDATES

LNW has a constitutional mandate to provide basic services to the communities of South Africa according to the Bill of Rights under Section 27 of the constitution of the Republic of South Africa states that:

(1) Everyone has the right to have access to –
   (a) health care services, including reproductive health care.
   (b) sufficient water and food; and
   (c) social security, including, if they are unable to support themselves and their dependents, appropriate social assistance.

(2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights.

The state has therefore mandated the Department of Water and Sanitation (DWS) to ensure that the people of South Africa are provided with this basic right i.e., water. The

DWS has then established and mandated its entities (Water Boards amongst others) which LNW is amongst to provide bulk water services to the Water Services Authorities and industries on its behalf.

5.2 LEGISLATIVE MANDATES

5.2.1 Water Services Act 108 of 1997

LNW was established on 1st April 1997, in terms of Chapter Six (6) of the Water Services Act, No 108 of 1997. The Minister of Water and Sanitation as the Executive Authority appoints the Board, which is the Accounting Authority. The act further places the responsibilities to LNW in that it is required to provide water services to other water services institutions within its service area.

5.2.2 National Water Act 36 of 1998

The purpose of this Act is to ensure that the nation's water resources are protected, used, developed, conserved, managed, and controlled in an effective and efficient manner. In line with this Act LNW has an obligation to implement water conservation and water demand management to contribute to conservation, management, and effective and efficient use of the water resources.

5.2.3 Public Finance Management Act 29 of 1999 (as amended)

The purpose of this Act is to regulate financial management in the national government and provincial governments including the public entities as listed in schedule 3 under Part B: Government Business Enterprises. LNW is required to submit its five (5) year corporate plan and the annual report to National Treasury through the DWS annually.

5.2.4 Municipal Finance Management Act 56 0f 2003

The purpose of this Act is to secure sound and sustainable management of financial affairs of municipalities and other institutions in the local sphere of government. Since LNW is also operating within the local sphere of government by providing water services to Water Services Authorities, it is obliged to comply with Sections 41 and 42 of this Act in carrying out its duties.

5.3 POLICY MANDATES

5.3.1 National Development Plan (NDP)

National Development Plan (NDP) in chapter four (4) highlights the need for the development of the sustainable economic infrastructure in which amongst others includes water infrastructure as the economic catalyst. LNW has continuously implemented its own capital programme and on behalf of other institutions such as DWS and Water Services Authorities.

Furthermore, the NDP 2030 mandated the DWS to establish the Regional Water Utilities to provide water and sanitation services effectively and efficiently in an equitable manner. To this effect LNW has geared itself to assume the responsibility and functions of the regional water utility within its area of operation.

5.3.2 National Water Policy Review (2013)

Cabinet has approved the National Water Policy that has a chapter on the establishment of the Regional Water Utilities (RWUs). This has led to the reduction of the number of Water Boards from twelve (12) to nine (9). Lepelle Northern Water is amongst the remaining nine (9) Water Boards that will be converted to the RWUs. Amongst the policy positions taken in the revised water policy are that:

- The Minister is responsible for Region Bulk Infrastructure, including master planning and its functioning.
- The functions of the Regional Water Utility will be to plan, build, operate, support, and maintain Regional Bulk Infrastructure.
- Regional Water Utility institutional arrangements will be appropriate to the area of operation.
- A Regional Water Utility must be established based on clear principles such as financial sustainability and clear funding mechanism and clarity on requirements for addition fiscal support to build, operate and maintain Regional Bulk Infrastructure in area of need.
- The Minister may issue a directive for a Regional Water Utility to address water infrastructure development and/or maintenance needs in an area.

LNW has in line with the new policy revised it vision, mission, and the strategic objectives as well as the organisational structure to respond appropriately to the policy.

5.3.3 National Water Resources Strategy (2013)

The purpose of this strategy is to provide a framework within which the national water resources will used, developed, conserved, managed, and controlled through the establishment of the institutions such as Catchment Management Agencies and the Water Users Associations. LNW has been appointed by the DWS to manage some of the national water resources where the Catchment Management Agencies have not been established yet.

5.3.4 Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a global call to action to end poverty, protect the earth's environment and climate, and ensure that people everywhere can enjoy peace and prosperity. Lepelle Northern Water identified SDGs below where it will be able to contribute in line with the strategic outcomes that have been approved by the board as a contribution to South Africa and the United Nations at large.

SDG 6.1 – achieve universal and equitable access to safe and affordable drinking water for all.

SDG 6.2 – achieve access to adequate and equitable sanitation and hygiene for all and end defecation, paying special attention to the needs of women, girls, and those in vulnerable situations.

SDG 6.3 – improve water quality by reducing pollution, eliminating dumping, and minimising the release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

SDG 6.4 – substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

SDG 6a – expand cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling, and reuse technologies.

SDG 6b – support and strengthen the participation of local communities in improving water and sanitation management.

5.4 RELEVANT COURT RULINGS

Isiphethu /LNW

An urgent interdict was instituted by Isiphethu in October 2024 against LNW wherein they wanted the Court to interdict LNW from commencing with works at the Giyani Project, the interdict was not granted, however the matter was referred for arbitration.

5.5 PERFORMANCE ENVIRONMENT

LNW is operating in a province with scarce water resources requiring that the entity optimise the little water that is available. Furthermore, the entity is operating within municipalities that have high rate of indigents and high rate of unemployment. These means that LNW has the responsibility of setting tariffs that is affordable yet sustaining the existence of the organisation. Recently the major economic areas of Limpopo have experienced unprecedented population growths whilst the rural areas have not necessarily decreased in population. These growths have placed LNW's water resources under strain and therefore require LNW to manage its resources and optimise the production and distribution of the available water and find new sources of water even better.

Most of the water and wastewater infrastructure in the municipalities have reached their maximum capacities and are dilapidated. These has prompted Lepelle Northern Water to work closely with municipalities through their IDP processes to support them in the operations and maintenance, as well as upgrades where applicable, to reduce these backlogs to ensure that people are afforded access to basic needs as per the Constitution of South Africa.

In recent times, LNW have witnessed protests by communities for lack of water services by WSAs, this has placed even more urgency on all involved in water service provision to address the needs of the communities. LNW has developed a comprehensive capital refurbishment programme to ensure infrastructure is developed in our areas of supply to continue providing water services to the communities in need. The implementation of this programme is however very much dependant on the availability of funds to execute the work. Collaboration within the sector is crucial for the continued supply of water services in all areas of Limpopo.

5.6 ORGANISATIONAL ENVIRONMENT

5.6.1 Governance of the Entity

5.6.1.1 Board

The Minister of Water and Sanitation is the executive authority of LNW. The Board is its accounting authority. The Board is appointed by the Minister of Water and Sanitation to whom, it is accountable. It ensures the development of business strategies, policies and procedures, monitors and reviews Management's implementation of these policies and procedures.

The Board was appointed on the 4th of August 2021 to provide oversight for four (4) years. The Board is comprised of eleven non-executive members and the Chief Executive as ex-officio member in terms of Schedule 1 of the WSA No 108 of 1997.

Delegation of Authority

The organisation has a duly approved delegation of authority to improve corporate governance at LNW.

Board and Committees Charters

The Board has adopted board committees' charters detailing the board and committees' roles and responsibilities.

Code of Ethics

The Board has approved the Code of Ethics for Board Members, Managers and Employees. This code is intended to regulate the conduct between peers, Board members and officials, management and their staff and officials and consumers. The code also provides for proper channels of communication and for orderly procedures and conduct during meetings.

Meetings of the Board

The Board has an approved Annual Meeting Planner where it meets on a quarterly basis to perform their fiduciary oversight duties as required by the corporate governance instruments such as King IV, Protocol on governance of SOEs, WSA and the PFMA.

5.6.2 Board Members Profiles

Dr NF Mphephu (Chairperson)

Qualifications:	**Experience:**
• Doctor of Philosophy (PhD) in Environmental Science • Master of Business Administration (MBA)	Dr Mphephu brings to the board technical and business experience in environmental, social and governance (ESG), Sustainability, research & development, stakeholder management, strategy, and business management. He has served extensively in the capacity as executive member of various institutions.

Dr. S Chiloane-Nwabueze

Qualifications:	**Experience:**
• Doctor of Philosophy in Civil Engineering (PhD) • Master of Business Administration (MBA) • BSc in Water and Sanitation	Dr Salome Chiloane-Nwabueze's experience stems from various local and national government departments as well as Rand Water. Her area of expertise is in water, sanitation, civil engineering, project management, monitoring and evaluation, research, corporate governance, as well as strategy formulation and implementation. Dr. Salome Chiloane-Nwabueze has over 15 years of experience within the water sector, and she also serves on various public and private sector Boards.

Mr MM Magoele

Qualifications:	**Experience:**
• Chartered Accountant (South Africa)	Mr. Magoele has experience in financial management, technical IFRS, Annual Financial Statements, cash flow, and audit coordination.

Qualifications:	Experience:
	He has also completed technical programmes in Enterprise Risk Management with the National Treasury, and Outcome-Based Monitoring and Evaluation with the University of Pretoria. His experience as a non-executive Council Member and Chairperson of the Finance Committee as well as Director: Revenue and Treasury Management, Director: Financial Governance and Compliance, and as an Audit Manager makes him a valuable addition to the Board.

Ms B Mahlutshana

Qualifications:	Experience:
• MPhil in Development Finance, • Bachelor of Commerce Honours in Financial Management • Bachelor of Commerce in Business Management • Post graduate Diploma in Municipal Governance	Ms Mahlutshana has held various leadership and executive positions, having been involved in development finance, private equity and public transport sectors. She has experience in financial management and administration for municipalities and has played an advisory role on debt restructuring and overall financial assessment and viability. Ms Bukeka's expertise encompasses a broad spectrum of executive functions, including corporate governance, risk management, business turnaround, and capital raising. She has successfully led complex, high-impact projects and initiatives. She is currently a Non-Executive Director of the Cross Border Road Transport Agency, and a sub-committee member for the road passenger chamber of the Transport Education Training Authority.

Adv. MM Makgopa-Madisa

Qualifications:	Experience:
• Master of Laws (LLM) in Corporate Law	Advocate Makgopa-Madisa has vast experience in drafting and interpretation of legislation, employment law, medical negligence disputes,

Qualifications:	Experience:
• Bachelor of Laws Degree (LLB) • Medical Negligence and Health Sector Mediation Training	litigation, contract law and contract management. She also has experience in ethics management and corporate governance in public entities.

Mr TJ Mathebula

Qualifications:	Experience:
• Bachelor of Business Administration • Post Graduate Diploma in Business Administration	Mr Mathebula brings to the board experience in business administration, development planning and management. He also serves as Executive Director of Vibrant Veterans Mineral Resources (Pty) Ltd. He has experience in business, politics, mining and property development. He has further served as President of The Black Management Forum Limpopo and the Polokwane Golf Club. He has held directorships in both the business and public sectors.

Ms FJ Mudau

Qualifications:	Experience:
• Master Degree of Business Leadership (MBL) • Bachelor of Commerce Degree (BCom)	Ms. Mudau has more than 10 years' experience and a wealth of knowledge in public finance, auditing, risk management, public sector procurement and compliance with various prescripts. She has also served in the Limpopo Government shared service cluster (the Department of Treasury, Social Service and Education) as a member of the Audit Committee. She is also serving as an independent Member of Amatola Water Audit and Risk Committee and previously as Chairperson of the Shared Audit and Performance Committee of Nkangala District Municipality.

Dr PE Molokwane

Qualifications:	**Experience**:
• Doctor of Philosophy (PhD) from Environmental Engineering's Water Utilisation (Chemical Engineering) • MSc. Applied Radiation Sciences and Technology (ARST) • BSc. (Physics and Chemistry)	She boasts over nineteen (19) years of expertise and experience in groundwater remediation, research in nuclear process and solid waste strategies, solutions and technologies, petroleum, and energy industry. She has worked in both the public and private sectors. She has an extensive corporate governance experience. She serves on the advisory body to the President of South Africa, the National Planning Commission (NPC) as a Commissioner and Chair of Active Citizenry Capable State and Leadership Workstream. She is the commissioner responsible for Science and Technology and Chairperson of the Water Task Team. She served/s on the boards of South African Forestry Company SOC Limited (SAFCOL), the Inkomati-Usuthu Catchment Management Agency (IUCMA), Sedibeng Water Board, the Nuclear Energy Corporation of South Africa (NECSA) and ESKOM SOC Limited, South African National Biodiversity Institute (SANBI), National Forestry Advisory Council (NAFC) as Deputy-Chairperson, Public Investment Corporation (PIC), Nominee Director to Siyanda Resources, Sublime Technologies and steering committees and panels within the Science and Innovation and Water departments. She has authored over forty-two (42) peer reviewed publications, monologues and a book chapter.

Dr FR Munyai

Qualifications:	**Experience:**
• Doctor of Philosophy in Agriculture (PhD)	Dr Munyai is a seasoned professional researcher and strategist in business operations in both the public and private sectors and has spent more

Qualifications:	Experience:
• Master in Business Administration (MBA)	than 30 years of her career contributing to several senior management roles in Government and worked for various institutions, including a public entity, a university, and a college. She serves as a Councillor of the SAVC and nominated to serve as the Chairperson of the Heritage and Transformation, and of the Professions Committee and Education Committee and member of the Food and Safety Committee as well as Standards Committee. She was appointed as an expert panel member by the North West Premier to advise the Province on the Provincial Growth Development Strategy.

Adv. RT Ramashia

Qualifications:	Experience:
• Master of Laws (LLM) in Corporate Law • Bachelor of Laws degree (LLB)	Advocate Ramashia is an admitted advocate of the High Court of South Africa, since 2017. He is a member of and holds a chamber with the Limpopo Society of Advocates. Adv Ramashia has vast experience in legal drafting, corporate law, civil and criminal litigation. Prior to his admission to the Bar, Adv Ramashia served in public service in different capacities, including serving as a Legal Advisor to the Capricorn District Municipality and later as Researcher and Speech Writer for the Premier of Limpopo Province. Adv Ramashia is currently also serving as a Board Member of the Road Agency Limpopo (RAL), a member of the Audit Committee of the Capricorn District Municipality, Chairperson of the Limpopo Consumer Affairs Court, a board member of the Polokwane Housing Association and a Member of the Audit and Risk Committee for Road Agency Limpopo.

Qualifications:	Experience:
	Advocate Ramashia is also a Special Adviser to the Minister of Justice and Constitutional Development.

Dr MSM Soni

Qualifications:	Experience:
• Doctor of Philosophy (PhD) in Construction Management., • Master of Science (MSc) in the Built Environment specializing in Project Management, • Master of Business Administration (MBA)	Dr Soni has experience in the construction sector where he has occupied various senior positions in both the private and the public sector for more than 23 years. Dr Soni has worked for organisations of the likes of Group Five, Total Facilities Management Company, Murray & Roberts, the National Department of Public Works, the Gauteng Department of Infrastructure Development, the City of Johannesburg Metropolitan Municipality and the Johannesburg Development Agency in construction management, construction project management, project management, facilities management, infrastructure development and management, property development and management, business administration and management, corporate governance and general management-related positions.

Ms ZC Ngwenya (Company Secretary)

Qualifications:	Experience:
• Bachelor of Laws Degree (LLB) • Postgraduate Qualification as Company Secretary (FCG)	Ms Ngwenya brings over 15 years of valuable experience in governance, legal and compliance matters. She holds an LLB and is an admitted Attorney of the High Court of South Africa and further holds the title of Fellow, with the Chartered Governance Institute of Southern Africa (FCG). Ms Ngwenya serves as a director of other Boards and has been a Company Secretary for private and listed entities operating in South Africa and internationally.

5.6.3 Board Committees and their roles.

Table 5:1: Board Committees and their roles

HUMAN CAPITAL & ESG COMMITTEE	INFRASTRUCTURE & FINANCE COMMITTEE	OPERATIONS & MAINTENANCE COMMITTEE	AUDIT & RISK COMMITTEE
Members Mr. J Mathebula Ms. Mahlutshana Adv. M Makgopa-Madisa Dr. F Munyai **Invitees** Chief Executive Officer EM: Corporate Services Chief Financial Officer Chief Risk Officer Manager: Strategy & Planning EM: Operations & Maintenance	**Members** Ms. B Mahlutshana Mr. M Magoele Dr. M Soni **Invitees** Chief Executive Officer Chief Financial Officer EM: Engineering Services Chief Risk Officer	**Members** Dr. P Molokwane Ms. S Chiloane-Nwabueze Ms. F Mudau **Invitees** Chief Executive Officer EM: Operations & Maintenance Chief Financial Officer Chief Risk Officer	**Members** Mr. I Vally (Ext) Ms. F Mudau Mr. S Ngobeni (Ext) Adv. T Ramashia **Invitees** Chief Executive Officer Chief Financial Officer Chief Risk Officer Chief Audit Executive Manager: Strategy & Planning Manager: ICT Manager: Legal Services
Role To review and recommend for approval to the Board, amongst other matters relating to recruitment, remuneration, HR policies, succession planning, employee benefits, labour related issues, the structure, executive and independent committee member appointments. Overseeing and reporting on LNW's environmental, social, ethics and health and safety issues.	**Role** To evaluate and monitor the effectiveness, efficiency and transparency of LNW's financial management system, evaluate investment levels, oversee the development of the Annual Financial Statements, ensure compliance with the PFMA and Treasury Regulations. Review and evaluate LNW's budget and capital projects implementation plan, acquisition of infrastructure, development, and maintenance of LNW infrastructure.	**Role** To review and oversee the overall operations and maintenance within LNW; oversee the development and implementation of LNW maintenance plan; monitoring and ensuring optimal performance of LNW plants.	**Role** To ensure adequacy and effectiveness of system of internal control, accounting practices information systems and auditing process applied in the day-to-day management of LNW, review the Annual Financial Statements, Organisational Performance, review Annual Report, Monitoring compliance with the relevant Acts, and that financial information and practices complies with GAAP.

5.6.4 Executive Management

LNW has commenced with the partial implementation of the revised organisational structure which comprises:

Chief Executive

The incumbent is responsible for setting and executing the organisation's business strategy, allocating capital, building, and overseeing the executive team. He further drives profitability, managing company organisational structure, and communicating with the board.

Chief Financial Officer

The incumbent reports to the Chief Executive and is responsible for all cash management, investments, insurance, budgeting, and financial reporting, and help drive the organisation's financial strategy as well as Supply Chain Management.

Executive Manager: Operations and Maintenance

The incumbent reports to the Chief Executive and is among others responsible for the operations and maintenance of the bulk distribution systems of water and wastewater, research and development, environmental protection, efficient and economic production systems, and supply of safe and quality drinking water.

Executive Manager: Engineering Services

Reporting to the Chief Executive, the incumbent is responsible for the strategic management of engineering services according to the approved business plans and engineering standards in support of organisation's vision, mission, and strategic goals. He is also responsible for overseeing the implementation of the capital and refurbishment projects undertaken by LNW.

Executive Manager: Corporate Services

Reporting to the CE, the incumbent is responsible for the organisation's corporate services strategy and provides administrative support to line management in the execution of the mission and vision of LNW. To this effect, the key functions will include amongst others Human Resources Provisioning, Human Resources Utilisation and Human Resources Maintenance including Employee Wellness Programme (EWP), spearheading the transformation and Change Management Programme within LNW, administration, and Information Technology.

Executive Manager: Strategy, Monitoring, Evaluation & Organisational Performance

Reporting to the CE, the incumbent is responsible for business development, monitoring and evaluation of the organisational performance. The key functions include overseeing the development of monitoring, evaluation, and reporting systems. Leading the design and implementation of each project's research activities, including operations research, performance evaluations, impact evaluations, project documentations and special studies. Leading and overseeing the development of corporate plan, annual operational plan (AOP), shareholder compact, policy statement and monitoring towards the achievement of the set goals.

Chief Information Officer

The incumbent is responsible for the overall strategic leadership of Information Communication Technology delivery, ensuring the corporate governance of ICT policy framework implementation. Support the executives and users in the organisation in the efficient and effective utilisation of information and information technology as strategic resources to enable them to execute their functions efficiently and effectively. To manage the information technology function of the organisation and to ensure the establishment of sound information management systems.

Chief Audit Executive

The incumbent is responsible for managing the internal audit function, evaluation of internal control systems, providing consulting services to management and advice management, the audit and risk committee and board on matters pertaining to internal control systems. Over and above administratively reporting to the Chief Executive Officer (CEO), the incumbent also reports functionally to the Audit and Risk Committee and the Board.

5.7 AREA OF SUPPLY

The area of supply of LNW covers entire 125 754 square kilometres of Limpopo province's surface area. LNW is currently covering 51 776 square kilometres, which is 41% of the total area. This translate to LNW providing bulk water to the population of approximately 4 220 119 through the municipalities that we are contracted with, i.e., 70% of the total population (6 015 000) of Limpopo. With the proposal to reconfigure the water board to cover the entire province, it is envisaged that LNW will increase its service area to cover the additional or remaining parts of the province.

5.8 PRIMARY ACTIVITIES

Bulk Water Supply

The entity's primary business activity is to provide bulk water services to water services institutions and industries in its service area. The Board plans to increase its supply of bulk water services to the rest of the province in line with institutional realignment initiated by DWS.

Institutional Realignment

The proposed a reconfiguration of Magalies and Lepelle Northern Water has been partially put on hold for the next fifteen years, especially on the areas that are affected by the infrastructure upgrade. This decision has been taken to ensure that the process started by Magalies Water of co-funding the infrastructure upgrade with private sector is not hampered by the transfer of the affected assets to Lepelle Northern Water. This has however not stopped the entity from strengthening its capacity to remain ready for any new developments.

Industrial Water Supply

LNW supplies industrial water to the mining and heavy industries in the Ba-Phalaborwa municipality.

As part of the ORWRDP/OMM, LNW will be operating and maintaining all the bulk potable infrastructure that will be supplying from this system to various municipalities within the province, namely, Mogalakwena, Sekhukhune, Polokwane Local and Capricorn District municipalities.

The pipeline systems used for potable and industrial water distribution are designed in such a way that any possible contamination of the different classes of water is eliminated.

5.9 SECONDARY ACTIVITIES

In addition to the primary activity, the LNW also has the capability to support Water Services Authorities and the Department of Water and Sanitation in the following areas:

- Internal reticulation services, cost recovery and revenue management.
- Implementation of capital water infrastructure projects on an agency basis.
- Commercialising laboratory services to external clients.

Water Quality and Environment Management

Compliance with the national water quality and effluent standards is of utmost importance. The quality of the distributed water is monitored and recorded on an on-going basis by LNW's Quality Assurance Section. Any non-compliance is immediately reported to the responsible manager. Similarly, this procedure applies to the discharge of treated effluent from wastewater treatment plants. LNW is ISO 14001 certified for twelve (12) schemes. that it is currently operating

Treatment Standards: In all cases reporting to the authorities is done as required in the abstraction and discharge permits, upstream and downstream and in the event, that some of the LNW's sewage purification plants cannot consistently produce effluent complying with the standard quality requirements due to technical or capacity restrictions. LNW will engage the authorities until the underlying problems can be addressed with plant extensions, process modifications etc and continuous monitoring such biomonitoring will be conducted to be up speed with the environmental impacts. LNW has however also set internal water and effluent standards exceeding the current general water quality and effluent standards.

LNW participates fully in the Blue and Green Drop initiative by DWS to ensure that potable water complies with SANS 241 (latest version) and wastewater effluent to the General Standards.

Management of Non-revenue Water (NRW)

Management of non-revenue water (NRW) is made up of a combination of commercial and physical losses (due to pipe leakages, possible reservoir overflows etc.). Due to the refurbishment and/or replacement of its bulk infrastructure LNW has managed to maintain its overall NRW over the past years to an average of less than 10% (below the global benchmark of 10 – 15%) and will continue to maintain and/or improve where practical.

In conjunction with the attention given to infrastructure upgrade LNW also enhanced its use of telemetry and cell phone technology to monitor reservoir levels and flow meters. It is aimed to have all major meters connected to either telemetry or to a cell network to have an automated meter reading and water balance system in place.

LNW has standardised where practical the use of magnetic flow meters, which have an accuracy of ±0.2%, as opposed to mechanical meters that have an accuracy of ±4% at best.

Financial Matters

The policies and procedures are compiled in line with the guidelines of King IV report, PFMA and other relevant legislation. These policies and procedures form the basis of LNW's internal control systems and are revised from time to time to conform to constant changes in policy and legislation. LNW is working on migrating from a semi-auto system

to a fully-fledged automated Enterprise Resource Planning (ERP) system that will ensure harmonisation of all the business processes within the organisation.

Human Resources

LNW values its staff and believes in continuous skills development and capacity building. Constant consultations with organised labour and other relevant stakeholders are also critical. Redesigning the organisational structure of LNW will enhance the buy-in of all employees towards change and transformation in line with the broader changes taking place within the water sector.

Environmental Matters

LNW takes cognisance of the needs of the environment and ensures that all its project implementation is undertaken within the guidelines of the environmental impact assessment framework. To this end, the following steps have been taken and are being maintained:

- The proper use of settling ponds to improve the quality of water used in backwashing filters which is reused either in the irrigation system of the lawn in the plant or back to the head of works for treating the water to potable standard again.
- Recycling of settled water from the sludge ponds on the water treatment plants to reduce plant losses and abstraction quantities.
- Financing of a comprehensive silt management study to determine and minimise the impact of silt releases from the Phalaborwa Barrage into the Kruger National Park.
- Disposing of spent fluorescent tubes and printer cartridges via waste management specialists.
- The classification of sludge from the wastewater treatment works and use them for appropriate agricultural purposes.
- Removal of alien plant species through the Working for Water Program.
- Continued monitoring of raw water quality in the rivers.
- Growing the Vetiver grass at water treatment plants and wastewater plants to prevent soil erosion.
- Procured waste stations for the head office and all plants for segregation of waste and recycling thereof.
- The collaboration with clean hub in high impact locations of LNW to facilitate the processing of non-recyclable plastics.

Water Quality and Environment Management

Compliance with the national water quality and effluent standards is of utmost importance. The quality of the distributed water is monitored and recorded on an on-going basis by LNW's Quality Assurance Section. Any non-compliance is immediately reported to the responsible manager. Similarly, this procedure applies to the discharge of treated effluent from wastewater treatment plants. LNW is ISO 14001 certified in the schemes that it is currently operating.

Treatment Standards: In all cases reporting to the authorities is done as required in the abstraction and discharge permits, and in the event, that some of the LNW's sewage purification plants cannot consistently produce effluent complying with the standard quality requirements due to technical or capacity restrictions, LNW will seek exemptions from the authorities until the underlying problems can be addressed with plant extensions, process modifications etc. LNW has however also set internal water and effluent standards exceeding the current general water quality and effluent standards.

LNW participates fully in the Blue and Green Drop initiative by DWS to ensure that potable water complies with SANS 241 (latest version) and wastewater effluent to the General Standards.

5.10 STRATEGIC OUTCOMES AND POLICIES

LNW aims to supply the people of Limpopo Province with cost effective water of the highest quality in a sustainable basis. Further provide adequate sanitation services through the operation and maintenance of wastewater treatment works on behalf of municipalities. The people are supplied via District or Local municipalities whichever is recognised as the Water Services Authority (WSA), while LNW supply the WSAs with potable bulk water. Large industries will be supplied by LNW with industrial or raw water depending on the nature of the industry concerned. The conservative use of water and water demand management is being always promoted to ensure a continuous adequate per capita supply. This include those areas where the availability of water is limited and where certain members of the community misuses water, thereby preventing the supply to others.

Established policies, systems and procedures which are appropriate for the organisational business and operations will be utilised. These policies, systems and procedures will all be reviewed regularly to assess whether they assist in achieving the objectives of the organisation in line with the best practices or industrial norms.

A strategic planning review session was held in November 2022 to assess the progress made since the last strategic session held in November 2021 to develop strategies on how to overcome the challenges experienced during the same period. The Board has maintained the following strategic objectives as key to its business:

Strategic Outcome 1: Provision of equitable and sustainable bulk water services.
Strategic Outcome 2: Bulk Water Services Infrastructure planning and development.
Strategic Outcome 3: Financial viability and sustainability.
Strategic Outcome 4: Effective and efficient organisational development processes and practices
Strategic Outcome 5: Good governance and clean administration

Furthermore, the LNW strategic outcome have been aligned with the strategic objectives and priorities of the Department of Water and Sanitation as highlighted in the following section.

5.11 ALIGNMENT OF DWS GOALS AND LNW STRATEGIC OBJECTIVES

Lepelle Northern Water reports to the Department of Water and Sanitation in line with their annual performance plan. The table below indicates the DWS outcomes and outputs that are addressed by the LNW strategic objectives and their respective key performance areas. The first and second columns have the DWS outcomes and outputs respectively while the third and fourth columns have the strategic objectives and key performance areas respectively, showing how each outcome and output of the DWS are addressed by the LNW strategic objectives and key performance areas.

Table 5:2: LNW strategic outcomes in line with DWS goals and strategic objectives

NO	OUTCOME	OUTCOME INDICATOR	LNW STRATEGIC OUTCOMES	LNW STRATEGIC KEY FOCUS AREAS
1.	**Efficient, effective and development orientated department**	1.1. Compliance with corporate governance regulatory prescripts	**Good governance and clean administration**	• Compliance
		1.2. Implement the annual communications, stakeholder management and partnerships programmes	**Good governance and clean administration**	• Corporate Brand identity and Image
		1.3. Targeted procurement supporting small, medium and micro enterprises	**Financial viability and sustainability**.	• Sound Financial Management
		1.4. Implement the financial recovery and turnaround plan	**Financial viability and sustainability**.	• Sound Financial Management
2.	**Ecological infrastructure protected and restored**	2.1. Implement the river eco-status monitoring programme	**Provision of equitable and sustainable bulk water services**	• ISO 14001 compliance
		2.2. Develop and implement wastewater management plans	**Provision of equitable and sustainable bulk water services**	• Compliance to effluent discharge license
3.	**Water demand reduced, and water supply increased**	3.1. Develop water conservation and water demand management strategies for water use sectors	**Provision of equitable and sustainable bulk water services**	• Water Loss Management
4.	**Enhanced regulation of the water and sanitation sector**	4.1. Assess wastewater systems for compliance with Green Drop compliance	**Provision of equitable and sustainable bulk water services**	• Compliance to effluent discharge license
		4.2. Assess water supply systems for compliance with Blue Drop compliance	**Provision of equitable and sustainable bulk water services**	• Water Quality Compliance

The following table depicts an elaboration of the Strategic outcomes (SOs) over a five-year period.

Table 5:3: Five Year Strategic Outcomes

1. PROVISION OF EQUITABLE AND SUSTAINABLE BULK WATER SERVICES.

STRATEGIC KEY FOCUS AREA	STRATEGIC GOALS	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	SHC ANNEX 1	BASELINE 2023/24	ESTIMATED ACHIEVEMENT 2024/25	TARGET 2025/26	TARGET 2026/27	TARGET 2027/28	TARGET 2028/29	TARGET 2029/30
Operational excellence	Enhanced operational efficiency	1.1. Improve Infrastructure Efficiency and Effectiveness	1.1.1. Number of days of interruptions to bulk supply not exceeding 48 hours	**W5**	**0.20**	3	3	3	3	3	3
			1.1.2. % WTW Plant Utilization	**W6**	**N/A**	N/A	95%	95%	95%	95%	95%
			1.1.3. % WWTW Plant Utilization	**W7**	**N/A**	N/A	95%	95%	95%	95%	95%
			1.1.4. Efficiency - Electricity and Chemical Cost/Kl	**W4**	**N/A**	N/A	R3,67	R4,39	R4,52	R5,24	R5,37
		1.2. Manage water losses within the system	1.2.1. Total Water Losses: as % of water lost in the system	**W3**	**4,26%**	5%	5%	5%	5%	5%	5%
Water quality compliance	Provision of drinking water with excellent quality	1.3. Comply with SANS 241 for drinking water quality (Bulk)	1.3.1. % Acute health microbiological compliance	**W1**	**97,6%**	97%	97%	97%	97%	97%	97%
			1.3.2. % Acute health Chemical compliance		**100%**	95%	95%	95%	95%	95%	95%

Strategic Key Focus Area	Strategic Goals	Strategic Objectives	Key Performance Indicator	SHC Annex 1	Baseline 2023/24	Estimated Achievement 2024/25	Target 2025/26	Target 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
			1.3.3. % Aesthetic compliance		**99,6%**	95%	95%	95%	95%	95%	95%
			1.3.4. % Operational compliance		**92,4%**	95%	95%	95%	95%	95%	95%
			1.3.5. % Chronic health chemical compliance		**100%**	95%	95%	95%	95%	95%	95%
		1.4. Percentage compliance to effluent discharge license	1.4.1. % Compliance to effluent license parameters	**W2**	**N/A**	N/A	90%	90%	90%	90%	90%
ISO Compliance	Improve environmental performance and compliance	1.5. Comply with ISO 14001 certification	1.5.1. Valid certificate	**N/A**	**12**	12	12	12	12	12	12
	Provide a safe working environment for employees	1.6. Comply with ISO 45001 certification	1.6.1. Valid certificate	**N/A**	**Legal Compliance Report**	Gap assessment report	Stage one (1) Audit Report	Stage two (2) Audit Report	Valid certificate	Valid certificate	Valid certificate

2. BULK WATER SERVICES INFRASTRUCTURE PLANNING AND DEVELOPMENT.

STRATEGIC KEY FOCUS AREA	STRATEGIC GOALS	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	SHC ANNEX 1	BASELINE 2023/24	ESTIMATED ACHIEVEMENT 2024/25	TARGET 2025/26	TARGET 2026/27	TARGET 2027/28	TARGET 2028/29	TARGET 2029/30
Infrastructure development	Reliable water services provision	2.1. Expand and renew water infrastructure	2.1.1. Average % Completion of LNW infrastructure projects per approved project execution plan	**N/A**	**114%**	85%	85%	85%	85%	85%	90%
			2.1.2. Capital Expenditure as a % of Bulk Water Infrastructure budget	**F5**	**N/A**	N/A	75%	75%	75%	75%	80%
			2.1.3. Average % Completion of Ministerial Directives per approved project execution plan	**N/A**	**86%**	65%	65%	65%	65%	65%	70%
		2.2. Non-permanent jobs created	2.2.1. Number internal CAPEX jobs created	**E1**	**N/A**	N/A	18	20	20	25	25
			2.2.2. Number of RBIG jobs created		**N/A**	N/A	30	30	35	35	35
		2.3. Asset Management	2.3.1. % planned maintenance vs total maintenance budget	**A1**	N/A	N/A	60%	65%	70%	75%	80%
			2.3.2. Repairs and maintenance as % of PPE	**A2**	2,07%	1%	1%	1%	1%	1%	1%

3. FINANCIAL VIABILITY AND SUSTAINABILITY.

STRATEGIC KEY FOCUS AREA	STRATEGIC GOALS	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	SHC ANEX 1	BASELINE 2023/24	ESTIMATED ACHIEVEMENT 2024/25	TARGET 2025/26	TARGET 2026/27	TARGET 2027/28	TARGET 2028/29	TARGET 2029/30
Sound Financial Management	Effective SCM Process	3.1. Overall Preferential Procurement percentage	3.1.1. Rand value and % Small Medium Macro Enterprises.	**E3**	**N/A**	**N/A**	R15 / 30%	R20m/ 35%	R22m/ 36%	R25m / 40%	R30m/ 45%
			3.1.2. Rand value and % Black Business Owned Spend		**N/A**	**N/A**	R20m / 40%	R27m /40%	R30m/ 42%	R33m /43%	R35m/ 45%
			3.1.3. Rand value and % Black Women Owned Spend		**N/A**	**N/A**	R5m/ 20%	R7m /24%	R10m /25%	R16 m / 27%	R18m/ 28%
			3.1.4. Rand value and % Youth Spend		**N/A**	**N/A**	R3.5m /15%	R6m /18%	R6.5m /20%	R7m/ 25%	R7.5m /26%
	Financial Growth	3.2. Increased Revenue	3.2.1. Total Revenue as a % of Budgeted Revenue	**F1**	**N/A**	**N/A**	90%	90%	90%	90%	90%
		3.3. Profitability Analysis	3.3.1. % Gross surplus margin	**F6**	**48,90%**	46%	46%	44%	43%	43%	43%
			3.3.2. % Net surplus margin	**F7**	**20%**	33%	5%	5%	4%	3%	3%
	Improved Cash management	3.4. Improved collection rate	3.4.1. Creditors days	**F3**	**N/A**	**N/A**	500	500	500	500	500
			3.4.2. Operating Cash Flow Ratio	**F4**	**N/A**	**N/A**	1	1	1	1	1
		3.5. Working Capital Management	3.5.1. Debt equity ratio	**F8**	**18%**	25%	0.25	0.25	0.50	0.50	0.50
			3.5.2. Debtors' days (Current)	**F2**	**N/A**	N/A	90	90	90	90	90

Strategic Key Focus Area	Strategic Goals	Strategic Objectives	Key Performance Indicator	SHC ANEX 1	Baseline 2023/24	Estimated Achievement 2024/25	Target 2025/26	Target 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
			3.5.3. Debtors' days (Historic)		**580**	300	300	300	300	300	300

4. Effective and Efficient Organisational Development Processes and Practices.

Strategic Key Focus Area	Strategic Goals	Strategic Objectives	Key Performance Indicator	SHC Annex 1	Baseline 2023/24	Estimated Achievement 2024/25	Target 2025/26	Target 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
Staff Levels	Workforce Plan to address the current and future Human Resources needs.	4.1. Hiring and retaining people with the required skills, knowledge, and experience.	4.1.1. % Staff Turnover	**H3**	**0,40%**	2%	5%	5%	5%	5%	5%
			4.1.2. % Staff Remuneration	**H1**	**21%**	35%	35%	35%	35%	35%	35%
Training and Skills Development	Grow the talent and skills	4.2. Outcomes-based training and development opportunities relevant to work area competence requirements	4.2.1. Number of employees trained	**H2**	N/A	N/A	80	80	80	80	80
			4.2.2. Number of learnership (beneficiaries)		N/A	N/A	5	5	5	5	5
			4.2.3. Number of technical staff trained.		N/A	N/A	20	20	20	20	20
			4.2.4. Number of participating bursary employees enrolled for development	**N/A**	**62**	50	50	50	50	50	50
			4.2.5. Number of employees on graduate programme	**N/A**	**66**	50	60	60	60	60	60
			4.2.6. Number of registered employees with professional bodies	**N/A**	**23**	20	25	25	30	30	30
Job Created	Contribute to the economy	4.3. Increase the supply of talent through talent acquisition	4.3.1. Number of permanent and fixed term jobs created	**E2**	**44**	5	5	5	5	5	5

Strategic Key Focus Area	Strategic Goals	Strategic Objectives	Key Performance Indicator	SHC Annex 1	Baseline 2023/24	Estimated Achievement 2024/25	Target 2025/26	Target 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
		practices and succession pools.									
Information Technology Infrastructure Utilisation	ICT Operation Model	4.4. Build best practice principles to deliver a robust, secure, and effective ICT service.	4.4.1. % Network Availability of IT infrastructure	**N/A**	**98,6%**	95%	95%	95%	95%	95%	95%
			4.4.2. % System Availability of IT infrastructure	**N/A**	**98,2%**	95%	95%	95%	95%	95%	95%

5. Good Governance and Clean Administration.

Strategic Key Focus Area	Strategic Goals	Strategic Objectives	Key Performance Indicator	SHC ANEX 1	Baseline 2023/24	Estimated Achievement 2024/25	Target 2025/26	Target 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
Compliance	Comply with relevant regulatory and statutory reporting frameworks	5.1. Reduce violations of relevant regulatory and statutory reporting frameworks	5.1.1. Irregular Expenditure	**G5**	**0**	0	0	0	0	0	0
			5.1.2. % Statutory reports submitted on time	**S3**	**100%**	100%	100%	100%	100%	100%	100%
Governance	Effective Internal Controls and Risk Management	5.2. Reduce audit findings and organisational risks	5.2.1. % Unresolved audit findings	**G3**	**38**	10	30%	30%	30%	20%	20%
			5.2.2. % Implementation of strategic risk register mitigation plan	**G4**	**N/A**	N/A	80%	80%	80%	80%	80%
	Positive perceptions held by external clients	5.3. Accentuate the corporate brand and image.	5.3.1. % Customer satisfaction	**S1**	**83%**	80%	80%	80%	85%	85%	85%
			5.3.2. Number of municipalities or other customers with bulk supply agreements	**S2**	**N/A**	0	1	0	0	0	3

Strategic Key Focus Area	Strategic Goals	Strategic Objectives	Key Performance Indicator	SHC ANEX 1	Baseline 2023/24	Estimated Achievement 2024/25	Target 2025/26	Target 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
			5.3.3. Number of CSI initiatives undertaken	**N/A**	**5**	4	5	6	6	6	6
Board Effectiveness	Strategic leadership	5.4. Provide effective leadership	5.4.1. Board Performance Rating	**G1**	**N/A**	N/A	80%	85%	90%	90%	90%
		5.5. External Audit Outcome	5.5.1. Unqualified audit opinion	**G2**	**Unqualified audit**	Clean audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit

5.12 POSITIONING FOR INSTITUTIONAL REALIGNMENT

LNW remains ready for the realignment whenever the process concludes. The organisational structure has been redesigned to fit the purpose whereby LNW's area of operation is likely to be expanded to cover the entire Limpopo province. The organisation is continuously building the required capacity within through filling of the critical position also implementing a rigorous skills development programme in line with the Government's new District Model path to take over the responsibility in the anticipated expansion of its operations. This will enable it to: -

- provide more cost effective and sustainable water services in the service area.
- engage with WSAs and DWS in the transition during the rollout of the institutional realignment programme.
- negotiate Water Service Provider agreements with WSAs to operate and maintain the bulk water services on their behalf in their jurisdiction.
- negotiate retail, cost recovery prepaid systems and sanitation services provider agreements with WSAs.
- negotiate implementing agency agreements for water capital projects with WSAs and DWS

Effective Water Supply

LNW continuously ensures that all plant operations are utilised optimally, and that the quality of the final water delivered by schemes operated by LNW is compliant to SANS 241 (latest version). The proper planning of water demand, effective maintenance and adequate storage capacity ensures continuous and uninterrupted supply of water to customers.

To address the above challenge, LNW continues to apply for increased abstraction licences from DWS. The success of the increased licences from DWS is however depended on the effective implementation of Water Demand Management Strategies and Water Conservation by the Water Service Authorities. Through the Water Resource Management Strategy DWS is also considering the re-allocation of licences in the various areas within the province. Furthermore, LNW is implementing a rehabilitation and maintenance plan over a five-year period to ensure uninterrupted supply. LNW has ventured into groundwater exploration for the purpose of sustaining the current supply from surface water while the DWS is still in the process of the approval of the water allocation licences.

Effective Water Demand Management

LNW subscribes to the principle of Integrated Water Resources Management (IWRM) and Demand Management. As part of the Water Conservation and Demand Management, LNW ensures that all the leaks are detected and addressed and as a result more water is available for further distribution. LNW continuously promote Water Conservation and Demand Management to sustain the provision of services.

Maintenance of Equipment

LNW views maintenance management as a proactive way of avoiding interruptions in the supply of services. Maintaining assets through their entire life cycle is critical to optimising return on assets. To this end, LNW is continuously making sufficient budget allocation towards the maintenance of its assets. Sufficient depreciation on equipment has also been provided for.

Optimising the cost of supply, collection, and treatment

Identification and Classification of cost components

Costs relating to the supply of water, and collection and treatment of wastewater are made up of a wide variety of cost components, which can be essentially categorised in volume and non-volume related costs as follows:

Volume related costs:

- *Raw water:* Levy payable to DWS per kilolitre abstracted from dams, rivers, and pipelines where LNW is using the infrastructure of providers such as Lebalelo and Lower Blyde Water Users Associations
- *Energy:* Cost of electrical energy (kWh and kVA, depending on tariff structure) for pumping and treatment of water, pumping and treatment of sewage.
- *Chemicals:* Cost of Chemicals used during the purification processes and disinfection of potable water and sewage effluent,

Volume related costs are obviously sensitive to the product losses in the system such as water losses experienced during the purification of the potable water and subsequent physical losses in the distribution network caused by pipe leaks, overflowing and/or leaking reservoirs, but also the losses incurred during accidental pipe bursts and during maintenance and scouring of networks and cleaning of reservoirs.

Similarly, volume related costs relating to pumping & treating sewage are substantially influenced by the entry of “foreign” water, such as rainwater and /or ground water, into the network leading to subsequent wastewater treatment plants.

Non-volume related costs:

- *Salary and wages* of operating staff and related costs (protective clothing etc.),
- *Maintenance, repair, and replacement* costs of operating assets,
- *Vehicle and Transport* costs,
- *Quality control* costs
- *Depreciation* of capital expenditure costs for upgrading extension etc. to the facilities.

Approach to dealing with the Optimisation of Costs

- **Optimisation of volume related costs:**

Raw water costs and costs for imported treated water (expressed as rand per kℓ of product water metered at the intake of the plant): Cost optimisation relative to the reduction in physical water losses in the treatment plant and the distribution system and the accuracy of metering. Backwash water recycling is being introduced in all the conventional schemes to further reduce the water losses contributing to cost efficiencies.

Costs of Chemicals (expressed as rand per kℓ of product water metered at the delivery of the plant): LNW shall naturally check and optimise the type of chemicals used, dosing rates applied and the suitability of the dosing equipment as well as the continuous training and development of operations personnel.

Electrical Energy Management: With the current state of the energy situation in South Africa energy management is not only critical for the country at large but is also of great importance for the sustainability of LNW’s business. LNW’s approach is multi-pronged and comprises:

- Investigating and optimising Tariff Structure.
- Checking and re-calibration, if necessary, incoming meters for consumption and maximum demand in consultation with the municipalities and Eskom.
- Maximum demand management and power factor correction, where kVA tariff is applicable, checking of efficiency of the power factor correction, and replace, with

new high efficiency equipment, if necessary and investigate the use of alternative energy for capping the peak demands.

- Optimisation of the plant process and plant performance (pumps), replace/ rehabilitate machinery running at low efficiency for instance, due to wear and tear.
- Optimisation of the product quality requirements.
- Prevent rainwater entering the sewer system and thereby reducing the energy required for pumping. Substantial amounts of rainwater enter the sewerage and network, judging from the flows reaching the WWTW during wet periods, straining the capacities and wear on the network, pump station and treatment works. Through lifting and/or replacing sewerage manholes, the inflow of rainwater from roads will be reduced. Private properties will be inspected by operations, and although difficult to control, operations will actively discourage the discharge of rainwater into sewers.
- Critical portions of the sewerage will be periodically cleaned to prevent blockages and to remove harmful sand and grit.

- **Optimisation of non-volume related costs**

Operational Staff Costs

There is scope for cost optimisation because of the review of the water and sewage operation and maintenance teams of LNW. LNW has consolidated all water and wastewater plants within the various District municipalities under a single Regional Manager for each of the districts and this proved not only to be cost effective, but it has also improved liaison and communication between LNW and the various municipalities. Outsourcing of non-core services and activities such as security services, vehicle maintenance and garden maintenance have been implemented in the organisation. By partaking in outsourcing of no-core activities LNW is also directly involved in the growth and development of SMME's and BEE.

Automation and remote control of facilities operation

It can be safely assumed, that with the progressive completion of the program for the telemetry monitoring of reservoirs and remote control of equipment (booster pump stations) in addition to the vandal proofing of these assets, the need for routine operation of these facilities will decrease with a corresponding saving for wages, including overtime. Furthermore, costs for network maintenance staff should gradually decrease, albeit over a longer period, because of maintenance coupled with

replacement of old assets in troublesome network areas. Similarly, this should apply to the costs for workshop staff attending to mechanical and electrical equipment.

LNW is also applying the new technology that has been developed as part of the GSM networks. These include, but are not limited to, automated meter reading, remote reservoir monitoring, vehicle tracking, area mapping and remote camera surveillance.

Maintenance and Repairs

Potential Scope for cost savings exists in the following areas:

- Reduction of breakdowns and damage to equipment through the training and development of maintenance personnel.
- Introduction of roaming maintenance teams performing specialized duties i.e. laser alignment, vibration analysis and thermal imaging. Greater economies of scale when acquiring spare parts and stock items.
- Costing of any repair work and computerised capturing and cost allocation to each element of the system allowing for the early detection of trouble making equipment or installation and replacement thereof,
- Most probable cost savings due to outsourcing of specialised equipment or facilities.
- Reduction of sewage pump maintenance costs as a result of reducing the volume of rainwater and grit entering the sewer system

Vehicle and Transport Costs

All new vehicles acquired are fitted with a proactive satellite tracking system when purchased. When procuring new vehicles, a 160 000 km/4-year full maintenance plan form part of the requirements. It is planned to replace vehicles after reaching above-mentioned kilometres or lifespan. LNW believes there are potential cost benefits because of the installation of the vehicle monitoring and tracking system and outsourcing of vehicle maintenance.

Secondary Activities

LNW will undertake secondary activities to the extent that they are viable and supportive of the Board's primary function. Generally, these activities will be undertaken as part of the strategic support to the Water Services Authorities.

5.13 ENVIRONMENTAL SCANNING

5.13.1 Pestel Analysis

Table 5:4: Pestel analysis

ISSUE	ANALYSIS
Political	• Unexpected political administrative changes affecting stakeholder management • Inconsistent communication of water policies mainly regarding availability of water to communities and other consumers (mining, agriculture and others). • Difficult stakeholder management environment impacting on revenue management and operating environment. • Ineffective management of community expectations. • Negative corporate reputation due unjustifiable placing of blame on LNW on water challenges in the province by political office bearers • Geo-Political instability in the SADC
Environment	• Climate change and global warming generally affecting planning of LNW operations. • Combination of floods and drought conditions in the province affect availability of water. • Ground water aquifer contamination and low water table.
Social	• High population growth within the province leading to higher demand for water. • Uncontrolled and or illegal immigration impacting water demand management • Urbanisation impacting the water demand management. • Increasing economic growth with high water demand from economic development zones and municipalities. • Competing water needs between communities and mining and agricultural industries within the province. • The general culture of non-payment for services by communities. • Socio economic rights awareness and demand for appropriate water quality in line with the constitution of the Republic. • Poverty and inequality

ISSUE	ANALYSIS
Technology	• Increased innovation and research in water technologies to adopt new technologies
Economic	• High levels of unemployment coupled with low economic growth in the province impacting on the ability of consumers to pay for water services. • High cost of materials and labour resources affecting LNW ability to maintain and expand its services. • Lower appetite for Public Private Partnership for funding of water projects in the province. • Lack of adequate investment in Municipal infrastructure maintenance. • The constraints on the national and provincial budgets impacting on availability of funds for infrastructure funding and operational grants to both Municipalities and LNW. • Inadequate financial management and capacity at Municipal levels impacting on inadequate allocation of funds towards infrastructure management. • Inadequate debt collection by municipalities impacting on ability to collect amounts owing on water services by LNW.
Legal	• The legal framework within which the water sector operates and the pending Water Services Bill which will bring in changes. • The current National Water Act amendments may affect future LNW operations.

5.13.2 SWOT Analysis

Table 5:5: SWOT analysis

Strength	Weaknesses
• Robust oversight. • Strong working relationship between the board and the management. • LNW has appropriate infrastructure and staff to effectively ensure that its consumers have clean quality water. • Effective staff retention strategy • The LNW has a strong balance sheet and is projecting a surplus in the current financial year. • Increasing high water demand within the area of operation. • Water treatment works have declared NKP. • Exemption from load shedding on the key water treatment works and related booster pump stations.	• Lack of sufficient financial resources for further infrastructure development and maintenance. • Lack of effective strategic liaisons between LNW and its key stakeholders which include Water Services Authorities and municipalities. • Inability to influence buy-in. • Inability to timeously collect money owed. • Inability to complete projects timeously. • Slow speed of new technology adoption. • Lack of communication and water conservation awareness campaigns. • Limits on abstraction permits. • High operational costs. • Lack of ISO 9001 implementation

Opportunities	Threats
• The revision of the National Water Bill will provide scope for role clarity in the LNW area of operation to enable it to reposition its operations. • New technologies provide LNW opportunities to both increases its output. • Development of Special Economic Zones provides potential scope for services. • The reconfiguration of the waterboards has the potential to expand the LNW's	• Poor economic conditions that may lead to negative financial viability, as consumers are unable to pay for the services. • Climate change and global warming generally affecting planning of LNW operations. • Ground water aquifer contamination and low water table. • Social unrest due to inability to provide water to communities.

Opportunities	Threats
operation of area to cover the entire Limpopo province. • Venture into secondary activities such as reticulation and being implementing agents for water services authorities.	• Competing needs of water from Mining and agricultural industries with communities may affect equitable distribution of water and LNW may fail to meet its mandate. • Total collapse of the ageing water infrastructure. • Changes in the in the legislation and their impact on LNW future operations. • Deteriorating raw water quality.

5.14 GENERAL PLANNING ASSUMPTION

Drought Scenario

LNW will continuously review and reprioritise its water supply contingency plan to prevent crisis management should the Limpopo Province experience water crisis. The consistent low levels of the Middle-Letaba and Nsami Dams for the past years are further proof that the province is not immune to droughts, though Nsami Dam has from 2024 received a lifeline from the pipeline from Nandoni Dam.

In line with this reality, LNW is intending on increasing of the capacity of Olifantspoort Treatment Works to enable it to supply additional water to Polokwane and surrounding areas including the smelters although the additional water is not adequate and looking forward to the completion and operation of De Hoop Dam to off-set this challenge. LNW is also positioning itself as an operator of the Olifants River Water Resource Development Project (ORWRDP) with the De Hoop dam as its backbone.

Quality of Raw Water Supply

The quality of raw water in LNW's service area requires continuous monitoring. The Olifants River, which is one of the main sources of supply, is already showing signs of extensive pollution in its upper regions. LNW subscribes to the "polluter pays" principle. Continuous monitoring will be undertaken to protect both the ground and surface water from pollution.

Capacity of Supply

The only scheme of LNW that still has some spare capacity both in treatment and abstraction quantities is Phalaborwa. All other schemes run at full design capacity or more and are also in need of additional abstraction quantities applied for from DWS.

Consumers living in Polokwane City are continuously subjected to water restrictions for more than five years and the lack of water is furthermore inhibiting growth and development.

Consumers in the rural and urban areas alongside the pipelines from Ebenezer and Olifantspoort are even worst off because they only receive water at certain periods a week. It is therefore necessary that both the Ebenezer and Olifantspoort schemes be upgraded as a matter of urgency to 74 and 120 Mℓ/day respectively to avoid further and even more severe water shortages within the areas of Polokwane and Capricorn within the foreseeable future.

Population Growth

Population within the service area of LNW is increasing. To address this challenge, LNW has factored the increase into its planning processes. The organisation has further entered into an agreement with Infrastructure Fund (IF) of Development Bank of Southern Africa (DBSA) for support in raising funds for the rollout of the bulk water infrastructure dearly needed for meeting the demands of its clients.

6 POLICY STATEMENT

The policy statement will be reviewed and submitted in August when the new board starts since the current board expires in July 2025.

7 SELF APPRAISAL OF BUSINESS ACHIEVEMENTS IN PREVIOUS YEAR

LNW implements its strategy through a balanced scorecard. The review is against the 2023/24 LNW's Corporate Plan and overall organisational performance. The overall performance is 79% fully achieved. Figure 7.1 below depicts the overall organisational performance.

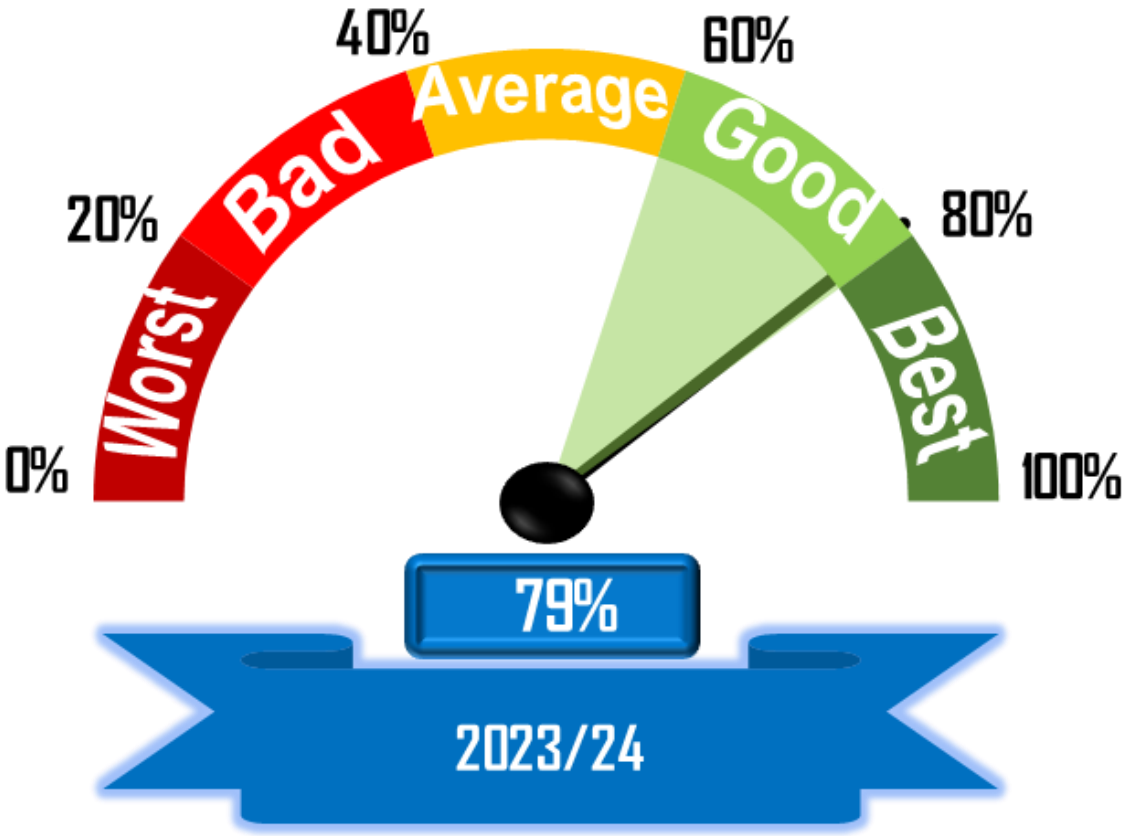

Figure 7:1: Overall organisational performance.

7.1 KEY ACHIEVEMENTS

Support to municipalities.

Provided support to Sekhukhune District municipality on the reticulation activities in Burgersfort area in Fetakgomo-Tubatse Local municipality.

Assurance of Supply

LNW has secured the funding through Infrastructure Fund (IF) for the upgrade of the Olifantspoort and Ebenezer schemes to ensure that Capricorn and Sekhukhune Districts' water demands are met. The project has started in the 2023/24 financial year. To date the seven (7) kilometre pipeline has been completed, connected to the main pipeline and commissioned. A further 60% progress on VSD buildings in pumpstations 2 and three (3), followed by the installation of 15 pumps, 15 motors and 15 VSD have been installed. There is 80% progress on the installation of valves and fittings in various pump stations. 80% Progress on refurbishment of the building and equipment.

An additional 10 Mℓ package plant has been completed in the Olifantspoort treatment works to ensure people of Sekhukhune in the former Fetakgomo are supplied with water.

This package plant shall be commissioned together with Olifantspoort refurbishment completion. Upgrade of Flag Boshielo treatment from 8 Mℓ/day to 16 Mℓ/day has been completed and is already supplying 16 Mℓ/day to the communities. Plans are underway to refurbish and upgrade the Flag Boshielo distribution network to match the new capacity of the plant, as the current network is unable to handle the capacity due to aged infrastructure.

Increased coverage

The Department of Water and Sanitation has taken a decision to defer the conclusion of the reconfiguration between Lepelle Northern Water and Magalies Water by fifteen years because of the external funding that was secured by Magalies Water to upgrade all the affected assets that were to be transferred to Lepelle Northern Water.

PROGRAMME NAME	PROJECT NAME	PROJECT NUMBER	TARGET AS PER EXECUTION PLAN	% COMPLETION AT YEAR END
Olifantspoort And Ebenezer Refurbishment Phase 1A	GTAC 003-2023-24: Olifantspoort and Ebenezer Refurbishment Phase 1A: Electromechanical Refurbishment of Olifantspoort Pump Stations (PS1, PS2 & PS3) and Ebenezer Water Treatment Works and Pump Station and Refurbishment of Water Treatment Works.	GTAC 003-2023-24	13.75%	36%
	GTAC 004-2023-24 - Olifantspoort and Ebenezer Refurbishment Phase 1A: Replacement of Pipelines and Refurbishment of Olifantspoort Water Treatment Works	GTAC 003-2023-24	16.5%	32%
Flag Boshielo Upgrade	Upgrading of Flag Boshielo Water Schemes: Electro-Mechanical works Phase 2	LNW 16/14/15	100%	100%
Phalaborwa Radial Gates	Professional Engineering Services for Phalaborwa Radial Gates Refurbishment *(Planning Phase only)*	LNW10/22/33	34%	100%

PROGRAMME NAME	PROJECT NAME	PROJECT NUMBER	TARGET AS PER EXECUTION PLAN	% COMPLETION AT YEAR END
PHALABORWA PIPELINE ASSESMENT	Condition Assessment On 9.5km Pipeline At Phalaborwa Plant. (Planning Phase Only)	RFQ 41925 & 43025	85%	100%
OVERALL PROGRESS ACHIEVED AGAINST EXECUTION PLAN - 114 %				

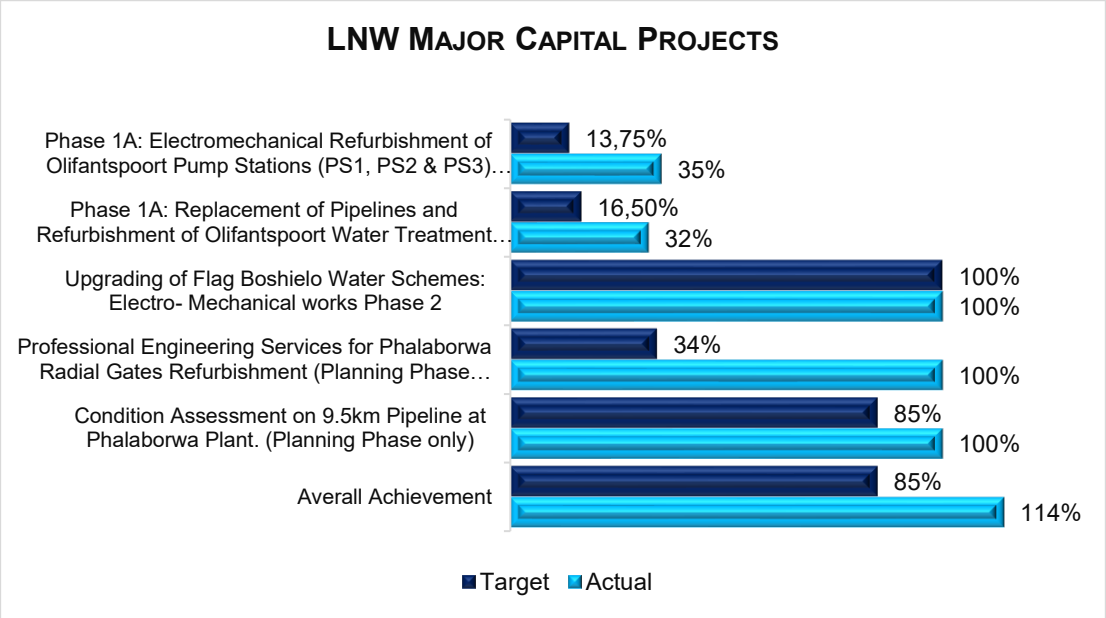

Figure 7:2: Capital projects aimed at assurance of supply.

Customer Satisfaction

LNW prides itself with self with the level of customer services provides. The customer satisfaction questionnaire has been developed for the purpose of measuring the satisfactory state of LNW's customers. The questionnaire is therefore circulated to the main clients of LNW to complete. The responses are therefore captured on a five-point Likert scale. The average of all the questionnaires that were returned resulted in the score of 83% against the target of 80%.

Figure 7:3: Customer satisfaction performance.

Training and Capacity Building

There's a need for the development of key individual technical and behavioural competencies to meet the organisational needs in delivering excellently in line with our mandate. To develop key competencies, LNW is taking a strategic view of the employee skills requirements in the future to enable the entity to deliver on its mandate. In addition, LNW recognises the need to have employees who are proactively engaged in continuous improvement, innovation, and learning. This is achieved by instilling a development and learning culture within the organisation.

Work Integrated Learning Programme

LNW continued to develop and train 63 interns within various functional areas to gain practical training through Work Integrated Learning.

Apprenticeship: National Skills Funds & Local Government SETA: Centre of Specialisation (COS)

LNW continued to develop and train thirty (31) trainees to contribute to the water sector specialised mechanical skills

Employment Equity

The Department of Labour acknowledged our Employment Equity Report of 2023, including a three-year 2022/23 – 2024/25 Employment Equity Plan (EEP) aimed at attracting designated groups especially from top to skilled levels focusing on Females, Indians, Coloureds and Whites without overlooking the current workforce. The target of 55/45 was exceeded during the year under review. The male/female ratio was 56%/44% as at 30 June 2024. The Board has reviewed its three (3) year numerical target of male/female to 50/50 for the advancement of its transformation agenda.

Commitment to good corporate governance

LNW remains committed to good governance. A Tip-off Anonymous Hotline is up and running and is used as much as possible. This is yielding fruits in that perpetrators of corruption are identified through this system and are acted against.

Tariff adjustment.

During the appraisal of Water Boards by DWS, the viability of these water institutions came under scrutiny. During tariff adjustment consultations with DWS and National Treasury it was acknowledged by National Treasury that LNW's proposed average tariff adjustment for 2025/26 is 10.20% for potable water.

Audit Opinion

Lepelle Northern Water obtained an unqualified audit opinion for the sixth time consecutively. This is even though the entity is operating in a rural dominated environment plugged with high unemployment rate.

The Employee Wellness

LNW's is committed to managing employee wellness to nurture our employees by ensuring their ongoing wellness and to minimise human capital risk. To improve the level of staff wellness and for staff to remain committed to the organisation, LNW implements programmes and offer incentives that nurture staff, aid in the improvement of their overall wellness and motivate them to remain committed. Integrated employee wellness programmes are implemented to address the needs of all the employee wellness pillars viz physical; emotional; motivational; nutritional; social and financial wellness.

7.2 UNDER ACHIEVEMENTS

The organisation under achieved in the collection of all the money owed to it although all the interventions have been fully applied.

The organisation could not close all the unresolved findings as well as the risk actions. Management is working on the strategy of implementing these actions effectively.

There were some delays in the Giyani project due to the contractor capacity. However, the Grade 9Ce contractors were appointed to fast track the project.

7.3 CHALLENGES AND RECOVERY PLANS

This section identifies the challenges and proposes a way forward to address these challenges. These challenges have been elaborated, and they include:

Projects implementation

The organisation took a decision to strengthen the criteria in appointing suitable experienced and highly capable construction service providers to avoid appointing inept service providers who are terminated eventually due to poor performance, which leads to delays, scope creep and cost overruns. Furthermore, LNW has taken a decision to establish the engineering services department and ensure that there is continuous professional development and professional registration of all its senior Engineers (Pr. Eng.) and Technologists (Pr. Tech. Eng).

Retention of personnel in the scarce skills category

LNW prioritises the retention of experienced staff and not allow its skilled staff in which it made an investment to easily leave the organisation. LNW is prepared to *inter alia* remunerate this category of employees commensurate with their input into the organisation. LNW is implementing the Scares Skill allowances where applicable. Succession and retention strategies have been implemented to enhance business continuity.

Debtors outstanding and Accounts Receivables

The entity is still experiencing challenges in collecting the old debt owed by its clients, however, there is debt settlement agreement entered into between Mopani and LNW to fast-track the outstanding debt. Outstanding debts undermine the ability of LNW to reinvest in the infrastructure development programmes.

Even though LNW has got an approved credit policy it is not so easy to implement the latter in the complex socio economic and political climate in which LNW operate. The Management accounts of LNW reveal that LNW is not doing well on the accounts receivable. Continuous effort will be embarked upon to recover the outstanding debt through inter-governmental relations instruments.

Accounts receivables

Budget

LNW budgeted for surplus, and it is reflecting on the priorities as stated by government. The budget of LNW has been aligned to the Strategic plan.

Matters of emphasis on the annual report

Emphasis of the Matters	Root Cause	Action Plan Description	Start Date	Completion Date	Frequency
1. Material provision for impairments of receivables from exchange transactions of R317 069 000 was incurred.	Non-payment by water service authorities	Implementation of credit controls policy monthly.	1 July 2025	30 June 2026	Monthly
2. Water losses of R28 187 000 were incurred because of ageing infrastructure, vandalism during service delivery strikes and illegal connections.	Ageing infrastructure, vandalism during service delivery strikes and illegal connections.	Identify critical infrastructure components and their condition Conduct condition assessments and risk evaluations Implement a preventative maintenance program Stakeholder engagement and communication	March 2025 and June 2025	April 2025 and August 2025	Bi-annually

Emphasis of the Matters	Root Cause	Action Plan Description	Start Date	Completion Date	Frequency
3. The public entity is involved in various cases. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.	Inadequate assessment of the litigation register	Re-assessment of the litigation register and probability process determination as well as legal opinion.	March 2025 and June 2025	April 2025 and August 2025	Bi-annually

8 ENGINEERING SERVICES

LNW will continuously strive to make sure that implementation of projects is done within scope, budget, schedule (time), quality, risk management framework, communication management to the reasonable satisfaction of all stakeholders. This is in keeping with well-defined principles and guidelines for best practice pursuant to Project Management Body of Knowledge, SACPCMP, ECSA, SCM prescripts, PFMA, National Treasury and all applicable legislative framework among others.

With lessons learned from previous historical projects implemented by LNW, Engineering Services set out to identify and improve on the following focus areas; from initiation during the planning phase up to execution:

- Project Integration Management
- Project Scope Management
- Project Time Management
- Project Cost Management
- Project Quality Management
- Project Resource Management
- Project Communication Management
- Project Risk Management
- Project Procurement Management
- Project Stakeholder Management

8.1 Project Implementation Resources

Subsequently, LNW embarked on drive to ensure that there is adequate resources capability, well defined processes, methods, systems and tools to handle large scale

projects. It was therefore, deemed necessary to review of the departmental structure to close the gaps identified with subsequent approval by the board in December 2023.

Key to review of the Engineering structure was its separation into three main dedicated units, namely, Project Management Unit, Engineering Management Unit and Contract Management Unit. While all the above units involve overseeing the successful completion of projects, they differ in terms of their primary objectives, focus and skillset. Essentially, the project management style adopted is matrix type system engineering approach which is pivotal to improving specialised knowledge management and project integration management.

It is against this background that LNW is investing considerably in ensuring that the manning for the units is done by appropriately qualified, skilled, experienced professionals with continuous professional development and training. To augment the existing capacity, which is comprised of four (4) registered professional engineers (Pr. Eng.) and technologists (Pr. Tech. Eng.), several key positions were advertised that are anticipated to be filled within the next three months.

Ultimately the goal is to position LNW as the Implementing Agent of choice for projects in the province for Ministerial directives and Water Service Authorities.

Recently, LNW finalised a panel of grade 9CE and 9ME contractors, but this will soon be augmented further to increase the pool and to also include grade 8 contractors and/or lower.

Added to that is also a panel of consultants covering a wide range of Engineering Services (Mechanical, Electrical, Civil, etc) constituted by more than ten service providers to oversee projects of any scale and magnitude through all ECSA stages from planning phase (concept, pre-feasibility, feasibility, tender design and documentation), implementation phase, close-out, and renewal.

With regards to expert opinions on matters that relates to disputes, arbitration as well as other complex engineering matters, a Panel of Independent Experts is also being established that will be concluded in the next financial year. The objective is to give assurance to the Funders, LNW board and facilitate skills transfer to our internal resources.

The key lies in ensuring that competent service providers are brought on board to undertake large scale projects of this nature within the governing PFMA, PPPFA and LNW prescripts.

LNW will strive to always embrace good governance during project implementation including in the application of procurement practices.

8.2 IMPROVED PLANNING ON PROJECTS

Several measures are being taken with a view to improve planning on projects which has, by and large, been overlooked in the past, with regards to the following subsections.

8.2.1 Project Planning (ECSA Stages 1 to 6)

Project planning relates to programming of the works' activities and durations during the early phase of the project to assist in monitoring progress against the baseline milestones, identifying long lead items and conducting the critical path analysis to identify the longest path for execution with hardly any room for slack. In the absence of proper planning for scheduling, scope, and budgeting (cost-based estimate) there is bound to be scope creep, cost-overruns and delays, which is a scenario that we aim to avoid in the future.

8.2.2 Infrastructure Renewal

Infrastructure renewal is largely driven by increase in demand due to growth needs but also, by design, infrastructure has an optimum economic life (OEL) beyond which the useful life would've been outlived. To conduct proper infrastructure renewal planning, it requires an outlook into the future with regards to intervals when it becomes economical to replace the equipment.

Ageing infrastructure will be characterised by an increase in the frequency of breakdowns overtime leading to costly downtime and ultimately complete or catastrophic failure. It is therefore imperative that techno-economic assessments are conducted using financial modelling (Net Present Value analysis (NPV) which considers time value of money and inflation as well as Internal Rates of Return (IRR)).

The risk-based techno-economic analysis will also be used for prioritising scheduled replacements of infrastructure rather purely based on technical assessment and will thus form the basis of formulating the Master Plan.

Imminent projects that will be initiated during the current financial year, from a planning perspective, due to increased demands and partly due to old infrastructure includes Phalaborwa ring-feed system that has been plagued by downtime as well as Falg-Boshielo Phase 2. Both projects will require substantive funding given the large-scale nature of the works.

The LNW Master Plan needs to be aligned and/or reconciled with the DWS regional Master Plan over the future 20-year lifespan for all Limpopo regional bulk infrastructure.

LNW will be recruiting a Planning Engineer in the next financial year as part of the newly approved positions, with the primary responsibility of managing the above-mentioned planning aspects. Over and above, a Project Scheduler will also be added to the team to oversee programming of the works (Scheduling).

8.3 EBENEZER/OLIFANTSPOORT SCHEME

The Olifanstpoort/Ebenezer Upgrade Phase 1 (A & B) project entails the refurbishment and upgrade of the bulk water supply infrastructure of the Ebenezer Water Supply Scheme (EWSS) and the Olifantspoort Water Supply Scheme (OWSS) to reduce water service backlogs and meet the current and projected water needs of the areas supplied by the two schemes until 2026.

The main sources of water for the EWSS and the OWSS are the Ebenezer and Dap Naude Dams in the Upper Letaba catchment, and the Flag Boshielo Dam in the Middle Olifants catchment respectively. Local surface and groundwater resources are used to supplement these main sources of water. The project areas experience bulk water infrastructure capacity constraints, which the Project aims to resolve. The proposed Phase 1 is focused on enabling the City of Polokwane to lift the moratorium on new developments and expansion of commercial development which was imposed in May 2013 due to water supply constraints.

The Project is envisaged to be implemented in three phases.

The Phase 1 A estimated at R 4,5 billion comprises:

a) Refurbishment of bulk OWSS existing infrastructure. Furthermore, upgrading of the raw water abstraction works and off-channel storage for better water quality. Optimization the existing 60 Mℓ/day of the treatment plant to yield of an additional 30 Mℓ/day. Duplicate bulk pipelines to optimize to system efficiency for a total yield of 90 Mℓ/day.

b) Refurbishment of the bulk EWSS existing infrastructure, replacement of the high-lift pump sets and infrastructure optimization of the for an increased design capacity of 89 Mℓ/day. However, the scheme yield will remain limited to the allocated license of 44 Mℓ/day with increased efficiency and reliability of operation.

The Phase 1 B estimated at R 4,0 billion comprises:

a) The works allocated within the Phase 1B in the OWSS is mainly focused on increasing the system yield to 120 Mℓ/day by construction an additional 60 Mℓ/day capacity treatment plant in normal conditions. The scheme will have a design capacity to yield a total of 180 Mℓ/day when necessary. The additional extension of pumping stations and storage reservoirs will be critical to the project objectives complete with the power supply infrastructure.

b) The bulk EWSS infrastructure is mainly the duplicate rising main pipeline and the optimization of the gravity main for optimal distribution for system redundancy to the City of Polokwane. The scope also addresses the much-needed diversion of the pipeline away from environmentally sensitive grasslands and a portion of the Ebenezer Dam.

The Phase 2 estimated at R 10 billion is envisaged to comprise:

a) The phase will mainly address the OWSS upgrade of the regional scheme's bulk distribution subject to availability of additional surface water, the treatment capacity is projected to be upgraded for a total yield of 270 Mℓ/day.

b) In the EWSS, the phase addresses the upgrade of the regional scheme's bulk distribution and subject to availability of additional water, pump stations and regional bulk schemes and bulk pipelines in Mankweng to Polokwane.

The Phase 1 augmentation will be adequate to meet water demand up to 2029, showing the urgency in constructing the other two phases. The capital cost for the entire

upgrade and refurbishment of the OWSS and EWSS is approximately R18,4 billion, with Phase 1 (A & B) estimated to cost R8,5 billion, (excluding any land compensation costs). The successful implementation of Phase 1 (A & B) of the project will provide confidence to the market of the implementation capability of LNW, which will help unlock subsequent phases.

Table 8:1 Olifantspoort/Ebenezer detailed project information

PROGRAM NAME	SCOPE	STATUS	FUNDING STRATEGY
Upgrade and Refurbishment of the Olifantspoort and Ebenezer Schemes Phase 1 (A & B).	Development of the feasibility, preliminary designs, and Implementation Readiness Study (planning) up to an estimate of R8,5 billion.	Complete	Advance payment to LNW- BFI (R 317 million – 2024) (R633 million - 2023) (R 422 million- 2022) RBIG and Commercial loan
	Refurbishment and Upgrade of the Olifantspoort and Ebenezer Schemes Infrastructure for an increased capacity of 40 ML/day for Phase 1 A by June 2027.	In Progress • Pipeline replacement currently at 89% • Pump Station replacements currently at 71%. • Ebenezer pipeline replacement currently on procurement.	

The project achieved an important milestone with the pipeline replacement portion of the project having achieved practical completion, while the electro-mechanical works equipment is being installed planned for completion in June 2025 construction works for the Phase 1 work packages aimed at restoring the original design capacity of the pump stations and the specon pipeline which susceptible to frequent bursts. An additional package is currently on procurement for the replacement of the Ebenezer rising main and Specon gravity main pipelines as more work packages are introduced progressively with the availability of funding to match the capital outlay requirements.

The process for project financial close is currently underway with the DBSA having brought it specialist for the due diligence to raise funds before completing the market sounding process before the borrowing limit application planned for October 2025.

9 MINISTER'S DIRECTIVES

LNW is currently implementing two (2) directives from the Minister of Water and Sanitation i.e., Giyani Water Services and Nkambako/Babanana projects as an Implementing Agent of DWS. The projects are being overseen by the Provincial Office of the DWS on a quarterly basis.

9.1 GIYANI WATER SERVICES

The Mopani District was declared a disaster area due to the acute shortage of water and sanitation services in the area. Giyani Local Municipality, which is one of the five local municipalities in Mopani District, was hardest hit. Mopani District Municipality (in collaboration with the Provincial and National Government) undertook a string of measures to address the crisis.

The directive as received from the then Minister of Water and Sanitation pays special attention to regularising water and sanitation crises in the Mopani District with the focus on 55 villages. The implementation of the projects guided by the business plan were categorised and prioritised as follows:

- Short-term project milestones.
- Medium-term project milestones; and
- Other project milestones.

Several villages are already receiving water from four (5) out of eight (8) the Bulk Pipelines that are completed with the remaining work anticipated to be completed July 2025. Pipeline A is complete and currently operational, final inspection was done on 23 May 2024.

Bulk offtakes connections are done for the following villages and water is received; Ka-Mninginisi, Homu 14A, Homu 14B, Nwakhuwani, Ndindani, Mhlava Willem, Mahlathi, Vuhehli and Muyexe A.

One of the major challenges has always been availability of water for pressure testing to be performed which is vital for proving functionality and undertaking any repair work where leaks are identified on the previous work done LTE Consulting Engineer. Refurbishment of Nasmi Water Treatments Works is completed but the demand is higher than the capacity 30 Mℓ/d.

Delays in completion of the Nsami Water Treatment Works has a direct impact on our ability to complete the project. To address this impasse, continuous engagements are held with the Municipality to implore on them to complete the upgrade works as soon as possible.

PROJECT NAME	SCOPE	STATUS	BUDGET ALLOCATION 2023/2024	EXPENDITURE
Giyani Water Services	Giyani Water Services Project - Completion of 324 km of bulk potable water pipeline network covering 55 villages within Giyani.	78%	R165 000 000	R165 000 000

9.2 BABANANA/NKAMBAKO BULK WATER PROJECT

The principal objective of the Babanana/Nkambako Water Scheme is to improve water supply to all villages which form part of Ritavi 1 Water Scheme (the overall Nkambako N'wamitwa area. The project will provide more sustainable water supply systems to villages and complement the existing supply system.

The project is nearing completion at 99% with mainly the sludge-dams and other minor works remaining for Phase 1.

PROJECT NAME	SCOPE	STATUS	BUDGET ALLOCATION 2024 /2025	EXPENDITURE
Refurbishment works	The refurbishment of approximately 37km-long existing pipelines north of Xihoko, raw water pump station, flocculation channels, sand filters, balancing dam and chemical dosing plant within Nkambako WTW.	Complete		
Improvement Works	The construction of pump station, 3ML clear water tank, raw water inlet works, and sludge dams at Nkambako Water Treatment Works	Complete	R 85 000 000	R85 000 000
Xihoko Distribution System	The construction of approximately 45km Upvc pipelines north of Xihoko, construction of five reservoirs and	Complete		

Project Name	Scope	Status	Budget Allocation 2024 /2025	Expenditure
	construction of two booster pump stations.			
Babanana pipeline	Construction of 13km steel pipeline	Complete		
Babanana/ Nkambako	Babanana/Nkambako regional bulk infrastructure project: upgrade of Nkambako WTW and refurbishment Babanana bulk water pipeline.	Complete		
Mawa Pump station	Mawa 8 PS Electrical & Mechanical	In progress		
Mookgo Pump station	Mookgo 6 PS Electrical & Mechanical	In progress		

9.3 Other Processes

The appraisal of corporate plans and policy statements of Water Boards session by DWS provided LNW with an opportunity for self-introspection and to ensure that further Shareholder's Compacts address the issues raised. These included the need to link the tariff to Consumer Price Index (CPI), to practice Water Conservation and Demand Management in the light of the exceeded Water License in some water treatment plants.

The corporate planning process has also taken into account the priority projects as listed in the National Water Resources Strategy (NWRS), which is a blueprint for survival for the country around Integrated Water Resources Management (IWRM).

10 PARTICIPATION IN COMPANIES

None

11 WATER RESOURCE DEVELOPMENT AND INTER-BASIN TRANSFER SCHEMES

The Board operates two inter-basin transfer schemes where potable water is transferred from one Catchment Management Area to another, as described below:

- Ebenezer, where water is drawn from the Ebenezer dam, in the Letaba Water Catchment Management Area, and pumped to Polokwane in the Limpopo Water Catchment Management Area.

- Olifantspoort, where water is drawn from the Olifants, in the Olifants Water Catchment Management Area, and pumped to Polokwane in the Limpopo Water Catchment Management Area.

The City of Polokwane, towns such as Mankweng and Haenertsburg as well as numerous villages along the pipeline enroute from Ebenezer to Polokwane are supplied from the Ebenezer scheme. The demand for water from within the Mopani District Municipality from the Ebenezer Scheme is very limited. Due to urbanization and rapid development, water demand within the area of jurisdiction of Polokwane Municipality is currently exceeding the existing available water resources.

Polokwane municipality has a limited amount of water available from its own sources namely the Dap Naude Dam, that can supply up to 16.8 Mℓ/day, and a series of boreholes that can supply up to 15.4 Mℓ/day. Water supply from the Ebenezer plant is not sufficient to meet the total water requirements of the Polokwane Municipality and it is therefore necessary to supplement it from the Olifantspoort plant.

The table and graph below, depicts the consolidated forecast of Polokwane Municipality, the capacity of its own sources and the requirements from the Ebenezer and Olifantspoort schemes.

Table 11:1: Polokwane Municipality predicted water shortages without any upgrades.

Year	Forecasted Demand Polokwane Municipality Mℓ/day	Dap Naude Dam Mℓ/day	Boreholes Mℓ/day	Available from Ebenezer Mℓ/day	Available from Olifantspoort Mℓ/day	Total Shortfall in Polokwane Municipality Mℓ/day
2025/26	160	17	15	44	27	-57
2026/27	168	17	15	44	27	-65
2027/28	168	17	15	44	27	-65
2028/29	168	17	15	44	27	-65
2029/30	168	17	15	44	27	-65

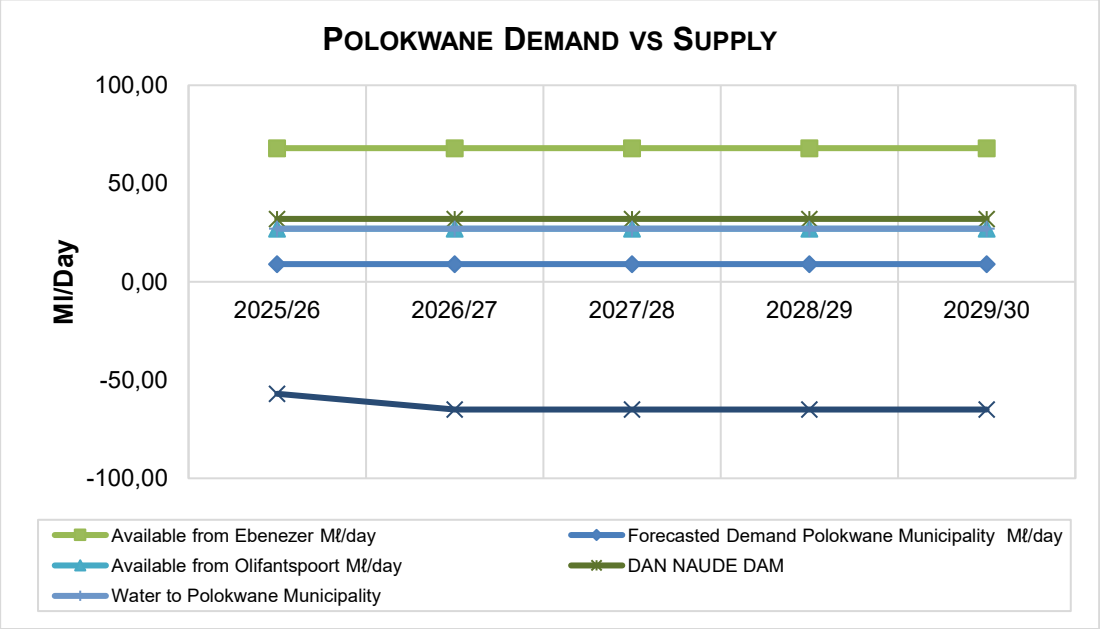

Figure 11:1: Polokwane Municipality demand forecast.

Olifantspoort plant is currently operating at maximum capacity and there is a need to apply Water Demand Management initiatives within Polokwane, Capricorn, and Sekhukhune Municipalities. Ebenezer scheme is operating above the design capacity and the high-water demand by consumers requires the implementation of a Water Demand Management and Water Conservation strategy.

11.1 EBENEZER SCHEME

11.1.1 Contractual obligation

There is a current Bulk Water Services Contract between LNW and the Polokwane Municipality for the water delivered from the Ebenezer Dam to the municipality.

11.1.2 Major consumers of potable water

At this point the City of Polokwane consumes the bulk of the water, but due to urbanisation the demand from areas such as Mankweng are rising rapidly, and it is anticipated that they will overtake Polokwane in the next five years.

11.1.3 Projected water demand

The daily consolidated forecast for Polokwane Municipality in 2021/22 amounts to 128 Mℓ/day. Of this 32.2 Mℓ/day is from their own sources but the rest must be supplied by

LNW. Of the 46 Mℓ/day available from Ebenezer 44 Mℓ/day is available to the Polokwane Municipality and it is their responsibility to indicate to LNW how the water should be distributed between the various consumers such as rural, peri-urban, and urban.

Table 11.2 indicates the additional water required from Ebenezer to balance the demand from the Polokwane Municipality. In 2005 LNW applied to DWS to increase its abstraction license to 50 Mℓ/day however the license was only granted for 44 Mℓ/day. Based on the shortfall within the area of supply this amount must now be increased to 74 Mℓ/day to avert major water shortages. The plant and its associated infrastructure such as electrical supply, treatment, and pump capacity, raising mainline and bulk transfer lines must be therefore upgraded to meet the demands in Polokwane. LNW has completed the designs for the upgrade of Ebenezer and once the funds are available, the project will be started.

Table 11:2: Supply and demand from Ebenezer

Year	Polokwane Municipality Overall Mℓ/day	Available water to Polokwane Municipality in EBENEZER Mℓ/day	Additional Water required from Ebenezer to Polokwane Mℓ/day	Available to Mopani District Municipality from Ebenezer Mℓ/day	Proposed PIPELINE Upgrade Mℓ/day
2025/26	160	32	-25	3	60
2026/27	160	32	-25	3	60
2027/28	168	32	-25	3	60
2028/28	168	32	-25	3	60
2029/30	168	32	-25	3	60

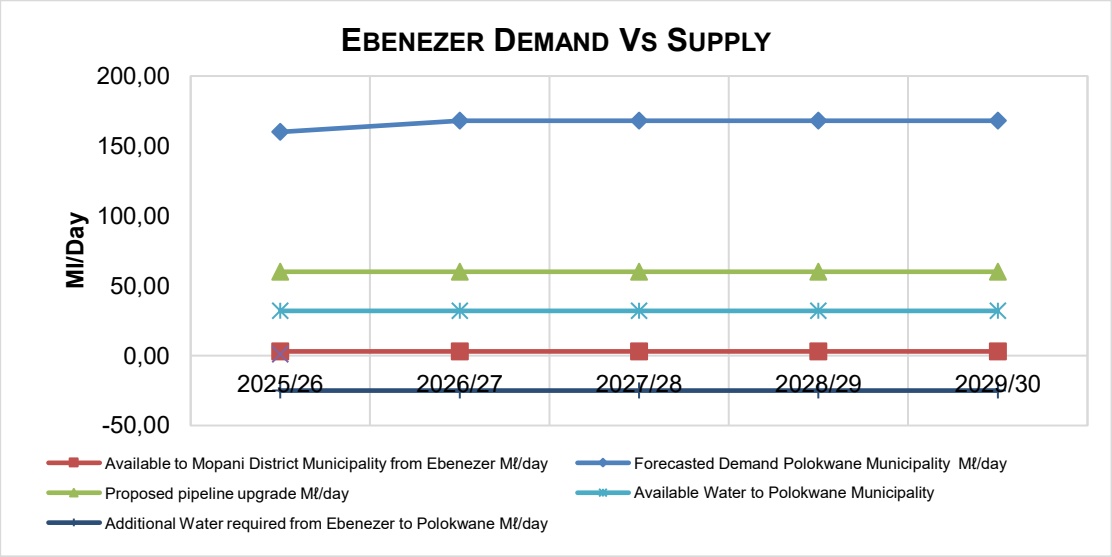

Figure 11:2: Supply and demand for Ebenezer Scheme

11.1.4 Assurance of supply from Ebenezer Scheme

Table 11:3: Assurance of supply for Ebenezer scheme

	2025/26	2026/27	2027/28	2028/29	2029/30
Raw water allocation Mℓ/a	16,000	16,000	16,000	16,000	16,000
Projected gross raw water demand Mℓ/a	21,046	21,046	21,046	21,046	21,046
Water service coverage	0.76	0.76	0.76	0.76	0.76

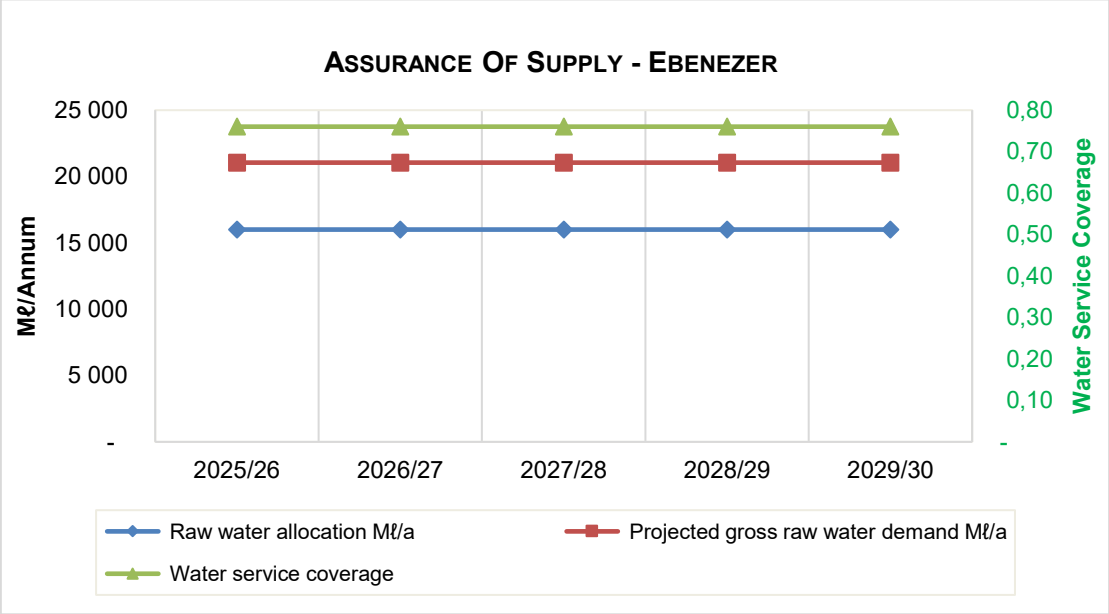

Figure 11:3: Assurance of Supply for Ebenezer Scheme

11.1.5 Water conservation and demand management

LNW is currently abstracting more water from the Ebenezer Dam than what is permitted by its license due to high water demand in Polokwane and Mankweng.

The allowable abstraction from Ebenezer dam is 16 000 Mℓ/annum and LNW is currently abstracting approximately 17 035 Mℓ/annum. LNW has originally applied for a license to increase the abstraction from Ebenezer to 18 615 Mℓ/annum albeit only on an interim basis until the Olifantspoort Plant has been upgraded to at least 32 850 Mℓ/annum. Due to the looming delays in the upgrading of the Olifantspoort the abstraction from Ebenezer will have to increase to 27 010 Mℓ/annum to avoid major water shortages within the Polokwane municipality.

It should be noted that although the current over-abstraction is being “tolerated” it is closely monitored and managed by DWS based on the actual levels of the Ebenezer and Tzaneen dams. The abstraction will immediately be curtailed should the levels of dams become too low.

Polokwane city consumes 64.2% of the water supplied from Ebenezer. Cost recovery within the municipality is in place. Cost recovery is also in place within the Greater Tzaneen Municipality which uses approximately 6.8% of the water supplied from Ebenezer.

Up to 29%of the water supplied from Ebenezer is distributed to Mankweng township and surrounding villages.

11.1.6 Major Water sources

Water is abstracted from Ebenezer Dam situated approximately 70km East of Polokwane.

11.1.7 Ability of available resources to meet demand.

Demand for water already exceeds the available supply. An additional 60ML/d abstraction licence was approved for Olifantsoort scheme. The Olifantspoort Plant plays a key role in supplementing the supply to Polokwane to ensure that there is sufficient water available to the capital of the Limpopo Province.

11.1.8 New water resource development required.

Once the Olifantspoort Plant has been upgraded and the De Hoop Dam completed the supply from Ebenezer could be utilised to increase the supply to developing areas between Ebenezer and Polokwane City.

11.1.9 Harnessing Water Sources

LNW currently abstracts water above its allocation and should DWS not approve the pending request for more water from the dam, the board will consider engaging the farmers who have the Water Rights but not utilising the water for acquiring those Water Rights for the purpose of domestic supply as the only possibility left to increase LNW’s allocation.

11.1.10 Description of current infrastructure

The current infrastructure comprises of an inlet works, purification plant, and pump station, 600mm diameter bulk pipelines extending over 70 kilometres and reservoirs with a total capacity of 50 Mℓ.

11.1.11 Status of Infrastructure

The current state of the infrastructure in comparative terms is in a satisfactory condition. However, it will require normal maintenance and refurbishment according to the asset condition monitoring report to keep it in a good condition.

11.1.12 Refurbishment of Infrastructure

LNW undertook a major project to refurbish electrical installations at the plant. The switchgear which had been installed in the 1960's required replacement. The project emanated from the safety concerns and reports which indicated that the installations were no longer safe and could blow up any moment and therefore required changing. The project was a major one which took several months to do preliminary work and required complete shutdown of the whole plant for 48hrs and partial re-opening for extended hours. The project was successfully implemented with minimal disruption to water supply.

11.2 OLIFANTSPOORT SCHEME

11.2.1 Contractual obligations

LNW has got standing Bulk Water Services Contracts with the Capricorn District and Polokwane Municipalities for water supplied from Olifantspoort. A Bulk Water Services Contract with the Greater Sekhukhune District Municipality for water supplied to them via this scheme has been extended by 12 months while looking at other internal matter. It is anticipated that the bulk contract will be extended by not less than 10 years to allow rollout of bulk infrastructure.

11.2.2 The major consumers of bulk potable water

The major consumers are Polokwane Local Municipality and the District Municipalities of Capricorn and Sekhukhune.

11.2.3 Projected water demand

As the water demand increases in Polokwane it would be augmented from Olifantspoort as this is the only available resource that can be developed further.

Table 11:4: Water Demand for Olifantspoort Scheme

Financial Years	Sekhukhune District Municipality	Capricorn District Municipality	Water to Polokwane Municipality	Total Demand	Plant Capacity	Proposed Plant Upgrade	Surplus/ Shortfall
	Mℓ/day	Mℓ/day	Mℓ/day	Mℓ/day	Mℓ/day	Mℓ/day	Mℓ/day
2025/26	9	32	27	68	60	120	-8
2026/27	9	32	27	68	60	120	-8
2027/28	9	32	27	68	90	120	22
2028/29	9	32	27	68	90	120	22
2029/30	9	32	27	68	90	120	22

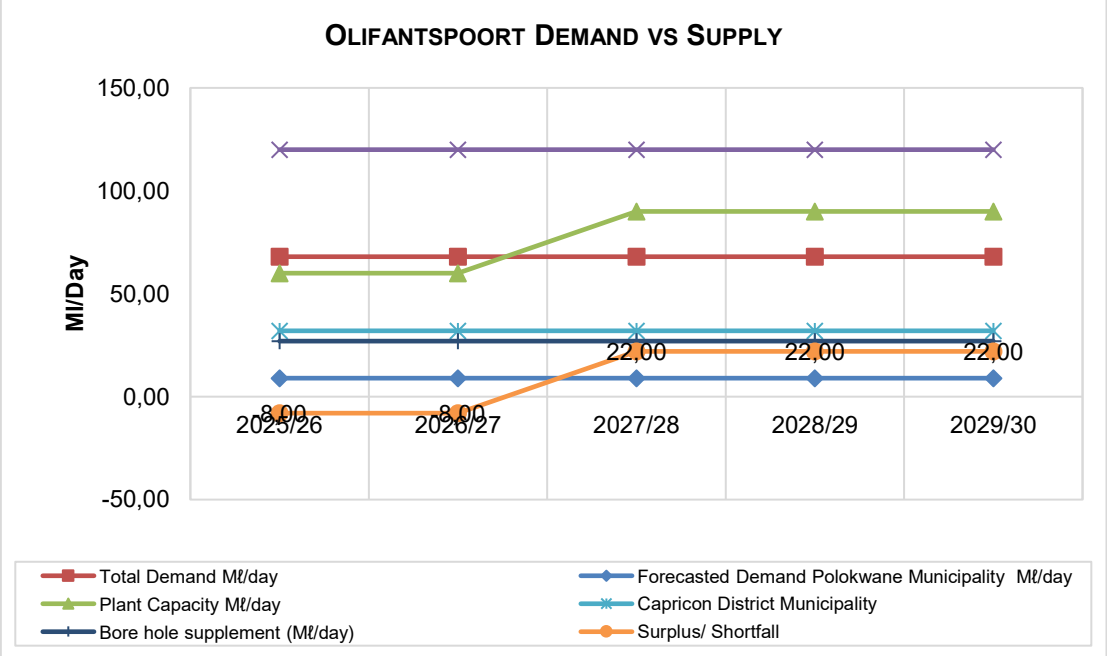

Figure 11:4: Water demand for Olifantspoort Scheme

11.2.4 Assurance of supply

Table 11:5: Assurance of Supply for Olifantspoort Scheme

	2025/26	2026/27	2027/28	2028/29	2029/30
Raw water allocation Mℓ/a	43 800	43 800	43 800	43 800	43 800
Projected gross raw water demand Mℓ/a	43 800	43 800	43 800	43 800	43 800
Water Services Coverage	1.00	1.00	1.00	1.00	1.00

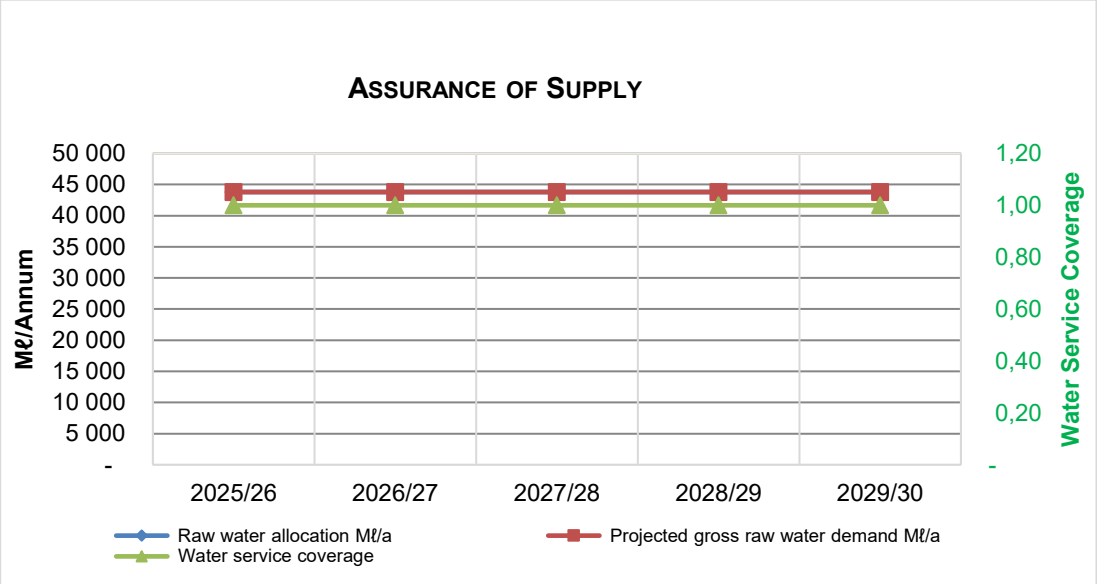

Figure 11:5: Assurance of Supply for Olifantspoort Scheme

The Scheme's water losses are estimated at 9.8% and LNW will by increasing its maintenance programme and the replacement of the Specon pipeline attempt to reduce the losses.

11.2.5 Water Conservation and Demand Management

Currently Polokwane Municipality consumes 52% of the supply from Olifantspoort and the municipality has got a cost recovery system in place. Sekhukhune District Municipality currently consumes 3.5% of the water supplied from Olifantspoort and does not have a cost recovery or demand management programme in place. Capricorn District Municipality consumes 44% of the supply from Olifantspoort mainly in Lebowakgomo. This town is fully reticulated with little water demand management and cost recovery.

With proper Water Demand Management, the consumption should decrease between 15% and 20%. The saving in demand will be allocated to the un-served areas.

11.2.6 Major water sources

Water is abstracted from a weir in the Olifants River plus minus 60km downstream of the Flag Boshielo dam. The plant is abstracting and purifying the amount of 60 Mℓ/day. LNW has an approved increment for its Water abstraction licence to 120 Mℓ/day.

11.2.7 Ability of available resource to meet demand.

A new abstraction license has been issued for 43800 Mℓ/annum or 120Mℓ/day. The plant currently belongs to DWS and is operated by LNW.

The current allowable provision for abstraction is 21 900 Mℓ/annum. The current abstraction license approved is 43800 Mℓ/annum. This however does not stress the source, due to the fact that the abstraction from the Lebalelo Water Users Association is much lower than anticipated. The height of the wall of Flag Boshielo Dam was raised by 5m in 2006 and this considerably increased the capacity of the dam.

During periods of drought both the Dap Naude and Ebenezer Dams systems are vulnerable due to their small catchment areas.

11.2.8 Impact of reducing water losses and improving non-revenue water

The purification plant losses, which include filter backwash and other plant associated usage is 1.2%. Pipeline distribution is below 9.8%. These are at acceptable levels and will have no serious effect on the water resource.

11.2.9 New resource development

Future demand will be supplied from the planned Olifants River Water Development Project (ORWRDP).

It is anticipated that the Olifantspoort Plant will eventually be increased to deliver up to 120 Mℓ/day once the OMM is completed together with its bulk raw water pipelines.

11.2.10 Harnessing Water Sources

Acquiring of water rights from the farmers who has water allocation but not using it, is not an option associated with this scheme as it will be linked with OMM and therefore will be able to get more allocation as per the submissions made to the Department of Water and Sanitation.

11.2.11 Description of current infrastructure

Only potable water is transferred through this scheme, which requires no raw water transfer infrastructure. All infrastructures will be shown under “Potable Water Supply”.

11.2.12 New infrastructure

Project to upgrade the Olifantspoort plant in line with the new licence is required to commence. The main plant will upgrade from current 60 to 120 Mℓ/d. To run concurrently will be the project to upgrade the pipeline from the plant to Specon reservoirs in Lebowakgomo and eventually upgrade the pipeline to Polokwane. A contractor was appointed to upgrade the 7km Specon pipeline and the project will be completed in 18 months.

11.3 DOORNDRAAI SCHEME

11.3.1 Contractual obligation

A bulk supply contract that stretches until 2030 is in place with Mogalakwena Municipality through the partnership agreement between Mogalakwena, Anglo Platinum and LNW. The supply to Mogalakwena Municipality is currently for Mokopane, Mahwelereng and surrounding villages.

11.3.2 The major consumers

The towns of Mokopane and Mahwelereng are the major consumers of water from the Doorndraai Scheme excluding the rural areas which are supplied by the Mogalakwena municipality through several boreholes amounting to about 21.8 Mℓ/day.

11.3.3 Projected water demand

Mogalakwena Municipality shows a water demand of 56.10 Mℓ/day for Mokopane and Mahwelereng. The current water demand far exceeds the available sources in Mogalakwena municipality. There are sites that have been developed in Chroom Park, Nyl Park, Mokopane extensions 12 and 14. All these developments will need more bulk water supply which will require that other sources than the existing ones such as boreholes and the completion of De Hoop scheme are fast tracked.

LNW has a permit to abstract 4 380 Mℓ/annum, which is 12 Mℓ/day from Doorndraai Dam and 547.5 Mℓ/annum for Van Heerden and Moordrift boreholes. The new 5 Mℓ/d package plant was commissioned in 2022. With provision for filter backwash and other losses, an average of around 11.0 Mℓ/day is available from plant and 1.3 Mℓ/day from boreholes. There are small consumers also along the pipeline who consumes around 0.4 Mℓ/day, which leaves 1.9 Mℓ/day for Mokopane Municipality.

Mogalakwena augment its water requirements from boreholes as indicated below:

- Municipal boreholes 32.6 Mℓ/day including rural areas. It is critical that LNW look at the entire municipality's water demand to holistically support the municipality. The table below shows the balance between water available, and water needs for Mogalakwena municipality.

Table 11:6: Water demand vs. Water available from Doorndraai Scheme

	Water Demand (Mℓ/day)	Doorndraai (Mℓ/day)	Bore hole supplement (Mℓ/day)	Mogalakwena Boreholes (Mℓ/day)	Water Available (Mℓ/day)	Surplus/ Deficit (Mℓ/day)
2025/26	61.10	15	1.5	32.6	49.1	-12.0
2026/27	61.10	15	1.5	32.6	49.1	-12.0
2027/28	61.10	15	1.5	32.6	49.1	-12.0
2028/29	61.10	15	1.5	32.6	49.1	-12.0
2029/30	61.10	15	1.5	32.6	49.1	-12.0

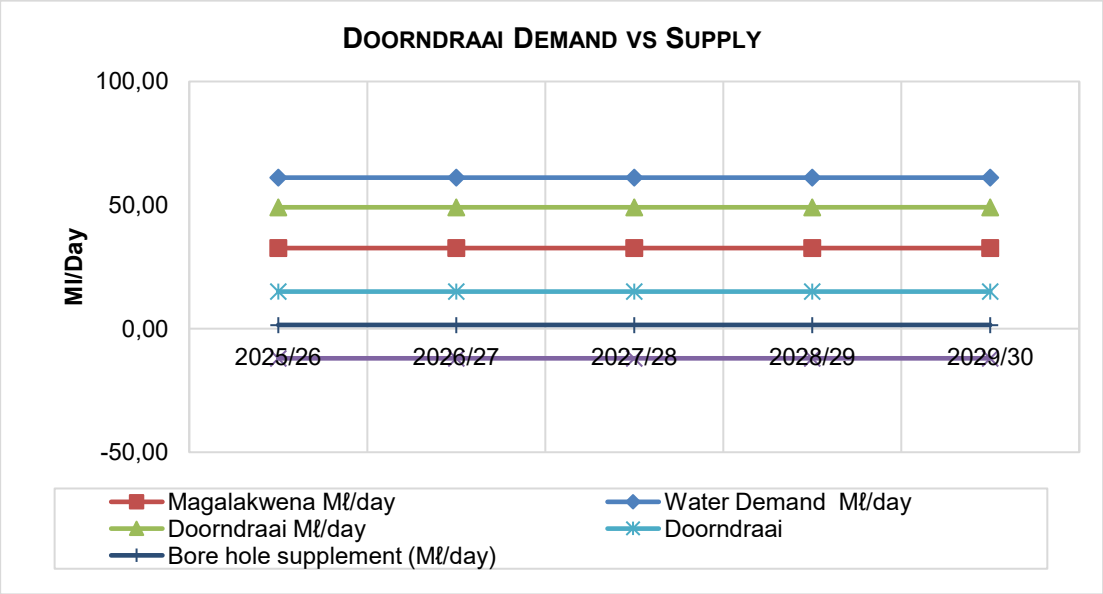

Figure 11:6: Water demand from Mogalakwena vs. water available from Doorndraai Scheme

From the above figures, additional water resources need to be developed for the municipality hence the short-term intervention of exploring any available ground water to supplement the current surface water is considered. The long-term needs for the urban, peri-urban and the rural areas will be satisfied from the pipeline from the Flag Boshielo Dam through Olifants River Water Resource Development Programme (ORWRDP).

11.3.4 Assurance of supply

Currently LNW is abstracting as per licence condition. The engagement of farmers with water rights and not using the water will have to be considered but should be aligned with Department of Water and Sanitation' planning on the Flag Boshielo Dam to Mokopane pipeline.

LNW has applied for an abstraction increment of water licence to DWS from 12 Mℓ/day to 15 Mℓ/day from the Doorndraai dam and the process is still in progress. Gross raw water demand is obtained from the projected potable water demand plus 4% purification plant usage through filter backwash and other associated plant water usage and distribution losses.

Table 11:7: Assurance of Supply from Doorndraai scheme

	2025/26	2026/27	2027/28	2028/29	2029/30
Water Allocation (Mℓ/annum)	5475	5475	5475	5475	5475
Projected gross raw water demand (Mℓ/annum)	9 924	9 924	9 924	9924	9924
Water Service Coverage	0.55	0.55	0.55	0.55	0.55

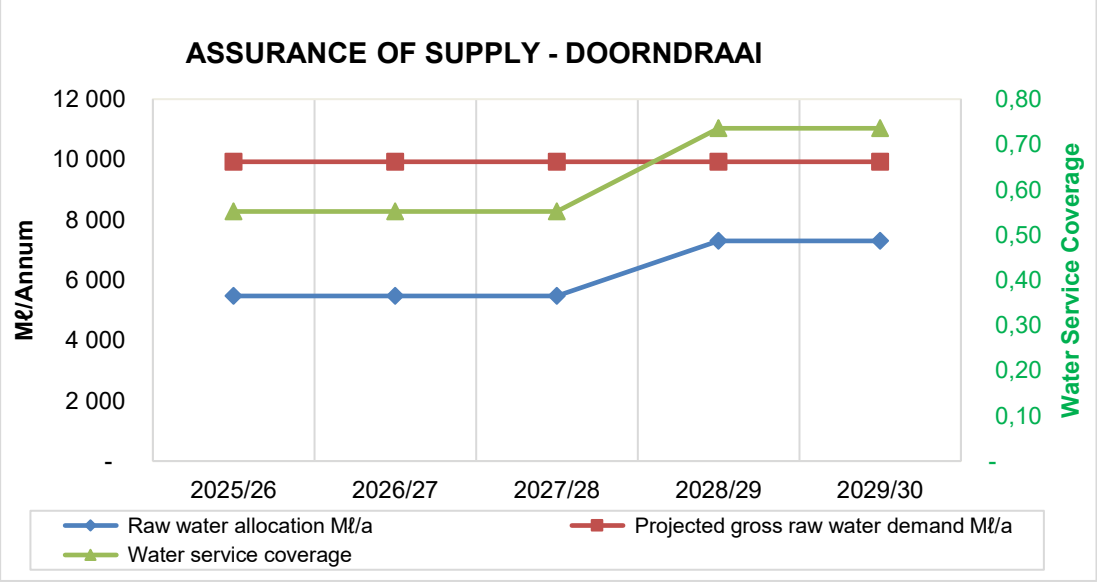

Figure 11:7: Assurance of Supply for Doorndraai Scheme

11.3.5 Water conservation and demand management

Mogalakwena Municipality consumes 95% of the water supplied from Doorndraai. The balance is supplied to the small consumers along the line between the purification works and the town. All consumers from this source are metered and billed monthly.

11.3.6 Major water sources

Water is abstracted from the Doorndraai Dam, which is three kilometres from the purification plant. LNW currently has a permit to extract 4 380 Mℓ/annum.

11.3.7 Ability of available resource to meet demand.

As indicated under “Projected water demand” the demand is above the available water sources. The water will grow to a shortage of 12 Mℓ/day by 2019/20.

As can be seen under “infrastructure capacities and utilization” the current purification plant capacity is 12 Mℓ/day and is able to produce 13.20 Mℓl/day of potable water for limited period. The pumping and pipeline capacities are 16 Mℓl/day. By extending the purification plant capacity to meet the pumping and pipeline capacities, it is possible to deliver 16.00 Mℓ/day to Mokopane.

11.3.8 Impact of reducing water losses and improving non-revenue water

Purification plant losses, which include filter backwash and other plant-associated usage, are at 2.5%, which is acceptable. Pipeline distribution losses are also low at 0.5%. These losses are negligible and will not influence the water resource.

11.3.9 New resource development required.

As described under **“**ability of available resources to meet demand**”** the purchasing of farmers’ water rights may become necessary to increase LNW’s abstraction from the current 3 418 Mℓ/annum i.e., if the farmers are willing to transfer their water rights. Alternatively, this can be assisted by DWS’s Water Allocation Reform programme, which is currently running. LNW has engaged Moordrift farmers and they currently providing 1.5 Mℓ/day borehole water to Mokopane Town.

The alternative is the construction of the pipeline from Flag Boshielo Dam to Pruissen whereby Mogalakwena municipality will construct relevant treatment works and

pipelines to Mokopane and other villages. LNW has already engaged Mogalakwena for partnership in constructing the bulk distribution infrastructure in line with the completion of the pipeline to Pruissen.

11.3.10 Increase Water Sources

As described under **"**ability of available resources to meet demand**"** the purchasing of farmers' water rights may become necessary to increase LNW's abstraction from the current 4 380 Mℓ/annum. This is however dependent on the planning of the Flag Boshielo to Mokopane pipeline and the willingness of the farmers to transfer their water rights. LNW is in discussion with farmers to purchase any available water from them.

11.3.11 Bulk supply infrastructure

The bulk supply infrastructure consists of the following:

- Supply Canal and pipeline from Doorndraai Dam to purification plant.
- Purification plant consisting of settling tanks, filters, and a high-pressure pump station.
- Package purification plant.
- Rising main of 450mm diameter for 35km into two reservoirs in town.

11.3.12 Infrastructure capacities and utilization

Table 11:8: Infrastructure capacities and utilisation for Doorndraai scheme

UNIT	PREDICTED AVG. DAILY DEMAND – Mℓ/D	2025/26	2026/27	2027/28	2028/29	2029/30
Raw Water Abstraction	Installed (Mℓ/d)	12	12	12	12	12
	Available (Mℓ/d)	12	12	12	12	12
	Utilized (Mℓ/d)	12	12	12	12	12
	Peak Factor	1.87	1.82	1.74	1.74	1.74
Purification Systems Capacity	Installed (Mℓ/d)	16	16	160	16	16
	Available (Mℓ/d)	16.00	16	16	16	16
	Utilized (Mℓ/d)	12	12	12	12	12
	Peak Factor	0.78	0.76	0.76	0.76	0.76
Pumping Capacity	Installed (Mℓ/d)	16.00	16.00	16.00	16.00	16.00
	Available (Mℓ/d)	17.00	17.00	17.00	17.00	17.00
	Utilized (Mℓ/d)	21.11	21.69	21.69	21.69	21.69
	Peak Factor	0.83	0.81	0.78	0.78	0.78
	Installed (Mℓ/d)	16.00	16.00	16.00	16.00	16.00
	Available (Mℓ/d)	16.00	16.00	16.00	16.00	16.00

Unit	Predicted Avg. Daily Demand – Mℓ/d	2025/26	2026/27	2027/28	2028/29	2029/30
Distribution Pipeline Capacity	Utilized (Mℓ/d)	21.11	21.69	21.69	21.69	21.69
	Peak Factor	0.78	0.76	0.74	0.74	0.74

Apart from the clear water contact tank there is no storage facility at Doorndraai because the water is pumped directly into reservoirs in town. The reservoirs in town belong to the municipality.

11.3.13 New infrastructure required.

LNW is completed and commissioned a 5 Mℓ/day package plant to increase capacity and ensure assurance of supply to Mogalakwena Local Municipality.

11.3.14 Condition of bulk potable water infrastructure

The bulk infrastructure is still in good conditions. The pipeline has been assessed to check if it is repairable or not so that it can be utilised for extra water from groundwater around the area as well as a backup in case where repairs are undertaken on the other line.

11.3.15 Major refurbishment

There will be minor refurbishment in various process units of the plant such as high lift pumps and other related equipment.

11.3.16 Operational arrangements

The Doorndraai scheme is LNW's property and operations, and maintenance are done in-house.

12 BULK POTABLE WATER SUPPLY PLAN

12.1 Introduction

LNW operates a total of 27 schemes within its supply area, twenty-three (23) Water Treatment Works (which includes package plants and borehole systems), four (4) Wastewater Treatment works.

Table 12:1: List of schemes operated by LNW.

Name of Scheme	District Municipality Situated In	Owned by	Capacity Mℓ/day
1. Phalaborwa	Mopani DM	LNW	175,00
2. Olifantspoort	Capricorn DM	LNW	60,00
3. Ebenezer	Mopani DM	LNW	50,00
4. Dehoop/Malekane	Sekhukhune DM	Sekhukhune DM	17,00
5. Doorndraai	Waterberg	LNW	12,00
6. Mooihoek	Sekhukhune DM	Sekhukhune DM	12,00
7. Flag Boshielo	Sekhukhune DM	Sekhukhune DM and DWS	12,00
8. Politsi	Mopani DM	LNW	5,50
9. Burgersfort	Sekhukhune DM	Sekhukhune DM	7,5
10. Marble Hall	Sekhukhune DM	Ephraim Mogale Municipality	3,30
11. Steelpoort Conventional	Sekhukhune DM	Sekhukhune DM	5,00
12. Nkadimeng	Sekhukhune DM	Sekhukhune DM	3,00
13. Hlogotlou	Sekhukhune DM	Sekhukhune DM	2,00
14. Steelpoort Boreholes	Sekhukhune DM	Sekhukhune DM	0,75
15. Ohrigstad	Sekhukhune DM	Sekhukhune DM	0,35
16. Kutullo	Sekhukhune DM	Greater Tubatse	0,30
17. Mapodille	Sekhukhune DM	Greater Tubatse	0,75
18. Nandoni	Vhembe DM	Department of Water and Sanitation	60,00
TOTAL VOLUME			**426,45**

Table 12:2: Wastewater Schemes operated on behalf of SDM.

Name of Scheme	District Municipality Situated In	Owned by	Capacity Mℓ/day
Marble Hall WWTW	Sekhukhune DM	Ephraim Mogale Municipality	1,50
Burgersfort WWTW	Sekhukhune DM	Greater Tubatse Municipality	11,50
Groblersdal WWTW	Sekhukhune DM	Sekhukhune DM	5,00
Steelpoort WWTW	Sekhukhune DM	Greater Tubatse Municipality	0,20
TOTAL VOLUME			**19,20**

12.1.1 Potable Water and Wastewater Effluent Quality Standards

Water service institutions such as LNW should ensure that water provided by them complies with the numerical limits given in the South African National Standard for drinking water (SANS 241). The SANS 241 is a risk-based approach that has 4

categories, namely microbiological, acute health chemical, operational, aesthetic and Chemical Chronic compliance. In instances where SANS 241 quality targets are not met; the schemes will respond to such failures according to approved water quality incident response protocols. Below are the quality targets for financial year 2025/26:

Table 12:3: SANS 241 compliance targets

PARAMETER	TARGETED COMPLIANCE TO SANS 241
Acute health Chemical compliance	95%
Acute health Microbiological compliance	97%
Aesthetic compliance	95%
Chronic Health Chemical compliance	95%
Operational compliance	95%

A risk-based water quality monitoring programme for catchment, treatment process and reticulation are in place. Through this programme Lepelle Northern Water is able to manage final water quality and production costs. The raw water quality issues that Lepelle Northern Water mitigates are summarised as follows:

Table 12:4: Raw water quality issues being mitigated.

WATER SOURCE	CONSTITUENTS OF CONCERN	STATUS
Flag Boshielo Dam	High organic content, Odour problems and phosphates	Ongoing research is to classify the total organic content
Middle Olifants River	High turbidity during rains and high organic content	Olifants upgrade project includes construction of an onsite dam for use during high turbidity periods.
Lower Olifants River	High organic content	Research is to classify the total organic content
Doorndraai River	Iron and Manganese	Dam levels monitored dam level sitting at99%
Letaba River	Nutrients from WWTW and Agricultural Activities	Water quality monitoring is ongoing
Magoebaskloof Dam	High Organic Content	Water quality monitoring is ongoing
Modjadji Dam	None	None
Nandoni Dam	Nutrients from Thohoyandou WWTW	Nutrient loading is a concern, monitoring is ongoing. Catchment management forum to be formed.
Spekboom River	Salts from mining activities	Treatment process sufficient since plant upgrade with settling tanks
Tubatse River	Nutrients from mining and agricultural activities and pollution	Upstream and downstream water quality monitored

WATER SOURCE	CONSTITUENTS OF CONCERN	STATUS
De Hoop Dam	Nutrients	Water quality monitoring is ongoing
Nkadimeng Dam Ebenezer Dam	None	None
Loskop Dam	Nutrients from Agricultural activities and WWTW upstream	Treatment process sufficient

12.1.2 Asset Management

12.1.2.1 Planned Maintenance

The main objective of Planned Maintenance is to preserve the functioning of physical assets throughout their useful lives. Managing assets through their entire lifecycle is critical towards the achievement of return on investment. LNW has adopted the Reliable Centred Maintenance (RCM) approach. The focus of this approach is on maintaining the critical items of infrastructure.

Trends identified through asset tracking enable LNW to increase operational efficiencies and provide the tool to reduce costs. Potential revenue is lost when optimality cannot be achieved from the use of an asset. LNW encourages operators to take custodianship of assets allocated to them and to ensure that they effectively maintained.

The maintenance teams of LNW plan and control at the lowest level possible to ensure that the highest possible availability and the lowest down time rate are achieved. To achieve our main objective, LNW Planned Maintenance did adopt a condition-based maintenance approach wherever cost effective and apply the following:

- Periodic analysis of oil samples for transformers, large pumps, and vehicles
- Recording the duration between breakdowns and callouts and action plans are implemented to avoid recurrence.
- Condition monitoring techniques such as vibration analysis are used to determine preventative maintenance actions required.

LNW adopted the culture of responding to failures and deviations within 24 hours. The Maintenance Strategy is to maintain the installed equipment in an acceptable condition and utilize resources effectively.

The above is supported by a Maintenance Management System to ensure:

- The safety of personnel and plant.

- Optimum availability of plant.
- Optimum reliability of plant.
- Extension of the useful life of equipment (assets)
- Ultimate utilization of plant and personnel
- Good economic practices

Reliability Centred Maintenance (RCM) is the maintenance approach used when following a process that assesses equipment condition and determines the maintenance requirements of any physical asset in its operating context.

The RCM methodology addresses key issues not dealt with by other maintenance programs. This approach recognizes that all equipment in a facility is not of equal importance – to either the process or to facility needs and safety. LNW recognize that equipment design and operations differ and that each piece of equipment will have a different probability of undergoing failure from degradation than will another hence the focus on reliability of equipment. A reliability-focused approach will mean structuring a maintenance program based upon the understanding of equipment needs and priorities, as well as limited financial and personnel resources, to plan activities such that equipment maintenance is prioritized whilst operations are optimized.

With the use of sophisticated equipment LNW can recognize the very early stages of damage and/or failure and then recommend applicable preventative action in advance.

The four-major condition-monitoring techniques applied by LNW are:

- Tribology.
- Vibration Analyses.
- Laser Alignment; and
- Measuring Pump and electric motor efficiency

LNW's has adopted a "Roots Cause Analysis" approach to problem solving. A reliable and functional Maintenance management information system is in place. Various systems are in place, which measure performance. This information is used continuously for benchmarking against competitive organizations. Some of this information is also used for AWSISA benchmarking.

12.1.2.2 Performance Analysis

Scheme Managers and Maintenance Officers are responsible for effective management of the infrastructure investment. This includes:

Table 12:5: Responsibilities of Scheme managers in various plants

Financial Performance Measures	Plant Health Performance Measures	People Health Performance Measures
Human Capital	Days' work order outstanding	Maintenance compliment
General expenditures	Work order backlog	Productivity
Capital expenditures	Average time to repair	Sick leave / leave
Maintenance material costs	Equipment availability	Labour efficiency
Overtime expenditure	Call outs	Labour Utilization
Maintenance stock value	Break – downs / Failures	Task performance
	Plant Availability	Health & Safety

Standby capacity (emergencies) and Strategic Inventories

Wherever financially viable, LNW creates standby capacity on its critical assets to minimise the potential of failure of supply. These assets are tested and maintained on a regular basis to ensure the functionality of these items.

It is company practice to keep key strategic spares in stock for the major and specialist non-off-the-shelf items like spare rotating elements for the main pump-sets where the afore-mentioned option is not viable.

Contingency planning

Almost all LNW's schemes have an installed water storage capacity of more than 24 hours, and reservoirs are normally maintained at more than sixty percent full. Where reservoir retention times are less than 24 hours LNW will continue to construct additional reservoirs starting to ensure reliable supply of water.

In addition, good working relationships are developed and maintained with the Board's Stakeholders. Operations personnel are aware of their important users of water such as hospitals, bakeries, major industries, schools. When the security of water supply becomes uncertain, advance warning of these customers ensures that the end consumers can be warned in good time and so that usage can be minimized.

The good working relationships with these major customers also ensures that, if necessary, they can be approached for support with temporary spares and/or extra maintenance resources should an emergency arise due to an unforeseen problem.
In cases of floods, an early warning system has been installed in the Phalaborwa scheme, and this is to be extended to the Flag Boshielo, Olifantspoort which are on the Olifants River.

Conditions of Supply

In general, all consumers are to make provision for a minimum of 48-hour storage to mitigate possible interruptions in supply and during shutdowns.

12.1.3 Production and Operational Control

After the water purification process, water is pumped to the various consumers with some reservoirs situated more than 90km away.

The process controller at purification plant needs continuous information regarding the levels of the reservoirs to which water is being pumped as well as inflow and outflow rates at the reservoirs to adjust water purification rates at the plant. All plants operated by LNW are controlled using Telemetry.

12.2 PHALABORWA SCHEME

12.2.1 Contractual obligation

A Bulk Water Supply Contract with Mopani District Municipality, as the Water Services Authority is in place. LNW has concluded industrial Bulk water supply contracts with Palabora Copper, Farmers World Limpopo, and Foskor.

12.2.2 Major consumers

Potable water – Ba-Phalaborwa Municipality
Industrial water – Palabora Copper, Foskor, and Farmers World Limpopo

Table 12:6: Phalaborwa water demand versus Supply

Year	Potable Water Mℓ/day	Industrial Water Mℓ/day	Total Demand Mℓ/day	Available Supply Mℓ/day
2024/25	89.66	43.80	148.46	175.34
2025/26	91.30	43.80	150.10	175.34
2026/27	92.68	43.80	151.48	175.34
2027/28	94.30	43.80	153.10	175.34
2028/29	97.68	43.80	156.48	175.34
2029/30	99.28	43.80	157.08	175.34

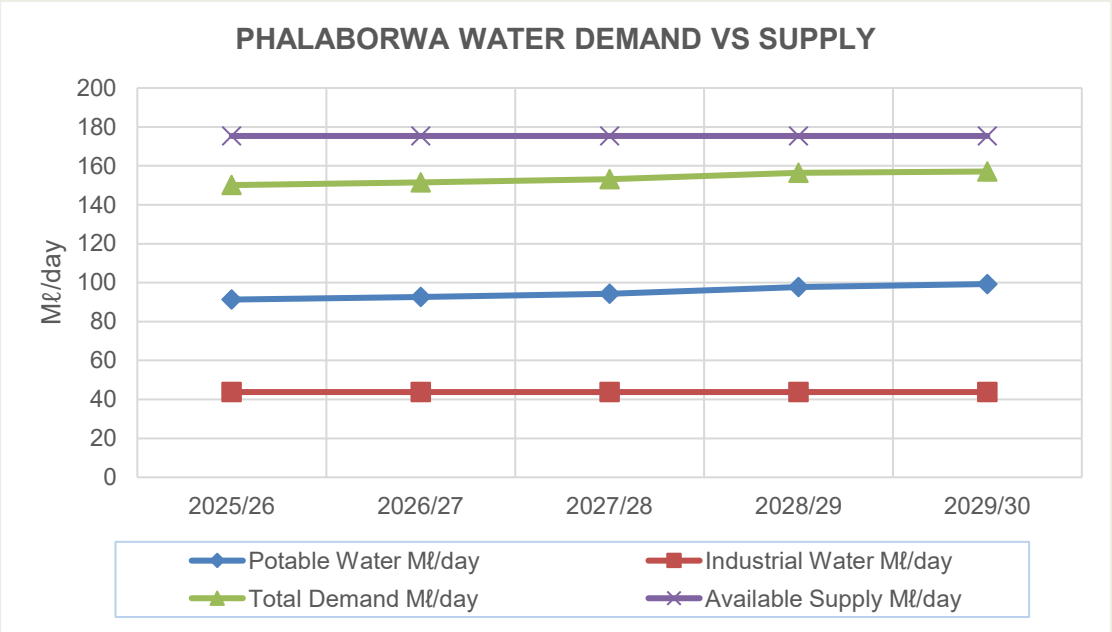

Figure 12:1: Water demand for Phalaborwa Scheme

All potable water produced is sold to Ba-Phalaborwa Municipality. The consumption figures above take population growth into consideration. The potable scheme capacity is currently at 76Mℓ/d however, the future demand requires the plant upgrade to achieve the projected water demand from 2023/2024 going forward.

Industrial Water

The current forecasts for individual mines are Palabora Copper 15 Mℓ/day, Foskor 25 Mℓ/day and Farmers World Limpopo is 3.8 Mℓ/day, which amounts to 43.8 Mℓ/day. The current forecasts volume has been reduced from 58,80 Mℓ/day to 43,80 Mℓ/day due to the revised Foskor quota from 40 Mℓ/day to 25 Mℓ/day.

12.2.3 Assurance of supply

Table 12:7: Assurance of Supply for Phalaborwa Scheme

YEAR	2025/26	2026/27	2027/28	2028/29	2029/30
Raw water allocation Mℓ/annum	64.000	64.000	64.000	64.000	64.00
Projected Gross Raw Water Demand Potable Mℓ/annum	33.323	33.828	34.420	35.653	36.38
Industrial Mℓ/annum	15.987	15.987	15.987	15.987	15.987
Total Mℓ/annum	49.310	49.815	50.407	51,640	52.37
Water Service Coverage	1.30	1.28	1.27	1.24	1.22

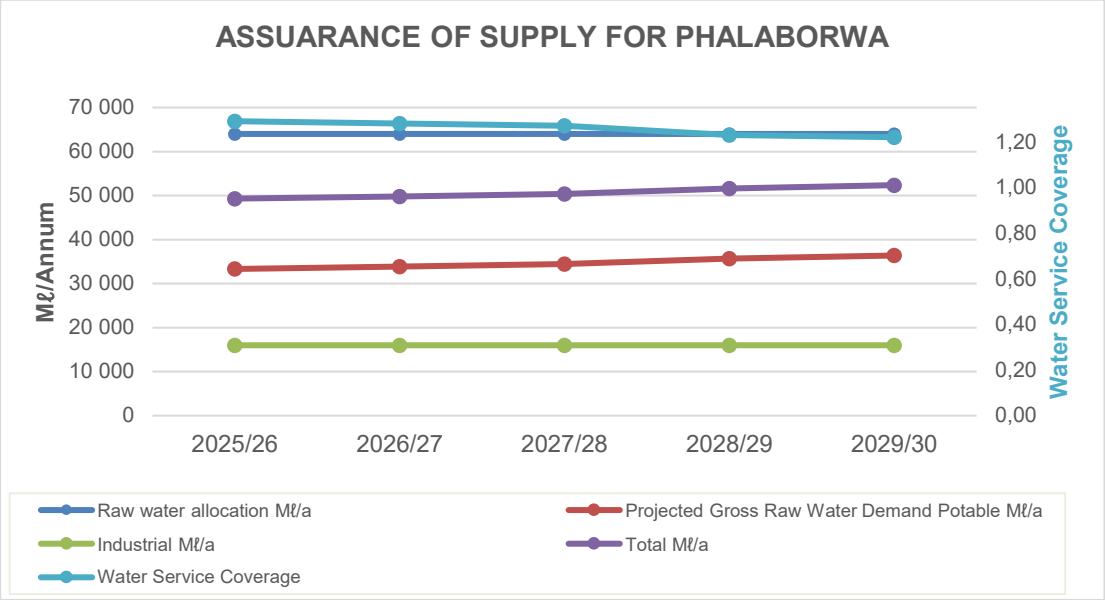

Figure 12:2: Assurance of Supply for Phalaborwa Scheme

12.2.4 Water conservation and demand management

The scheme is currently producing more than the potable plant capacity (76 Mℓ/day) due to population growth and new development. The scheme has high water loss which is due to illegal connections and aging infrastructure. The implementation of Water conservation and Demand Management is imperative in addressing the high consumption within the area of supply. The industrial water usage is strictly controlled by the consumers to prevent any surplus water flowing out of the system.

12.2.5 Major water sources

Water is abstracted at the Phalaborwa Barrage in the Olifants River. The main source of supply is the Olifants River and Blyderivierspoort Dam. The abstraction right is 64 million m^3 per annum.

12.2.6 Ability of major resources to meet demand.

The quantity of water abstracted is below the allocation which allows the plant to be upgraded to meet the required/projected potable demand.

12.2.7 Impact of reducing water losses and improving non-revenue water

During dry season the purification plant losses, which include filter backwash and other plant-associated usage, is averaged at 3% however, during wet/rainy season the plant losses increases up to 10,26% due to frequent desludging of the purification process. This will be managed as soon as the sludge lagoon project is completed and operational.

Pipeline distribution loss is above 5% due aging infrastructure and unauthorised connections. The refurbishment of potable lines is implemented in phases. Installation of zonal meters along the hot spot has been incepted for the billing to include unauthorised connection along the bulk lines.

12.2.8 New resource development required.

There is a potential of upgrading the potable system to cater the high-water consumption which will be confirmed by conducting feasibility study and system analysis. The 560mm line, which is currently isolated along PMC mine, needs to be rerouted with the assistance of PMC. The isolated portion is inaccessible due to magnetite mining activity.

12.2.9 Bulk supply infrastructure

The bulk supply infrastructure consists of:

- Barrage with 22 sluice gates.
- Raw water pumping station with five water pumps
- Settling tanks and filters
- Main pump station with three sets of potable water pumps and seven industrial water pumps.
- Three potable water pipelines with a total length of ± 160km, of diameters 546, 560 and 800mm respectively.
- 700mm potable pipeline which interconnect the 800mm pipeline with the 350mm pipeline back to town.

- One 680mm diameter industrial water pipeline to Foskor ± 10km long.
- One 990mm diameter industrial water pipeline to Palabora Mining Company
- ±10km long, which extends another 5km to the former Sasol Nitro to form a 300mm line.

12.2.10 Infrastructure capacities and utilization

Table 12:8: Infrastructure capacities and utilisation for Phalaborwa Scheme

Units	Projected Average Daily Demand Mℓ/day	2025/26	2026/27	2027/28	2028/29	2029/30
Raw water abstraction (potable and Industrial)	Installed (Mℓ/day)	201,00	201,00	201,00	201,00	201,30
	Available (Mℓ/day)	201,00	201,00	201,00	201,00	201,30
	Utilised (Mℓ/day)	141,85	159,85	160,76	164,30	164,30
	Peak Factor	1,42	1,26	1,25	1,22	1,22
POTABLE WATER						
Purification System Capacity	Installed (Mℓ/day)	76,00	76,00	76,00	76,00	76,00
	Available (Mℓ/day)	76,00	76,00	76,00	76,00	76,00
	Utilised (Mℓ/day)	77,00	77,00	77,00	77,00	77,00
	Peak Factor	0,99	0,99	0,99	0,99	0,99
Pumping capacity	Installed (Mℓ/day)	136,00	136,00	136,00	136,00	136,00
	Available (Mℓ/day)	136,00	136,00	136,00	136,00	136,00
	Utilised (Mℓ/day)	77,00	77,00	77,00	77,00	77,00
	Peak Factor	1,77	1,77	1,77	1,77	1,77
Distribution Pipeline Capacity	Installed (Mℓ/day)	136,00	136,00	136,00	136,00	136,00
	Available (Mℓ/day)	136,00	136,00	136,00	136,00	136,00
	Utilised (Mℓ/day)	77,00	77,00	77,00	77,00	77,00
	Peak Factor	1,77	1,77	1,77	1,77	1,77
Storage Capacity	Installed (Mℓ/day)	88,60	88,60	88,60	88,60	88,60
	Available (Mℓ/day)	88,60	88,60	88,60	88,60	88,60
	Utilised (Mℓ/day)	88,60	88,60	88,60	88,60	88,60
	Peak Factor	1,00	1,00	1,00	1,00	1,00

Table 12:9 Industrial water for Phalaborwa Scheme

Units	Projected Average Daily Demand Ml/day	2025/26	2026/27	2027/28	2028/29	2029/30
Purification System Capacity	Installed (Mℓ/day)	72	72	72	72	72
	Available (Mℓ/day)	72	72	72	72	72
	Utilized (Mℓ/day)	43,8	43,8	43,8	43,8	43.8
	Peak Factor	1,6	1,6	1,6	1,6	1,6
	Installed (Mℓ/day)	89	89	89	89	89
	Available (Mℓ/day)	89	89	89	89	89

Units	Projected Average Daily Demand Ml/day	2025/26	2026/27	2027/28	2028/29	2029/30
Pumping capacity -PMC and Farmers World plus 25Ml/d for Foskor)	Utilized (Mℓ/day)	43,8	43,8	43,8	43,8	43,8
	Peak Factor	1,7	1,7	1,7	1,7	1,7
Pumping capacity Foskor 15Ml/day	Installed (Mℓ/day)	74	74	74	74	74
	Available (Mℓ/day)	74	74	74	74	74
	Utilized (Mℓ/day)	18,8	18,8	18,8	18,8	18.8
	Peak Factor	2,8	2,8	2,8	2,8	2,8
Distribution Pipeline Capacity PMC and Farmers World Limpopo plus 20Ml/d for Foskor and 14 Ml/d for new mine	Installed (Mℓ/day)	89	89	89	89	89
	Available (Mℓ/day)	89	89	89	89	89
	Utilized (Mℓ/day)	45	45	45	45	45
	Peak Factor	1,7	1,7	1,7	1,7	1,7
Distribution Pipeline Capacity Foskor	Installed (Mℓ/day)	74	74	74	74	74
	Available (Mℓ/day)	74	74	74	74	74
	Utilized (Mℓ/day)	25	25	25	25	25
	Peak Factor	3	3	3	3	3
Storage Capacity (Ml)-PMC	Installed (Mℓ/day)	54	54	54	54	54
	Available (Mℓ/day)	54	54	54	54	54
	Utilised (Mℓ/day)	1	1	1	1	1
	Peak Factor	48	48	48	48	48
Storage Capacity (Ml)-Foskor	Installed (Mℓ/day)	48	48	48	48	48
	Available (Mℓ/day)	48	48	48	48	48
	Utilised (Mℓ/day)	48	48	48	48	48
	Peak Factor	1	1	1	1	1
Storage Capacity (Ml)-Farmers World Limpopo	Installed (Mℓ/day)	13,5	13,5	13,5	13,5	13,5
	Available (Mℓ/day)	13,5	13,5	13,5	13,5	13,5
	Utilised (Mℓ/day)	13,5	13,5	13,5	13,5	13,5
	Peak Factor	1	1	1	1	1

The current agreement is that 20 Mℓ/day is pumped to Palabora Cooper to transport slurry to Foskor. The Foskor agreement is reduced to 25Ml/d.

12.2.11 New infrastructure

The Sludge lagoon project is in progress to reduce the plant losses.

12.2.12 Condition of bulk water infrastructure

Most of the infrastructures are more than 40 years old and major refurbishment programme is being implemented in to ensure surety of supply.

12.2.13 Major refurbishment

The major refurbishments are mainly on the plant mechanical and electrical infrastructure as well as the bulk pipelines and ancillary items. The barrage radial gates are currently undergoing major refurbishment. Phase 1 was completed in 2019/20. Phase 2 is in progress and will be completed in 2025/26 financial year.

12.2.14 Operational arrangement

The Phalaborwa scheme is LNW ‘s property and Operations and Maintenance are done in-house.

12.3 POLITSI WATER SCHEME

12.3.1 Contractual Obligations

A bulk supply contract with the Mopani District Municipality as the Water Services Authority is in place.

12.3.2 Major consumers

The major consumer is Greater Letaba Municipality. The following areas are supplied with water from the Politsi Bulk Water Supply Scheme:

- Modjadjiskloof
- Ga-Kgapane (Township)
- Mokgoba settlement outside Modjadjiskloof
- Commercial farmers

12.3.3 Projected water demand

Politsi Water Treatment Works is already functioning beyond its maximum capacity of 6.75 Mℓ/day. The projected average water demand is indicated in Mℓ/day below, thus also confirming the need of upgrading the scheme to 10,5 Mℓ/day.

The Upgrade of the Politsi plant to 10.5 Mℓ/day was completed during the 2017/18 financial year. However, only 5.5 Mℓ/day is utilised since other components of the upgrade which are the upgrade of the raw water pipeline and pumping main from the Politsi plant to Florida reservoir are not completed. These components are envisaged

for completion once the dispute of the new Water Allocation of Lepelle Northern Water is resolved.

Table 12:10: Average Projected Water Demand Politsi Scheme

	2025/26	2026/27	2027/28	2028/29	2029/30
Available from Politsi WTW Mℓ/day	5,50	5,50	5,50	5,50	5,50
Forecasted Demand (Mℓ/day)	19,84	20,69	21,54	22,39	23,51
Shortage (Mℓ/day)	14,34	15,19	16,04	16,89	18,01
Plant Upgrade (Mℓ/day)	10,50	10,50	10,50	10,50	10,50

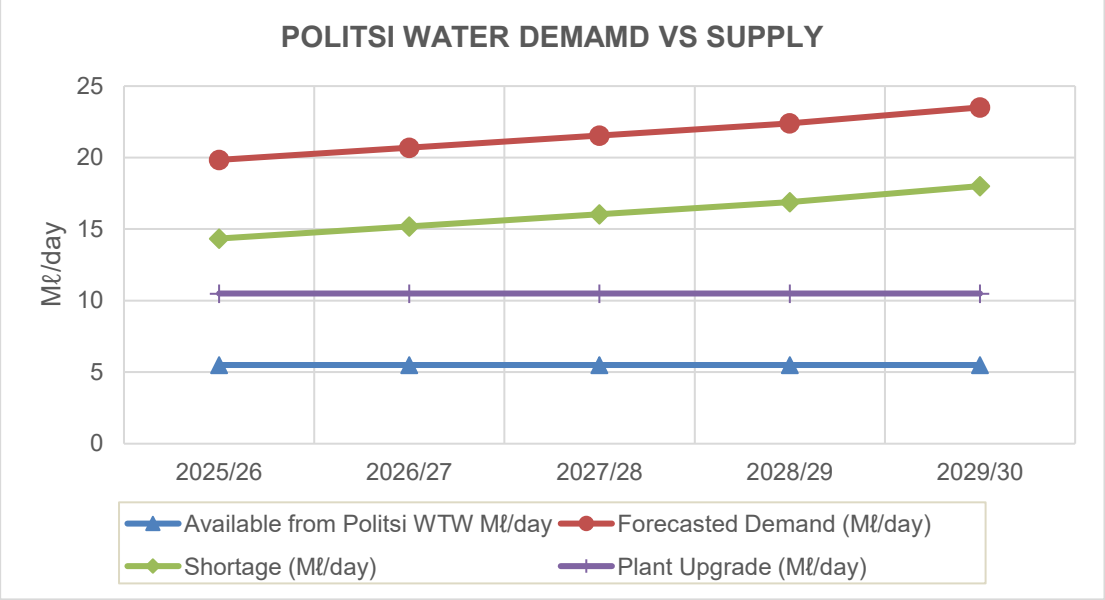

Figure 12:3: Politsi water demand.

LNW has a permit to abstract 3 600 Mℓ/annum or 9.86 Mℓ/day from Magoebaskloof Dam. However, this permit was suspended due to the objection of the Water Use License by Tzaneen Irrigation Board. Therefore, the old permit of 2007, 5Mℓ/annum or 5.48Ml/day is currently in place. The WUL licence has been uplifted by the Minister of Water and Sanitation pending the tribunal process by the appellants of the case.

12.3.4 Assurance of supply for Politsi Scheme

Table 12:11: Assurance of Supply for Politsi Scheme

	2025/26	2026/27	2027/28	2028/29	2029/30
Raw water allocation Mℓ/a	2, 000	2, 000	2, 000	2, 000	2,000
Projected gross raw water demand Mℓ/a	7, 242	7, 552	7, 862	8, 172	8,482
Water service coverage	0,28	0,26	0,25	0,24	0,23

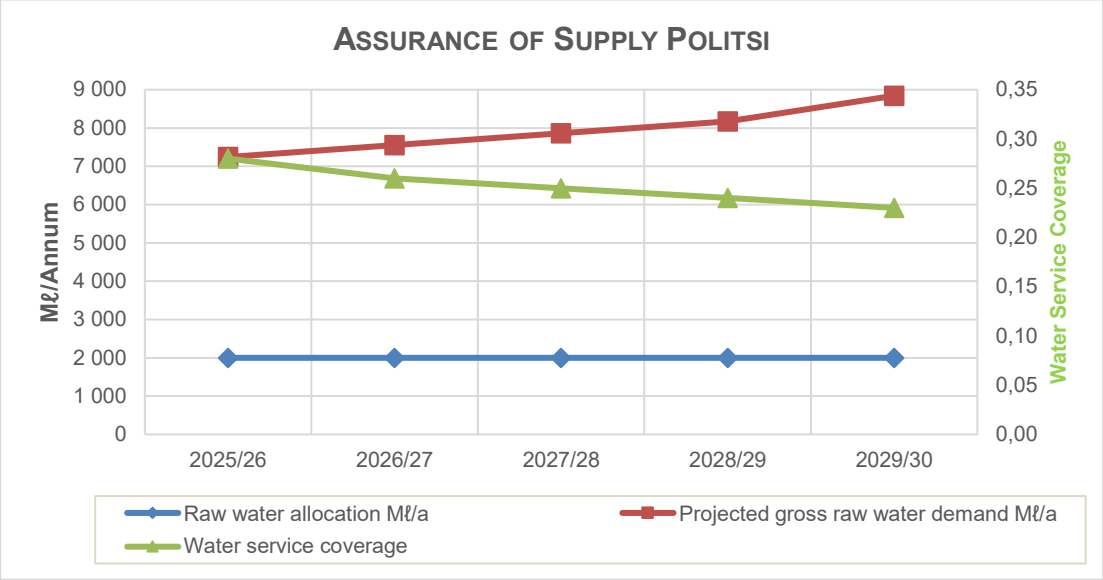

Figure 12:4: Assurance of Supply for Politsi Scheme

Gross water demand is obtained from the projected potable water demand plus 2% purification plant usage through filter backwash and other associated usage and distribution losses.

12.3.5 Water conservation and demand management

Modjadjiskloof and the Commercial Sector consume ± 20 % of the water supplied from Politsi Water Treatment Works.

Ga-Kgapane consumes ±70 % of water supplied from Politsi. The formal areas of the Ga-Kgapane area are metered and billed, which means that a Cost Recovery System is in place. Lepelle Northern Water had previously assisted the WSA with the implementation of the Water Conservation and Demand Management.

12.3.6 Major water sources

Water is abstracted from Magoebaskloof dam. LNW had obtained a new permit to abstract 3.6 million m3 per annum (3,600 Mℓ/annum) or 9.86 Mℓ/day in 2015. There is a dispute against this permit, thus it be fully utilised when the dispute is resolved. The remaining components of the Plant Upgrade will thereafter be completed.

12.3.7 Ability of available resources to meet demand.

The plant has been upgraded from 5.5 Mℓ to 10.50 Mℓ/day due to the new Water Allocation of 3,600 Mℓ/annum or 9.86 Mℓ/day allocation. However, there is a dispute lodged against the new allocations. Processes are in place to resolve this.

12.3.8 Impact of reducing water losses and improving non-revenue water

Pipeline losses at this plant are only around 2.5% due to aged infrastructure. Purification plant losses stand at less than 1%.

12.3.9 New resource development required.

Construction of the pipeline from the plant to Florida reservoir as well as the pipeline from the Vergelegen dam to the plant were suspended. These projects will continue when the dispute of the Water use allocation of LNW is resolved. Planning is underway for the upgrade of pipeline and ancillary equipment supplying Ga-Kgapane.

12.3.10 Bulk supply infrastructure

The bulk supply infrastructure consists of the following:

- Canal pipeline from Magoebaskloof dam to Vergelegen dam
- Supply pipeline from Vergelegen dam to the purification plant.
- Purification plant that consists of settling tanks and filters.
- Three clear water pumps
- Raising main of 350mm diameter (7.8km long) from purification plant to Florida Reservoir (4.5 Mℓ)
- One 250mm diameter pipeline (21.6km long) to a 6.0 Mℓ reservoir at Ga-Kgapane
- Gravity pipeline (300mm diameter – 4.95km) from Florida Reservoir to brake pressure break tank
- One 250mm diameter pipeline (9km long) to a 4,5 Mℓ reservoir at Panorama

12.3.11 Infrastructure capacities and utilization

Table 12:12: Infrastructure capacities and utilisation for Politsi Scheme

UNITS	PREDICTED AVG. DAILY DEMAND Mℓ/D	2025/26	2026/27	2027/28	2028/29	2029/30
Raw water abstraction	Installed (Mℓ/d)	10.50	10.50	10.50	10.50	10.50
	Available (Mℓ/d)	10.50	10.50	10.50	10.50	10.50
	Utilised (Mℓ/d)	10.50	10.50	10.50	10.50	10.50
	Peak Factor	1.0	1.0	1.0	1.0	1.0
Purification Systems	Installed (Mℓ/d)	10.50	10.50	10.50	10.50	10.50
	Available (Mℓ/d)	10.50	10.50	10.50	10.50	10.50
	Utilised (Mℓ/d)	10.50	10.50	10.50	10.50	10.50
	Peak Factor	1.00	1.00	1.00	1.00	1.00
Pumping Capacity	Installed (Mℓ/d)	15.00	15.00	15.00	15.00	15.00
	Available (Mℓ/d)	15.00	15.00	15.00	15.00	15.00
	Utilised (Mℓ/d)	10.50	10.50	10.50	10.50	10.50
	Peak Factor	1.43	1.43	1.43	1.43	1.43
Distribution Pipeline	Installed (Mℓ/d)	15.00	15.00	15.00	15.00	15.00
Capacity	Available (Mℓ/d)	15.00	15.00	15.00	15.00	15.00
	Utilised (Mℓ/d)	10.50	10.50	10.50	10.50	10.50
	Peak Factor	1.43	1.43	1.43	1.43	1.43
Storage Capacity (Ml) Florida (4.5 Mℓ) Modjadjiskloof (3.5 Mℓ) Ga-Kgapane (6.0 Mℓ)	Installed	14.15	14.15	14.15	14.15	14.15
	Available	14.15	14.15	14.15	14.15	14.15
	Utilised	14.15	14.15	14.15	14.15	14.15
	Peak Factor	1.00	1.00	1.00	1.00	1.00

12.3.12 New infrastructure

A 5.0 Mℓ/d package plant was installed and commissioned however not in use due to the incomplete new raw water line and pumping main to Florida reservoir. The construction of the new raw water pipeline to the plant and the pumping main from the Politsi Plant to Florida Reservoir are envisaged for completion once the dispute in the water use license is resolved. Processes are in place to resolve the dispute.

12.3.13 Condition of bulk potable water infrastructure

Through proper Planned Preventative Maintenance, done by highly qualified personnel, LNW keeps the bulk potable water infrastructure in good condition. The bulk asbestos cement pipeline has many pipe breakages due to age. LNW has replaced the portion of the AC pipeline that goes to the Commercial users. The long-term plans will

be to replace the asbestos line with steel pipe and to replace the line towards Ga-Kgapane due to frequent breakages.

12.3.14 Major refurbishment

There will be minor refurbishment of various process units within the plant in order of priority.

12.3.15 Operational arrangements

The Politsi scheme is LNW's property and Operations and Maintenance are done in-house.

12.4 NANDONI SCHEME

12.4.1 Contractual obligation

Lepelle Northern Water Lepelle Northern Water is operating and maintaining the Nandoni scheme. The infrastructure belongs to DWS. The service level agreement between LNW and VDM as the water services authority is in place for a 5-year period.

12.4.2 Major consumers

Major consumers are Thulamela Local Municipality, Collins Chabane Local Municipality and Makhado Local Municipality.

12.4.3 Projected water demand

Nandoni treatment works is already functioning at its maximum capacity of 60 Mℓ/day, the WUL has been approved for 120 Ml/day. There are plans in place to upgrade Nandoni plant from 60 Mℓ/day to 180 Mℓ/day in phases as the scheme envisaged to supply Giyani local Municipality, Makhado local Municipality and Capricorn District Municipality

Table 12:13: Average Projected Water Demand Nandoni Scheme

	2025/26	2026/27	2027/28	2028/29	2029/30
Available from Nandoni WTW Mℓ/day	60,00	80,00	120,00	120,00	120,00
Forecasted Demand (Mℓ/day)	78,00	81,90	85,80	89,70	93,70
Shortage (Mℓ/day)	18,00	1,90	-34,20	-30,30	-26.3

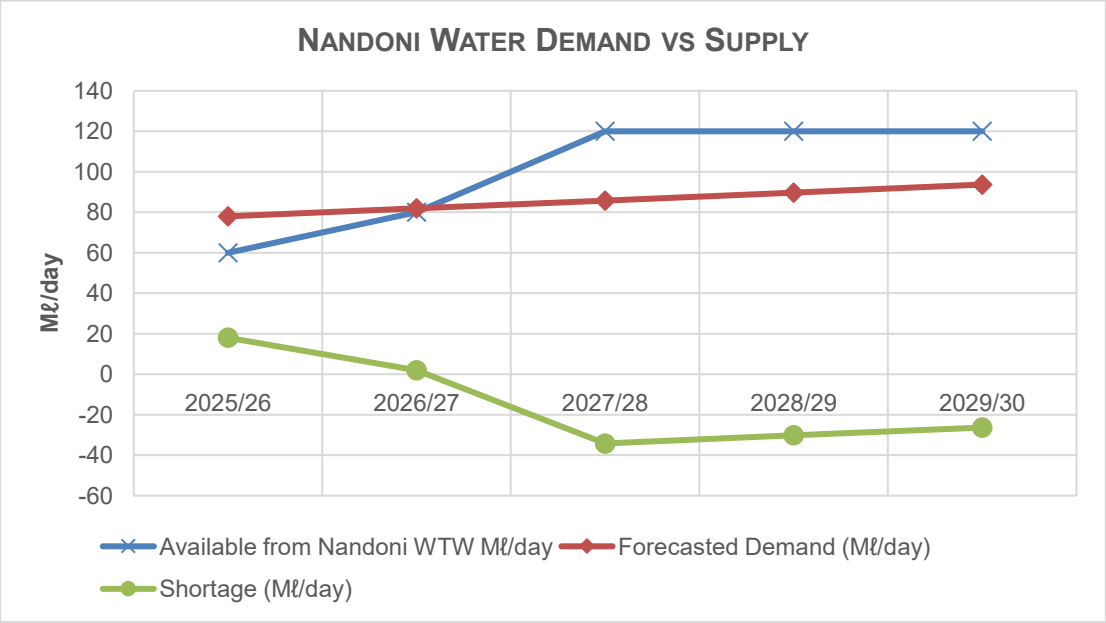

Figure 12:5: Nandoni water demand.

12.4.4 Assurance of supply

Table 12:14: Assurance of Supply for Nandoni Scheme

	2025/26	2026/27	2027/28	2028/29	2029/30
Raw water allocation Mℓ/a	21 900	21 900	21 900	21 900	21 900
Projected gross raw water demand Mℓ/a	7 242	7 552	7 862	8 172	8 482
Water service coverage	3,02	2,90	2,79	2,68	2,58

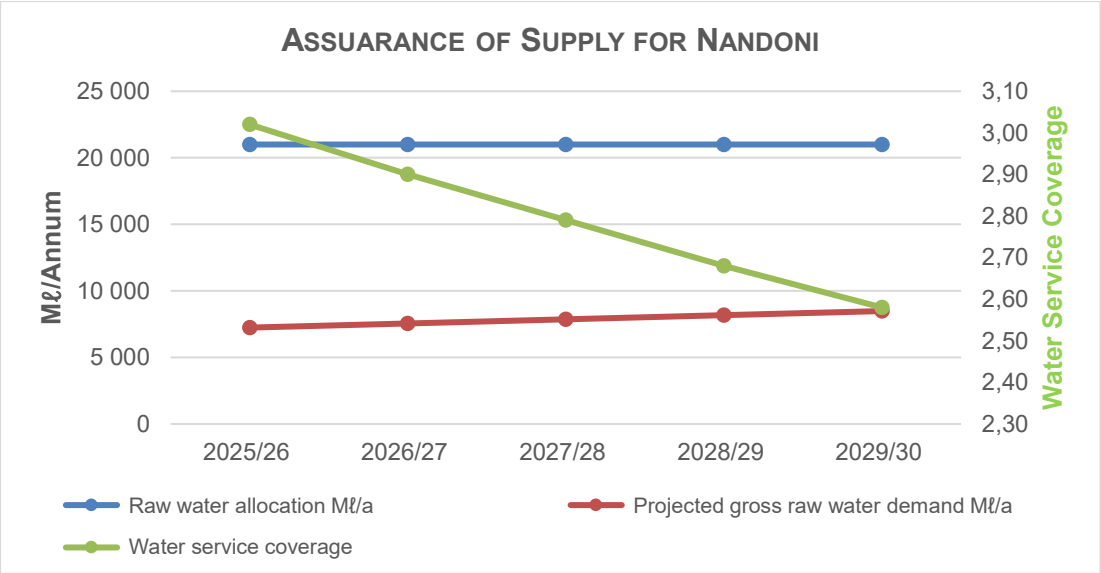

Figure 12:6: Assurance of Supply for Nandoni Scheme

12.4.5 Water conservation and demand management

There are illegal connections in parts of the scheme. High demands are experienced during hot weather conditions. These may reduce significantly through Water conservation and Demand Management.

12.4.6 Major water sources

Water is abstracted at the Nandoni dam. The abstraction right is 48 million m^3/a of water from the dam is available or authorised for domestic use.

12.4.7 Ability of major resources to meet demand.

The quantity of water abstracted is within the allocation.

12.4.8 Impact of reducing water losses and improving non-revenue water

Purification plant losses are on average 2%. Pipeline distribution losses are now determined and is 2%.

12.4.9 New resource development required.

New resource development is not envisaged at this stage.

12.4.10 Bulk supply infrastructure

The bulk supply infrastructure consists of:

- Raw water pumping station
- Settling tanks and filters
- Clear Water pump station with potable pump sets NR5, NR6 and NN20B.
- Three potable water pipelines NR5, NR6 and NN20B lines
- Three potable command reservoirs NR5, NR6 and NN20B
- Mavambe and Gumbani booster pump stations

12.4.11 Infrastructure capacities and utilisation

Table 12:15: Infrastructure capacities and utilisation for Nandoni Scheme

	PREDICTED AVG. DAILY DEMAND ML/D	2025/26	2026/27	2027/28	2028/29	209/30
Raw water abstraction	Installed (Ml/d)	60	60	60	60	60
	Available (Ml/d)	60,00	60,00	60,00	60,00	60,00
	Utilised (Ml/d)	54,00	54,00	54,00	54,00	54,00
	Peak Factor	1,1	1,1	1,1	1,1	1,1
Purification Systems	Installed (Ml/d)	60,00	60,00	60,00	60,00	60,00
	Available (Ml/d)	60,00	60,00	60,00	60,00	60,00
	Utilised (Ml/d)	54,00	54,00	54,00	54,00	54,00
	Peak Factor	1,11	1,11	1,11	1,11	1,11
Pumping Capacity	Installed (Ml/d)	60,00	60,00	60,00	60,00	60,00
	Available (Ml/d)	60,00	60,00	60,00	60,00	60,00
	Utilised (Ml/d)	54,00	54,00	54,00	54,00	54,00
	Peak Factor	1,11	1,11	1,11	1,11	1,11
Distribution Pipeline	Installed (Ml/d)	60,00	60,00	60,00	60,00	60,00
Capacity	Available (Ml/d)	60,00	60,00	60,00	60,00	60,00
	Utilised (Ml/d)	54,00	54,00	54,00	54,00	54,00
	Peak Factor	1,11	1,11	1,11	1,11	1,11
Storage Capacity (Ml) Mudabula (2.5 Mℓ) NR7 reservoir (12.5 Mℓ) Valdezia (10 Mℓ) Nr8 reservoir (2 Mℓ) NN20B reservoir (2 Mℓ) NR6 Reservoirs (20 Mℓ) NR% Reservoir (10 Mℓ)	Installed	60,00	60,00	60,00	60,00	60,00
	Available	60,00	60,00	60,00	60,00	60,00
	Utilised	54,00	54,00	54,00	54,00	54,00
	Peak Factor	1,11	1,11	1,11	1,11	1.11

12.4.12 New infrastructure

Plans are underway for the upgrade of the plant from the current 60Ml/d to 120 Ml/d. Construction of the bulk pipeline from Nandoni to Nsami is complete.

the new pump station within the plant that caters Nandoni to Giyani pipeline has been constructed

12.4.13 Condition of bulk water infrastructure

The scheme is fairly new, thus most of the infrastructures is in a good state of repair. The NR5 line from the plant to Mavambe pump station, which is a GRP line requires refurbishment due to constant breakages experienced.

12.4.14 Major refurbishment

Planning is underway for major refurbishment of some parts of the plant and the bulk lines.

12.4.15 Operational arrangement

The Nandoni scheme is operated by Lepelle Northern Water on behalf of the Department of Water and Sanitation/Vhembe District Municipality. Operations and Maintenance are done in-house by LNW.

12.5 FLAG BOSHIELO SCHEME

12.5.1 Contractual obligation

Lepelle Northern Water has signed a 10-year contract that is starting from the 01st February 2020 to 31st January 2030 with Sekhukhune District Municipality to operate and maintain their entire bulk water infrastructure on their behalf. Flag Boshielo is amongst the bulk scheme that LNW is operating in full.

12.5.2 Major consumers

The major consumers are mainly rural villages in the Flag Boshielo area. A total of 156 villages are supplied with water and SDM is responsible for collecting the revenue on the reticulation side. SDM is supplied with the metering and billing. A part of Ephraim Mogale Local Municipal, Elias Motswaledi Local Municipality and Makhuduthamaga Local Municipality area are also the customers.

12.5.3 Projected water demand

The water demand in Flag Boshielo is rapidly increasing due to expansion of villages and more yard connections in the villages. This means that people who are connected are using more than 25 ℓ/c/d. Furthermore, water demand management needs to be intensified to ensure equitable distribution of water.

Table 12:16: Flag Boshielo water demand vs. Supply

	Plant Capacity Mℓ/day	Package Plant Capacity Mℓ/day	Boreholes Mℓ/day	Total Capacity Available Mℓ/day	Total Water Demand	Surplus/ Deficit
2024/25	16,00	0,00	0,00	16,00	14,65	1,35
2025/26	16,00	0,00	0,00	16,00	15,47	0,53
2026/27	16,00	0,00	0,00	16,00	16,29	-0,29
2027/28	16,00	0,00	0,00	16,00	17,11	-1,11
2028/29	24,00	0,00	0,00	24,00	20,00	4,00
2029/30	32,00	0,00	0,00	32,00	25,00	5,00

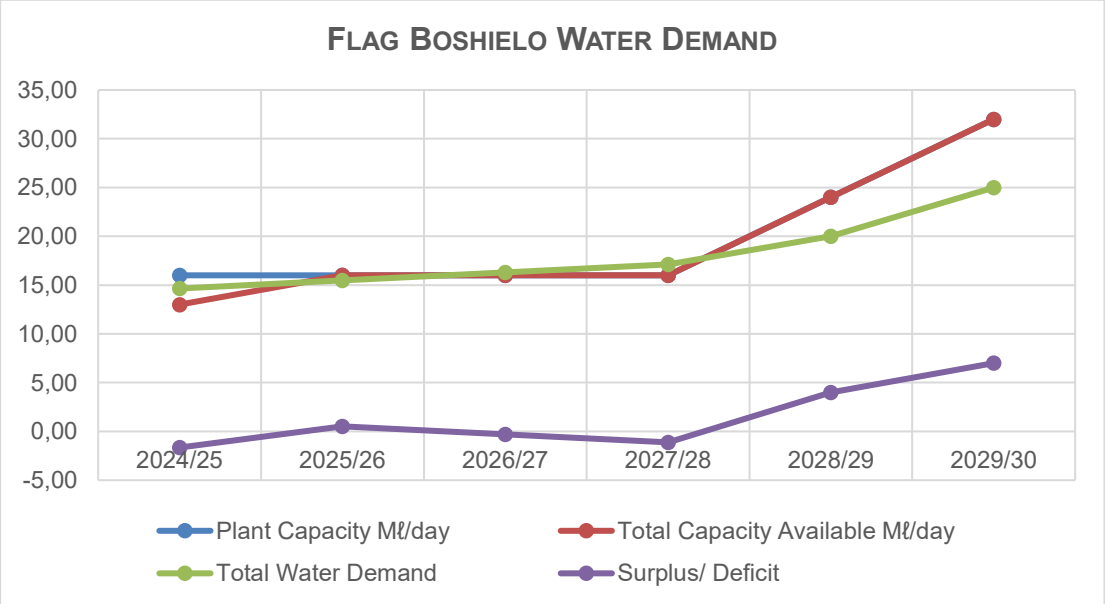

Figure 12:7: Water demand from Flag Boshielo Scheme

It can be seen from the graph that the current water demand of Flag Boshielo is less than the capacity of the plant which is 16Mℓ/day. Of importance is to advise and support the WSA in implementing water demand management.

12.5.4 Assurance of supply

Table 12:17: Assurance of Supply for Flag Boshielo Scheme

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Raw water allocation from Flag Dam (Mℓ/a)	10 950	10 950	10 950	10 950	10 950	10 950	10 950
Projected gross raw water demand (Mℓ/a)	5840	5840	5840	5840	5840	5840	5840
Water service coverage	1.05	1.06	1.17	1.17	1.17	2.00	2.00

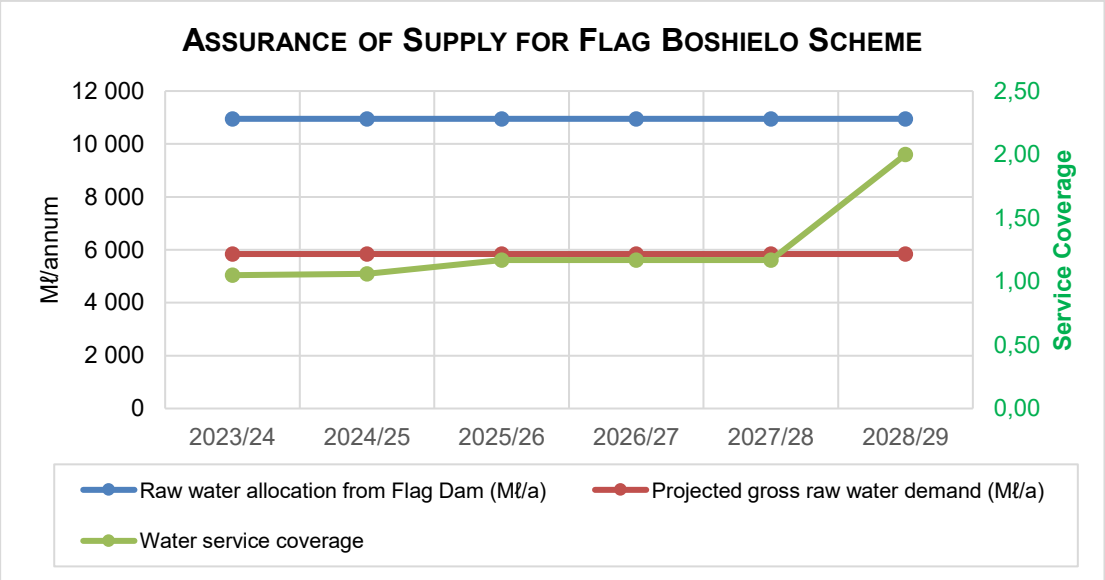

Figure 12:8: Assurance of Supply for Flag Boshielo Scheme

Gross raw water demand is obtained from the projected potable water demand plus 5% purification plant usage through filter backwash and other associated plant water usage and distribution losses.

12.5.5 Water conservation and demand management

Water Demand Management and Water Conservation need to be strengthened in order to maximize the availability of water to other areas. The continuous unauthorized yard connections have affected the existing cost recovery programme drastically. If Water Demand Management is re-introduced in Flag Boshielo Scheme, the water consumption might even be lower than the projected demand.

12.5.6 Major water sources

Water is abstracted from the Flag Boshielo dam, which is 1.0 km from the purification plant. LNW has a permit to extract 10950 Mℓ per annum out of the dam. This permit will allow LNW to meet the demand for the next ten years.

12.5.7 Ability of available plant capacity to meet demand.

The current plant capacity will be sufficient for the next five years provided water demand management is intensified.

12.5.8 Impact of reducing water losses and improving non-revenue water

Purification plant losses, which include filter backwash and other plant-associated usage, have been set to be around 4.0%, and the plant is able to achieve that. The pipeline distribution is set at 6.0% which is a challenge to meet due to high rate of illegal connection and vandalism.

12.5.9 New resource development required.

The current resource allocation will be sufficient for the next five years. However, there is a feasibility study underway to develop the scheme water master plan in which exploring ground water that can supplement when need arise is included in the study.

12.5.10 Bulk supply infrastructure

The bulk supply infrastructure consists of the following:

- Supply pipe from Flag Boshielo dam to the purification works.
- Purification plant consisting of flocculation channels, settling tanks, filters and high-pressure pump station.
- Rising main delivering water into command reservoirs.
- Ten (10) pump stations.
- Nine command reservoirs – 1.0Mℓ-5.3 Mℓ storage.
- Village reservoirs – 100m^3 to 300m^3 storage.

12.5.11 Infrastructure capacities and utilization

Table 12:18: Infrastructure capacities and utilisation for Flag Boshielo scheme

	PROJECTED AVERAGE DAILY DEMAND Mℓ/DAY	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Raw Water Abstraction		1	1	1	1	1	1	1
	Installed (Ml/day)	32	32	32	32	32	32	32
	Available (Ml/day)	32	32	32	32	32	32	32
	Utilised (Ml/day)	16.50	17.80	18.18	19.53	20.31	25.10	26.50
Potable water Purification System Capacity		**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
	Installed (Ml/day)	16	16	16	16	16	24	24
	Available (Ml/day)	16	16	16	16	16	24	24
	Utilised (Ml/day)	16	16	16	16	16	20	20
Pumping capacity	Peak Factor	1.46	1.41	1.36	1.36	1.32	1.28	1.28
	Installed (Ml/day)	20.45	20.45	20.45	20.45	20.45	20.45	20.45
	Available (Ml/day)	20.45	20.45	20.45	20.45	20.45	20.45	20.45
	Utilised (Ml/day)	15	16	16	16	16	16	16
Distribution Pipeline Capacity	Peak Factor	1.5	1.5	1.5	1.5	1.5	1.5	1.5
	Installed (Ml/day)	24	24	24	24	24	24	24
	Available (Ml/day)	16	16	16	16	16	24	24
	Utilised (Ml/day)	15	16	16	16	16	24	24
Storage Capacity	Peak Factor	1.92	1.92	1.92	1.92	1.92	1.92	1.92
	Installed (Ml/day)	24.00	24.00	24.00	24.00	24.00	32.00	32.00
	Available (Ml/day)	24.00	24.00	24.00	24.00	24.00	32.00	32.00
	Utilised (Ml/day)	24.00	24.00	24.00	24.00	24.00	32.00	32.00

12.5.12 New infrastructure

The scheme is being upgraded from 12 Mℓ/day to 16 Mℓ/day to extend services the other areas of Sekhukhune District municipality. The plant was only commissioned and on the production process.

12.5.13 Condition of bulk potable water infrastructure

Lepelle Northern Water has signed a 10 years' contract with Sekhukhune District Municipality with effect from January 2020 to 31st January 2030 to operate and maintain their entire bulk water infrastructure on their behalf. Burgersfort and Steelpoort are amongst the bulk schemes that LNW operating in full. This new contract includes new schemes like Malekane , Steelpoort and Mooihoek Water works.

12.5.14 Major refurbishment

LNW has made a provision to replace the sections of the pipeline that burst from time to time and those that are damaged due to illegal connection in the main or bulk pipeline.

12.5.15 Operational arrangements

Flag Boshielo scheme is in the process of being transferred to SDM. LNW is appointed to operate and maintain the scheme on their behalf. All the employees on the scheme are LNW's personnel. LNW has been appointed bulk service provider by Sekhukhune District Municipality to operate and maintain this scheme.

12.6 BURGERSFORT SCHEME

12.6.1 Contractual obligation

Lepelle Northern Water has a 10 years' contract with Sekhukhune District Municipality with effect from 1st of February 2020 to 31st January 2030 to operate and maintain their entire bulk water infrastructure on their behalf. Burgersfort and Steelpoort are amongst the bulk schemes that LNW operating in full. This new contract includes new schemes like Malekane, Steelpoort and Mooihoek Water works.

12.6.2 Major consumers

The major consumers are mainly the towns of Burgersfort and Steelpoort. The area is currently under major development, and this has a direct impact on the water demand.

12.6.3 Projected water demand

The projected water demands are based on anticipated rapid development in Fetakgomo, Tubatse Local Municipality specifically Burgersfort area because of the

mining that is taking place in the area. The Burgersfort scheme is compensated by the Mooihoek WTW which started operating on the 2nd of November 2017.

Table 12:19: Projected water demand for Burgersfort

	2024/25	2025/26	2026/27	2027/28	2028/9	2029/30
Water Available Mℓ/day	5.00	5.00	5.00	5.00	5.00	5.00
Water Demand (Mℓ/day)	12.00	12.60	13.20	13.60	14.00	14.00
Boreholes (Mℓ/day)	2.50	2.50	2.50	2.50	2.50	2.50
Surplus/Deficit (Mℓ/day)	7.00	7.60	8,20	8.60	9.00	9.5
Water Supply from Mooihoek (Mℓ/day)	5.00	5.00	5.00	5.00	5.00	5.00
Water Avail inc Supply from Mooihoek (Mℓ/day)	12.50	12.50	12.50	12.50	12.50	12.50

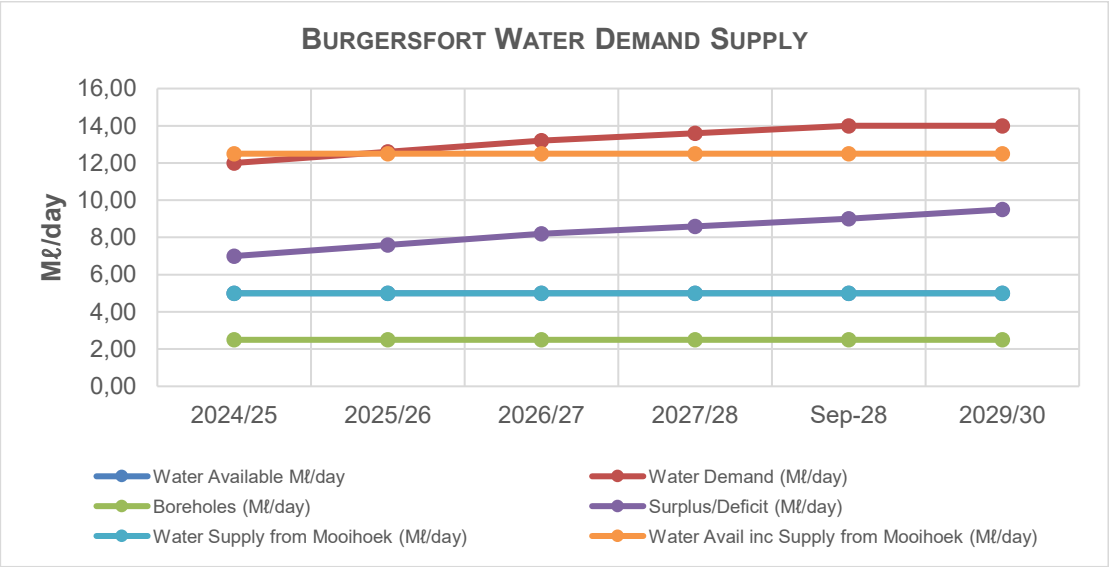

Figure 12:9: Projected water demand in Burgersfort Scheme

The graph above depicts that both Burgersfort and Mooihoek already needs plant upgrade so that it meets the current water demand. It is imperative that the existing feasibility studies be reviewed in line with future water requirements and available sources.

12.6.4 Assurance of supply

Table 12:20: Assurance of Supply for Burgersfort Scheme

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Raw water allocation Mℓ/a	1 825	1 825	1 825	1 825	1 825	1 825
Boreholes Mℓ/a	912	912	912	912	912	912
Total Borehole & Raw Water Mℓ/a	2 737	2 737	2 737	2 737	2 737	2 737
Projected gross raw water demand Mℓ/a	4964	5037	5110	5183	5256	5329
Water service coverage	0,37	0,36	0,36	0,35	0,35	0,35
Ohrigstad borehole Mℓ/a	0,35	0,35	0,35	0,35	0,35	0,35

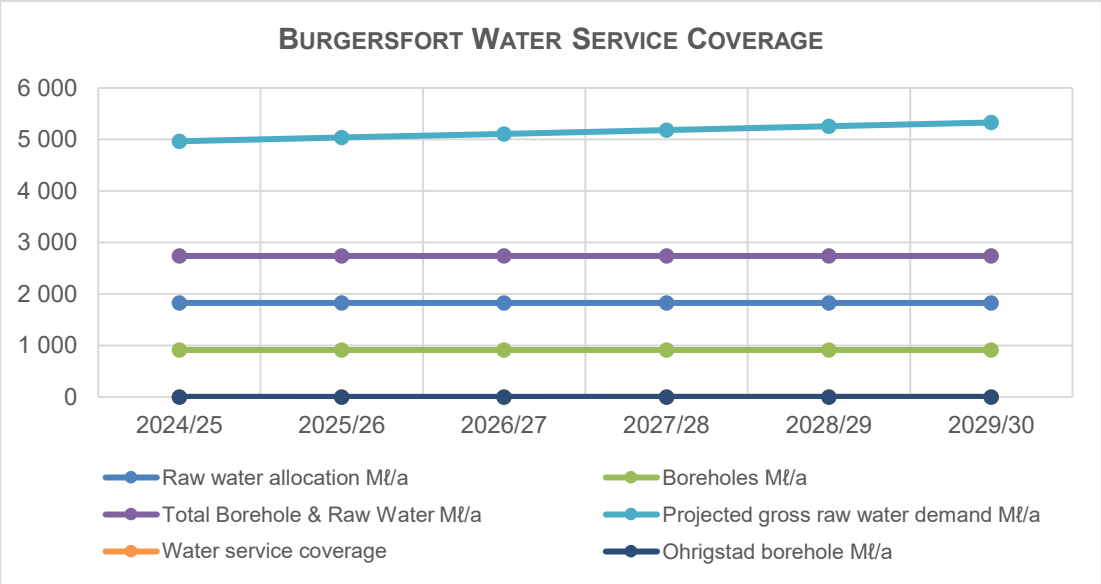

Figure 12:10: Burgersfort water services coverage

The graph shows that a supplement from Mooihoek Regional Plant is required to meet the requirements of Burgersfort. Gross raw water demand is obtained from the projected potable water demand plus 5% purification plant usage through filter backwash and other associated plant water usage and distribution losses.

12.6.5 Water conservation and demand management

Water Demand Management and Water Conservation are being implemented in this area. All the consumers are billed, and the cost is recovered. There are proper institutional arrangements for the management and improvement of cost recovery through improved credit control and effective billing.

12.6.6 Major water sources

Water is abstracted from the Spekboom River and augmented by boreholes, which is 0.2km from the purification plant. Two of the five boreholes are owned by the farmer who has the water rights where the water treatment works is situated. Mooihoek Regional Scheme is supposed to supplement the deficit in Burgersfort, Bothasoek, Praktiseer and Steelpoort conventional plant will supplement the demand within Steelpoort area.

12.6.7 Ability of available resource to meet demand.

The water abstraction from the river is supplemented by the boreholes because there are times when the flow in the river is inadequate to supply sufficient water e.g. end of winter season.

12.6.8 Impact of reducing water losses and improving non-revenue water

Purification plant losses, which include filter backwash and other plant-associated usage, are around 5% which is acceptable.

12.6.9 New resource development required.

The ORWRDP project has been commissioned and the 2C pipe ends at Steelpoort New Pump station which has two offtakes i.e., Malekane/De Hoop Treatment works and Steelpoort treatment works.

12.6.10 Bulk supply infrastructure

The bulk supply infrastructure consists of the following:

- Two raw water pumps from the Spekboom River.
- Eight sedimentation tanks and one settled water reservoir.
- Purification plant consisting of two set of upward and downward rapid sand filters, two forebay and two pump stations.
- Rising main delivering water into command reservoirs.

12.6.11 Condition of bulk potable water infrastructure

Through proper planned preventative maintenance, done by highly qualified personnel, LNW keeps the bulk potable water infrastructure in a good condition. Below is the planned major expenditure for the next five years.

12.6.12 Major refurbishment

LNW has made a provision to replace the sections of the pipeline that burst from time to time.

12.6.13 Operational arrangements

Burgersfort and Steelpoort schemes are owned by SDM. LNW is appointed to operate and maintain the scheme on their behalf. All the employees on the scheme are LNW's personnel. Over and above the current scheme operated by LNW on behalf of SDM, there are new 3 Wastewater and 6 water plants added on the contract as from 01 March 2014 within Fetakgomo Tubatse Local Municipality. However, Malekane -Jane Furse bulk pipeline is not yet commissioned.

12.7 MARBLE HALL SCHEME

12.7.1 Contractual obligation

Lepelle Northern Water has a 10 years' bulk contract with Sekhukhune District Municipality with effect 1st of February 2020 to operate and maintain their entire bulk water infrastructure on their behalf. Ephraim Mogale Local Municipality is amongst the bulk scheme that LNW is operating in full.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Raw water allocation Mℓ/a	3,0	3,0	3,0	3,0	3,0	3,0
Boreholes Mℓ/a	0	0	0	0	0	0
Total water supply	2,6	2,6	2,6	2,6	2,6	2,7

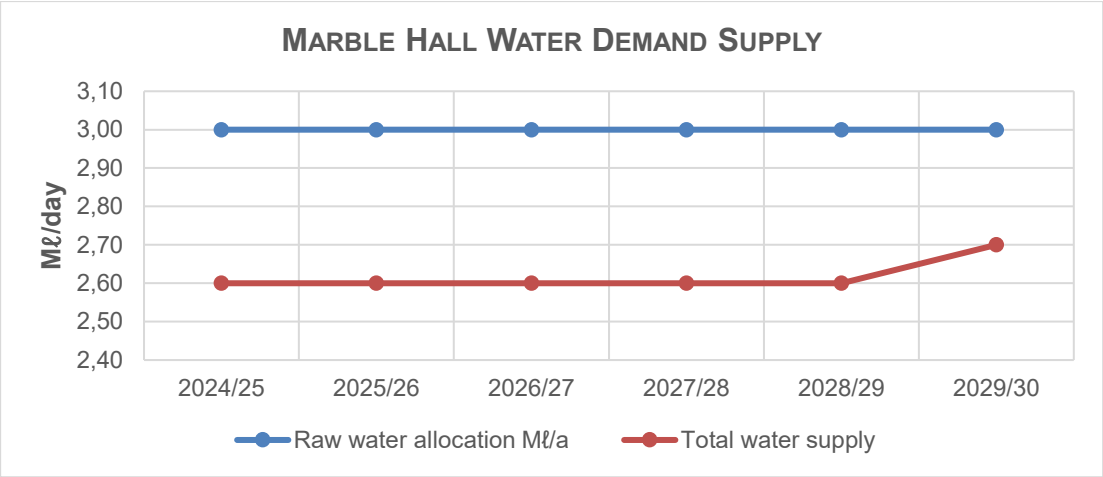

Figure 12:11: Marble Hall water supply demand

12.7.2 Major consumers

The main consumers are Marble Hall town, Urban settlement, and Marble Hall Industrials. influent coming to the plant is mainly domestic sewage from the town of Marble Hall. There is a minimal impact from industries because they are operating seasonally. All consumers have a sustainable assurance of water supply.

12.7.3 Water conservation and demand management

Water Demand Management and Water Conservation are being implemented in this area. All the consumers are billed, and the cost is recovered. There are proper institutional arrangements for the management and improvement of cost recovery through improved credit control and effective billing.

12.7.4 Major water sources

Water is received via a canal from Loskop Dam on a weekly basis.

12.7.5 Ability of available resource to meet demand.

The current source is enough unless more communities tap from the canal because it passes through various areas where people do not have basic water for drinking.

12.7.6 Impact of reducing water losses and improving non-revenue water

Most of the water losses have been kept to minimum. There is no “as built” and therefore making it a challenge to identify the entire network in order to close all the

gaps leading to water losses. LNW is however in the process of identifying all those gaps and close them.

12.7.7 New resource development required.

No major new resource development is required.

12.7.8 Bulk supply infrastructure

The bulk supply infrastructure consists of the following:

- The plant has a capacity of 3.3 Mℓ/day.
- It receives water through a canal from Loskop Dam.
- Raw water is pumped to the new purification plant and the package plant.
- Purification plant consisting of flocculation channels, sedimentation tanks, rapid sand filters, contact tank, disinfection unit and the pump station.
- Rising main delivering water into command reservoirs.

12.7.9 New infrastructure

1.5 Mℓ/d package plant has been installed as a new infrastructure. This was found to be cost effective compared to refurbishing the old plant section of the works for now and for availing spare capacity when the current plant treatment section is to be under refurbishment.

12.7.10 Condition of bulk potable water infrastructure

The condition of one section of the plant is in bad state and therefore need to be refurbished intensively.

12.7.11 Major refurbishment

LNW has made a provision to refurbish the entire water treatment works because it is in a dilapidated state of repair.

12.7.12 Operational arrangements

Marble Hall water scheme is owned by SDM. LNW is appointed to operate and maintain the scheme on their behalf. All the employees on the scheme are LNW's personnel.

LNW has been appointed bulk service provider by Sekhukhune District Municipality to operate and maintain this scheme.

12.8 MARBLE HALL WASTEWATER SCHEME

12.8.1 Contractual obligation

Lepelle Northern Water has a 10 years' bulk contract with Sekhukhune District Municipality with effect from 1st February 2020 to operate and maintain their entire bulk water infrastructure on their behalf. Ephraim Mogale is amongst the bulk scheme that LNW operating in full.

12.8.2 Major Users

The main influent coming to the plant is mainly domestic sewage from the town of Marble Hall. There is a minimal impact from industries because they are operating seasonally.

12.8.3 Ability of available resource to meet demand.

The current plant has the ability to treat the domestic sewage that is currently received. There are however plans to upgrade the plant to meet the requirements of the new development that is underway.

12.8.4 Bulk infrastructure

The bulk infrastructure consists of the following:

- The plant is a 1.5 Mℓ/day capacity.
- It consists of a grit channel, the sump where the sewage pumps pump the raw sewage to the clarigesters where heavier materials settle and the supernatant overflow to the maturation ponds.
- Thickened sludge is then pumped to the drying beds for disposal after it has dried.

12.8.5 New infrastructure

LNW made provision for a new pipeline that will discharge the treated effluent to the nearest stream. Installation of the palisade fence to provide the security for the employees and LNW equipment as the place is marred by constant stores breaking.

12.8.6 Condition of bulk infrastructure

The infrastructure needs major refurbishment.

12.8.7 Major refurbishment

Refurbishment of single quarters, clarigesters and the drying beds amongst others will be implemented after the finalisation of the infrastructure masterplan and in case SDM offered to commit with a consent letter to LNW for capital expenditure. Alternatively, if the contractual agreement can be amended to cover refurbishment and replacement where LNW see it deem to do so.

12.8.8 Operational arrangements

Marble Hall wastewater is owned by SDM. LNW is appointed to operate and maintain the scheme on their behalf. LNW has been appointed bulk service provider by the Sekhukhune District Municipality to operate and maintain this scheme.

12.9 BURGERSFORT WASTEWATER WORKS

12.9.1 Contractual obligation

Lepelle Northern Water has signed 10 years' contract with Sekhukhune District Municipality to operate and maintain their entire bulk water infrastructure on their behalf. Burgersfort wastewater is amongst the bulk scheme that LNW is operating in full.

12.9.2 Major Users

The major users are mainly from the town Burgersfort, honey suckers from industries and mines.

12.9.3 Ability to meet demand.

The current plant is operating above its operating capacity. The plant upgrade is underway, increasing the plant capacity from 1.50 Mℓ/day to 11.5 Mℓ/day with a 10 Mℓ/day package plant.

12.9.4 Bulk infrastructure

The bulk infrastructure consists of the following:

- The plant has a capacity of 1.5 Mℓ/day.
- It consists of a grit channel, flow meter, aerobic activated plant, clarifier, contact tank, disinfection unit, lagoon, and the drying beds.
- It has a standby generator for lights.
- Thickened sludge is pumped to the drying beds for disposal after it has dried.

12.9.5 New infrastructure

No new infrastructure envisaged.

12.9.6 Condition of bulk infrastructure

The infrastructure is still in a good condition despite the fact that the plant is operating under difficult conditions especially that it receives influent that is more than double its capacity.

12.9.7 Major refurbishment

There will be no major refurbishment once the plant is upgraded.

12.9.8 Operational arrangements

Burgersfort wastewater is owned by SDM. LNW is appointed to operate and maintain the scheme on their behalf. All the employees on the scheme are LNW's personnel. LNW has been appointed bulk service provider by the Sekhukhune District Municipality to operate and maintain this scheme.

12.10 STEELPOORT WASTEWATER SCHEME

12.10.1 Contractual obligation

Lepelle Northern Water has a 10 years' contract effective from the 1st of February 2020 with Sekhukhune District Municipality to operate and maintain their entire bulk water infrastructure on their behalf. Steelpoort wastewater is amongst the bulk scheme that LNW is operating in full.

12.10.2 Major Users

The major users are mainly from the town Steelpoort town.

12.10.3 Ability to meet demand.

The plant is operating above its operating capacity. There are however plans to relocate the plant to another place by SDM. It will be upgraded such that it becomes a regional wastewater treatment works.

12.10.4 Bulk infrastructure

The bulk infrastructure consists of the following:

- The plant has a capacity of 0.2 Mℓ/day.
- It consists of a grit channel, flow meter, aerobic activated plant, clarifier, contact tank, disinfection unit, ponds, and the drying beds.
- Thickened sludge is pumped to the drying beds for disposal after it has dried.

12.10.5 New infrastructure

It will not be upgraded as the plans are in place to relocate the plant to a central point where it will receive various effluents from various communities.

12.10.6 Condition of bulk infrastructure

Through proper planned preventative maintenance, done by highly qualified personnel, LNW keeps the water and wastewater infrastructure in a good condition.

12.10.7 Major refurbishment

Major refurbishment is required as the entire treatment facility is in a fairly state.

12.10.8 Operational arrangements

Steelpoort wastewater is owned by SDM. LNW has been appointed bulk service provider by the Sekhukhune District Municipality to operate and maintain this scheme. All the employees on the scheme are LNW's personnel.

12.10.9 Bulk potable and wastewater treatment activities

LNW has long term bulk water services contract with the all the municipalities within which it is operating and Sekhukhune District Municipality where a 10-year contract was signed.

13 RETAIL WATER SERVICES PLAN

Currently LNW provides retail water services in the Water Services Authority namely, Sekhukhune District Municipality.

LNW owns Ebenezer, Doorndraai, Politsi, Olifantspoort and Phalaborwa schemes and operates and maintains Flag Boshielo, Nandoni schemes on behalf of DWS while negotiating that they are transferred to the entity. The entity is also operating and maintaining Marble Hall water and wastewater and Burgersfort water and wastewater, Steelpoort water (boreholes and conventional plant) and wastewater, Mooihoek, Hlogotlou, Nkadimeng, Malekane, Kutullo, Groblersdal and Ohrigstad schemes on behalf of Sekhukhune District Municipality.

Lepelle Northern Water is currently assisting with maintenance of the reticulation infrastructure in Sekhukhune District Municipality around Burgersfort.

Lepelle Northern Water is in the process of engaging Vhembe District Municipality on the support for the implementation of the revenue enhancement strategy. This will assist the municipality in cost recovery and be able to pay for the bulk water services that is being provided by Lepelle Northern Water.

13.1 POTENTIAL FUTURE CLIENTS

There is potential to increase retail water services customers in future. Almost all the water services authorities where LNW is operating struggle with the cost recovery apart from Polokwane Local Municipality.

13.2 OPERATIONS AND MAINTENANCE

Lepelle Northern Water continues to operate and maintain the water and wastewater treatment schemes on behalf of Sekhukhune District municipality.

13.3 SCIENTIFIC SERVICES

13.3.1 Strategic objectives

The service offered by the Scientific Service Unit of Lepelle Northern Water is to give independent water quality reports on analyses of chemical, physical and bacteriological parameters associated with water samples (river, dam, borehole, potable and sewage) and design monitoring programmes suitable to the risks of the specific environment of water supply system. The laboratory has started testing bacterial viruses within the scope of test performed at the laboratory. The services provided by the central laboratory are designed to support internal client, WSAs and other external clients in delivering quality water services by assisting in monitoring compliance with water quality standards and regulations.

Research and Development form part core activities aimed to improve productivity, in terms of quality, quantity and cost. LNW will continue to be partnering with academia and research institutions to improve their water services.

13.3.2 Wastewater treatment

- Chemical analysis
- Bacteriological analysis
- Process problem solving and control.
- Process control advisory and recommendations.

13.3.3 Potable water purification

- Chemical (acute and chronic) analysis
- Bacteriological analysis
- Virus analysis
- Process problem solving and control, process optimisation.
- Process control advisory, recommendations, and reporting.
- Training

13.3.4 Water quality management in network

- Chemical analysis
- Bacteriological analysis

- Water quality modelling
- Water quality monitoring (Sampling)

13.3.5 Environmental Service

- Toxicity Testing
- SASS 5: biomonitoring of source water
- Recommendations, reporting and discussions.
- Advisory (Waste disposal and pollution control)
- This subunit also monitors all schemes that they implement water use license conditions as per issued Water Use License (WUL).

13.3.6 Security and Loss Control

Over recent years LNW was confronted with more and more incidents where communities, adjacent to water treatment schemes, stopped water production due to grievances that had very little, if anything, to do with water supply related matters. Grievances such as the lack of schools, clinics and even roads were often cited as reasons to force plant personnel to stop water production. More than often these protests lead to vandalism and even assault of employees.

- All of aforementioned led to the decision to register three (3) schemes as critical infrastructure sites as contemplated under the Critical Infrastructure Act, Act 8 of 2019. The schemes registered are:
    - Olifantspoort,
    - Ebenezer, and
    - Flag Boshielo.

Schemes, registered as Critical infrastructure Sites, are given priority by the South African Police Services whenever the safety of the plant, or its personnel is at risk. At these sites Security Services Providers, who are better qualified and equipped, are appointed. The sites also need to meet other requirements such as purposeful designed security rooms, fences, lighting, surveillance cameras to name a few. Due to the high-cost implications of these measures it won't be possible to meet all the requirements immediately but a phased in approach will be used.

14 OTHER ACTIVITIES

14.1 SUPPORT TO MUNICIPALITIES

LNW can undertake any activity other than its primary activity on condition that the cost recovery incurred can be recovered from the client. This will not include costs incurred in exercising LNW's social responsibility.

14.2 DAM MANAGEMENT

LNW temporary manages the Ebenezer dam on behalf of DWS. Dam management and the control of the sources and surrounding areas are seen as critical for LNW's primary activity to deliver water and water services to its customers. LNW and DWS are in the process of finalizing the contractual agreement on the management of the Ebenezer Dam.

14.3 PROMOTION OF SAFE TAP WATER

LNW bottles water at Ebenezer plant directly from the pipeline using a mechanised system. The bottled water is used for promotional purposes at government and other functions. The bottled water serves to promote the LNW brand as well as promotion of safe tap water.

15 HUMAN RESOURCES PLAN

15.1 PERSONNEL STRENGTH

LNW currently employs 378 staff with varying skills ranging from administrative support services, technical support services to operations and maintenance skills. An HR Strategy has been approved by the Board and within it implementation a workforce plan shall be developed to determine current, and future skills need to ensure that they are available as and when required. Scarce and Critical Skills framework, succession planning, reward and recognition programmes are amongst key strategic priorities to ensure that LNW creates a pipeline of a talent pool for skills inventory.

15.1.1 Employment equity plan

LNW was confirmed by the Department of Employment and Labour as having achieved its employment equity targets in terms of male and female ratio, black or white. There are challenges in attracting racial demographics that are underrepresented *viz* whites;

Indians and Coloureds including Persons with Disabilities. LNW has a three-year Employment Equity Plan which is currently under review.

Table 15:1: Employment Equity Plan

OCCUPATIONAL LEVELS	A	C	I	W	TOTAL	A	C	I	W	TOTAL	
Top Management	0	1	0	0	1	0	0	0	0	0	1
Senior Management	4	0	0	0	4	0	0	0	0	0	4
Prof. qualified & experienced	24	0	1	2	27	16	0	1	2	19	46
Skilled tech. & academically	81	0	0	10	91	88	0	0	2	90	181
Semi-skilled and discretionary	101	0	0	1	102	68	0	0	1	69	171
Unskilled and defined	7	0	0	0	7	0	0	0	0	0	7
Total Permanent	**217**	**1**	**1**	**13**	232	**172**	**0**	**1**	**5**	178	410

Table 15:2: Employment Equity plan in Percentage

OCCUPATIONAL LEVELS	MALE (%)					FEMALE (%)					TOTAL
	A	C	I	W	Total	A	C	I	W	Total	
Top Management	0,00%	0,24%	0,00%	0,00%	**0,24%**	0,00%	0%	0,00%	0%	**0,00%**	**0,24%**
Senior Management	0,98%	0,00%	0,00%	0,00%	**0,98%**	0,00%	0%	0,00%	0%	**0,00%**	**0,98%**
Prof. qualified & experienced	5,85%	0,00%	0,24%	0,49%	**6,59%**	3,90%	0%	0,24%	0,49%	**4,63%**	**11,22%**
Skilled tech. & academically	19,76%	0,00%	0,00%	2,44%	**22,20%**	21,46%	0%	0,00%	0,49%	**21,95%**	**44,15%**
Semi-skilled and discretionary	24,63%	0,00%	0,00%	0,24%	**24,88%**	16,59%	0%	0,00%	0,24%	**16,83%**	**41,71%**
Unskilled and defined	1,71%	0,00%	0,00%	0,00%	**1,71%**	0,00%	0%	0,00%	0,00%	**0,00%**	**1,71%**
Total Permanent	52,93%	0,24%	0,24%	3,17%	**56,59%**	41,95%	0%	0,24%	1,22%	**43,41%**	**100,0%**

15.1.2 Development of employment equity targets as specified by legislation.

The engagement of the Employment Equity/Skills Development Committee, constituted in terms of the Employment Equity Act and Skills Development Act as well as the participation of organised labour, at both the local and central forums for talent acquisition processes. The LNW continues to play a critical role in the formulation of Employment Equity targets and the development of Workplace Skills Plans

Our Workplace Skills Plan (WSP) compliments our Employment Equity Plan (EEP) in that it aims to train and develop specific critical skills for targeted groups identified in the Employment Equity Planning process. The challenge faced by LNW is to improve female representation both at managerial and technical levels. Talent acquisition practices and talent development programmes needs to be improved towards the targeted groups to address the past imbalances.

15.2 TALENT ACQUISITION (RECRUITMENT)

LNW's recruitment strategy is informed by the skills, experience and educational qualification(s) required per functional area, aligned to the corporate plan and coupled to our employment equity plan. The use of a pool of qualified human capital has impacted positively in the time taken to fill vacancies with a turnaround time of between one (1) to two (2) months. The fact that most of the vacancies are filled by internal candidates bears testimony of building our own timber to enhance the effectiveness and efficient talent acquisition processes.

Talent acquisition processes are objective and transparent. However, the rule is that all job applicants should have the minimum job requirements and should be suitably qualified for the position as well as the relevant experience. The need for additional staff is based on the corporate plan and growth strategy.

15.2.1 Staff Turnover

The plan is to maintain a less than 2% staff turnover because water and sanitation services are declared essential services. In general, LNW's staff turnover has remained well below the target of 2% over the years. The implementation of effective participative management structures, the use of Paterson Broad Banding job grading system, the effective implementation of the retention and affirmative action strategies has impacted positively in keeping the staff turnover at acceptable levels.

15.2.2 Establishment and Development of Collective Bargaining Relationships with Organized Labour

The relationship and engagement between management and organised labour is regulated by the Recognition Agreement and the Organisational Rights Agreement (ORA) and LNW as an employer is an affiliate of the Amanzi Bargaining Council (ABC). LNW will continue to participate in collective bargaining processes at the Amanzi Bargaining Council on wage negotiations and conditions of employment on behalf of bargaining unit.

At plant level, the South African Municipal Workers Union (SAMWU) and the National Health and Allied Workers Union (NEHAWU) are the only recognised trade unions, which are also members of the Amanzi Bargaining Council. Bi-monthly Central Labour Forums meetings are held by management with the two recognised unions to discuss

issues referred by the Amanzi Bargaining Council and issues of mutual interest or transversal or collective in nature.

15.2.3 Performance Management and Development System

The performance management plays a vital role in developing the identified gaps to empower the employees within their area of operations. The need to implement a Performance Management and Development system by the water sector cannot be over-emphasised considering the cost containment issues resulting from poor revenue collection. Employees need to work smarter, not harder, to ensure productivity is not affected by the operating environment and good performance is rewarded accordingly. The reward system provides for an annual incentive bonus awarded to high performers, subject to LNW achieving an organisational satisfactory performance and a subsequent approval and/or decision by the Board.

It should also be emphasised that LNW's performance management is linked to the balanced scorecard perspectives as indicated in figure15.1 below:

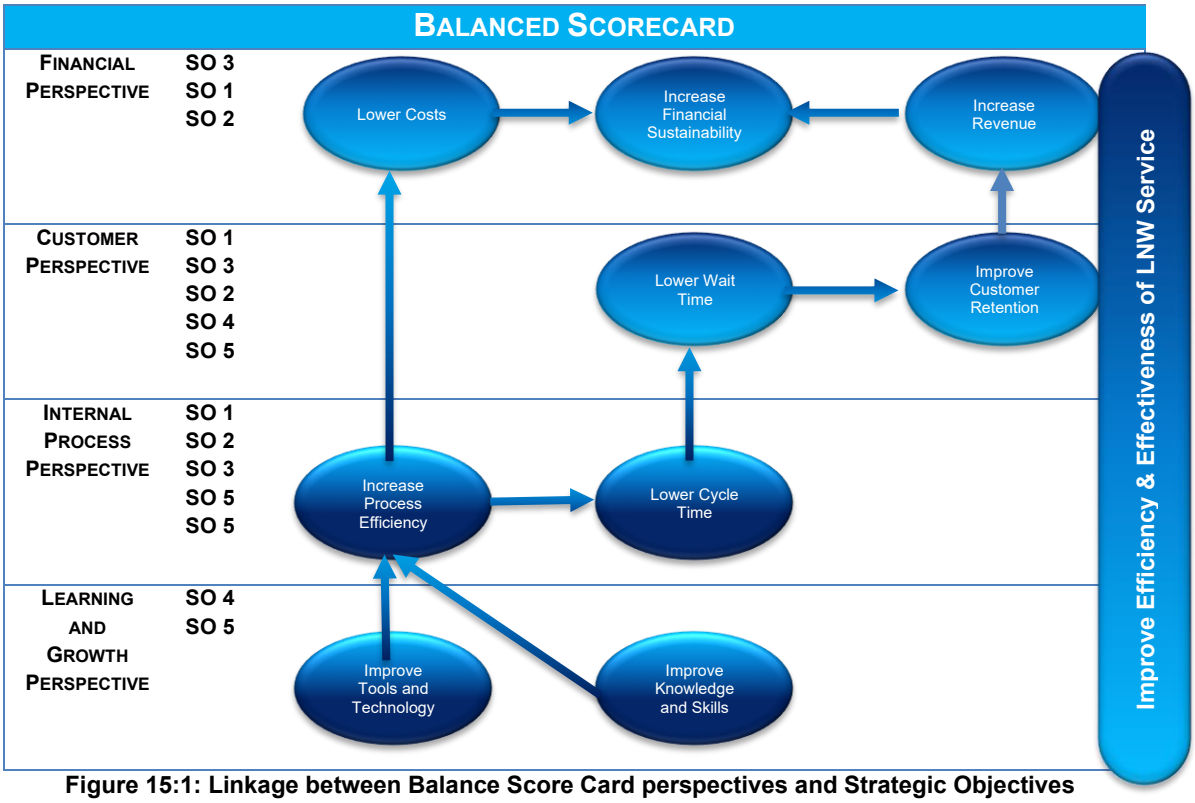

Figure 15:1: Linkage between Balance Score Card perspectives and Strategic Objectives

15.2.3.1 Employee Relations/Development and Participative Management Structures

LNW believes that effective communication between management and employees is key to ensuring that all and sundry is informed about the affairs of the business. The

use of consultative structures at local and central fora, the implementation of participative management strategy is yielding an environment conducive to sound management/employee relations. Regular and scheduled meetings are held with employees at all levels to keep them informed of developments within the organisation and the water sector. All managers and supervisors have the skills necessary to improve employee performance and to resolve workplace conflict.

15.2.4 Human Resources Management and Development

Expenditure on Training and Development as a Percentage of Payroll

Each year LNW continues to invest between 3% and 5% of its total annual budget in the training and development of employees and non-employees alike, thereby ensuring the availability of the skills and experience required for the business. The skills acquired provide non-employees with a competitive edge in the labour market.

Human Capital Development by means of bursaries.

LNW considers the training and development of its human capital as a long-term investment and encourages employees to participate in personal development programmes. To motivate employees towards personal development, the organisation awards bursaries to employees and this initiative contribute in retaining scarce and critical skills.

Where the skill required is identified as mission critical for the business, LNW enrols employees to acquire such skills at full cost to the company within acceptable terms and conditions. Training and development for such employees takes place in a structured fashion to ensure a return on investment (ROI).

Part of the organisation’s strategy is to strengthen the partnership with various SETAs through obtaining discretionary grants for staff and community for their training and development programmes. It is planned that by the end of the financial year 2025/26 more LNW employees will have benefitted from the bursary scheme.

15.2.5 Training and Development Interventions

Executive and Leadership Programmes

Executives and line managers are given an opportunity to participate in leadership programmes. The objective is to capacitate leaders to strengthen, expand business acumen and ethical decision making. It is planned that by the end of the financial year

2025/26 more executives and line managers will have benefited from the Learnerships Programme.

Graduate Internships Programmes

The capacitation of graduates remains LNW's prerogative on the annual training calendar. LNW will continue to enrol more graduates in the years ahead. This programme ensures that graduates are given practical work experience required for registration with their relevant professional bodies, leading to employability.

It is planned that by the end of the financial year 2025/26 more than 50 graduates will have benefited from the Graduate Internships Programmes.

16 EMPLOYEE WELLNESS

The main objective of managing employee wellness is to nurture our employees by ensuring their ongoing wellbeing and to minimise human capital risk. To improve the wellbeing of employees to remain committed, LNW shall implement programmes and offer incentives that nurture staff, aid in the improvement of their overall wellbeing. Integrated employee wellness programmes shall be implemented to address the needs of all the pillars as depicted hereunder.

Figure 16:1: Six wellness pillars.

Employee wellness has six pillars, and various programmes shall be rolled out and these programmes include, Wellness Day, Family Open Day, a financial wellbeing programme: staff sporting activities and tournaments, stress management, a weight loss challenge, team building, career days, lifestyle screening, motivational speaking, yoga and fun walks.

An employee assistance programme through leading employee wellness service providers and best practice are being considered as part of the programme to deal with, amongst others, emotional wellness which entails the psychological and mental health of LNW employees.

17 INFORMATION COMMUNICATION TECHNOLOGY (ICT)

17.1 BACKGROUND

Information and Communication Technology (ICT) plays an ever-increasing role in the corporate world as a strategic business enabler. This importance is emphasised by introduction of the Corporate Governance of ICT Policy Framework (CGICTPF) on the state of Information and Communications Technology in government and state entities.

The pervasiveness of ICT dictates that ICT and the business need to stay connected and share information, mandates not only the governance of ICT as a corporate imperative but the security of organisational networks and protection of organisation's information from harm and adverse conditions.

Apart from ensuring the effectiveness of organisational capabilities and internal processes in achieving strategic goals and objectives ICT also ensures business continuity in the case of a disaster and to prevent fraudulent business activities.

17.2 ICT FOCUS

The purpose of Information and Communication Technology (ICT) is to enable the organisation to deliver its mandate, through the alignment of ICT strategic initiatives with the organization strategic objectives. The ICT House of Value depicts the values and key focus areas of ICT service delivery. These values and key focus areas inform the acquisition, management and use of ICT.

The key focus areas of the ICT House of Values relate to the organisational business plan in that, in as much as the organisation has a strategic objective to ensure financial viability, it is also a mandate of the ICT to lower organisational costs while ensuring increased productivity.

In ensuring that costs are lowered, there’s a need for substantial investment into the current ICT infrastructure as per the House of Values. While investment is made,

thorough attention needs to be directed to the foundation which is: planning, while ensuring integration of organisational strategic objectives to ensure streamlined ICT operations, which is the key foundation. See figure 16-1 below:

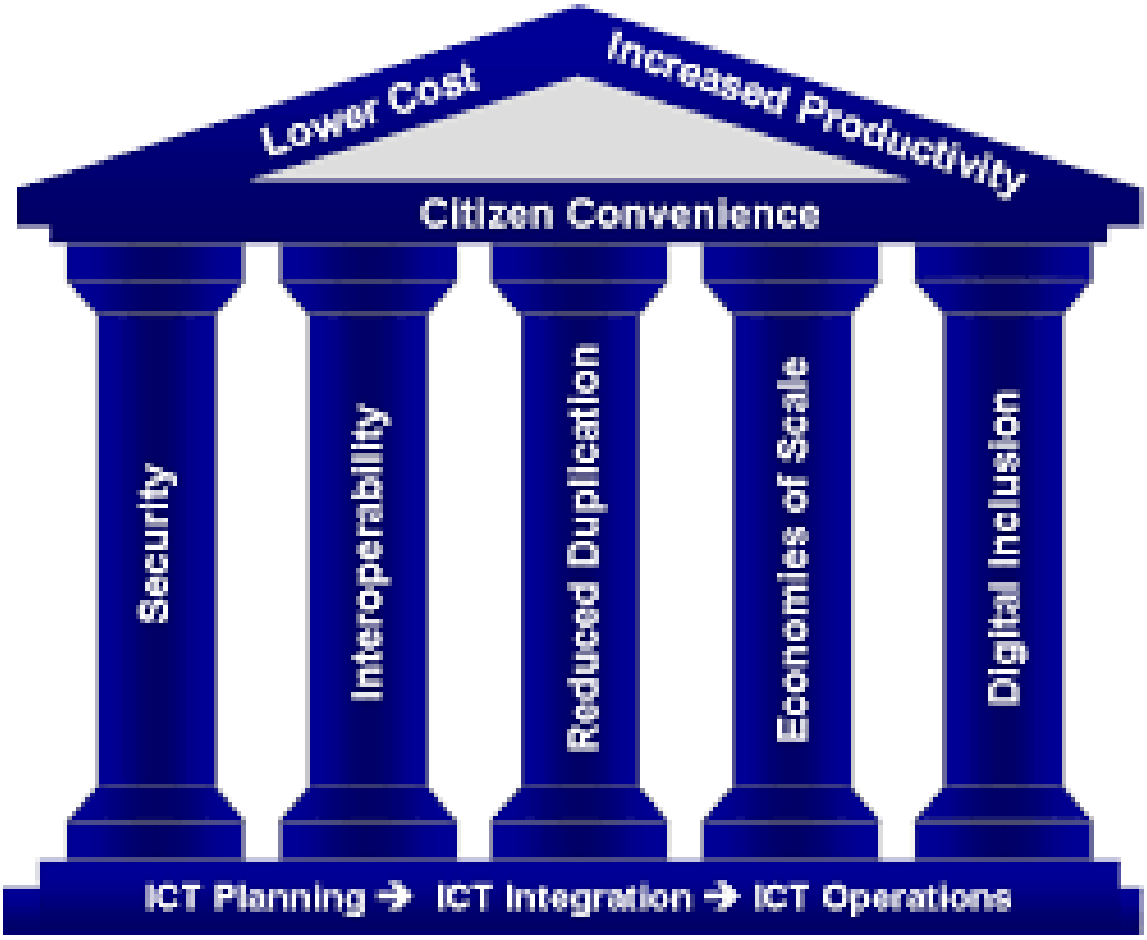

Figure 17:1: ICT House of Values

The foundation provides easy implementation of the pillars that are required to sustain the roof. These pillars require substantial investment especially into the ICT security, which ensures that the LNW's ICT systems and infrastructure are adequately secured, reliable and able to communicate with each other and share critical business data for better reporting and decision making by management and users without compromising information security. Interoperability (between the ICT systems), which reduces duplication of efforts by allowing the organisation to have a 360 view in terms of the information analysed through the data provided by the organisational information systems.

The implementation of the House of Values will ensure that the organisation will realise the "roof" which is lower cost in all organisational processes while realising increased productivity.

17.3 ICT AS AN INTEGRAL PART OF THE CORE BUSINESS

LNW Board has prioritised ICT as a major strategic priority for the organisation. ICT is no longer a support function but part of the core business of the organisation. Innovation and digitisation of the operations of the organisation is a priority for the operations and maintenance of the infrastructure in real time. The ICT Strategy was approved by the Board to ensure that the organisation embrace and move forward into the fourth industrial revolution (4IR).

A critical project included in the adopted ICT Strategy is the SAP S/4HANA upgrade project, and the project is at the critical phase of testing and user acceptance activities. After go live the strategic goal of the project is ensure that all system related audit findings from both the Internal and External Audit reports are addressed and ensure efficient operations for LNW workforce.

Another key project that was completed during the year is the Software Defined Wide Area Network Connectivity Upgrade for the scheme, to address connectivity challenges at the scheme level. Additionally, all ICT Policies and Procedures, and the Corporate Governance of ICT Charter w were adopted for implementation.

18 OCCUPATIONAL HEALTH AND SAFETY.

The Occupational Health and Safety Act 85 of 1993, requires the employer to provide and maintain as far as reasonable and practical a work environment that is safe and without risk to the health of employees.

LNW recognizes that the well-being and safety of its employees is essential to the success of the Organisation. A healthy and safe work environment does not only protect the employees from harm but also enhances their overall quality of life, boosts morale and increases productivity.

As LNW strives for excellence in the industry, LNW is committed to maintaining a robust Occupational Health and Safety (OHS) management system designed to identify, assess and control workplace hazards and promoting a culture of occupational safety and wellbeing throughout our Organisation.

18.1 OHS STRATEGIC OBJECTIVES

In the upcoming financial year, LNW will be focusing on the following strategies and initiatives to enhance employee's well-being in terms of Occupational Health and Safety.

i. Reduce workplace injuries and illnesses by developing and implementing proactive measures to minimize hazards and risks attached to operations.
ii. Comply with the legal requirements of the OHS Act to ensure adherence to relevant laws, regulations, management system's requirements and industry standards.
iii. Promote a culture of wellness in collaboration with Employee Wellness by providing a foundation for employee wellness by ensuring a safe working environment while employee wellness will be complementing employee health and safety by promoting employee well-being resilience.

The above-mentioned efforts will assist the entity in maintaining a safe and healthy environment, reduce the risk of workplace injuries/illnesses and support the overall well-being of its employees.

18.2 OHS KEY PERFORMANCE INDICATORS (KPI'S)

i. Occupational illnesses/injuries incident rate by 80%
ii. Employee participation in OHS training and awareness programs: achieve 100% participation rate.
iii. Achieve 100% compliance on legal requirements (annual legal compliance audits)
iv. Achieve ISO 45001: 2018 certification by 2030

18.3 ACTION PLANS:

i. Review and update OHS policies and procedures to ensure alignment with regulatory requirements and industry standards.
ii. Conduct regular workplace hazard identification and risk assessments to control hazards and implement corrective actions
iii. Increase employee participation in OHS decision-making through the established OHS/E Committee to encourage involvement.
iv. Develop and implement OHS training programs to provide employees with the necessary training and awareness on OHS policies, procedures and best practices.

18.4 RESOURCE ALLOCATION

i. Assign dedicated OHS resources to ensure sufficient personnel, budget and equipment's to support OHS initiatives
ii. Allocate budget for OHS training and awareness programs, maintenance of schemes facilities
iii. Invest in OHS technology and equipment to enhance OHS management and monitoring.

18.5 MONITORING AND REVIEW.

i. Regular OHS performance reviews and tracking of KPI's, adjusting actions plans where required
ii. Conduct annual OHS independent assessments/audits to evaluate compliance with OHS regulations, policies and procedures
iii. Report OHS performance to stakeholders by communicating progress and achievements to employees, management and relevant stakeholders.

19 ENVIRONMENTAL MANAGEMENT PROGRAMME

Lepelle Northern Water continuously assess its water schemes and determine the maximum water losses each scheme can reduce based on their water treatment designs as indicated in the table below:

Table 19:1: Reduction of Water Loses

SYSTEM	2024/25 TARGET %	2025/26 TARGET %	2026/27 TARGET %	2027/28 TARGET %	2028/29 TARGET %
Phalaborwa: (Avoidable)	10	10	10	10	10
Ebenezer: (Avoidable)	10	10	10	10	10
Olifantspoort: (Avoidable)	10	10	10	10	10
Politsi: (Avoidable)	5.0	5.0	6.0	6.0	7.0
Doorndraai: (Avoidable)	5.0	5.0	5.0	5.0	5.0
Flag Boshielo: (Avoidable)	10.0	10.0	10.0	5.0	5.0

19.1 ENVIRONMENTAL MANAGEMENT POLICY

The ISO 14001:2015 standard specifies the requirements for an environmental management system to enable us to develop and implement a policy and objectives

that consider legal requirements and other requirements to which we subscribe. LNW has maintained the ISO 14001: 2015 certification since 2012.

19.2 CLIMATE CHANGE

Since 2024/25 LNW has adopted to report in line with the Environmental, Social and Governance (ESG) framework, this framework is used to assess a company's sustainability and ethical impact focusing of environmental stewardship, social responsibility and corporate governance. The environmental pillar includes factors such as carbon emissions, waste management, pollutions and climate change.

Change and extreme weather conditions present a challenge for the sustainability of water supply and water security. LNW is committed to mitigate effects of climate change and has an approved climate change policy that provide framework that the organisation will follow to achieve its goals towards mitigating effects of climate change.

The main goals of the policy are:

- The reduction of total carbon footprint emissions at LNW. Opportunity for carbon footprint reduction lies within energy efficiency and transitioning to renewable energy sources.
- To achieve meaningful insights, and support effective decision making, LNW should strive to continuously improve their data management practices for carbon footprint reporting.

19.3 ENVIRONMENTAL IMPACT ASSOCIATED WITH PROJECTS

All projects at LNW are pass through the planning stage whereby the need of Environmental Impact analysis (EIA) is established for the identified projects in the technical staring committee meeting prior the commencement of such projects. There are two categories of prescribed processes namely the scoping and Environmental impacts report process with basic assessment process. Basic assessment (small - scale projects, shorter projects and falls under listing 1 and 3 and Scoping and EIR (High scale, complex projects, significant impacts fall under listing). The competent authority is established to initiate communication regarding the project. There were two EIA that were approved, which are Giyani projects and Ebenezer and Olifantspoort project.

19.4 ENVIRONMENTAL AWARENESS AND TRAINING

Wetlands both natural and constructed can purify water because of their ability to filter suspended solids, to degrade organic substances and to take up nutrients from the water. Wetlands also perform vital functions in the water cycle and are important for flood management, climate, and promotion of ecological biodiversity therefore LNW Commemorate world wetland day every year. A training need analysis is used to identify training for the employees such as environmental champion trainings, waste management and emerging legislation.

19.5 WASTE MANAGEMENT

Lepelle Northern Water subscribes to the 'cradle to grave' concept with regards to waste management, and we therefore ensure that we are aware of the eventual disposal of all our waste streams and ensure that this is done in a legally compliant manner. A competent service provider is appointed to dispose hazardous waste while general waste is collected by the local municipality. Hazardous waste collected at LNW facilities are fluorescent tubes, biohazardous waste, e- waste and used oil while general wastes are paper, plastics, cans etc.

19.6 RAW WATER QUALITY MONITORING PLAN

A raw water quality-monitoring plan is implemented within LNW referred to as biomonitoring and bioaccumulation in rivers or dams within the Environmental Unit. The seasonal monitoring programme makes provision for protection of sources by means of monitoring, sampling, collection of data, maintenance and reviewing. Monitoring takes place at abstraction and discharge points. The results of this monitoring plan are used by R&D to plan improvements required to mitigate changes in the raw water quality.

19.7 TOXINS

No schemes presently have water containing toxins or unacceptable levels of harmful metals. However, toxicity testing is conducted annually at abstraction points and water bodies that receive effluent from Wastewater treatment works operated by LNW. Toxicity testing is applied by exposing biota under laboratory conditions to water sources in order to determine the potential risk of such water types to the biota of the receiving water bodies. Toxicity results indicate the potential risk posed within the streams or to the receiving streams in the event of release, seepage or overflow from

potential sources of pollution. Consequently, four trophic levels of biota i.e., vertebrates (*Poecilia, reticulata*), invertebrates (*Daphnia magna*), bacteria (*Vibrio fischeri*) and primary producers (*Selenastrum, capricornutum*) are exposed to the source/stream water according to standard procedures under laboratory conditions and thereafter a risk/hazard category is determined by application of the latest Direct Estimation of Ecological Effect Potential (**DEEEP)** DWS recommended protocols and hazard classification.

19.8 ENVIRONMENTAL INCIDENT

Environmental incidents are reported to the competent authority such as LEDET and DWS.

19.9 ENVIRONMENTAL MANAGEMENT PLAN

The Environmental Management Plan has been developed and currently being implemented. Activities that LNW is currently involved in are depicted in the table below:

Table 19:2: Environmental aspects, objectives, and targets

ACTIVITIES	OBJECTIVE	TARGET	ACTION	COMMENTS
Bio Monitoring	Monitor the raw water quality of all abstraction points, upstream, downstream and discharge point	Bi-Annually	Collect water samples and aquatic indicator to establish the status of the river or resource from which water is abstracted from.	LNW is implementing biomonitoring of rivers and other water resources, reports are available.
Fire	Compliance to legislative requirements	Annual review	Implement standards and procedures.	Standards continuously maintained
Floods	Review the emergency procedure for flooding	Annually	Establish communication channels with the Weather Services for regular updates and warnings. Liaise with DWS and Water Services Authority to alter plants to be flood proof.	A procedure is in place in case of a flooding event.

20 WATER CONSERVATION AND DEMAND MANAGEMENT PLANS

Conservation covers a wide variety of aspects, which is applicable to LNW. LNW currently covers aspects such as water conservation, soil conservation, indigenous vegetation conservation, as well as source conservation.

By joining the Olifants River Forum, a great portion of LNW sources were covered, which greatly consists of the conservation of the several aspects concerning the Olifants River catchments area. With a mission of promoting and co-coordinating the voluntary co-operation between stakeholders to improve, conserve and sustain the existence of the Olifants River to the benefit of human being and the Environment, LNW membership is important. LNW's involvement covers almost two-thirds of the river. The main objectives of the Forum include:

- Ensuring the inclusion of all stakeholders.
- Develop and co-ordinate actions and Management Plans.
- Create awareness of the importance of the river as a resource
- Facilitate consultation between affected parties.
- Consult Governing Bodies.
- Protect the source for sustainability.

The Olifants River Forum was established with the aim to protect and monitor the Olifants River from the upper catchments area at Secunda throughout to the Kruger National Park. Members from all companies, industries, mines, communities, Governmental institutions such as Departments of Finance, Water and Sanitation and Parks Board are taking part in the monitoring and protection of the Olifants River catchments. The forum divided the catchments into the Highveld region, the Middleveld region, the Mountain region and the Kruger National Park region. LNW plans to partner with DWS in its Water Conservation programme.

20.1 GUIDING PRINCIPLES

Demand for water exceeds the available supply. The extent of the stress varies from plant to plant. Volume sales are important for the financial viability of a water board.

20.2 CONSERVATION AND DEMAND MANAGEMENT

The need for water conservation is national challenge. LNW will continue educate the consumers about water conservation. LNW will continue to actively participate in the conservation of wetlands in several areas of its jurisdiction.

20.3 WATER USE EFFICIENCY

LNW has identified all the schemes that were designed without recycling of the desludged water in the lagoons and built a system to either return water to the head of works or the water is used for watering the plant garden.

Furthermore, the entity took a decision to replace all the mechanical flow meters with electromagnetic flow meters as they are more accurate compared to the mechanical flow meters. The leak detection machine has been procured to further assist with water utilisation drive that is within the organisation.

21 MARKETING, BRANDING, COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT

Due to ongoing infrastructural refurbishment and development, the Marketing and Communications component aims to intensify LNW's relations with its stakeholders by keeping them informed and updated on ongoing projects, as the water services delivery directly impacts their quality of life.

LNW will continue to engage with the media as key stakeholders, recognising their crucial role in stakeholder engagement due to their broad reach. Given the prevalence of water supply interruptions and related challenges, it is essential to maintain ongoing engagement with affected communities and other relevant parties. Creating and sustaining messaging via modern, and communication platforms on behalf of the organisation is one of the objectives that Marketing and Communications will continue to drive. These platforms are critical for the organisation to achieve and maintain stakeholder relations and beneficial exchange of knowledge/information with both its internal and external stakeholders. These platforms are vital for fostering strong stakeholder relationships and ensuring the effective exchange of information with both internal and external audiences.

22 CORPORATE SOCIAL RESPONSIBILITY (CSR)

LNW recognizes the importance of positively impacting communities within and around its area of supply. Corporate Social Investment responsibilities are a key focus for the organization, as it aims to make a difference in the lives of those in need. In addition to fulfilling its core mandate, LNW allocates funds annually to support social upliftment programs and initiatives that benefit pre-identified worthy causes.

As a bulk water service provider operating in a predominantly rural area with high poverty levels, LNW's contributions play a vital role in complementing government's efforts to deliver basic services. Through implementation of CSR initiatives in these areas, LNW not only enhances its corporate image but also supports the government's mission to bring positive change to deserved communities. Through charitable activities and donations to communities and causes, LNW strives to improve quality of life and foster strong community relations.

LNW is committed to leaving a lasting legacy in communities it serves, making a meaningful impact through its CSR efforts.

23 FINANCIAL PLAN

The Board has adopted a cautious approach in predicting its expenses for the upcoming five-year plan, and a conservative one in projecting its revenues. In accordance with the statutory reporting timelines, the budget must be approved by the Board on the 30th of April every year, as per the WSA 107 of 1997, for submission to the DWS. After appraisal by the DWS, the final budget must be approved by the Board on or before the 31st of May every year, as per the PFMA. The key financial planning hypotheses are discussed in detail below.

Consumer Price Index (CPI)

Elevated and persistent inflation has prompted an aggressive monetary tightening of economies. The South African Government and the Reserve Bank have adopted an inflation targeting approach set at 3 to 6 per cent, focusing on medium term to long-term targets.

Amid the deteriorating growth prospects, a strengthened and effective water services value chain will remain critical to stimulate growth, support the most vulnerable and put the region on track towards sustainability.

Salary and Wage increases

A 7% average growth rate is expected on the total wage bill for the next five years, aimed at offsetting the effects of inflation on households' purchasing power.

Budget Process

Management follows the strategic targets set by the Board and budget for activities and costs. The Board used a zero-based budgeting with motivations for each line item.

24 PROJECTED FINANCIAL STATEMENTS

Table 24:1: Statement of comprehensive income

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
117,320	Water sold (kilolitres)	118,888	120,358	120,358	120,358	121,918	121,918	1.34	0.64
	- Raw water sales (kl)								
99,276	- Potable water sales (kl)	103,284	104,754	104,754	104,754	106,315	106,315	4.04	1.15
	- Waste water sales (kl)								
18,044	- Industrial water sales	15,604	15,604	15,604	15,604	15,604	15,604	(13.52)	(2.39)
-									
1,011,244	**TOTAL REVENUE (Primary and secondary activities)**	**1,083,486**	**1,371,924**	**1,504,380**	**1,603,631**	**1,742,695**	**1,822,264**	**7.14**	**10.31**
981,881	Revenue (Primary activity)	1,054,957	1,319,646	1,439,900	1,537,208	1,672,498	1,747,689		
	- Raw water sales								
862,430	- Potable water sales	942,664	1,193,317	1,302,352	1,390,347	1,515,768	1,583,671	9.30	10.66
	- Waste water sales								
119,451	- Industrial water sales	112,293	126,329	137,547	146,861	156,730	164,018	(5.99)	5.43
	- Wastewater management fee								
	Right of Use agreement water sales								
29,363	Revenue (Secondary activity)	28,529	52,278	64,481	66,424	70,197	74,575	(2.84)	16.81
	- Retail water operation								
3,838	Waste water management fee	4,522	6,819	8,411	8,664	9,156	9,727	17.83	16.77
	- Management fee - consulting								
	- Management fee - other								
25,525	- Section 30 activities	24,007	45,459	56,070	57,760	61,041	64,848	(5.95)	16.81
	Project Cost Recoveries								

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
84,521	**TOTAL COST OF SALES**	**90,553**	**98,669**	**114,452**	**115,230**	**116,217**	**117,710**	**7.14**	**5.68**
84,521	Cost of sales (raw water purchased)	90,553	98,669	114,452	115,230	116,217	117,710	7.14	5.68
84,521	- Raw water	90,553	98,669	114,452	115,230	116,217	117,710	7.14	5.68
	Water Research Levies								
	Cost of sales (secondary activities)								
	- Employee costs								
	- Chemicals and purification								
	- Energy								
	- Repairs and maintenance								
	- General and administration expenses								
	-Project / WIP costs								
	- Other direct operating activities								
926,723	**GROSS INCOME**	**992,933**	**1,273,255**	**1,389,928**	**1,488,401**	**1,626,479**	**1,704,554**	**7.14**	**10.69**
91.6	Gross profit %	91.6	92.8	92.4	92.8	93.3	93.5	0.00	0.34
91.4	- Gross profit % - primary activity	91.4	92.5	92.1	92.5	93.1	93.3	0.03	0.34
100.0	- Gross profit % - secondary activity	100.0	100.0	100.0	100.0	100.0	100.0		
633,000	Government grants and other funding	317,000							
546,607	Other operating income	456,709	281,387	60,279	60,664	62,605	63,005	(16.45)	(30.24)
	- Commission income and insurance								
	- Game and grazing sales (net of expenses)								
1,248	- House and other rentals - all related income	1,333	1,334	1,378	1,445	1,510	1,580		4.02
	- Other income (scrap, telephone, refurbishment, lab)								
431,303	- Project income	386,141	208,549					(10.47)	(100.00)

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	- Bad debts recovered								
	- Profit Loss) on sale of fixed assets								
	- Profit (loss) on disposal of investments								
	- Profit (loss) on sale of biological assets								
	- Profit Loss) on sale of intangible assets								
	- Wastewater - Darville revenue amort								
114,056	- Sundry income	69,235	71,505	58,902	59,219	61,095	61,425	(39.30)	(9.80)
2,106,330	**TOTAL OPERATING INCOME**	**1,766,643**	**1,554,642**	**1,450,207**	**1,549,065**	**1,689,084**	**1,767,559**	**(16.13)**	**(2.88)**
1,327,385	**TOTAL EXPENSES**	**1,340,418**	**1,405,889**	**1,222,809**	**1,265,492**	**1,308,197**	**1,355,107**	**0.98**	**0.35**
416,743	- Variable costs (related to cost of sales)	440,308	541,771	554,988	557,679	560,276	563,095	5.65	5.14
110,651	- Employee costs	94,159	126,587	116,972	118,496	119,972	121,570	(14.90)	1.58
	- Directors' emoluments (include in general)								
110,651	- Employee salaries - (including leave, annual bonus, 13th cheque)	94,159	126,587	116,972	118,496	119,972	121,570	(14.90)	1.58
	- Performance bonuses								
	- Company contributions - Medical contributions and expenses								
	- Company contribution - UIF and SDL								
	- Contributions to pension and provident funds								
	- OID contributions								
	- Changes in post-employment liabilities								
	- Change in water inventory								
13,865	- Chemicals	18,909	29,535	23,101	24,233	25,318	26,496	36.38	11.40
236,105	- Energy	286,771	325,678	360,475	360,482	360,490	360,505	21.46	7.31
5,852	- Repairs and maintenance - (cost of sales related)	401	4,401	4,430	4,449	4,469	4,489	(93.14)	(4.32)
	- Property and buildings								

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	- Plant, machinery and equipment								
5,852	- Other - to be included in general expenses	401	4,401	4,430	4,449	4,469	4,489	(93.14)	(4.32)
50,270	- Depreciation	40,067	55,569	50,011	50,019	50,027	50,035	(20.30)	(0.08)
50,270	- Depreciation property, plant and equipment	40,067	55,569	50,011	50,019	50,027	50,035	(20.30)	(0.08)
	- Amortisation of intangible assets								
	- Impairments of property, plant and equipment								
	- impairments of intangible assets								
	- Impairment of trade receivables								
	- Other direct costs								
	- Motor vehicle repairs and running expenses								
	- Other direct								
910,642	- General expenses	900,110	864,118	667,821	707,813	747,921	792,011	(1.16)	(2.30)
	- Advertising and promotions								
	- Amortisation - office intangibles								
	- Amortisation of biological assets								
4,477	- Audit fees	8,018	7,509	9,438	9,900	10,345	10,825	79.12	15.85
	- Bad debts								
	- Bursaries, donations and gifts								
	- Cleaning - all administration areas								
16,218	- Computer and IT consumables	13,851	14,578	11,633	12,203	12,750	13,343	(14.59)	(3.20)
	- Conferences, seminars and workshops								
14,747	- Consultants and professional fees	25,311	27,998	28,367	29,757	31,090	32,536	71.64	14.10
	- Contractors								
	- Courier and postage								
90,308	- Depreciation of office assets	98,468	104,101	109,809	115,845	121,839	128,330	9.04	6.03
	- Directors - performance bonuses								
	- Directors' emoluments								
190,519	- Employee costs - (related to administration)	216,068	210,038	266,212	283,519	300,963	319,947	13.41	9.02

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	- Energy - related to administration areas								
	- Impairments of biological assets								
	- Insurance								
	- Lease costs								
19,142	- Legal and contract fees	8,632	13,000	5,978	6,271	6,552	6,857	(54.90)	(15.73)
	- Marketing - not advertising and promotions								
	- Motor vehicle expenses (not in direct costs)								
	- Operating leases - photocopiers etc								
512,918	- Other operating expenses	468,689	383,478	144,972	152,738	160,609	169,890	(8.62)	(16.82)
	- Printing and stationery								
	- Protective clothing and uniforms								
	- Rates and taxes								
	- Relocation costs - all items								
	- Rent paid - equipment hire and other hiring costs								
62,313	- Repairs and maintenance	61,072	103,414	91,411	97,579	103,774	110,284	(1.99)	9.98
	- Safety and security								
	- Service contracts								
	- Software and other small assets expensed								
	- Staff welfare								
	- Subscriptions, licences and membership fees								
	- Training and development								
	- Telephone and fax								
	- Travel and entertainment								
	- Veterinary services, supplies and biological costs								
778,944	**OPERATING PROFIT (LOSS) FOR YEAR**	**426,225**	**148,753**	**227,399**	**283,573**	**380,887**	**412,452**	**(45.28)**	**(10.05)**
86,854	Finance income - (enter as positive)	110,816	74,772	41,507	43,095	44,686	46,361	27.59	(9.93)

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	- Trade receivables								
	- Extended payment trade receivables - deemed interest								
	- Short term deposits - call accounts								
	- Held to maturity financial assets								
	- Available for sale investments								
	- Employee advances								
	- SARS								
86,854	- Other	110,816	74,772	41,507	43,095	44,686	46,361	27.59	(9.93)
	- 57 pipeline								
	Reversal of interest provision								
(13,510)	Finance costs - (enter as negative)	(13,094)	(12,530)	(13,144)	(13,788)	(14,406)	(15,076)	(3.08)	1.84
	- Long term borrowings								
	- Bank overdraft								
	- SARS								
	- Finance leases								
	- Borrowing costs capitalised (positive)								
(13,510)	- Other	(13,094)	(12,530)	(13,144)	(13,788)	(14,406)	(15,076)	(3.08)	1.84
	- Darvill revenue in advance								
852,288	**PROFIT (LOSS) FOR YEAR**	**523,947**	**210,996**	**255,762**	**312,879**	**411,167**	**443,738**	**(38.52)**	**(10.31)**
	Other comprehensive income								
	- Gain on revaluation of property, plant and equipment								
	- Gain on revaluation of intangible assets								
	- Transfers (to) from general reserves								

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	- Gains / (losses) on retirement benefit plans								
	- Retirement benefit adjustment (IAS19)								
852,288	**TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR**	**523,947**	**210,996**	**255,762**	**312,879**	**411,167**	**443,738**	**(38.52)**	**(10.31)**

Table 24:2: Statement of financial position

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	ASSETS								
	Non-current assets								
3,297,283	Property, plant and equipment	3,551,916	3,507,196	3,851,776	3,813,911	3,762,096	3,719,780	7.72	2.03
3,225,401	Carrying value - opening balance	3,297,283	3,551,916	3,507,196	3,851,776	3,813,911	3,762,096	2.23	2.60
215,149	Additions - (will be carried to cashflow)	393,168	114,950	504,400	128,000	120,050	136,050	82.74	(7.35)
(138,320)	Depreciation - (ex-income statement)	(138,535)	(159,671)	(159,820)	(165,864)	(171,866)	(178,366)	0.16	4.33
	Disposals - carrying value								
(4,947)	Impairments - (ex-income statement)							(100.00)	(100.00)
	Revaluations - (ex-income statement)								
	Interest capitalised								
782	Intangible assets	782	8,782	18,782	43,269	58,269	58,269		105.13
838	Carrying value - opening balance	782	782	8,782	18,782	43,269	58,269	(6.68)	102.78
	Additions - (will be carried to cashflow)		8,000	10,000	24,487	15,000			
(56)	Amortisation - (ex-income statement)							(100.00)	(100.00)
	Disposals - carrying value								
	Impairments - (ex-income statement)								

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	Revaluations - (ex-income statement)								
	Biological assets								
	Carrying value - opening balance								
	Additions - (will be carried to cashflow)								
	Amortisation - (ex-income statement)								
	Disposals - carrying value								
	Impairments - (ex-income statement)								
	Fair value adjustment								
	Investments in subsidiaries and associates								
	Opening balance								
	Changes in year								
80,844	Long-term receivables							(100.00)	(100.00)
	Held to maturity								
80,844	Receivables from exchange transactions							(100.00)	(100.00)
	Loans receivable								
	Employee loans								
	Other financial assets								
	General								
3,378,909		**3,552,698**	**3,515,978**	**3,870,558**	**3,857,180**	**3,820,365**	**3,778,049**	**5.14**	**1.88**
	Assets held for sale - net								
	Dams								
	Farms								
	Reservoirs								
	Other								
	Current assets								
	Investments								
	Short term								

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	Available for sale								
7,510	Inventories	7,885	8,279	8,693	9,128	9,584	10,064	5.00	5.00
	Piping								
	Electrical								
	Maintenance spares								
	Water								
7,510	Chemical stores	7,885	8,279	8,693	9,128	9,584	10,064	5.00	5.00
	Consumables								
	Miscellaneous								
1,209,796	Trade receivables	1,493,669	1,372,692	1,299,493	1,233,120	2,500,078	1,544,249	23.46	4.15
1,170,325	Trade receivables - bulk and wastewater	1,452,225	1,329,175	1,253,801	1,185,143	2,449,702	1,491,355	24.09	4.12
39,471	Trade receivables - other activities	41,444	43,516	45,692	47,977	50,375	52,894	5.00	5.00
	less: provision for doubtful debts / impairments - balance b/f								
	Change in prov - doubtful/impairments - ex income statement								
	Sundry debtors								
	DWS Receivable								
	Accrued Income								
	Interest receivable								
	Loans and financial receivables								
	Employee loans								
	Other loans								
1,264,458	Cash and cash equivalents	1,390,904	1,325,792	1,416,510	1,533,187	1,151,365	2,471,178	10.00	11.81
830	Cash on hand							(100.00)	(100.00)
22,669	Bank current account	1,390,904	1,155,792	1,231,210	1,331,210	931,210	1,231,210	6035.71	94.60
1,240,959	Short term deposits		170,000	185,300	201,977	220,155	1,239,969	(100.00)	(0.01)

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
2,481,763		2,892,458	2,706,763	2,724,696	2,775,435	3,661,027	4,025,491	16.55	8.40
5,860,673	**TOTAL ASSETS**	**6,445,156**	**6,222,741**	**6,595,254**	**6,632,615**	**7,481,392**	**7,803,540**	**9.97**	**4.89**
	EQUITY AND LIABILITIES								
	Capital and reserves								
	Capital								
	Reserves								
	Opening balance								
	Transfers in (out)								
4,963,710	Accumulated profit (loss)	5,487,657	5,698,653	5,954,415	6,267,294	6,678,461	7,122,199	10.56	6.20
4,111,422	Opening balance	4,963,710	5,487,657	5,698,653	5,954,415	6,267,294	6,678,461	20.73	8.42
852,288	Comprehensive income (loss) for year - (ex-income statement)	523,947	210,996	255,762	312,879	411,167	443,738	(38.52)	(10.31)
	Other								
4,963,710		**5,487,657**	**5,698,653**	**5,954,415**	**6,267,294**	**6,678,461**	**7,122,199**	**10.56**	**6.20**
	Non-current liabilities								
	Long term debt		2,353	2,000	1,700	1,445	1,228		
	Bank loan - fixed rate								
	Bank loan - variable rate								
	Bonds - fixed rate								
	Bonds - variable rate								
	Loans - interest free								
	Settlement agreements								
	Income received in advance								
	Finance lease obligation		2,353	2,000	1,700	1,445	1,228		

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	Other non-current liabilities								
98,681	Post retirement benefit obligations	104,108	109,834	115,875	122,248	128,972	136,066	5.50	5.50
98,681	Defined benefit and contribution plans - opening	98,681	98,681	98,681	98,681	98,681	98,681		
	Actuarial movement on defined benefit contribution								
	- Healthcare benefits	5,427	11,153	17,194	23,567	30,291	37,385		
98,681		104,108	112,187	117,875	123,948	130,417	137,294	5.50	5.66
	Current liabilities								
929	Current portion of long-term loans	1,205	1,093	1,148	1,148	1,148	1,148	29.71	3.59
	Bank loan - fixed rate								
	Bank loan - variable rate								
	Bonds - fixed rate								
	Bonds - variable rate								
	Loans - interest free								
	Settlement agreements								
	Income received in advance								
929	Finance lease obligations	1,205	1,093	1,148	1,148	1,148	1,148	29.71	3.59
	Interest payable								
748,252	Trade and other payables	800,629	356,673	465,788	182,234	611,346	480,779	7.00	(7.11)
748,252	Trade payables	800,629	356,673	465,788	182,234	611,346	480,779	7.00	(7.11)
	Trade payables - related parties								
	Statutory payables - employees tax / benefits funds								
	SARS - VAT								
	Amounts received in advance								
	Accrual - audit fees								
	Accruals - other								
	Other payables / loans								
49,102	Provisions	51,557	54,134	56,029	57,990	60,020	62,120	5.00	4.00
	Leave pay								

Actual 2023/24	Account	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	Bonuses								
	Legal fees - costs and claims								
49,102	Other	51,557	54,134	56,029	57,990	60,020	62,120	5.00	4.00
	Bank overdraft								
	Current account 1								
	Current account 2								
	Current account 3								
798,283		853,391	411,901	522,964	241,372	672,514	544,047	6.90	(6.19)
5,860,674	**Total equity and liabilities**	**6,445,156**	**6,222,741**	**6,595,254**	**6,632,615**	**7,481,392**	**7,803,540**	**9.97**	**4.89**

Table 24:3: Statement of Cash flow

Actual 2023/24	Element	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	OPERATING ACTIVITIES								
852,288	Net profit for period before changes	523,947	210,996	255,762	312,879	411,167	443,738	(38.52)	(10.31)
104111	Adjustments for non-cash items, interest and other	40,812	97,429	131,457	136,557	141,586	147,080	(60.80)	5.93
140578	- Depreciation and amortisation	138,535	159,671	159,820	165,864	171,866	178,366	(1.45)	4.05
(50627)	- Impairments of PPE, intangibles and biological assets							(100.00)	(100.00)
14160	- Retirement benefits provisions							(100.00)	(100.00)
	- Profit (loss) on sale of fixed, intangible and biological assets								
	- Interest received - (deduct from profit)	(110,816)	(74,772)	(41,507)	(43,095)	(44,686)	(46,361)		
	- Interest paid - (add to profit)	13,094	12,530	13,144	13,788	14,406	15,076		
	- Revaluations of assets								
	- Impairment of trade receivables								
(633000)	Adjustments for:								
	- Discontinued operations								

Actual 2023/24	Element	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
(633 000)	- other non-cashflow adjustments								
(118 639)	Working capital changes	(229,416)	(320,795)	183,793	(215,653)	(836,273)	826,883	93.37	
1 701	- Inventories	(375)	(394)	(414)	(435)	(456)	(479)	(122.07)	
(165 634)	- Trade debtors	(283,873)	120,977	73,198	66,373	(1,266,958)	955,829	71.39	
27 951	- Sundry debtors							(100.00)	(100.00)
38 493	- Trade and other payables	52,377	(443,956)	109,114	(283,553)	429,112	(130,567)	36.07	
(21 150)	- Provisions	2,455	2,578	1,895	1,961	2,030	2,101	(111.61)	
204 760	Net cash generated from operating activities	335,344	(12,371)	571,012	233,783	(283,520)	1,417,701	63.77	38.06
(204 149)	**INVESTING ACTIVITIES - NET CASH UTILISED**	**(393,168)**	**(122,950)**	**(514,400)**	**(152,487)**	**(135,050)**	**(136,050)**	**92.59**	**(6.54)**
(204 149)	- Additions to property, plant and equipment	(393,168)	(114,950)	(504,400)	(128,000)	(120,050)	(136,050)	92.59	(6.54)
	- Additions to intangible assets		(8,000)	(10,000)	(24,487)	(15,000)			
	- Additions to biological assets								
	- Proceeds on disposal of fixed and intangible assets								
	- Proceeds on disposal of biological assets								
	- Investments in subsidiaries and associates								
	- Interest receivable movement								
	- Movement in assets held for sale								
	- Increase (decrease) in capital								
632 084	**FINANCING ACTIVITIES - NET CASH UTILISED**	**184,270**	**70,209**	**34,106**	**35,380**	**36,749**	**38,163**	**(70.85)**	**(37.37)**
	- Movement in long term borrowings		2,353	(353)	(300)	(255)	(217)		
633 000	- Movement in investments	80,844						(87.23)	(100.00)
(916)	- Proceeds (repayment) short term borrowings	276	(112)	55				(130.14)	(100.00)
	- Movement in loan receivables								
	- Interest received	110,816	74,772	41,507	43,095	44,686	46,361		
	- Interest paid	(13,094)	(12,530)	(13,144)	(13,788)	(14,406)	(15,076)		

Actual 2023/24	Element	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	- Movement in retirement benefit obligations	5,427	5,726	6,041	6,373	6,724	7,094		
	- Adjustment for non-cash interest								
	CASH AND CASH EQUIVALENTS								
632 695	- Net increase (decrease) in cash utilised for the year	126,445	(65,112)	90,718	116,676	(381,821)	1,319,814	(80.01)	13.04
631 763	- At beginning of year	1,264,458	1,390,904	1,325,792	1,416,510	1,533,187	1,151,365	100.15	10.52
1,264,458	**- AT END OF YEAR**	**1,390,903**	**1,325,792**	**1,416,510**	**1,533,186**	**1,151,365**	**2,471,178**	**10.00**	**11.81**
		1	0	(0)	1	(1)	0		
1 264 458	**- end of year per balance sheet**	**1,390,904**	**1,325,792**	**1,416,510**	**1,533,187**	**1,151,365**	**2,471,178**		

Table 24:4: Capital expenditure program

Actual 2023/24	Capex Category	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	Immovable capex								
56760	Augmentation and upgrade	126,500	44,752	420,500	57,937	55,000	40,000	122.87	(5.67)
	Expansion								
48850	Rehabilitation	170,100	22,500	51,750	73,800	57,650	15,650	248.21	(17.28)
	Development projects								
105610		296,600	67,252	472,250	131,737	112,650	55,650	180.84	(10.13)
	Movable capex								
66140	Equipment and vehicles	61,668	44,248	35,450	19,000	21,850	79,850	(6.76)	3.19
6750	Information technology communication	14,500	5,950	6,200	1,250	550	550	114.81	(34.16)
5600	Laboratory and process services	20,400	5,500	500	500			264.29	(100.00)
78490		96,568	55,698	42,150	20,750	22,400	80,400	23.03	0.40

Actual 2023/24	Capex Category	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	Summary								
105610	Immovable capex	296,600	67,252	472,250	131,737	112,650	55,650	180.84	(10.13)
78490	Movable capex	96,568	55,698	42,150	20,750	22,400	80,400	23.03	0.40
184100		393,168	122,950	514,400	152,487	135,050	136,050	113.56	(4.92)
	% of total	27.0%	8.5%	35.4%	10.5%	9.3%	9.4%		
	Total forecast period - 2017 to 2022	1,454,105	35.5%	43.8%	45.9%	19.8%	18.6%		
	Reconciliation								
184100	Capex above	393,168	122,950	514,400	152,487	135,050	136,050	113.56	(4.92)
(215,149)	Capitalised fixed assets - per fixed assets entry	(393,168)	(114,950)	(504,400)	(128,000)	(120,050)	(136,050)	82.74	(7.35)
	Capitalised intangibles - per intangibles entry		(8,000)	(10,000)	(24,487)	(15,000)			
	Written off to expenses								
-31049	Difference							(100.00)	(100.00)

Table 24:5: Financial Ratios

Actual 2023/24	Category	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	Performance indicators								
0.086	- Cost of raw water / primary revenue	0.086	0.075	0.079	0.075	0.069	0.067	(0.29)	(4.01)
0.496	- Cost of sales / total revenue	0.490	0.467	0.445	0.420	0.388	0.374	(1.16)	(4.60)
0.901	- General expenses / total revenue	0.831	0.630	0.444	0.441	0.429	0.435	(7.75)	(11.43)
2567.082	- Employees costs / per megalitre	2609.415	2796.873	3183.701	3340.158	3452.597	3621.419	1.65	5.90
0.213	- Employee costs / total costs excl. finance costs	0.217	0.224	0.287	0.291	0.296	0.300	1.63	5.84
	- Operating profit (loss) per employee								
	- Total staff complement								
	- Management								

Actual 2023/24	Category	Estimated Actual 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Growth %	
								2024/25	2029/30
	- Other								
	Operating risks								
383.0	- Debtors days (trade debtors excl. VAT/ revenue x 365 days)	441.4	320.4	276.6	246.2	459.3	271.3	15.23	(5.58)
13.5%	- Return on assets (EBIT / total assets excluding investments)	6.6%	2.4%	3.4%	4.3%	5.1%	5.3%	(50.93)	(14.44)
	Financial risks								
3.109	- Current ratio (current assets / current liabilities)	3.389	6.571	5.210	11.499	5.444	7.399	9.02	15.55
0.000	- Gross debt / equity ratio (total debt liabilities / total equity)	0.000	0.001	0.001	0.000	0.000	0.000	17.33	10.11
0.000	- Debt / assets ratio (total debt / total assets)	0.000	0.001	0.000	0.000	0.000	0.000	17.95	11.49
	Business credit risk								
57.657	- interest cover (EBIT / interest paid)	32.552	11.872	17.300	20.566	26.440	27.359	(43.54)	(11.68)
	Surplus ratios								
0.84	- Return on turnover (net profit / turnover)	0.48	0.15	0.17	0.20	0.24	0.24	(42.62)	(18.69)

25 SECTION 30 FINANCIAL INFORMATION

Table 25:1: Statement Comprehensive Income (Section 30)

	Description	Actual 2023/24	Projected 2024/25	Budget 2025/26	Budgeted 2026/27	Budgeted 2027/28	Budgeted 2028/29	Budgeted 2029/30
Production Data								
	Water abstracted - Potable	0	0	0	29,731	29,731	29,731	29,731
	Water abstracted - Industrial	0	0	0	0	0	0	0
	Water loss (5%) - Potable	0	0	0	1,487	1,487	1,487	1,487
	Water loss (5%) - Industrial	0	0	0	0	0	0	0
	Water sold (Mega litres) - Potable	0	0	0	28,244	28,244	28,244	28,244
	Water sold (Mega litres) - Industrial	0	0	0	0	0	0	0

	DESCRIPTION	ACTUAL 2023/24	PROJECTED 2024/25	BUDGET 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
	Average Tariff - Potable	R	R	R	R	R	R	R
	Average Tariff - Industrial	R	R	R	R	R	R	R
	% Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Average - Raw Water tariff	R	R	R	R	R	R	R
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions		R 0	R 0	R 0	R 0	R 0	R 0	R 0
	Water sale: Potable	R 0	R 0	R 0	R 0	R 0	R 0	R 0
	Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales		-R 345	R 0	R 0	R 0	R 0	R 0	R 0
	Pumping and Purification	-R 345	R 0	R 0	R 0	R 0	R 0	R 0
	Electricity	R 0	R 0	R 0	R 0	R 0	R 0	R 0
	Raw water	R 0	R 0	R 0	R 0	R 0	R 0	R 0
	Direct Labour	R 0	R 0	R 0	R 0	R 0	R 0	R 0
	Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0	R 0
	Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss		-R 345	R 0	R 0	R 0	R 0	R 0	R 0
Other income		R 23,898	R 26,973	R 52,278	R 64,481	R 66,424	R 70,197	R 74,575
	Section 30 Income	R 20,771	R 23,455	R 45,459	R 56,070	R 57,760	R 61,041	R 64,848
	Administrative and Management fees	R 3,126	R 3,518	R 6,819	R 8,411	R 8,664	R 9,156	R 9,727
	Rental Income	R 0	R 0	R 0	R 0	R 0	R 0	R 0
	Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses		-R 2,811	-R 35,073	-R 31,105	-R 40,191	-R 42,886	-R 45,377	-R 48,331
	Repairs and Maintenance	-R 2,303	-R 8,569	-R 14,061	-R 9,756	-R 10,429	-R 11,107	-R 11,851
	Salaries and Wages	R 0	-R 19,963	-R 7,036	-R 23,069	-R 24,730	-R 26,197	-R 28,031
	Admin and Overheads	-R 508	-R 6,521	-R 9,987	-R 7,344	-R 7,704	-R 8,049	-R 8,423
	Depreciation and Amortisation	R 0	-R 20	-R 21	-R 22	-R 23	-R 24	-R 25
	Head Office Allocation	-R 7,390	-R 6,601	-R 14,355	-R 15,880	-R 14,874	-R 15,664	-R 16,517
Operating (Surplus)/Deficit		R 20,741	-R 8,100	R 21,174	R 24,290	R 23,538	R 24,820	R 26,244

	DESCRIPTION	ACTUAL 2023/24	PROJECTED 2024/25	BUDGET 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Net finance costs		R 0	R 0	R 0	R 0	R 0	R 0	R 0
	Interest Expense	R 0	R 0	R 0	R 0	R 0	R 0	R 0
	Interest received- Bank	R 0	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year		R 20,741	-R 8,100	R 21,174	R 24,290	R 23,538	R 24,820	R 26,244

26 SCHEMES FINANCIAL PERFORMANCE

EBENEZER SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	19,163	19,345	19,345	19,345	19,345	19,345
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	4,436	967	967	967	967	967
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	14,727	18,378	18,378	18,378	18,378	18,378
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R11.90	R13.37	R13.19	R13.85	R14.55	R15.27
Average Tariff - Industrial	R	R				
% Increase	9.1%	5.84%	4.4%	5.0%	5.0%	5.0%
Average - Raw Water tariff	R1.05	R1.20	R1.20	R1.20	R1.20	R 1.20
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions	R 172,585	R 240,885	R 263,262	R 281,089	R 299,978	R 313,927
Water sale: Potable	R 172,585	R 240,885	R 263,262	R 281,089	R 299,978	R 313,927
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	-R 67,022	-R 77,415	-R 86,346	-R 93,298	-R 101,144	-R 113,943
Pumping and Purification	-R 1,042	-R 1,980	-R 2,151	-R 2,256	-R 2,357	-R 2,467
Electricity	-R 29,308	-R 33,633	-R 37,605	-R 41,028	-R 44,761	-R 51,817
Raw water	-R 22,433	-R 21,573	-R 24,809	-R 27,166	-R 30,154	-R 34,677
Direct Labour	-R 11,039	-R 15,301	-R 16,671	-R 17,488	-R 18,271	-R 19,121
Other production expenses: Repairs and maintenance	R 0	-R 552	-R 579	-R 607	-R 634	-R 664
Other production expenses: Depreciation	-R 3,200	-R 4,377	-R 4,531	-R 4,753	-R 4,966	-R 5,197
Gross (Profit)/Loss	R 105,563	R 163,469	R 176,916	R 187,791	R 198,834	R 199,984
Other income	R 1,632	R 3,326	R 3,396	R 3,420	R 3,530	R 3,554
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 381	R 484	R 477	R 500	R 523	R 547
Sundry Income	R 1,251	R 2,842	R 2,919	R 2,919	R 3,007	R 3,007
Total Operating Expenses	**-R 53,091**	**-R 90,220**	**-R 84,792**	**-R 89,718**	**-R 94,601**	**-R 99,880**
Repairs and Maintenance	-R 4,374	-R 17,250	-R 7,882	-R 8,426	-R 8,973	-R 9,575
Salaries and Wages	-R 14,962	-R 9,378	-R 14,766	-R 15,829	-R 16,937	-R 18,123
Admin and Overheads	-R 4,117	-R 16,053	-R 10,407	-R 10,917	-R 11,406	-R 11,936
Depreciation and Amortisation	-R 13,736	-R 17,299	-R 18,147	-R 19,036	-R 19,889	-R 20,814
Head Office Allocation	-R 15,902	-R 30,240	-R 33,591	-R 35,510	-R 37,396	-R 39,433
Operating (Surplus)/Deficit	**R 54,103**	**R 76,575**	**R 95,520**	**R 101,493**	**R 107,762**	**R 103,658**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	R 54,103	R 76,575	R 95,520	R 101,493	R 107,762	R 103,658

OLIFANTSPOORT SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	22,813	24,820	24,820	24,820	24,820	24,820
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	1,141	1,241	1,241	1,241	1,241	1,241
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	19,675	23,579	23,579	23,579	23,579	23,579
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R11.90	R13.37	R 13.19	R 13.85	R 14.55	R15.27
Average Tariff - Industrial	R	R	R	R	R	R
% Increase	9.1%	5.8%	4.4%	5.0%	5.0%	5.0%
Average - Raw Water tariff	R 0.78	R0.89	R0.89			
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions	**R 230,576**	**R 309,060**	**R 337,770**	**R 360,642**	**R 384,877**	**R 402,774**
Water sale: Potable	R 230,576	R 309,060	R 337,770	R 360,642	R 384,877	R 402,774
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 162,686**	**-R 198,042**	**-R 205,862**	**-R 223,344**	**-R 242,457**	**-R 276,746**
Pumping and Purification	-R 6,132	-R 8,100	-R 5,328	-R 5,589	-R 5,840	-R 6,111
Electricity	-R 125,836	-R 143,368	-R 160,299	-R 174,887	-R 190,801	-R 220,878
Raw water	-R 9,598	-R 12,514	-R 14,391	-R 15,759	-R 17,492	-R 20,116
Direct Labour	-R 8,976	-R 13,134	-R 12,683	-R 13,304	-R 13,900	-R 14,547
Other production expenses: Repairs and maintenance	R 0	-R 1,153	-R 1,157	-R 1,214	-R 1,268	-R 1,327
Other production expenses: Depreciation	-R 12,144	-R 19,774	-R 12,003	-R 12,591	-R 13,156	-R 13,767
Gross (Profit)/Loss	**R 67,890**	**R 111,018**	**R 131,908**	**R 137,298**	**R 142,420**	**R 126,028**
Other income	**R 2,588**	**R 479**	**R 503**	**R 528**	**R 551**	**R 577**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 40	R 56	R 59	R 62	R 64	R 67
Sundry Income	R 2,549	R 423	R 444	R 466	R 487	R 510
Total Operating Expenses	**-R 62,734**	**-R 105,756**	**-R 113,681**	**-R 120,690**	**-R 127,766**	**-R 135,421**
Repairs and Maintenance	-R 2,203	-R 11,510	-R 11,590	-R 12,389	-R 13,195	-R 14,079
Salaries and Wages	-R 11,640	-R 8,050	-R 8,857	-R 9,492	-R 10,154	-R 10,861
Admin and Overheads	-R 4,202	-R 16,671	-R 17,297	-R 18,145	-R 18,958	-R 19,839
Depreciation and Amortisation	-R 24,287	-R 30,727	-R 32,840	-R 35,104	-R 37,480	-R 40,049
Head Office Allocation	-R 20,402	-R 38,799	-R 43,098	-R 45,560	-R 47,979	-R 50,593
Operating (Surplus)/Deficit	**R 7,744**	**R 5,741**	**R 18,730**	**R 17,135**	**R 15,206**	**-R 8,817**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**R 7,744**	**R 5,741**	**R 18,730**	**R 17,135**	**R 15,206**	**-R 8,817**

DOORNDRAAI SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	4,380	4,380	4,380	4,380	4,380	4,380
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	219	219	219	219	219	219
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	3,695	4,161	4,161	4,161	4,161	4,161
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R12.65	R14.22	R14.03	R14.73	R15.47	R16.24
Average Tariff - Industrial	R	R	R			
% Increase	9.1%	5.8%	4.4%	5.0%	5.0%	5.0%
Average - Raw Water tariff	R3.68	R4.18	R4.00			
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 46,074**	**R 57,993**	**R 63,380**	**R 67,672**	**R 72,219**	**R 75,577**
Water sale: Potable	R 46,074	R 57,993	R 63,380	R 67,672	R 72,219	R 75,577
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 36,343**	**-R 43,340**	**-R 48,548**	**-R 52,459**	**-R 57,030**	**-R 64,054**
Pumping and Purification	-R 479	-R 931	-R 832	-R 873	-R 912	-R 954
Electricity	-R 8,228	-R 9,441	-R 10,556	-R 11,516	-R 12,564	-R 14,545
Raw water	-R 18,904	-R 20,570	-R 23,655	-R 25,902	-R 28,752	-R 33,064
Direct Labour	-R 6,316	-R 8,371	-R 9,462	-R 9,925	-R 10,370	-R 10,852
Other production expenses: Repairs and maintenance	-R 213	-R 399	-R 401	-R 421	-R 440	-R 460
Other production expenses: Depreciation	-R 2,203	-R 3,628	-R 3,642	-R 3,821	-R 3,992	-R 4,178
Gross (Profit)/Loss	**R 9,730**	**R 14,653**	**R 14,832**	**R 15,213**	**R 15,189**	**R 11,524**
Other income	**R 905**	**R 1,007**	**R 1,040**	**R 1,047**	**R 1,081**	**R 1,088**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative & Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 155	R 140	R 147	R 154	R 161	R 169
Sundry Income	R 750	R 867	R 893	R 893	R 920	R 920
Total Operating Expenses	-R 16,868	-R 29,921	-R 27,962	-R 29,612	-R 31,249	-R 33,024
Repairs and Maintenance	-R 1,298	-R 7,036	-R 6,472	-R 6,918	-R 7,368	-R 7,862
Salaries and Wages	-R 4,984	-R 5,131	-R 3,852	-R 4,129	-R 4,418	-R 4,727
Admin and Overheads	-R 1,048	-R 5,030	-R 3,868	-R 4,057	-R 4,239	-R 4,436
Depreciation and Amortisation	-R 5,937	-R 5,877	-R 6,165	-R 6,467	-R 6,757	-R 7,071
Head Office Allocation	-R 3,600	-R 6,847	-R 7,605	-R 8,040	-R 8,467	-R 8,928
Operating (Surplus)/Deficit	-R 6,232	-R 14,261	-R 12,090	-R 13,352	-R 14,979	-R 20,412
Net finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	-R 6,232	-R 14,261	-R 12,090	-R 13,352	-R 14,979	-R 20,412

POLITSI SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	2,190	2,008	2,008	2,008	3,650	3,650
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	110	100	100	100	183	183
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	1,933	1,907	1,907	1,907	3,468	3,468
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R13.48	R15.15	R14.95	R15.70	R16.48	R17.30
Average Tariff - Industrial	R	R	R			
% Increase	9.1%	5.8%	4.4%	5.0%	5.0%	5.0%
Average - Raw Water tariff	R1.28	R1.31	R1.31	R (1.97)	R (1.20)	R (1.38)
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions	**R 25,683**	**R 28,323**	**R 30,954**	**R 33,050**	**R 67,504**	**R 70,643**
Water sale: Potable	R 25,683	R 28,323	R 30,954	R 33,050	R 67,504	R 70,643
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 14,615**	**-R 18,002**	**-R 21,291**	**-R 22,970**	**-R 24,817**	**-R 27,525**
Pumping and Purification	-R 650	-R 960	-R 813	-R 853	-R 891	-R 933
Electricity	-R 4,904	-R 5,626	-R 6,605	-R 7,206	-R 7,862	-R 9,102
Raw water	-R 2,959	-R 3,142	-R 3,614	-R 3,957	-R 4,392	-R 5,051
Direct Labour	-R 5,096	-R 6,488	-R 8,386	-R 8,990	-R 9,619	-R 10,293
Other production expenses: Repairs and maintenance	R 0	-R 386	-R 405	-R 425	-R 444	-R 465
Other production expenses: Depreciation	-R 1,006	-R 1,399	-R 1,467	-R 1,539	-R 1,608	-R 1,683
Gross (Profit)/Loss	**R 11,068**	**R 10,321**	**R 9,663**	**R 10,079**	**R 42,687**	**R 43,118**
Other income	**R 5,857**	**R 578**	**R 607**	**R 636**	**R 665**	**R 696**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative & Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 146	R 139	R 145	R 152	R 159	R 167
Sundry Income	R 5,712	R 440	R 461	R 484	R 506	R 529
Total Operating Expenses	**-R 14,195**	**-R 20,787**	**-R 20,829**	**-R 22,034**	**-R 23,229**	**-R 24,523**
Repairs and Maintenance	-R 1,857	-R 3,287	-R 3,324	-R 3,553	-R 3,784	-R 4,038
Salaries and Wages	-R 4,545	-R 3,977	-R 3,910	-R 4,192	-R 4,485	-R 4,799
Admin and Overheads	-R 2,291	-R 5,846	-R 5,348	-R 5,610	-R 5,861	-R 6,133
Depreciation and Amortisation	-R 3,852	-R 4,539	-R 4,761	-R 4,994	-R 5,218	-R 5,461
Head Office Allocation	-R 1,650	-R 3,138	-R 3,486	-R 3,685	-R 3,881	-R 4,092
Operating (Surplus)/Deficit	**R 2,730**	**-R 9,887**	**-R 10,559**	**-R 11,318**	**R 20,123**	**R 19,290**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**R 2,730**	**-R 9,887**	**-R 10,559**	**-R 11,318**	**R 20,123**	**R 19,290**

PHALABORWA SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	27,396	26,645	26,645	26,645	26,645	26,645
Water abstracted - Industrial	16,425	16,425	16,425	16,425	16,425	16,425
Water loss (5%) - Potable	1,370	1,332	1,332	1,332	1,332	1,332
Water loss (5%) - Industrial	821	821	821	821	821	821
Water sold (Mega litres) - Potable	23,400	25,313	25,313	25,313	25,313	25,313
Water sold (Mega litres) - Industrial	14,425	15,604	15,604	15,604	15,604	15,604
Tariff - Potable	R8.26	R9.29	R9.16	R9.62	R10.10	R10.61
Tariff - Industrial	R7.38	R8.29	R8.18			
% Increase	9.12%	5.84%	4.42%	5%	5%	5%
Average - Raw Water tariff	R (0.88)	R (0.90)	R (1.03)	R (1.13)	R (1.25)	R (1.44)
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 292,301**	**R 356,752**	**R 389,376**	**R 415,742**	**R 443,680**	**R 464,311**
Water sale: Potable	R 180,007	R 230,423	R 251,828	R 268,881	R 286,950	R 300,293
Water sales: Industrial	R 112,293	R 126,329	R 137,547	R 146,861	R 156,730	R 164,018
Cost of sales	**-R 122,344**	**-R 143,891**	**-R 158,781**	**-R 171,464**	**-R 185,473**	**-R 209,015**
Pumping and Purification	-R 2,540	-R 3,519	-R 2,971	-R 3,116	-R 3,256	-R 3,407
Electricity	-R 68,811	-R 77,523	-R 86,678	-R 94,566	-R 103,172	-R 119,435
Raw water	-R 24,041	-R 23,856	-R 27,434	-R 30,040	-R 33,345	-R 38,346
Direct Labour	-R 14,508	-R 20,260	-R 21,253	-R 22,294	-R 23,293	-R 24,376
Other production expenses: Repairs and maintenance	-R 13	-R 1,103	-R 1,157	-R 1,214	-R 1,268	-R 1,327
Other production expenses: Depreciation	-R 12,431	-R 17,630	-R 19,288	-R 20,233	-R 21,140	-R 22,123
Gross (Profit)/Loss	**R 169,957**	**R 212,861**	**R 230,594**	**R 244,278**	**R 258,207**	**R 255,296**
Other income	**R 24,281**	**R 42,360**	**R 43,641**	**R 43,669**	**R 44,988**	**R 45,018**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 333	R 364	R 382	R 401	R 419	R 438
Sundry Income	R 23,948	R 41,996	R 43,259	R 43,269	R 44,570	R 44,580
Total Operating Expenses	**-R 83,143**	**-R 133,882**	**-R 138,300**	**-R 147,006**	**-R 156,027**	**-R 166,242**
Repairs and Maintenance	-R 5,643	-R 11,842	-R 12,258	-R 13,104	-R 13,956	-R 14,605
Salaries and Wages	-R 20,378	-R 12,417	-R 17,967	-R 19,261	-R 20,609	-R 22,052
Admin and Overheads	-R 4,008	-R 24,297	-R 14,406	-R 15,775	-R 17,510	-R 20,136
Depreciation and Amortisation	-R 17,710	-R 17,999	-R 18,881	-R 19,806	-R 20,694	-R 21,656
Head Office Allocation	-R 35,404	-R 67,327	-R 74,787	-R 79,060	-R 83,258	-R 87,794
Operating (Surplus)/Deficit	**R 111,095**	**R 121,338**	**R 135,936**	**R 140,941**	**R 147,168**	**R 134,072**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	R 111,095	R 121,338	R 135,936	R 140,941	R 147,168	R 134,072

NANDONI SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	21,297	20,075	20,075	20,075	20,075	20,075
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	1,065	1,004	1,004	1,004	1,004	1,004
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	19,310	19,071	19,071	19,071	19,071	19,071
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Tariff - Potable	R8.08	R9.48	R9.31	R10.76	R12.45	R14.39
Tariff - Industrial	R 0	R 0	R 0	R 0	R 0	R 0
% Increase	9.12%	10.91%	8.91%	15.62%	15.62%	15.62%
Average - Raw Water tariff	R 0	R 0	R 0	R 0	R 0	R 0
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 152,745**	**R 169,708**	**R 185,473**	**R 198,032**	**R 211,340**	**R 221,167**
Water sale: Potable	R 152,745	R 169,708	R 185,473	R 198,032	R 211,340	R 221,167
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 38,635**	**-R 53,053**	**-R 56,414**	**-R 61,131**	**-R 66,355**	**-R 75,420**
Pumping and Purification	-R 663	-R 2,202	-R 2,310	-R 2,423	-R 2,532	-R 2,650
Electricity	-R 30,205	-R 34,053	-R 36,834	-R 40,185	-R 43,842	-R 50,753
Raw water	R 0	-R 7,658	-R 8,807	-R 9,643	-R 10,704	-R 12,310
Direct Labour	-R 3,161	-R 4,821	-R 3,933	-R 4,125	-R 4,310	-R 4,511
Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Depreciation	-R 4,606	-R 4,320	-R 4,531	-R 4,753	-R 4,966	-R 5,197
Gross (Profit)/Loss	**R 114,110**	**R 116,654**	**R 129,059**	**R 136,901**	**R 144,985**	**R 145,747**
Other income	**R 13,766**	**R 14,425**	**R 2**	**R 2**	**R 3**	**R 3**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 0	R 0	R 2	R 2	R 3	R 3
Sundry Income	R 13,766	R 14,425	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 37,000**	**-R 69,124**	**-R 87,185**	**-R 92,272**	**-R 97,319**	**-R 102,776**
Repairs and Maintenance	-R 913	-R 8,407	-R 8,533	-R 9,122	-R 9,715	-R 10,365
Salaries and Wages	-R 4,591	-R 2,955	-R 15,674	-R 16,803	-R 17,979	-R 19,238
Admin and Overheads	-R 1,198	-R 9,082	-R 9,973	-R 10,461	-R 10,930	-R 11,438
Depreciation and Amortisation	-R 13,796	-R 17,299	-R 18,147	-R 19,036	-R 19,889	-R 20,814
Head Office Allocation	-R 16,502	-R 31,381	-R 34,858	-R 36,850	-R 38,807	-R 40,921
Operating (Surplus)/Deficit	**R 90,876**	**R 61,955**	**R 41,876**	**R 44,632**	**R 47,669**	**R 42,974**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**R 90,876**	**R 61,955**	**R 41,876**	**R 44,632**	**R 47,669**	**R 42,974**

FLAG BOSHIELO SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	3,340	3,340	3,340	3,340	3,340	3,340
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	167	167	167	167	167	167
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	2,467	3,173	3,173	3,173	3,173	3,173
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R15.56	R17.97	R18.53	R21.42	R24.77	R28.64
Average Tariff - Industrial	R	R1.00	R			
% Increase	9.1%	5.8%	9.1%	15.6%	15.6%	15.6%
Average - Raw Water tariff	R0.38	R0.39	R0.39			
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 33,949**	**R 45,132**	**R 49,324**	**R 52,664**	**R 56,203**	**R 58,817**
Water sale: Potable	R 33,949	R 45,132	R 49,324	R 52,664	R 56,203	R 58,817
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 37,315**	**-R 42,201**	**-R 48,795**	**-R 52,298**	**-R 56,018**	**-R 62,077**
Pumping and Purification	-R 2,698	-R 2,197	-R 1,656	-R 1,737	-R 1,815	-R 1,899
Electricity	-R 18,781	-R 21,174	-R 23,674	-R 25,829	-R 28,179	-R 32,621
Raw water	-R 1,727	-R 2,234	-R 2,569	-R 2,813	-R 3,122	-R 3,591
Direct Labour	-R 9,855	-R 12,317	-R 13,552	-R 14,216	-R 14,853	-R 15,543
Other production expenses: Repairs and maintenance	-R 176	R 0	-R 521	-R 546	-R 571	-R 597
Other production expenses: Depreciation	-R 4,079	-R 4,279	-R 6,823	-R 7,158	-R 7,478	-R 7,826
Gross (Profit)/Loss	**-R 3,366**	**R 2,931**	**R 530**	**R 366**	**R 186**	**-R 3,260**
Other income	**R 17,489**	**R 5,487**	**R 5,661**	**R 5,666**	**R 5,837**	**R 5,843**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 69	R 92	R 104	R 109	R 114	R 119
Sundry Income	R 17,421	R 5,395	R 5,557	R 5,557	R 5,724	R 5,724
Total Operating Expenses	**-R 27,176**	**-R 33,037**	**-R 33,939**	**-R 35,159**	**-R 37,119**	**-R 39,239**
Repairs and Maintenance	R 360	-R 4,597	-R 5,275	-R 5,639	-R 6,006	-R 6,408
Salaries and Wages	-R 10,357	-R 7,549	-R 8,129	-R 8,714	-R 9,324	-R 9,977
Admin and Overheads	-R 2,985	-R 8,318	-R 7,007	-R 7,350	-R 7,679	-R 8,036
Depreciation and Amortisation	-R 11,449	-R 6,657	-R 6,983	-R 7,326	-R 7,654	-R 8,010
Head Office Allocation	-R 2,745	-R 5,916	-R 6,545	-R 6,130	-R 6,456	-R 6,807
Operating (Surplus)/Deficit	**-R 13,053**	**-R 24,619**	**-R 27,748**	**-R 29,127**	**-R 31,096**	**-R 36,656**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**-R 13,053**	**-R 24,619**	**-R 27,748**	**-R 29,127**	**-R 31,096**	**-R 36,656**

HLOGOTLOU SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGET 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	730	730	730	730	730	730
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	37	37	37	37	37	37
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	795	694	694	694	694	694
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R 10.34	R 10.94	R 10.34	R 10.34	R 10.34	10.34
Average Tariff - Industrial	R	R1.00	R			
% Increase	0.0%	5.8%	0.0%	0.0%	0.0%	0.0%
Average - Raw Water tariff	R	R	R			
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 9,744**	**R 9,866**	**R 10,349**	**R 10,856**	**R 11,342**	**R 11,870**
Water sale: Potable	R 9,744	R 9,866	R 10,349	R 10,856	R 11,342	R 11,870
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 63**	**-R 575**	**-R 595**	**-R 624**	**-R 652**	**-R 682**
Pumping and Purification	-R 63	-R 575	-R 595	-R 624	-R 652	-R 682
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 9,681**	**R 9,290**	**R 9,754**	**R 10,232**	**R 10,690**	**R 11,188**
Other income	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 1,429**	**-R 5,038**	**-R 5,441**	**-R 5,607**	**-R 5,935**	**-R 6,292**
Repairs and Maintenance	-R 472	-R 2,956	-R 3,006	-R 3,213	-R 3,422	-R 3,651
Salaries and Wages	R 0	R 0	R 0	R 0	R 0	R 0
Admin and Overheads	-R 357	-R 737	-R 950	-R 997	-R 1,041	-R 1,090
Depreciation and Amortisation	R 0	-R 52	-R 55	-R 58	-R 60	-R 63
Head Office Allocation	-R 600	-R 1,293	-R 1,431	-R 1,340	-R 1,411	-R 1,488
Operating (Surplus)/Deficit	**R 8,252**	**R 4,252**	**R 4,313**	**R 4,625**	**R 4,756**	**R 4,896**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**R 8,252**	**R 4,252**	**R 4,313**	**R 4,625**	**R 4,756**	**R 4,896**

MARBLE HALL SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	1,216	1,216	1,216	1,216	1,216	1,216
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	61	61	61	61	61	61
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	1,312	1,155	1,155	1,155	1,155	1,155
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R14.07	R15.64	R15.52	R16.29	R17.11	R17.96
Average Tariff - Industrial	R	R1.00	R	R	R	R
% Increase	5.0%	5.8%	5.0%	5.0%	5.0%	5.0%
Average - Raw Water tariff	R0.30	R 0.31	R0.31	R0.31	R0.31	R0.31
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 14,295**	**R 16,193**	**R 17,477**	**R 18,660**	**R 19,914**	**R 18,260**
Water sale: Potable	R 14,295	R 16,193	R 17,477	R 18,660	R 19,914	R 18,260
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 7,332**	**-R 8,321**	**-R 4,621**	**-R 4,899**	**-R 5,198**	**-R 5,580**
Pumping and Purification	-R 127	-R 470	-R 266	-R 279	-R 292	-R 305
Electricity	-R 60	R 0	R 0	R 0	R 0	R 0
Raw water	-R 1,015	-R 971	-R 1,117	-R 1,223	-R 1,357	-R 1,561
Direct Labour	-R 6,110	-R 6,638	-R 2,995	-R 3,142	-R 3,282	-R 3,435
Other production expenses: Repairs and maintenance	R 0	-R 208	-R 209	-R 219	-R 229	-R 240
Other production expenses: Depreciation	-R 20	-R 34	-R 34	-R 36	-R 37	-R 39
Gross (Profit)/Loss	**R 6,962**	**R 7,872**	**R 12,856**	**R 13,761**	**R 14,716**	**R 12,680**
Other income	**R 15**	**R 20**	**R 21**	**R 23**	**R 24**	**R 25**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 15	R 20	R 21	R 23	R 24	R 25
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 11,267**	**-R 6,925**	**-R 7,251**	**-R 7,414**	**-R 7,850**	**-R 8,322**
Repairs and Maintenance	-R 486	-R 1,720	-R 1,544	-R 1,650	-R 1,758	-R 1,876
Salaries and Wages	-R 8,774	-R 1,461	-R 1,932	-R 2,071	-R 2,216	-R 2,371
Admin and Overheads	-R 643	-R 1,256	-R 1,042	-R 1,093	-R 1,142	-R 1,195
Depreciation and Amortisation	-R 366	-R 333	-R 350	-R 367	-R 383	-R 401
Head Office Allocation	-R 1,000	-R 2,154	-R 2,383	-R 2,232	-R 2,351	-R 2,479
Net finance costs	-R 4,290	R 967	R 5,627	R 6,370	R 6,890	R 4,383
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**-R 4,290**	**R 967**	**R 5,627**	**R 6,370**	**R 6,890**	**R 4,383**

BURGERSFORT SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	2,190	2,738	2,738	2,738	2,738	2,738
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	110	137	137	137	137	137
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	2,855	2,601	2,601	2,601	2,601	2,601
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R10.85	R12.06	R11.97	R12.56	R .19	R 13.85
Average Tariff - Industrial	R	R1.00	R	R	R	R
% Increase	5.0%	5.8%	5.0%	5.0%	5.0%	5.0%
Average - Raw Water tariff	R	R	R	R	R	R
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 30,233**	**R 33,149**	**R 35,778**	**R 38,201**	**R 40,768**	**R 42,663**
Water sale: Potable	R 30,233	R 33,149	R 35,778	R 38,201	R 40,768	R 42,663
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 11,977**	**-R 7,043**	**-R 8,454**	**-R 8,869**	**-R 9,266**	**-R 9,697**
Pumping and Purification	-R 596	-R 957	-R 1,302	-R 1,366	-R 1,427	-R 1,493
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	-R 11,342	-R 5,394	-R 6,863	-R 7,199	-R 7,522	-R 7,871
Other production expenses: Repairs and maintenance	R 0	-R 600	-R 197	-R 207	-R 216	-R 226
Other production expenses: Depreciation	-R 39	-R 92	-R 92	-R 97	-R 101	-R 106
Gross (Profit)/Loss	**R 18,257**	**R 26,107**	**R 27,324**	**R 29,332**	**R 31,502**	**R 32,967**
Other income	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 20,051**	**-R 20,185**	**-R 18,477**	**-R 18,905**	**-R 19,984**	**-R 21,152**
Repairs and Maintenance	-R 2,822	-R 4,216	-R 4,292	-R 4,588	-R 4,886	-R 5,214
Salaries and Wages	-R 11,273	-R 6,747	-R 3,596	-R 3,855	-R 4,124	-R 4,413
Admin and Overheads	-R 1,637	-R 4,044	-R 4,879	-R 5,118	-R 5,347	-R 5,596
Depreciation and Amortisation	-R 684	-R 290	-R 305	-R 320	-R 334	-R 349
Head Office Allocation	-R 3,634	-R 4,888	-R 5,405	-R 5,025	-R 5,292	-R 5,580
Operating (Surplus)/Deficit	**-R 1,794**	**R 5,921**	**R 8,847**	**R 10,427**	**R 11,518**	**R 11,814**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**-R 1,794**	**R 5,921**	**R 8,847**	**R 10,427**	**R 11,518**	**R 11,814**

MOOIHOEK SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	1,080	2,190	2,190	2,190	2,190	2,190
Water abstracted - Industrial						
Water loss (5%) - Potable	54	110	110	110	110	110
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	2,131	2,081	2,081	2,081	2,081	2,081
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R10.85	R12.06	R11.97	R 12.56	R13.19	R13.85
Average Tariff - Industrial	R	R1.00	R	R	R	R
% Increase	5.0%	5.8%	5.0%	5.0%	5.0%	5.0%
Average - Raw Water tariff	R (2.83)	R (2.91)	R (2.91)	(2.91)	R (2.91)	R (2.91)
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 22,999**	**R 25,043**	**R 27,029**	**R 28,860**	**R 30,799**	**R 32,231**
Water sale: Potable	R 22,999	R 25,043	R 27,029	R 28,860	R 30,799	R 32,231
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	-R 10,068	-R 16,017	-R 14,013	-R 15,025	-R 16,203	-R 17,846
Pumping and Purification	-R 191	-R 1,005	-R 876	-R 919	-R 960	-R 1,005
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	-R 9,877	-R 6,151	-R 7,073	-R 7,745	-R 8,597	-R 9,887
Direct Labour	R 0	-R 8,861	-R 6,063	-R 6,360	-R 6,645	-R 6,954
Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 12,931**	**R 9,027**	**R 13,017**	**R 13,835**	**R 14,596**	**R 14,385**
Other income	R 0	R 0	R 0	R 0	R 0	R 0
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 3,383**	**-R 8,004**	**-R 11,841**	**-R 11,955**	**-R 12,687**	**-R 13,479**
Repairs and Maintenance	-R 1,210	-R 3,274	-R 3,553	-R 3,798	-R 4,045	-R 4,316
Salaries and Wages	R 0	R 0	-R 3,177	-R 3,405	-R 3,644	-R 3,899
Admin and Overheads	-R 327	-R 673	-R 632	-R 663	-R 692	-R 725
Depreciation and Amortisation	-R 45	-R 63	-R 66	-R 70	-R 73	-R 76
Head Office Allocation	-R 1,800	-R 3,994	-R 4,414	-R 4,020	-R 4,233	-R 4,464
Operating (Surplus)/Deficit	**R 9,548**	**R 1,023**	**R 1,175**	**R 1,879**	**R 1,909**	**R 906**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**R 9,548**	**R 1,023**	**R 1,175**	**R 1,879**	**R 1,909**	**R 906**

NKADIMENG SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production data						
Water abstracted - Potable	730	730	730	730	730	730
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	37	37	37	37	37	37
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	600	694	694	694	694	694
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R 9.26	R10.20	R11.32	R12.47	R13.74	R15.14
Average Tariff - Industrial	R	R	R	R	R	R1.00
% Increase	9.12%	10.20%	10.20%	10.20%	10.20%	10.20%
Average - Raw Water tariff	R	R	R	R	R	R
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 7,681**	**R 7,089**	**R 7,651**	**R 8,169**	**R 8,718**	**R 9,123**
Water sale: Potable	R 7,681	R 7,089	R 7,651	R 8,169	R 8,718	R 9,123
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 355**	**-R 5,248**	**-R 4,451**	**-R 4,669**	**-R 4,878**	**-R 5,105**
Pumping and Purification	-R 355	-R 480	-R 503	-R 528	-R 552	-R 577
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	R 0	-R 4,768	-R 3,948	-R 4,141	-R 4,326	-R 4,528
Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 7,326**	**R 1,841**	**R 3,200**	**R 3,500**	**R 3,839**	**R 4,018**
Other income	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 1,033**	**-R 2,816**	**-R 5,044**	**-R 5,197**	**-R 5,517**	**-R 5,862**
Repairs and Maintenance	-R 156	-R 899	-R 922	-R 986	-R 1,050	-R 1,120
Salaries and Wages	R 0	R 0	-R 2,068	-R 2,217	-R 2,372	-R 2,538
Admin and Overheads	-R 199	-R 565	-R 561	-R 589	-R 615	-R 644
Depreciation and Amortisation	-R 78	-R 59	-R 62	-R 65	-R 68	-R 71
Head Office Allocation	-R 600	-R 1,293	-R 1,431	-R 1,340	-R 1,411	-R 1,488
Operating (Surplus)/Deficit	**R 6,292**	**-R 975**	**-R 1,845**	**-R 1,697**	**-R 1,677**	**-R 1,844**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**R 6,292**	**-R 975**	**-R 1,845**	**-R 1,697**	**-R 1,677**	**-R 1,844**

MALEKANE SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production data						
Water abstracted - Potable	730	730	730	730	730	730
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	37	37	37	37	37	37
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	760	694	694	694	694	694
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R 9.95	R 11.06	R 10.97	R 11.52	R 12.09	R24.79
Average Tariff - Industrial	R	R1.00	R	R	R	R1.00
% Increase	5.0%	5.8%	5.0%	5.0%	5.0%	105.0%
Average - Raw Water tariff	R	R	R	R	R	R
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 6,970**	**R 7,089**	**R 7,651**	**R 8,169**	**R 8,718**	**R 9,123**
Water sale: Potable	R 6,970	R 7,089	R 7,651	R 8,169	R 8,718	R 9,123
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 24**	**-R 4,521**	**-R 3,677**	**-R 3,858**	**-R 4,030**	**-R 4,218**
Pumping and Purification	-R 24	-R 228	-R 240	-R 251	-R 263	-R 275
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	R 0	-R 4,293	-R 3,438	-R 3,606	-R 3,768	-R 3,943
Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 6,946**	**R 2,567**	**R 3,973**	**R 4,311**	**R 4,687**	**R 4,905**
Other income	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative & Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 1,018**	**-R 3,486**	**-R 5,461**	**-R 5,602**	**-R 5,901**	**-R 6,227**
Repairs and Maintenance	-R 201	-R 1,607	-R 1,711	-R 1,829	-R 1,948	-R 2,078
Salaries and Wages	R 0	R 0	-R 1,708	-R 1,792	-R 1,872	-R 1,959
Admin and Overheads	-R 175	-R 587	-R 611	-R 641	-R 670	-R 701
Depreciation and Amortisation	-R 42	R 0	R 0	R 0	R 0	R 0
Head Office Allocation	-R 600	-R 1,293	-R 1,431	-R 1,340	-R 1,411	-R 1,488
Operating (Surplus)/Deficit	**R 5,928**	**-R 919**	**-R 1,488**	**-R 1,291**	**-R 1,214**	**-R 1,321**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**R 5,928**	**-R 919**	**-R 1,488**	**-R 1,291**	**-R 1,214**	**-R 1,321**

PACKAGE PLANTS

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGET 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production data						
Water abstracted - Potable	176	176	176	176	176	176
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	9	9	9	9	9	9
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	81	167	167	167	167	167
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R 7.37	R 8.19	R 8.12	R 8.53	R 8.95	R 9.40
Average Tariff - Industrial	R	R1.00	R	R	R	R
% Increase	0.0%	5.8%	5.0%	5.0%	5.0%	5.0%
Average - Raw Water tariff	R	R	R	R	R	R
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 711**	**R 1,777**	**R 1,918**	**R 2,048**	**R 2,186**	**R 2,287**
Water sale: Potable	R 711	R 1,777	R 1,918	R 2,048	R 2,186	R 2,287
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**-R 85**	**-R 2,845**	**-R 2,528**	**-R 2,652**	**-R 2,771**	**-R 2,899**
Pumping and Purification	-R 85	-R 370	-R 388	-R 407	-R 425	-R 445
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	R 0	-R 2,475	-R 2,140	-R 2,245	-R 2,346	-R 2,455
Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 627**	**-R 1,067**	**-R 610**	**-R 604**	**-R 585**	**-R 612**
Other income	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 2,727**	**-R 3,935**	**-R 5,444**	**-R 5,672**	**-R 5,929**	**-R 6,207**
Repairs and Maintenance	-R 533	-R 1,507	-R 1,284	-R 1,346	-R 1,407	-R 1,472
Salaries and Wages	R 0	R 0	-R 1,064	-R 1,116	-R 1,166	-R 1,220
Admin and Overheads	-R 2,048	-R 2,116	-R 2,752	-R 2,887	-R 3,017	-R 3,157
Depreciation and Amortisation	-R 1	R 0	R 0	R 0	R 0	R 0
Head Office Allocation	-R 145	-R 311	-R 344	-R 323	-R 340	-R 358
Operating (Surplus)/Deficit	**-R 2,100**	**-R 5,002**	**-R 6,053**	**-R 6,276**	**-R 6,514**	**-R 6,819**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**-R 2,100**	**-R 5,002**	**-R 6,053**	**-R 6,276**	**-R 6,514**	**-R 6,819**

STEELPOORT SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production data						
Water abstracted - Potable	467	730	730	730	730	730
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	23	37	37	37	37	37
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	463	694	694	694	694	694
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R8.35	R9.27	R9.20	R9.66	R10.14	R10.65
Average Tariff - Industrial	R	R1.00	R	R	R	R
% Increase	5.0%	5.8%	5.0%	5.0%	5.0%	5.0%
Average - Raw Water tariff	R	R	R	R	R	R
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 4,421**	**R 7,380**	**R 7,966**	**R 8,505**	**R 9,077**	**R 9,499**
Water sale: Potable	R 4,421	R 7,380	R 7,966	R 8,505	R 9,077	R 9,499
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	-R 12,282	-R 2,282	-R 3,188	-R 3,344	-R 3,494	-R 3,657
Pumping and Purification	-R 556	-R 256	-R 262	-R 274	-R 287	-R 300
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	-R 11,716	-R 1,989	-R 2,887	-R 3,028	-R 3,164	-R 3,311
Other production expenses: Depreciation	-R 10	-R 38	-R 40	-R 42	-R 44	-R 46
Gross (Profit)/Loss	**-R 7,861**	**R 5,098**	**R 4,778**	**R 5,161**	**R 5,582**	**R 5,842**
Other income	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 11,920**	**-R 11,564**	**-R 5,864**	**-R 6,057**	**-R 6,414**	**-R 6,801**
Repairs and Maintenance	-R 383	-R 2,055	-R 1,749	-R 1,870	-R 1,992	-R 2,125
Salaries and Wages	-R 9,140	-R 6,945	-R 1,363	-R 1,461	-R 1,563	-R 1,673
Admin and Overheads	-R 315	-R 725	-R 750	-R 787	-R 822	-R 860
Depreciation and Amortisation	-R 652	-R 544	-R 571	-R 599	-R 626	-R 655
Head Office Allocation	-R 1,431	-R 1,293	-R 1,431	-R 1,340	-R 1,411	-R 1,488
Operating (Surplus)/Deficit	**-R 19,781**	**-R 6,465**	**-R 1,086**	**-R 896**	**-R 831**	**-R 959**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**-R 19,781**	**-R 6,465**	**-R 1,086**	**-R 896**	**-R 831**	**-R 959**

BOREHOLES

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production data						
Water abstracted - Potable	416	416	416	416	416	416
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	21	21	21	21	21	21
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	429	395	395	395	395	395
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R7.37	R8.19	R8.12	R8.53	R8.95	R9.40
Average Tariff - Industrial	R	R1.00	R	R	R	R
% Increase	0.0%	5.8%	5.0%	5.0%	5.0%	5.0%
Average - Raw Water tariff	R	R	R	R	R	R
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 3,991**	**R 4,208**	**R 4,542**	**R 4,850**	**R 5,175**	**R 5,416**
Water sale: Potable	R 3,991	R 4,208	R 4,542	R 4,850	R 5,175	R 5,416
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**R 0**	**-R 1,887**	**-R 1,633**	**-R 1,746**	**-R 1,866**	**-R 1,995**
Pumping and Purification	R 0	-R 100	-R 63	-R 66	-R 69	-R 72
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	R 0	-R 1,787	-R 1,570	-R 1,680	-R 1,798	-R 1,924
Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 3,991**	**R 2,321**	**R 2,909**	**R 3,104**	**R 3,309**	**R 3,421**
Other income	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Section 30 Income	R 0	R 0	R 0	R 0	R 0	R 0
Administrative and Management fees	R 0	R 0	R 0	R 0	R 0	R 0
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 677**	**-R 2,638**	**-R 3,597**	**-R 3,732**	**-R 3,962**	**-R 4,212**
Repairs and Maintenance	-R 305	-R 1,552	-R 1,725	-R 1,844	-R 1,964	-R 2,096
Salaries and Wages	R 0	R 0	-R 710	-R 761	-R 814	-R 871
Admin and Overheads	-R 22	-R 341	-R 338	-R 355	-R 370	-R 388
Depreciation and Amortisation	-R 8	-R 8	-R 8	-R 9	-R 9	-R 9
Head Office Allocation	-R 342	-R 737	-R 816	-R 764	-R 805	-R 848
Operating (Surplus)/Deficit	**R 3,314**	**-R 316**	**-R 688**	**-R 628**	**-R 653**	**-R 792**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**R 3,314**	**-R 316**	**-R 688**	**-R 628**	**-R 653**	**-R 792**

ORWRDP PUMPSTATION

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGET 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	0	0	0	0	0	0
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	0	0	0	0	0	0
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	0	0	0	0	0	0
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R	R	R	R	R	R
Average Tariff - Industrial	R	R	R	R	R	R
% Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average - Raw Water tariff	R	R	R	R	R	R
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Water sale: Potable	R 0	R 0	R 0	R 0	R 0	R 0
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Pumping and Purification	R 0	R 0	R 0	R 0	R 0	R 0
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Other income	**R 11,080**	**R 16,172**	**R 15,205**	**R 15,752**	**R 16,374**	**R 17,354**
Section 30 Income	R 9,635	R 14,063	R 13,222	R 13,697	R 14,238	R 15,090
Administrative & Management fees	R 1,445	R 2,109	R 1,983	R 2,055	R 2,136	R 2,264
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 10,373**	**-R 14,063**	**-R 13,222**	**-R 13,697**	**-R 14,238**	**-R 15,090**
Repairs and Maintenance	-R 2,983	-R 5,865	-R 3,396	-R 3,631	-R 3,867	-R 4,126
Salaries and Wages	-R 3,041	-R 913	-R 3,514	-R 3,767	-R 3,767	-R 4,031
Admin and Overheads	-R 3,148	-R 4,698	-R 3,450	-R 3,619	-R 3,782	-R 3,957
Depreciation and Amortisation	R 0	R 0	R 0	R 0	R 0	R 0
Head Office Allocation	-R 1,200	-R 2,586	-R 2,861	-R 2,680	-R 2,822	-R 2,976
Operating (Surplus)/Deficit	**R 708**	**R 2,109**	**R 1,983**	**R 2,055**	**R 2,136**	**R 2,264**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**R 708**	**R 2,109**	**R 1,983**	**R 2,055**	**R 2,136**	**R 2,264**

BURGERSFORT SEWAGE SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGET 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	0	0	0	0	0	0
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	0	0	0	0	0	0
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	0	0	0	0	0	0
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R	R	R	R	R	R
Average Tariff - Industrial	R	R	R	R	R	R
% Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average - Raw Water tariff	R	R	R	R	R	R
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Water sale: Potable	R 0	R 0	R 0	R 0	R 0	R 0
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Pumping and Purification	R 0	R 0	R 0	R 0	R 0	R 0
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Other income	**R 5,768**	**R 15,852**	**R 21,435**	**R 21,677**	**R 23,017**	**R 24,460**
Section 30 Income	R 5,015	R 13,784	R 18,639	R 18,850	R 20,015	R 21,269
Administrative and Management fees	R 752	R 2,068	R 2,796	R 2,827	R 3,002	R 3,190
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 9,062**	**-R 13,784**	**-R 18,639**	**-R 18,850**	**-R 20,015**	**-R 21,269**
Repairs and Maintenance	-R 1,764	-R 2,732	-R 2,008	-R 2,146	-R 2,286	-R 2,439
Salaries and Wages	-R 6,818	-R 2,637	-R 7,879	-R 8,446	-R 9,038	-R 9,670
Admin and Overheads	-R 460	-R 959	-R 505	-R 529	-R 553	-R 579
Depreciation and Amortisation	-R 20	-R 21	-R 22	-R 23	-R 24	-R 25
Head Office Allocation	-R 3,450	-R 7,436	-R 8,226	-R 7,705	-R 8,114	-R 8,556
Operating (Surplus)/Deficit	**-R 3,294**	**R 2,068**	**R 2,796**	**R 2,827**	**R 3,002**	**R 3,190**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**-R 3,294**	**R 2,068**	**R 2,796**	**R 2,827**	**R 3,002**	**R 3,190**

GROBLERSDAL SEWAGE SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGETED 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	0	0	0	0	0	0
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	0	0	0	0	0	0
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	0	0	0	0	0	0
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R	R	R	R	R	R
Average Tariff - Industrial	R	R	R	R	R	R
% Increase						
Average - Raw Water tariff						
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Water sale: Potable	R 0	R 0	R 0	R 0	R 0	R 0
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Pumping and Purification	R 0	R 0	R 0	R 0	R 0	R 0
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Other income	**R 3,020**	**R 8,759**	**R 13,731**	**R 14,142**	**R 15,039**	**R 16,005**
Section 30 Income	R 2,626	R 7,616	R 11,940	R 12,297	R 13,077	R 13,917
Administrative and Management fees	R 394	R 1,142	R 1,791	R 1,845	R 1,962	R 2,088
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 8,785**	**-R 7,616**	**-R 11,940**	**-R 12,297**	**-R 13,077**	**-R 13,917**
Repairs and Maintenance	-R 1,214	-R 1,580	-R 1,383	-R 1,478	-R 1,574	-R 1,680
Salaries and Wages	-R 5,497	-R 1,843	-R 6,353	-R 6,810	-R 7,287	-R 7,797
Admin and Overheads	-R 573	-R 960	-R 628	-R 659	-R 689	-R 721
Depreciation and Amortisation	R 0	R 0	R 0	R 0	R 0	R 0
Head Office Allocation	-R 1,500	-R 3,233	-R 3,576	-R 3,350	-R 3,528	-R 3,720
Operating (Surplus)/Deficit	**-R 5,765**	**R 1,142**	**R 1,791**	**R 1,845**	**R 1,962**	**R 2,088**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**-R 5,765**	**R 1,142**	**R 1,791**	**R 1,845**	**R 1,962**	**R 2,088**

MARBLE HALL SEWAGE SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGET 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	0	0	0	0	0	0
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	0	0	0	0	0	0
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	0	0	0	0	0	0
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R	R	R	R	R	R
Average Tariff - Industrial	R	R	R	R	R	R
% Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average - Raw Water tariff	R	R	R	R	R	R
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Water sale: Potable	R 0	R 0	R 0	R 0	R 0	R 0
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Pumping and Purification	R 0	R 0	R 0	R 0	R 0	R 0
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Other income	**R 3,677**	**R 5,381**	**R 6,955**	**R 7,260**	**R 7,713**	**R 8,202**
Section 30 Income	R 3,198	R 4,679	R 6,048	R 6,313	R 6,707	R 7,132
Administrative & Management fees	R 480	R 702	R 907	R 947	R 1,006	R 1,070
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 4,816**	**-R 4,679**	**-R 6,048**	**-R 6,313**	**-R 6,707**	**-R 7,132**
Repairs and Maintenance	-R 1,257	-R 1,500	-R 1,431	-R 1,529	-R 1,629	-R 1,738
Salaries and Wages	-R 2,291	-R 764	-R 2,647	-R 2,838	-R 3,037	-R 3,249
Admin and Overheads	-R 818	-R 1,445	-R 897	-R 941	-R 983	-R 1,029
Depreciation and Amortisation	R 0	R 0	R 0	R 0	R 0	R 0
Head Office Allocation	-R 450	-R 970	-R 1,073	-R 1,005	-R 1,058	-R 1,116
Operating (Surplus)/Deficit	**-R 1,139**	**R 702**	**R 907**	**R 947**	**R 1,006**	**R 1,070**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**-R 1,139**	**R 702**	**R 907**	**R 947**	**R 1,006**	**R 1,070**

STEELPOORT SEWAGE SCHEME

Budgeted financial performance for the year ending June.

DESCRIPTION	PROJECTED 2024/25	BUDGET 2025/26	BUDGETED 2026/27	BUDGETED 2027/28	BUDGETED 2028/29	BUDGETED 2029/30
Production Data						
Water abstracted - Potable	0	0	0	0	0	0
Water abstracted - Industrial	0	0	0	0	0	0
Water loss (5%) - Potable	0	0	0	0	0	0
Water loss (5%) - Industrial	0	0	0	0	0	0
Water sold (Mega litres) - Potable	0	0	0	0	0	0
Water sold (Mega litres) - Industrial	0	0	0	0	0	0
Average Tariff - Potable	R	R	R	R	R	R
Average Tariff - Industrial	R	R	R	R	R	R
% Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average - Raw Water tariff	R	R	R	R	R	R
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue from exchange transactions	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Water sale: Potable	R 0	R 0	R 0	R 0	R 0	R 0
Water sales: Industrial	R 0	R 0	R 0	R 0	R 0	R 0
Cost of sales	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Pumping and Purification	R 0	R 0	R 0	R 0	R 0	R 0
Electricity	R 0	R 0	R 0	R 0	R 0	R 0
Raw water	R 0	R 0	R 0	R 0	R 0	R 0
Direct Labour	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Repairs and maintenance	R 0	R 0	R 0	R 0	R 0	R 0
Other production expenses: Depreciation	R 0	R 0	R 0	R 0	R 0	R 0
Gross (Profit)/Loss	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Other income	**R 3,428**	**R 6,115**	**R 7,154**	**R 7,592**	**R 8,055**	**R 8,555**
Section 30 Income	R 2,981	R 5,317	R 6,221	R 6,602	R 7,004	R 7,439
Administrative & Management fees	R 447	R 798	R 933	R 990	R 1,051	R 1,116
Rental Income	R 0	R 0	R 0	R 0	R 0	R 0
Sundry Income	R 0	R 0	R 0	R 0	R 0	R 0
Total Operating Expenses	**-R 5,188**	**-R 5,317**	**-R 6,221**	**-R 6,602**	**-R 7,004**	**-R 7,439**
Repairs and Maintenance	-R 1,352	-R 2,384	-R 1,539	-R 1,645	-R 1,752	-R 1,869
Salaries and Wages	-R 2,315	-R 879	-R 2,676	-R 2,868	-R 3,069	-R 3,284
Admin and Overheads	-R 1,521	-R 1,925	-R 1,863	-R 1,955	-R 2,042	-R 2,137
Depreciation and Amortisation	R 0	R 0	R 0	R 0	R 0	R 0
Head Office Allocation	R 0	-R 129	-R 143	-R 134	-R 141	-R 149
Operating (Surplus)/Deficit	**-R 1,760**	**R 798**	**R 933**	**R 990**	**R 1,051**	**R 1,116**
Net finance costs	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**	**R 0**
Finance costs	R 0	R 0	R 0	R 0	R 0	R 0
Finance Income	R 0	R 0	R 0	R 0	R 0	R 0
(Surplus)/Deficit for the year	**-R 1,760**	**R 798**	**R 933**	**R 990**	**R 1,051**	**R 1,116**

27 CAPITAL PROJECT REQUIREMENTS FUNDING PLAN

27.1 BACKGROUND

LNW, as an organ of the State, has continued to fulfil and improve its given mandate namely, to provide bulk water services according to the contracted quantities and set quality requirements despite challenges presented by historical imbalances that exist between the supply of and the demand for water in the region, lack of payment by certain Water Services Authorities, inadequate raw water resources, and aging infrastructure.

The Board will continue to fund its requirements most cost-effective manner possible. The PFMA and Treasury regulations that governing the acquiring processes would be followed when requests for the recommendation of necessary external funds for projects are made.

27.2 TARIFF

The tariff strategy ensures cost reflectivity and reduces the external funding requirements. This strategy aims to assist in achieving financial benchmarks set. In determining the tariffs, consideration is made to ensure that funding of all system maintenance has been catered to. Capital projects internal from LNW funds are available sources.

27.2.1 Tariff Consultation

LNW has after the Board approved of the tariffs, developed the consultation programme for engaging the affected stakeholders. The Board solicited written comments from various stakeholders and industrial customers. Contracted water services authorities are Mopani, Sekhukhune, Capricorn, Vhembe District municipalities, Mogalakwena and Polokwane Local municipalities.

The other non-contractual stakeholders consulted are the African Local Government Association (SALGA) and National Treasury from which written comments were also received.

27.3 SURPLUS POLICY

27.3.1 Surplus Cash

LNW is reinvesting its surplus cash for funding future infrastructure renewal. The Board recognises the importance of maximising its return on investment, while at the same time

spreading the risk amongst various portfolios. The Board has decided to limit each investment in any institution to 30% of the total amount available for investment.

27.3.2 Capital Investment

Investment into business activities will be ring-fenced and only those projects, which are self-sustaining, will be considered. The Board will match the term of a loan with the asset's economic life while simultaneously matching the repayments to the revenue streams of the project.

27.4 BORROWING LIMIT REQUIREMENTS FOR THE FUNDING OF PROJECTS

Lepelle Northern Water is currently financing some of its water scheme upgrade project using the blended financing. The entity is currently in the process of applying for borrowing authorisation/limit for Ebenezer/Olifantspoort project. The required debt fund of R1.979 billion will be raised from the private sector through the support of Infrastructure Fund to finance commercial component part of the project.

The social component of the project will be financed through the Regional Bulk Infrastructure Grant (RBIG) and Budget Facility for Infrastructure (BFI) for phase 1A amounting to R1.2 billion and R1.4 billion respectively. the overall amount for phase will cost approximately R4.5 billion. The National Treasury has, through the support of the DWS allocated R1.4 billion of the BFI towards the project as follows:

R422 million for 2022/23
R633 million for 2023/24
R352 million for 2024/25

28 AFFORDABILITY TEST

The capital expenditure program is a vital component of the 20-year corporate plan. The affordability thereof is tested, ensuring that key business performance ratios are optimised, namely: return on assets, gearing, current ratio and interest cover ratio. Additional factors that influence the performance of the ratios are the tariff, plant availability and the funding program. The corporate plan considers the regulated cash flow reserves required to maintain a sufficient operational reserve (should a major customer default) and builds the appropriate redemption reserve to redeem issued loans on the due date. The current plan aims to:

- Maintain a minimum return on assets of 1%.

- Maintain gearing levels within 30%.
- Achieve positive free cash flow, i.e. (wholly fund the renewal capex program internally).
- Maintain the current ratio (cash and cash equivalents plus cash investments/ current liabilities) at levels of 1 and above.
- Maintain the interest cover ratio at a minimum of 2%.
- Ensure that appropriate strategic, operational and redemption reserves are adequately provided for.
- Mitigate solutions for foreign currency exposures within the Capex programme.

29 BORROWING PROGRAMME

29.1 TERMS AND CONDITIONS ON WHICH MONEY IS BORROWED

The terms and conditions upon which funds are borrowed will be determined by the loan agreements, domestic medium term note programme or other agreements that may stem from the approved funding sources. The determination of the funding would include but not limited to the following:

29.1.1 Conventional bank funding

Lepelle Norther Water can raise conventional commercial debt by either raising a loan or acquiring a debt facility. Included here are structured financing/loans which encompasses all private and public financial arrangements that can serve to fund on-balance sheet projects to lower the cost of capital and provide for benefits that can be structured and tailor made to match the project. Funding instruments available:

- Term loans and/or syndicated loans
- General banking facilities
- Bridging finance
- Finance/operational leases.
- Asset backed finance.
- Other structured loans

30 BANK ACCOUNT

The organisation's banker is Nedbank in Polokwane and with the following Account No.:

Cheque Account – LNW - 119 460 6547

31 ANALYSIS OF RISK

LNW's risk management is guided by an Enterprise Risk Management Framework. The Framework represents the pre-eminent source of reference and guidance on risk management practices in the organisation. It aims to support the objectives of LNW by providing information and advice to enable the implementation and maintenance of effective systems to identify and mitigate the risks that threaten the attainment of service delivery and other objectives and optimise opportunities that enhance organisational performance. Categories of risk are analysed below:

31.1 LIQUIDITY RISK

LNW will maintain a level of liquidity to enable it to withstand significant default on payment of its debtors.

31.2 SOLVENCY RISK

The Service Level Agreements have catered for the threat of solvency (SLAs) entered with the WSAs for servicing their old debt while honouring the current obligation.

31.3 INTEREST RATE RISK

Most of all long-term funding of assets will be on a fixed interest rate basis to protect Lepelle Northern Water from sudden and unforeseen interest rate increases.

31.4 INSURED RISK

The Board will follow a self-insurance policy to a manageable level of risk beyond which the risk will be insured with outside insurers.

31.5 GEARING RISK

LNW will follow a policy of smoothing its long-term loans through tariffs by allowing its gearing to always increase during times of high capital expenditure and to contract during times of reduced expenditure but ensuring that the level of gearing does not become excessive for a non-profit public entity. In this regard the criteria adopted by international credit rating agencies will be used as guidelines. Surpluses that are realised will be used to fund further capital investment.

31.6 INVESTMENT RISK

Insofar as they may be applicable LNW will comply with the requirements of the Department of Finance for National Business Enterprises requirements regarding to new capital investments.

31.7 SUPPLY RISK

The primary supply risk is that of raw water and energy scarcity resulting in water shortages and poor service delivery.

LNW has identified the following as mitigating measures for the supply risk:

- Implementation of Water conservation and demand management
- Drilling of boreholes and appropriate management thereof
- Rainwater harvesting
- Reuse and recycling of industrial waste and effluent water. Where possible, the use of alternative sources of energy is used to sustain the supply.

31.8 CREDIT RISK

LNW is exposed to credit risk in terms of the payment for services. The risk is mitigated through the implementation of the credit policy. The other major risk will occur in indigent areas where conventional meters are used. LNW will encourage Water Service Authorities in indigent areas to replace conventional meters with prepaid meters to mitigate this risk. Consumers such as businesses, schools, clinics, and those that are economically active are ideal candidates for this type of metering because they don't necessarily qualify for free basic water. Interest at commercial rates will be charged on all outstanding amounts less two (2%) percent for municipalities and for other customers which are not municipalities interest will be at commercial rates.

31.9 OTHER RISK ACTIVITIES

Where LNW is involved in activities outside of its primary activity, these will be subject to financial viability as approved by its Board.

32 ENTERPISE RISK MANAGEMENT

LNW complies with sections 38(1)(a)(i) and 51(1)(a)(i) of the PFMA which require the Accounting Officers/Authority to ensure that their institutions have and maintain effective, efficient, and transparent systems of risk management. The Board of Lepelle Northern

Water is committed to the implementation of principle 11 of King IV Code of report that states “The Board should govern risk in a way that supports organisation in setting and achieving strategic objectives. The organisation has appointed Risk Management Committee that sits quarterly, and which reports to Audit and Risk Committee.

For 2025-2026 financial year, the following strategic risks as per the risk management implementation plan were identified:

Table 32:1: Detailed Risk Management Implementation Plan for 2025/26 (Key Strategic Risks)

REF	NO	KEY RISKS/ THREATS	INHERENT RISK EXPOSURE INDEX	CURRENT CONTROL	RR	R	MITIGATION MEASURE	RISK OWNER	TIME FRAME
SR	1	Negative effects and Consequences of Climate Change	25	• Climate change policy implementation	16	H	• Development of ESG strategy • Ongoing project on determination of carbon footprint for the Organisation (The risk is accepted)	GM: Operations and maintenance	Quarterly
SR	2	Non-availability/ Ageing infrastructure	25	• Planned maintenance system in place. • Asset replacement strategy • Operating standards for each scheme	1	M	• Reliability Centre Management	GM: Engineering Services/ CFO	Quarterly
SR	3	Unavailability of electrical power/energy to supply water.	25	• Backup generators utilised where possible. • Contracts with electricity supplier reviewed (for categorisation)	16	H	• All schemes should be exempted from load shedding	GM Operations and Maintenance and GM Technical Services	Quarterly
SR	4	Water demands that exceed available raw water allocation (Over abstraction)	20	• New applications for additional water abstractions sent to DWS. • Appointed a service provider for additional water abstraction applications for all LNW plants. • Participation in the Catchment Management Agencies established in the province and water sector forums	10	M	• Continue to apply for WUL with DWS • Explore the utilisation of ground water where feasible • Implementation of water conservation and demand strategy (The risk is accepted)	GM: Operations and maintenance	Quarterly

REF	NO	KEY RISKS/ THREATS	INHERENT RISK EXPOSURE INDEX	CURRENT CONTROL	RR	R	MITIGATION MEASURE	RISK OWNER	TIME FRAME
SR	5	Non-payment by the Water Service Authorities for Bulk Water Services	25	• Credit control policies and procedures in place and implemented. • Engagement with relevant stakeholders • Implement the water restrictions	13	M	• Political intervention (attendance of meetings).	CFO	Quarterly
SR	6	Cyberattacks	25	• Policies and procedures are being implemented. • Implementation of firewalls and security system • Maintenance of ICT infrastructure as per the plan • Adequate budget provided. • Training and upskilling done for ICT officials	09	M	• Review and implementation of infrastructure maintenance strategy (The risk is accepted)	IT Manager	Quarterly

32.1 ETHICS MANAGEMENT AND FRAUD PREVENTION

One of the current priorities of the LNW is to have an ethical culture as an enabler for continued service delivery. A fraud management strategy is in place which includes a fraud prevention policy and the Code of Ethics, to convey the Accounting Authority's expectations regarding managing fraud risks.

A Hotline number through which employees and other stakeholders can report corrupt activities has been maintained and is independently managed by an external service provider. The fraud management processes will be monitored through implementation of the organisational Ethics Management Programme. Through the ethics management programmes, LNW ensures that all employees are regularly trained on ethics management while the Board and Executive Committee are trained yearly on ethics management with the aim of achieving an ethical culture in the organisation and on the one hand ethics management articles are published in our newsletter to increase the coverage of other stakeholders. With the challenges posed by conflict of interest at various levels, it has become a culture in the organisation to declare conflict of interest in our meetings.

32.2 COMPLIANCE MANAGEMENT

LNW has structured compliance management system which is essential for the sustainable operation of our organisation. LNW ensures conformity with relevant legal, regulatory, and industrial requirements, thereby mitigating potential risks, preserving corporate reputation, and cultivating a culture of ethical behaviour where employees are trained regularly on compliance management. The Risk Management Committee chaired by the independent chairperson reports to Audit and Risk Committee on a quarterly basis on compliance management.

33 MATERIALITY AND SIGNIFICANT FRAMEWORK

The Framework below is in terms of Treasury Regulations, section 28.3.1, which states the purpose of determining materiality i.e., section 55(2) of the PFMA and significance i.e., section 54(2) of the PFMA.

Table 33:1: Materiality and significant Framework

PFMA REFERENCE	DETAILS		LEVEL – R - VALUE
Section 55 (2)	Disclosure of material losses in the Annual Report and financial statements	Losses due to criminal conduct	All items of this nature are regarded as material irrespective of the quantum.
		Losses due to irregular expenditure and fruitless and wasteful expenditure.	All items of this nature are regarded as material irrespective of the quantum.
Section 54 (2) (a) (b) (c) (d) (e) and (f)	Approval of the Executive Authority on participation in certain transactions such as: (a) Establishment or participation in the establishment of a company. (b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement. (c) Acquisition or disposal of a significant shareholding in a company. (d) Acquisition or disposal of a significant asset. (e) Commencement or cession of a significant business activity; and; (f) A significant change in the nature or extent of the interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.		All approvals are in line with the approved delegation of authority by the Board and the materiality framework and significance framework.

The Accounting Authority reviews the Framework annually to ensure that any high-risk transactions are managed to an acceptable level.

34 INTERNAL AUDIT

34.1 INTERNAL AUDIT FUNCTION

In terms of section 51(1)(ii) of the PFMA, Lepelle Northern Water has and maintains a system of internal audit under the direction and control of Risk & Audit Committee complying with and operating in accordance with the regulations and instructions prescribed in terms of section 76 and 77.

Internal Audit Unit of Lepelle Northern Water provides an independent, objective assurance and advisory services that adds value and improves an organisation's operations. Internal Audit helps LNW to accomplish its objectives by bringing a

systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Furthermore, Internal Audit Unit's purpose is to strengthen the LNW's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The PFMA and King report IV require Internal Audit to provide the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective.
The Audit and Risk Committee is responsible for ensuring that the Internal Audit Unit is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties. Furthermore, the Audit and Risk Committee oversees cooperation between internal and external auditors and serves as a link between the Board and these functions.

Internal Audit also contributes to improvements in governance, risk management and controls processes through the advisory role during the policies and procedures reviews and during other management committee meetings.

Internal Audit develops a flexible Internal Audit Plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submits that plan to the Audit and Risk Committee for review and approval. Any deviation from the formally approved Internal Audit Plan shall be approved by the Audit and Risk Committee. The plan will include the following:

- Internal Audit Three-year Rolling Plan
- Internal Audit Annual Plan
- Staffing Plan
- Annual Budget

Internal Audit implements the Annual Audit Plan, as approved, including as appropriate any special tasks or projects requested by management and the Audit and Risk Committee, and should also report on the implementation of this plan to Audit and Risk Committee.

Internal Audit reports administratively to the Chief Executive and functionally to Audit and Risk Committee of the Board. The chairperson of the Audit and Risk Committee is

kept informed of all the line function developments in LNW Internal Audit unit. All is done to ensure that the independence and integrity of Internal Audit is maintained.

34.2 EFFECTIVENESS OF INTERNAL CONTROLS

During the previous financial period there has not been material breakdown in the risk management and control environment in general. However, in the various internal audit and investigation reports, several areas were highlighted that required immediate control improvements. Management undertook to implement the audit recommendations and action plans to mitigate against the control weaknesses identified and thus improving the effectiveness of risk management.

The organisation closed off the year with a total of 213 internal audit findings of which 49% (105) were still in the process of being addressed by management. This shows a slight improvement as compared to 261 internal audit findings reported for the period ending 30 June 2023 where 51% were still in the process of being addressed by management. There were 38 unresolved findings and 1 repeat finding for the duration of the 2023/24 financial year.

The Executive Support Committee has been established to assist, amongst others, with addressing of all the internal audit findings.

Without assuming management responsibility, the Internal Audit Unit is also contributing to improvements in governance, risk management and controls processes by playing the advisory role within the following management committees:

- Executive Committee.
- Management Committee.
- Operations Committee.
- Risk Management Committee.
- Ethics Committee
- Digital Transformation Project Steering Committee.

34.3 COMBINED ASSURANCE

Combined Assurance is defined as the coordinated approach that incorporates and optimizes all Assurance Services and Functions so that taken as a whole, these enable an effective control environment; support the integrity of information used for internal decision-making by management, the governing body, and its committees; and support

the integrity of the organisation's external reports. The coordinated approach that ensures that all LNW's assurance activities provided by management, internal assurance providers and external assurance providers adequately address significant risks facing LNW and that suitable controls exist to mitigate these risks.

The Combined Assurance Model was developed and approved by the Board. During its development, the Combined Assurance Model was consulted with Management and the Executive Committee and then presented to Audit & Risk Committee for its recommendation to the Board for approval.

Combined Assurance Plan was developed and approved by the Board. The plan was consulted with Executive Committee and then presented to Audit and Risk Committee for its recommendation to the Board for approval.

34.4 EXTERNAL INVESTIGATIONS

Table 34:1: Investigations being conducted by External Institutions

#	INSTITUTION CONDUCTING THE INVESTIGATION	ALLEGATION / SUMMARY OF ALLEGATION	STATUS OF THE INVESTIGATION
1	Special Investigating Unit (SIU)	Moutse Intervention Project: Procurement of tanks and delays in completing the project.	Completed
2	Special Investigating Unit (SIU)	Tzaneen Raising Dam: Procurement and Value for Money	Completed
3	Special Investigating Unit (SIU)	Giyani Intervention (2nd Phase): Value for Money	In Progress
4	The Hawks	Falaz - Waste Management: fraudulent appointment	Completed. .
5	The Hawks	Allegations related to LTE- The then Chairperson of the Board.	In Progress
6	The Hawks and SIU	EWS sand water extraction: procurement	Completed
7	Public Protector	LNW irregularly awarded the contract for the provision of water and sanitation services in Mopani: Giyani project to LTE without following the legal prescripts	Completed
8	Public Protector	Irregular shortlisting and appointment of a candidate, for the Advertised post.	Completed
9	The Hawks	Phambane's Contracts relating to the Debt Collection and Forensic Investigation.	Completed
10	Special Investigating Unit (SIU)	Appointment of Isiphethu Engineering (Pty) Ltd for the Civil Engineering Management Services: Giyani BWS Draught Relief (Nandoni to Giyani) and Giyani Water Services (Emergency).	In Progress

35 RESOURCE ALLOCATION

Provision for priority projects is made in the 2025/26 financial year as part of the Corporate Plan.

36 DECLARATION BY THE BOARD

Subject to the exceptions listed below, the board members of LNW hereby confirm that:

- the water board has taken all reasonable steps to comply with all legislation that it is subject to including, but not limited to:

    - The Income Tax Act
    - The Occupational Health and Safety Act
    - The Compensation for Occupational Injuries and Diseases Act
    - The Labour Relations Act
    - The Basic Conditions of Employment Act
    - The Skills Development Act
    - The Employment Equity Act and Policy
    - The Skills Development Levies Act
    - The Unemployment Insurance Act
    - The Unemployment Insurance Contributions Act
    - The Preferential Procurement Framework Act
    - The Promotion of Access to Information Act
    - The Environment Conservation Act
    - The National Water Act
    - Water use authorizations (abstraction, storage and discharge rights)
    - The Public Finance Management Act
    - The Municipal Systems Act, in as far as it is applicable to water boards, and
    - Water Services Act
    - S9 regulations of the Water Services Act: ‘Norms and standards for water services”
    - S10 regulations of the Water Services Act: ‘Norms and standards for water tariffs
    - That all significant activities, including other activities, are included in the Corporate Plan.

- Undisclosed commercially sensitive information will not significantly affect viability, any projections or any information disclosed.
- All revenue owing to water board has been collected or that steps have been taken in accordance with the appropriate credit control policies.

Exceptions:

The following exceptions are noted to the warranty of compliance provided above:

(Details of exceptions and the extent thereof to be provided)

_____

_____

To be signed by Accounting Authority of the Board after resolution of the Board mandating the signing has been taken.

31/05/2025

DR NF MPHEPHU **DATE**

CHAIRPERSON OF THE BOARD

ANNEXURE A: QUARTERLY TARGETS

1. PROVISION OF EQUITABLE AND SUSTAINABLE BULK WATER SERVICES

STRATEGIC GOALS	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	SHC ANNEX 1	BASELINE 2023/24	ESTIMATED ACHIEVEMENT TARGET 2024/25	TARGET 2025/26	Q1	Q2	Q3	Q4
Enhanced operational efficiency	1.1. Improve Infrastructure Efficiency and Effectiveness	1.1.1. Number of days of interruptions to bulk supply not exceeding 48 hours	W7	**0.20**	3	3	0	1	1	1
		1.1.2. % WTW Plant Utilization	W8	**N/A**	**N/A**	95%	95%	95%	95%	95%
		1.1.3. % WWTW Plant Utilization	W9	**N/A**	**N/A**	95%	95%	95%	95%	95%
		1.1.4. Efficiency - Electricity and Chemical Cost/Kl	W4	**N/A**	**N/A**	R3,67	R3,67	R3,67	R3,67	R3,67
	1.2. Manage water losses within the sytem	1.2.1. Total Water Losses: as % of water lost in the system	W3	**4,26%**	5%	5%	5%	5%	5%	5%
Provision of drinking water with excellent quality	1.3. Comply with SANS 241 for drinking water quality (Bulk)	1.3.1. % Acute health microbiological compliance	W1	**97,6%**	97%	97%	97%	97%	97%	97%
		1.3.2. % Acute health Chemical compliance		**100%**	95%	95%	95%	95%	95%	95%
		1.3.3. % Aesthetic compliance		**99,6%**	95%	95%	95%	95%	95%	95%
		1.3.4. % Operational compliance		**92,4%**	95%	95%	95%	95%	95%	95%
		1.3.5. % Chronic health chemical compliance		**100%**	95%	95%	95%	95%	95%	95%

Strategic Goals	Strategic Objectives	Key Performance Indicator	SHC Annex 1	Baseline 2023/24	Estimated Achievement Target 2024/25	Target 2025/26	Q1	Q2	Q3	Q4
	1.4. % compliance to effluent discharge license	1.4.1. % Compliance to effluent license parameters	W2	**N/A**	**N/A**	90%	90%	90%	90%	90%
Improve environmental performance and compliance	1.5. Comply with ISO 14001 certification	1.5.1. Valid certificate	N/A	**12**	12	12	-	-	-	12
Provide a safe working environment for employees	1.6. Comply with ISO 45001 certification	1.6.1. Valid certificate	N/A	**Legal Compliance Report**	Gap assessment report	Stage 1 Audit Report	-	-	-	Stage 1 Audit Report

2. BULK WATER SERVICES INFRASTRUCTURE PLANNING AND DEVELOPMENT.

STRATEGIC GOALS	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	SHC ANNEX 1	BASELINE 2023/24	ESTIMATED ACHIEVEMENT 2024/25	TARGET 2025/26	Q1	Q2	Q3	Q4
Reliable water services provision	2.1. Expand and renew water infrastructure	2.1.1. Average % Completion of LNW infrastructure projects per approved project execution plan	**N/A**	**114%**	85%	85%	15%	30%	55%	85%
		2.1.2. Capital Expenditure as a % of Bulk Water Infrastructure budget	**F5**	**N/A**	N/A	75%	15%	25%	55%	75%
		2.1.3. Average % Completion of Ministerial Directives per approved project execution plan	**N/A**	**86%**	65%	65%	15%	25%	50%	65%
	2.2. Non-permanent jobs created	2.2.1. Number internal CAPEX jobs created	**E1**	**N/A**	N/A	18	-	-	-	18
		2.2.2. Number of RBIG jobs created		**N/A**	N/A	30	-	-	-	30
	2.3. Asset Management	2.3.1. % planned maintenance vs total maintenance budget	**A1**	**N/A**	N/A	60%	60%	60%	60%	60%
		2.3.2. Repairs and maintenance as % of PPE	**A2**	**2,07%**	1%	1%	1%	1%	1%	1%

3. EFFECTIVE FINANCIAL VIABILITY AND SUSTAINABILITY.

STRATEGIC GOALS	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	SHC ANEX 1	BASELINE 2023/24	ESTIMATED ACHIEVEMENT 2024/25	TARGET 2025/26	Q1	Q2	Q3	Q4
Effective SCM Process	3.1. Preferential Procurement	3.1.1. Rand value and % of Small Medium Macro Enterprises.	E3	**N/A**	N/A	R15m/30%	-	-	-	R15m/30%
		3.1.2. Rand value and % of Black Business Owned Spend		**N/A**	N/A	R20m/40%	-	-	-	R20m/40%
		3.1.3. Rand value and % of Black Women Owned Spend		**N/A**	N/A	R5m /20%	-	-	-	R5m /20%
		3.1.4. Rand value and % of Youth Spend		**N/A**	N/A	R3.5m/15%	-	-	-	R3.5m/15%
Financial Growth	3.2. Increased Revenue	3.2.1. Total Revenue as a Percentage of Budgeted Revenue	F1	**N/A**	N/A	90%	90%	90%	90%	90%
	3.3. Profitability Analysis	3.3.1. Gross surplus margin	F6	**48,90%**	46%	46%	46%	46%	46%	46%
		3.3.2. Net surplus margin	F7	**20%**	33%	5%	5%	5%	5%	5%
Improved Cash management	3.4. Improved collection rate	3.4.1. Creditors days	F3	**N/A**	N/A	500	500	500	500	500
		3.4.2. Operating Cash Flow Ratio	F4	**N/A**	N/A	1	1	1	1	1
	3.5. Working Capital Management	3.5.1. Debt equity ratio	F8	**18,00%**	0.25	0.25	0.25	0.25	0.25	0.25
		3.5.2. Debtors' days(current)	F2	**N/A**	N/A	90	90	90	90	90
		3.5.3. Debtors' days (historic)		**580**	300	300	300	300	300	300

4. EFFECTIVE AND EFFICIENT ORGANISATIONAL DEVELOPMENT PROCESSES AND PRACTICES.

STRATEGIC GOALS	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	SHC ANNEX 1	BASELINE 2023/24	ESTIMATED ACHIEVEMENT 2024/25	TARGET 2025/26	Q1	Q2	Q3	Q4
Workforce Plan to address the current and future Human Resources needs.	4.1. Hiring and retaining people with the required skills, knowledge, and experience.	4.1.1. % Staff Turnover	H3	**0,40%**	2%	5%	5%	5%	5%	5%
		4.1.2. % Staff Remuneration	H1	**N/A**	N/A	35%	35%	35%	35%	35%
Grow the talent and skills	4.2. Outcomes-based training and development opportunities relevant to work area competence requirements	4.2.1. Number of employees trained	H2	**N/A**	N/A	80	-	-	-	80
		4.2.2. Number of learnership		**N/A**	N/A	5	-	-	-	5
		4.2.3. Number of technical staff trained		**N/A**	N/A	20	-	-	-	20
		4.2.4. Number of participating bursary employees enrolled for development	N/A	**62**	50	50	10	-	40	50
		4.2.5. Number of employees on graduate programme	N/A	**66**	50	60	-	25	50	60
		4.2.6. Number of registered employees with professional bodies	N/A	**23**	20	25	-	-	-	25
Contribute to the economy	4.3. Increase the supply of talent through talent acquisition practices and succession pools.	4.3.1. Number of permanent and fixed term jobs created	E2	**44**	5	5	-	-	-	5

Strategic Goals	Strategic Objectives	Key Performance Indicator	SHC Annex 1	Baseline 2023/24	Estimated Achievement 2024/25	Target 2025/26	Q1	Q2	Q3	Q4
ICT Operation Model	4.4. Build best practice principles to deliver a robust, secure, and effective ICT service.	4.4.1. % Network Availability of IT infrastructure	N/A	**98,6%**	95%	95%	95%	95%	95%	95%
		4.4.2. % System Availability of IT infrastructure	N/A	**98,2%**	95%	95%	95%	95%	95%	95%

5. GOOD GOVERNANCE AND CLEAN ADMINISTRATION.

Strategic Goals	Strategic Objectives	Key Performance Indicator	SHC ANEX 1	Baseline 2023/24	Estimated Achievement 2024/25	Target 2025/26	Q1	Q2	Q3	Q4
Comply with relevant regulatory and statutory reporting frameworks	5.1. Reduce violations of relevant regulatory and statutory reporting frameworks	5.1.1. Irregular Expenditure	G5	**0**	0	0	0	0	0	0
		5.1.2. % Statutory reports submitted on time	S3	**100%**	100%	100%	100%	100%	100%	100%
Effective Controls and Risk Management	5.2. Reduce audit findings and organisational risks	5.2.1. % Unresolved audit findings	G3	**38**	10	30%	30%	30%	30%	30%
		5.2.2. % Implementation of strategic risk register mitigation plan	G4	**N/A**	7.5	80%	80%	80%	80%	80%
Positive perceptions held by external clients	5.3. Accentuate the corporate brand and image.	5.3.1. % Customer satisfaction	S1	**83%**	80%	80%	-	80%	-	80%
		5.3.2. Number of municipalities or other customers with bulk supply agreements	S2	**N/A**	0	1	-	-	-	**1**
		5.3.3. Number of CSI initiatives undertaken	N/A	**5**	4	5	1	1	1	2

STRATEGIC GOALS	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	SHC ANEX 1	BASELINE 2023/24	ESTIMATED ACHIEVEMENT 2024/25	TARGET 2025/26	Q1	Q2	Q3	Q4
Strategic leadership	5.4. Provide effective leadership	5.4.1. Board Performance Rating	G1	**N/A**	N/A	80%	-	-	-	80%
	5.5. External Audit Outcome	5.5.1. Unqualified audit opinion	G2	**Unqualified audit**	Clean audit	Unqualified audit	-	-	-	Unqualified audit

ANNEXURE B: TECHNICAL INDICATOR DEFINITION

1. PROVISION OF EQUITABLE AND SUSTAINABLE BULK WATER SERVICES

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
Number of days of interruptions to bulk supply exceeding 48 hours	Number of days' supply disrupted	Manage operations and assets to reduce both planned and unplanned supply disruptions.	Daily interruptions reports.	Duration of planned/ unplanned disruptions greater than 48 hours / total supply days	Daily interruptions report indicating details of supply disruption incidents.	Quarterly	0 –48 hrs	EM: Operations & Maintenance	Cumulative year end
% WTW Plant Utilization	Measure of the utilization of treatment works design capacity	Water treatment capacity is critical for system recovery after interruptions in supply. Over-utilization of capacity retards recovery of systems. The indicator is an early warning of the need to increase treatment capacity	Operations Reports	(Average daily volume of water produced / design capacity) *100	Water management Report	Quarterly	As per the set target	EM: Operations & Maintenance	Non-Cumulative (average of 4 Quarters)
% WWTW Plant Utilization	Measure of the utilization of treatment works design capacity	Sewage treatment capacity is critical for environmental health and human health. Overloading of work serves as an early warning indicator for pending health risks and the need to increase treatment capacity.	Operations Reports	(Average daily volume of effluent treated / design capacity) *100	Waste water Management Reports	Quarterly	As per the set target	EM: Operations & Maintenance	Non-Cumulative (average of 4 Quarters)
Efficiency - Electricity and Chemical Cost/Kl	Measure of potable water production efficiency	Potable water production and distribution efficiency is key to water affordability. High costs per Kl can reflect poor	Operations Reports	Electricity Cost (as per Cost of Sales) + Chemical Cost (as per cost of	Plant Optimization Report	Quarterly	As per the set target.	EM: Operations & Maintenance	Non-Cumulative (average of 4 quarters)

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
		management and / or inefficient infrastructure and / or treatment processes. Increasing cost per Kl can be an early warning of poor management or other external factors		Sales/ total volume of water produced					
Total Water Losses: as % of water lost in the system	Measure of water treatment effectiveness and efficiency. % Total Water Losses (Production and Distribution losses combined)	To ensure sustainable water resources, improve water security, and enhance the efficiency of the entity.	Water management reports	y% = x/y* 100 Where: x = Volume of water abstracted less service water less water sold less water stock y = Volume of water abstracted	Water management report	Monthly	Water loss ≤5%	EM: Operations & Maintenance	Non-cumulative (average 4 quarters)
% Acute health Microbiological compliance	Indicate compliance with legislated norms and standards with regards to the quality of bulk potable water supplied. This is to be done in the context of meeting SANS standard 241.	To provide safe potable water	Water Quality compliance report	y% = x/y * 100 Where: x= number of compliant microbiological results y= total number of microbiological results * 100	Excel spreadsheets calculations	Quarterly	Compliance to SANS 241	EM: Operations & Maintenance	Non-cumulative (average 4 quarters)
% Acute Health Chemical compliance		To provide safe potable water	Water Quality compliance report	y% = x/y * 100 Where: x= number of compliant aesthetic results	Excel spreadsheets calculations	Quarterly	Compliance to SANS 241	EM: Operations & Maintenance	

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
				y= total number of aesthetic results * 100					
% Aesthetic compliance		To provide safe potable water	Water Quality compliance report	y% = x/y * 100 Where: x= number of compliant Aesthetic results y= total number of Aesthetic results * 100	Excel spreadsheets calculations	Quarterly	Compliance to SANS 241	EM: Operations & Maintenance	
%Operational Compliance		To provide safe potable water	Water Quality compliance report	y% = x/y * 100 Where: x= number of compliant operational results y= total number of operational results * 100	Excel spreadsheets calculations	Quarterly	Compliance to SANS 241	EM: Operations & Maintenance	
% Chronic health chemical compliance		To provide safe potable water	Water Quality compliance report	y% = x/y * 100 Where: x= number of compliant chemical health results y= total number of chemical results * 100	Excel spreadsheets calculations	Quarterly	Compliance to SANS 241	EM: Operations & Maintenance	
% Compliance to effluent license parameters.	% compliance to effluent discharge license	Compliance to discharge requirements is necessary to protect the natural environment and downstream water users.	Operations Reports	Σ (% compliance to effluent license parameters) /	Waste water quality Reports	Quarterly	Compliance to general and special standards	EM: Operations & Maintenance	Non-cumulative (average 4 quarters)

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
		Deterioration in this indicator is an early warning for infrastructure effectiveness and pollution of the environment.		total number of samples					
ISO 14001 Certification	The environmental management system assists the organisation to protect the environment through continual improvement	To reduce the impact of operational activities of the environment	ISO 14001 Certificate	Independent assessment report	Valid certificates	Annually	Compliance to ISO 14001	EM: Operations & Maintenance	Cumulative year end.
ISO 45001 Certification	The safety and occupational health management system assists the organization to ensure the safety and health of employees, visitors and contractors	To provide a healthy and safe work environment	Stage 1 Audit report	Independent assessment report	Independent assessment report	Annually	Compliance to ISO 45001	EM: Operations & Maintenance	Cumulative year end.

2. BULK WATER SERVICES INFRASTRUCTURE PLANNING AND DEVELOPMENT

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
Average % Completion of LNW infrastructure projects per approved project execution plan	LNW Projects/ initiatives directed at extending and renew infrastructure	To increase the supply and meet the demand of our customers	LNW Project progress reports as per the approved project execution plan	y% = x/y * 100 Where: x = Annual actual progress y = Annual planned project performance *(Average of all projects is recorded)*	Project progress report	Quarterly	As per the set target	EM: Engineering Services	Cumulative (year to date)
Capital Expenditure as a % of Bulk Water Infrastructure budget	Provide valuable insights into the financial health and performance of infrastructure projects, helping the entity to make informed decisions and track progress towards its strategic goals.	To measure and monitor investments in long-term assets, such as buildings, equipment, and technology, to support the entity's growth and operational efficiency.	Capex report	Total Infrastructure Capex Spend for Period / Total Infrastructure Capex Budget for period) *100	Certified payment certificates	Quarterly	As per the set target	EM: Engineering Services	Cumulative (year to date)
Average % Completion of Ministerial Directives per approved project execution plan	DWS Projects/ initiatives directed at extending and renew infrastructure.	To increase the supply and meet the demand as directed by the Minister	DWS Project Progress reports as per the project execution Plan	y% = x/y * 100 Where: x = Annual actual progress y = Annual planned project performance *(Average of all projects is recorded)*	Project progress reports.	Quarterly	As per the set target	EM: Engineering Services	Cumulative (year to date)
Non-permanent jobs created	Employment positions that are not intended to be	To stimulate the economic environment through	Engineering report	Actual number of non-permanent jobs created	Detailed numbers of reports on	Quarterly	As per the set target	EM: Corporate Services and	Cumulative (year to date)

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
	ongoing or indefinite. They are usually for a specific period or until a particular task or project is completed.	the provision of job opportunities.			short term projects and others temporary job initiatives.			Engineering services	
% planned maintenance vs total maintenance budget	A proactive approach to scheduling and budgeting for maintenance tasks, aiming to prevent breakdowns and reduce overall costs.	To prevent breakdowns and extend asset lifespan, while a total maintenance budget encompasses all planned and unplanned maintenance costs to ensure efficient resource allocation and cost control.	Engineering Reports	Planned maintenances spent as a % Budget	Engineering Reports	Quarterly	As per the set target	EM: Engineering Services	Cumulative (year to date)
Repairs and maintenance as % of PPE		Repairs and maintenance are critical to long-term sustainability of service provision. A larger asset base necessitates more funding to be allocated to repairs and maintenance. Decreasing allocations to repairs and maintenance can serve as an early warning of future asset deterioration.	Financial reports	Repairs and maintenance expenditure / total value of property, plant and equipment*100	Engineering report	Quarterly	As per the set target	EM: Engineering Services	Cumulative

3. EFFECTIVE FINANCIAL VIABILITY AND SUSTAINABILITY

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
Preferential Procurement	Economic transformation: % of Procurement contracts awarded to disadvantaged groups using the PPPF requirements	To measure and manage the entity's contribution to economic transformation through preferential procurement	Supply Chain report	As specified in the organization's Supply Chain Management Policy, developed per the B-BBEE codes of good practice (which provide a framework for measuring and promoting the participation of historically disadvantaged individuals and groups)	Supply Chain report	Quarterly	As per the set target	Chief Financial Officer	Cumulative (year to date)
Total Revenue as a Percentage of Budgeted Revenue	This percentage helps businesses understand how well the entity is performing against its financial plan.	To help the entity understand all cost expenditures related to the process "develop sales strategy."	Finance Report	Revenue for the period (water sales potable & industrial)/ Budgeted Revenue period (water sales potable & industrial for the period *100	Finance report	Quarterly	As per the set target	Chief Financial Officer	Cumulative (year to date)
Gross surplus margin	Gross profit (gross sales less cost of sales) to sales revenue as indicated in the Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	To measure a entity's profitability and efficiency by showing how much revenue remains after accounting for the cost of goods sold (COGS)	Finance Report	Gross Surplus divided by Revenue y% = x/y * 100 Where: x= Gross Surplus y= Revenue	Financial report	Quarterly	As per the set target	Chief Financial Officer	Cumulative (year to date)

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
Net surplus margin	A financial ratio that measures a entity's net surplus as a percentage of its total revenue. It essentially shows how much surplus the entity retains for every Rand of sales after all expenses, including interest and taxes, are paid.	To measure how effective the business is at generating surplus on each Rand of revenue it brings in.	Finance Report	Net Surplus divided by Revenue y% = x/y * 100 Where: x= Net Profit y= Revenue	Financial reports showing the net profit and the revenue from primary activities.	Quarterly	As per the set target	Chief Financial Officer	Cumulative (year to date)
Creditors days	A financial ratio that measures the average number of days it takes a business to pay its suppliers for goods and services purchased on credit.	To measure how long the entity takes to pay its suppliers. It's essentially a measure of how efficiently a business manages its accounts payable.	Finance report	Ending trade accounts payable balance X number of days in the period/ Total credit purchases in the period x/y*z Where: x = accounts payable Y=Total credit purchase Z = #days in the period	Finance Report	Quarterly	As per the set target	Chief Financial Officer	Cumulative (year to date)
Operating Cash Flow Ratio	It is a liquidity ratio that indicates how well a company can meet its short-term obligations with the cash it generates from its day-to-day activities.	To measure the entity's ability to pay off its current liabilities using cash generated from its core business operations.	Finance Report	Cash from Operations / Current Liabilities	Finance report	Quarterly	As per the set target	Chief Financial Officer	Cumulative (year to date)
Debt equity ratio	Debt-to-equity ratio is the key financial ratio and is used as a standard for judging an entity's financial standing. It is also a	To assess the entity's financial leverage by comparing its total	Finance Report	Total Liabilities divided by Total Equity y% = x/y * 100 Where:	Financial report	Quarterly	As per the set target	Chief Financial Officer	Cumulative (year to date)

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
	measure of an entity's ability to repay its obligations.	liabilities (debt) to its shareholders' equity		x= Total Liabilities y= Total Equity					
Debtors' days (current)	The ratio measures the number of days it takes for customers to pay the entity / entity to collect revenue from customers (outstanding account relating to current year billing)	To measure how quickly cash is collected from Debtors	Finance Report	Average debtors divided by sales multiplied by the number of days in a year #days = (x/y) * 365 days Where: x= Debtors y= Sales	Financial report.	Quarterly	As per the set target	Chief Financial Officer	Cumulative (year to date)
Debtors' days (historic)	The ratio measures the number of days it takes for customers to pay the entity / entity to collect revenue from customers (outstanding account relating to prior financial year)	To measure how quickly cash is collected from Debtors	Finance Report	Average debtors divided by sales multiplied by the number of days in a year #days = (x/y) * 365 days Where: x= Debtors y= Sales	Financial report.	Quarterly	As per the set target	Chief Financial Officer	Cumulative (year to date)

4. STRATEGIC OBJECTIVE 4: EFFECTIVE AND EFFICIENT ORGANISATIONAL DEVELOPMENT PROCESSES AND PRACTICES

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
% Staff Turnover	Rate of employee turnover within the organization per employee category. (senior/technical/professional/process controllers, key artisans).	To provide a comprehensive assessment of the entity's culture, recruiting efforts and employer brand	HR Report	Number of quarterly terminations as a % of average total Workforce (excluding the involuntarily y% = x/y x100, where: x = Number of terminations y = Total Workforce	HR reports on the terminations, dismissals, resignations, etc. against the total workforce.	Quarterly	Rate of terminations	EM: Corporate Services	Non-Cumulative (Average of 4 quarter)
Staff remuneration as % of total operating expenditure	This ratio reflects funds directed at repairs and maintenance of assets.	To measure how much of operational budget does the organisation uses to fund its personnel expenditure	HR report	(Total employee remuneration / Total operating expenditure) *100	Finance /HR report.	Quarterly	As per the set target	EM: Corporate Services	Cumulative (year to date)
Number of employees trained	Ensure that all the employees are up to date with the latest developments	To support employees for enhancing their skills and knowledge to benefit the company.	HR Report	Actual number of bursaries awarded to employees	HR development reports	Quarterly	As per the set target	EM: Corporate Services	Cumulative (year to date)
Number of learnership (beneficiaries)	Learnership beneficiaries	Human capital development	HR Report	Actual number of active beneficiaries	HR reports on active learnership beneficiaries	Quarterly	As per the set target	EM: Corporate Services	Cumulative (year to date)
Number of technical staff trained	Ensure development	To support employees for enhancing their skills and knowledge to	HR Report	Actual number of technical staff trained.	HR development report	Quarterly	As per the set target	EM: Corporate Services	Cumulative (year to date)

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
		benefit the company.							
Number of participating bursary employees enrolled for development	Employees who receive financial assistance or a bursary from their employer to support their education and professional development.	To support employees in furthering their education, for enhancing their skills and knowledge to benefit the company.	HR Report	Actual number of bursaries awarded to employees	HR development reports on the active bursaries awarded.	Quarterly	As per the set target	EM: Corporate Services	Cumulative (year to date)
Number of employees on graduates' programme	It is a structured, entry-level employment opportunities designed for recent college or university graduates.	To assist with the continuous development of people for future appointment in the labour market.	HR Report	Actual number of internship beneficiaries	HR development reports on the active internship beneficiaries	Quarterly	As per the set target	EM: Corporate Services	Cumulative (year-end)
Number of registered employees with professional bodies	Professionalise employees' careers and the corporate environment.	To establish and enforce standards of competence, ethics, and conduct for employees, ensure that they are qualified to practice their profession.	HR Report	Actual number of employees registered with professional bodies.	HR development reports on employees registered with professional bodies	Annually	As per the set target	EM: Corporate Services	Cumulative year end.
Number of permanent and fixed term jobs created	The water board is required in line with its approved organisational structure and the National objective of job creation,	To measure the number of employees in its employ.	HR Report	Actual number of jobs created (including fixed terms)	Detailed HR reports on jobs created	Quarterly	Number of jobs created	EM: Corporate Services	Cumulative (year-end)
% Network availability of IT infrastructure	Refers to the availability of connectivity on the organisation's network 24 hours	To enable the business to provide services to LNW customers	IT Report	Availability is measured over a calendar month and expressed as a percentage	Detailed network availability technical reports from ICT	Quarterly	Network availability over 24 hours.	EM: Corporate Services	Non-cumulative (Average 4 quarters)

Key Performance Indicator	Definition	Purpose/ Importance	Source of Data	Method of Calculation	Means of Verification/ Supporting documents	Reporting Cycle	Desired Performance	Indicator Responsibility	Calculation Type
				Average of the network availability for all the sites. (A single value per site measured systematically over 24 hours)					
% System availability of IT infrastructure	Refers to the availability of systems for use in the organisation 24 hours	To enable the business to provide services to LNW customers	IT Report	Availability is measured over a calendar month and expressed as a percentage. Average of system availability for all servers. (A single value per system measured in terms of its availability over 24 hours)	Detailed systems availability technical reports from ICT	Quarterly	System availability over 24 hours.	EM:CS	Non-cumulative (Average 4 quarters)

5. STRATEGIC OBJECTIVE 5: GOOD GOVERNANCE AND CLEAN ADMINISTRATION

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
Irregular Expenditure	Spending that does not adhere to the requirements of applicable legislation or regulations. It is not necessarily about wasted money or fraud, but rather a failure to follow the prescribed processes and procedures.	To ensure that public funds are spent according to established regulations and guidelines	Supply Chain report	The entity must continually self-assess irregular expenditure for the period. The value of the irregular expenditure is summed up and shown as a Rand value.	Supply Chain report.	Quarterly	As per the set target	CFO	Cumulative
% Statutory reports submitted on time	Percentage of statutory reports submitted within prescribed time.	To monitor submission requirements for statutory reports	Compliance management Report	Number of statutory reports submitted on time as a % of total statutory reports required for submission. a = x/y * 100 Where: x= Number of statutory reports submitted on time y= Total statutory reports required for submission	Financial and enterprise risk report	Quarterly	As per the set target	Chief Risk Officer	Non-Cumulative (average of 4 quarters)
% Unresolved audit findings	Number of unresolved audit findings.	To monitor audit findings issued in prior audits are resolved	Audit Reports	Actual number of unresolved audit findings	Audit reports	Quarterly	As per the set target	Chief Audit Executive/ CFO	Cumulative year-end
% Implementation of Strategic Risk Register Mitigation Plan	Percentage implementation as per the set dates in the mitigation plan or	To identify, assess, and address potential threats and opportunities that	Strategic Risk Management report	Number of actions completed as per the due dates in the mitigation plan at the end of the	Risk management report	Quarterly	As per the set target	Chief Risk Officer	Non-Cumulative

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
	the Strategic Risk Register	could impact an entity's objectives.		period/ total number of actions plans due at the end of the period) *100					
% Customer satisfaction	A measure of how happy a customer is with a entity's services, and overall experience	To measure the extent to which business meets or exceeds customer expectations, influencing their likelihood recommend the entity to others.	ESG Report	Gather stakeholder customer satisfaction through questionnaires. Average of Actual results from the customer satisfaction questionnaires	Filled/ Completed questionnaires	Bi-annually	Achieve the set target	Strategy & Planning Manager	Non-Cumulative (latest report reflects the status)
Number of municipalities or other customers with bulk supply agreements	Signed contractual agreements that exist in relation to the bulk water supply to clients.	To secure bulk water and sanitation services and enhance regulatory compliance	ESG report	Actual number of contracts signed	Signed bulk agreements.	Annually	Achieve the set target	Strategy & Planning Manager	Cumulative (year-end)
Number of CSI initiatives undertaken	Investment in social development, through the provision of resources like cash, services, products, or staff time, aimed at improving the lives of disadvantaged individuals and communities.	To create positive social impact and improve the quality of life for communities and individuals.	ESG report	Actual number of CSI initiatives concluded	Detailed reports of the CSI initiatives.	Quarterly	As per the set target	Strategy & Planning Manager	Cumulative (year-end)
Board Performance Rating	A formal process used to assess the effectiveness and efficiency of a board of directors	To evaluate the board's decision-making, relationships, and overall effectiveness	ESG Report	Final Score from rating review	ESG report	Annually	As per the set target	Company Secretary	Non – Cumulative

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE/ IMPORTANCE	SOURCE OF DATA	METHOD OF CALCULATION	MEANS OF VERIFICATION/ SUPPORTING DOCUMENTS	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY	CALCULATION TYPE
Unqualified audit opinion	Audit outcome issued by AGSA	To give assurance that the organization's financials and non-financials are in line with the applicable standards/ legislation and fairly represented.	External Audit Report	Audit of financials and non-financial performance.	External Audit report	Annually	As per the set target	Chief Financial Officer	Non-Cumulative

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