

Performance against Shareholder Compact 2013/2014

Umgeni Water implements its strategy through a balanced scorecard. The 2013/2014 scorecard comprises four (4) Balanced Perspectives and four (4) Strategic Goals, nine (9) Strategic Objectives and nine (9) Key Performance Indicators (KPIs). The KPIs are further expounded through seventy (70) unambiguous and measurable Result Indicators for which Targets were approved for 2013/2014. Overall the indicators enable the entity to achieve performance with ten outcomes.

Per cent targets met: 93.70% (91% at the end of 2012/2013)

Per cent targets not met: 6.30% (9% at the end of 2012/2013)

Umgeni Water has achieved excellent performance for the year. The overall performance with its mission and mandate, which is to provide innovative, sustainable, effective and affordable bulk water and sanitation services, is 93.7%.

For its **Customer and Stakeholder** perspective and Strategic Goal 1: Develop strategic partnerships, increase support to customers, improve visibility and be a regional leader in the provision of bulk water and sanitation services,

Umgeni Water achieved **93.48%** performance, for which:

SO 1 - Increase services and customers achieved 93.3% and

SO 2 - Increase customer and stakeholder satisfaction achieved 93.5%.

Key outcomes: Stakeholder Understanding and Support, Customer Satisfaction, Product Quality, Community Sustainability

For its **Financial** perspective and Strategic Goal 2: Expand and improve funding collaborations whilst managing key cost drivers,

Umgeni Water achieved **95.2%** performance, for which,

SO 3 - Increase mobilisation of funds achieved 95%,

SO 4 - Increase financial sustainability 92.9%, and

SO 5 - Improve financial ratios 100%.

Key outcomes: Financial Viability, Stakeholder Understanding and Support, Customer Satisfaction, Community Sustainability.



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Sound operational performance over the years



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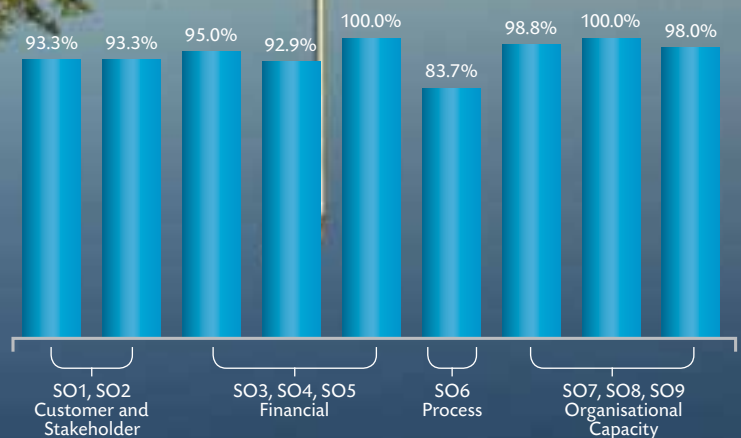


For its **Process Perspective** and Strategic Goal 3: Remove system constraints and blockages through innovative thinking and improve efficiency of all inputs, Umgeni Water achieved **83.7%** for SO 6 - Improve service delivery systems. Key outcomes: Operational Resiliency, Operational Optimisation, Community and Environmental Sustainability.

For its **Organisational Capacity Perspective** and Strategic Goal 4: Strengthen and develop quality human resources, infrastructure capacity and water resources sustainability to support growth, Umgeni Water achieved **98.5%**, for which: **SO 7 - Improve and increase infrastructure assets achieved 98.8%**, **SO 8 - Increase water resources sustainability 100%** and **SO 9 - Increase skills and competency 98%**. Key outcomes: Infrastructure Stability, Water Resources Adequacy, Leadership and Employee Development

The detailed performance of the organisation against indicators and targets for 2013/2014 follows, with further expansion in each of the annual report chapters.

Figure 7.1: Umgeni Water 2013/2014 Performance



Maphephethwa Water Treatment Works

Performance against Shareholder Compact 2013/2014

Scorecard 2013/2014 (Parent)

#	Result Indicator	Target	Actuals	Variance	Pg#
Balanced Scorecard Perspective: Customer and Stakeholder					
OUTCOMES: Stakeholder Understanding and Support, Community Sustainability, Customer Satisfaction					
Strategic Objective 1: Increase services and customers					
KPI 1 : The extent to which UW has grown its services and customers					
1.1	Number of KZN WSA bulk water services plans developed.	2 for existing WSAs. 1 for new WSA.	2 for existing WSAs. 1 for new WSA.	Nil	64
1.2	Number of new business growth proposals implemented.	1 implemented. 1 developed.	1 implemented. 3 developed.	Nil	64
1.3	Number of new WTWs and business growth proposals developed for North-West Region.	3 WTWs acquired. 3 DMs proposals drafted.	0 WTWs acquired. 6 DMs proposal drafted.	0 WTWs acquired.	64
Strategic Objective 2: Increase customer and stakeholder value					
KPI 2 : The extent to which customer and stakeholder needs have been met.					
OUTCOMES: Product Quality, Stakeholder Understanding and Support, Community Sustainability, Customer Satisfaction					
2.1	Number of Umgeni Water branded initiatives implemented.	1 implemented.	50% progress made.	Implementation delayed by a month.	46
2.2	Per cent of customer and stakeholder communication plan implemented.	100% implemented.	100% implemented.	Nil	46
2.3	Per cent of shareholder (Executive Authority and DWS) communication plan implemented.	100% implemented.	100% implemented.	Nil	46
2.4	Per cent customer bulk supply agreements in place, signed and timely renewed. (DWS SHC Indicator)	100% (6 of 6) signed.	100 % (6 of 6) signed.	Nil	61
2.5	Per cent submissions in respect of quarterly reports, annual report, tariff, business plan and SHC on time. (DWS SHC Indicator)	100% (8 of 8) accountability documents developed and submitted on time.	100% (8 of 8) accountability documents developed and submitted on time.	Nil	46
2.6	Number of WTW ≥ 20 MI/d comply with SANS 241 water quality standard and per cent compliance. (DWS SHC Indicator)	7 of 7 WTW, 100% compliant.	7 of 7 WTW, 100% compliant.	Nil	56
2.7	Number of WTW < 20 MI/d complies with SANS 241 water quality standard and per cent compliance. (DWS SHC Indicator)	7 of 7 WTW, 100% compliant.	7 of 7 WTW, 100% compliant.	Nil	56
2.8	Number of boreholes and small schemes comply with SANS 241 and per cent compliance. (DWS SHC Indicator)	iLembe schemes ≥ 85% compliant.	Compliant with three of four categories.	Operational Category < 85% compliant	57
2.9	Number of WWTW and per cent water quality compliance with standards. (DWS SHC Indicator)	4 of 4 WWTW ≥ 85% compliant.	2 of 4 WWTW ≥ 85% compliant.	2 of 4 WWTW < 85% compliant.	58
2.10	Per cent supply disrupted > 24 hours (over total supply days). (DWS SHC Indicator)	0% supply disrupted > 24 hours	0% supply disrupted > 24 hours.	Nil	60
2.11	Numbers of candidate engineers/professionals developed (NT) and spend, Rm. (DWS SHC Indicator)	44 developed, R16.8m spend.	44 developed, R16m spend.	Nil	91
2.12	Numbers of projects and cost, Rm, implemented on behalf of water services authorities. (DWS SHC Indicator)	4 projects, R16.6m.	7 projects implemented, R7.6m.	Alternate projects implemented.	59

#	Result Indicator	Target	Actuals	Variance	Pg#
2.13	Number of water education initiatives implemented. (DWS SHC Indicator)	3 implemented.	3 implemented.	Nil	72
2.14	Number of CSI initiatives implemented.	1 implemented.	1 implemented.	Nil	72
2.15	Per cent PSP and contractor order values awarded to BBBEE suppliers.	30% for PSPs and 35% for contractors.	33.5% for PSPs and 37.3% for contractors.	Overall excellent progress achieved.	72
2.16	Per cent BBBEE spend (of total spend). (DWS SHC Indicator)	70% of total spend.	65.56% Including SOEs. 85.70% Excluding SOEs.	4.44% below target with SOEs.	72
2.17	Number of new BBBEE entrants. (DWS SHC Indicator)	≥ 3 new entrants.	14 new entrants.	Nil	72
2.18	Number of temporary jobs created. (DWS SHC Indicator)	300 jobs.	3375 jobs created.	Nil	72

Balanced Scorecard Perspective: Financial

OUTCOMES: Financial Viability, Stakeholder Understanding and Support, Community Sustainability

Strategic Objective 3: Increase mobilisation of funds.

KPI 3 : Increased funding collaboration and funds mobilised for sustainable growth, expansion and access

3.1	Total RBIG funding received, Rm.	R95m.	R101m. Slightly above target.	Nil	130
3.2	Per cent wastewater business model developed and implemented.	100% developed and implemented.	100% developed.	Refinement and implementation to follow.	123
3.3	Per cent tariff and pricing plan reviewed and implemented.	100% reviewed and implemented.	100% reviewed and implemented.	Nil	123
3.4	Per cent debt/gearing plan for growth developed and reviewed.	100% reviewed.	100% reviewed.	Nil	170

Strategic Objective 4: Increase financial sustainability

KPI 4 : The extent to which there are sustainable financial returns for each system, area, region and the organisation.

4.1	Total surplus (loss) Rm and per cent variance for UW (Bulk Water and Wastewater and s30). (DWS SHC Indicator)	R388m ± 10%.	R674m. R286m above target.	Nil	126
4.2	Total revenue, Rm and per cent variance. (DWS SHC Indicator)	R2.27bn ± 10%.	R2.19bn (within variance of 10%).	Nil	126
4.3	Total expenditure, Rm and per cent variance. (DWS SHC Indicator)	R1.88bn ± 10%.	R1.54bn. R0.34bn below budget.	Nil	126
4.4	Total s30 revenue, Rm and per cent of turnover. (DWS SHC Indicator)	R290m, 13%.	R298m, 14% of turnover. R8m above target.	Nil	149
4.5	Per cent return on assets. (DWS SHC Indicator)	9.05%.	13.12% 4.07% above target.	Nil	115
4.6	Number of debtor days. (DWS SHC Indicator)	≤ 40.	39	Nil	115
4.7	Number of breaches in materiality and significance framework. (DWS SHC Indicator)	Zero.	Zero.	Nil	124

Scorecard 2013/2014 (Parent)

#	Result Indicator	Target	Actuals	Variance	Pg#
Strategic Objective 5: Improve financial ratios					
KPI 5 : Ratios for financial viability and sustainability met.					
5.1	Debt to Equity %. (DWS SHC Indicator)	≤ 33%	28%	Nil	115
5.2	Interest cover ratio.	≥ 3.2	5.08	Nil	115
5.3	Liquidity - operating cash flows, Rm. (DWS SHC Indicator)	≥ R600m	R860m	Nil	130
5.4	Gross profit margin % for primary activity. (DWS SHC Indicator)	≥ 48%	60%	Nil	131
5.5	Net profit margin for % primary activity. (DWS SHC Indicator)	≥ 19%	34%	Nil	131
5.6	Gross profit margin % for secondary activity. (DWS SHC Indicator)	≥ 5%	6%	Nil	131
5.7	Net profit margin % for secondary activity. (DWS SHC Indicator)	≥ 5%	12%	Nil	131
Balanced Scorecard Perspective: Process					
OUTCOME: Operational Resiliency					
Strategic Objective 6: Improve service delivery systems.					
KPI 6 : The extent to which business processes, policies and systems are enabling strategy implementation.					
6.1	Number of working days for awarding of capital expenditure programme tenders from requisition to award.	60 working days.	1 of 13 projects within 60 days. 4 of 13 projects within 90 days.	92% exceeded 60 days. 69% exceeded 90 days.	68
6.2	Number of working days from tender award to issuing of signed contract and/or purchase order.	24 working days.	0 to 7 working days.	Nil	68
6.3	Per cent EPCM process reviewed and aligned to capital expenditure programme.	100% reviewed and aligned.	100% reviewed and aligned.	Nil	68
6.4	Number of environmental sustainability and Research and Development initiatives implemented.	7 implemented.	>7 implemented.	Nil	78 and 96
6.5	Per cent ERP system reviewed and cost-effective option selected.	100% reviewed and selected.	50% reviewed.	Selection of ERP system.	98
6.6	Unqualified / qualified external audit report. (DWS SHC Indicator)	Unqualified audit.	Unqualified audit.	Nil	120
6.7	Number of repeat and unresolved findings. (DWS SHC Indicator)	0 repeat, 4 unresolved	0 repeat, 9 unresolved	> 4 unresolved findings	34
6.8	Per cent Board member attendance. (DWS SHC Indicator)	≥ 80%.	81.79%.	Nil	32
6.9	Number of reports developed per system for monitoring/reviewing risk, fraud/ethics, legal compliance and governance.	100% (4 of 4 reports per system).	100% (4 of 4 reports per system).	Nil	34
6.10	DIFR ratio.	≤ 1.0.	0.14.	Nil	89
Balanced Scorecard Perspective: Organisational Capacity					
OUTCOME: Infrastructure Stability					
Strategic Objective 7: Improve and increase infrastructure assets.					
KPI 7 : Infrastructure expenditure within target cash flows and completion dates.					
7.1	Total capital expenditure implemented Rm, per cent variance. (DWS SHC Indicator)	R676 ± 15%. (75% of budget of R902m)	R1022m Spend target met and exceeded	Nil	68
7.2	Per cent variance of capital expenditure project milestone dates. (DWS SHC Indicator)	≤ 15%.	19% variance.	4% above target variance of 15%.	68
7.3	Rural capital projects implemented Rm, per cent variance. (DWS SHC Indicator)	R288m ± 15%.	R694m. Spend target met and exceeded.	Nil	68
7.4	Number of rural capital projects implemented. (DWS SHC Indicator)	7 implemented.	> 7 implemented.	Nil	68

#	Result Indicator	Target	Actuals	Variance	Pg#
OUTCOME: Water Resources Adequacy					
Strategic Objective 8: Increase water resources sustainability.					
KPI 8 : Sustainable water resource options identified for all systems.					
8.1	Per cent integrated water resources plan reviewed/ developed and implemented. (DWS SHC Indicator)	100% reviewed and implemented.	100% reviewed and implemented.	Nil	75
8.2	Per cent water loss. (DWS SHC Indicator)	≤ 5%.	2.14%	Nil	78
OUTCOME: Leadership and Employee Development					
Strategic Objective 9: Increase skills and competency.					
KPI 9 : Effectiveness and efficiency of employee training and development programmes.					
9.1	Per cent organisation's structure reviewed and optimised.	100% structure reviewed and optimised.	100% structure reviewed and optimised.	Nil	10
9.2	Per cent operations management and leadership plan developed and implemented. (DWS SHC Indicator)	100% developed and implemented.	100% developed and implemented.	Nil	90
9.3	Per cent technical skills plan (artisans, process controllers, bursars, graduates, and apprentices) developed and implemented. (DWS SHC Indicator)	100% developed and implemented.	100% developed and implemented (9.4 to 9.8 below).	Nil	90
9.4	Number of artisans training plans met. (DWS SHC Indicator)	37 training plans met.	32 training plans met	5 not met.	90
9.5	Number of process controllers training plans met. (DWS SHC Indicator)	56 training plans met	65 training plans met.	Nil	98
9.6	Number of apprentices training plans met. (DWS SHC Indicator)	12 training plans met.	18 training plans met.	Nil	98
9.7	Number of graduates / interns development plans met. (DWS SHC Indicator)	18 development plans met.	21 development plans met.	Nil	98
9.8	Number of bursars' degree requirements met. (DWS SHC Indicator)	10 degree plans met.	10 degree plans met.	Nil	98
9.9	Per cent staff turnover. (DWS SHC Indicator)	≤ 10%.	7.7%.	Nil	88