



7.0

PERFORMANCE
AGAINST
SHAREHOLDER
COMPACT
2012/2013



- Per cent targets met/mostly met (39 of 43): 91% (83% in 2011/2012)
- Per cent targets not met/not completely met: 9% (17% in 2011/2012)

Umgeni Water has achieved excellent performance in 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 91%.

For its **Customer and Stakeholder** perspective Umgeni Water achieved **90.6%** performance, for which:
 SO 1 - Increase services and customers achieved 100% and

SO 2 - Increase customer and stakeholder satisfaction achieved 83%.

Two indicators and targets were not completely met for SO2, relating to water quality which had slight variances and once-off service disruptions in three of the eleven systems in the first three quarters of the year.

For its **Financial** scorecard perspective Umgeni Water achieved **98.2%** performance, for which:

SO 3 - Mobilise funds achieved 100%,
 SO 4 - Increase return on assets achieved 97.1%, and
 SO 5 - Improve financial ratios achieved 98.3%.

Three indicators and targets were not completely met for SO4 and SO5 resulting from slight variances in debtor's days, total expenditure and gross profit margin for secondary activities.

For its **Process Perspective** Umgeni Water achieved **85%**, for which:

SO 6 - Increase infrastructure for access and additional capacity and improve asset condition achieved 92%, and

SO 7 - Improve service delivery systems achieved 83%. Capex and all indicators linked to capex were slightly not met, including job creation and BBBEE targets.

Although the capex target was not completely met there was improvement in spend during the year and from the previous year. Regarding BBBEE, significant inroads were made with inclusion of CPG (contractor participation goals) in projects which will yield benefits in the future year's BBBEE performance.

For its **Organisational Capacity** Perspective Umgeni Water achieved **100%**, for which:

SO 8 - Develop water resources achieved 100% and
 SO 9 - Increase skills and competency achieved 100%.

The detailed performance of the organisation against indicators and targets for 2012/2013 follows.

Figure 7.1: Umgeni Water Strategy Performance 2012/2013



SCORECARD 2012/2013

Key Performance Indicator	#	Target	Actual	Variance	Pg#
Customer and Stakeholder Perspective: 8.15 of 9 indicators met (90.6%)					
OUTCOMES: Community and Environmental Sustainability. Customer Satisfaction. Stakeholder Understanding and Support.					
Umgeni Water Strategic Objective 1: Increase services and customers (100%).					
KPI 1: The extent to which UW has grown its services and customers.	●	Draft Business Plan for expansion strategy.	Draft Business Plan for expansion strategy.	Nil	62
KPI 2: Per cent bulk potable water volume growth.	●	0.1% (417 mil m ³). Conceptual growth plans for 6 customers.	1.4% (423 mil m ³) Conceptual growth plans for 6 customers.	Nil	105
KPI 3: Per cent bulk wastewater volume growth.	●	0% (28.4 mil m ³) Conceptual growth plans for 5 customers	12% (2012/13: 31.8mil m ³)	Nil	105
KPI 4: Per cent revenue from s30 growth. (DWA #14 Engagement in Secondary Activities)	●	7%	10.4% (3.4% above budget) Including O&M Dams 8.7% (1.7% above budget) Excluding O&M Dams	Nil	143
Umgeni Water Strategic Objective 2: Increase customer and stakeholder satisfaction (83%)					
KPI 5: The extent to which there is engagement of statutory, contracted and non-contracted stakeholders, inputs into policy frameworks and response to queries.	●	Stakeholder engagement plan for expansion strategy.	Stakeholder engagement plan for expansion strategy.	Nil	43
		Marketing, branding and reputation management plan.	Marketing, branding and reputation management plan.	Nil	
KPI 6: Per cent statutory compliance for bulk potable water with SANS 241. (DWA #1 Water Quality Compliance)	●	WTW ≥ 20MI/d: 7 of 7	WTW ≥ 20MI/d: 7 of 7	Nil	56
	0.9	WTW < 20MI/d: 4 of 4	WTW < 20MI/d: 3 of 4	Maphephethwa WTW 86.4% compliant with Operational category.	
		Boreholes and small WTW: iLembe: 19 borehole and 18 small WTW schemes	Compliance with Health and Aesthetic categories	86% compliance with operational category.	
		9 systems Blue Drop certified. Internal audits undertaken for all sites in preparation for DWA assessment.	9 systems Blue Drop certified. Internal audits undertaken for all sites in preparation for DWA assessment.	Nil	

Key Performance Indicator	#	Target	Actual	Variance	Pg#
KPI 7: Per cent statutory compliance for bulk wastewater with discharge licence or general authorisation. (DWA #20 Wastewater Quality Compliance)	●	85%	86.4%	Nil	59
		0 sites Green Drop certified. Internal audits undertaken for all sites in preparation for DWA assessment.	0 sites Green Drop certified. Internal audits undertaken for all sites in preparation for DWA assessment	Nil	
KPI 8: Per cent customers with signed bulk supply agreements. (DWA # 8 Bulk Supply Agreements Concluded With Municipalities/ Other Customers)	●	100%	100% Concluded the long-term (10-year) agreement with Msunduzi LM.	Nil	60
KPI 9: Per cent days' supply disrupted, > 24 hours, relative to total number of possible supply days. (DWA #3 Reliability of supply)	● 0.25	0%	0.25 % supply failures > 24 hours.	0.25 % supply failures > 24 hours.	62

Key :

- Target met
- Target mostly met
- Target not met / partly met



Key Performance Indicator	#	Target	Actual	Variance	Pg#
Financial Perspective: 11.8 of 12 indicators met (98.2%)					
Outcome: Financial Viability.					
Umgeni Water Strategic Objective 3: Mobilise funds.					
KPI 10: Funds mobilised for long-term financial sustainability of projects	●	Sustainable funding and financing plans. R51m grant.	R167m grant funding received. Additional R116m grant funding for Richmond, Greater Eston and Lower Thukela projects.	Nil	127
Umgeni Water Strategic Objective 4: Increase return on assets					
(DWA #9 Improve Financial Ratios)					
KPI 11: Per cent return on assets.	●	11.80%	13.3% 1.5% above target due to higher operating profit.	Nil	113
KPI 12: Debtors days managed.	● 0.94	≤ 35	37	2 days above target.	113
Umgeni Water Strategic Objective 5: Improve financial ratios.					
(DWA #9 Improve Financial Ratios)					
KPI 13: Debt to Equity ratio (gearing risk) managed.	●	≤ 42%	31%. Lower borrowings and more optimal funding mix, (RBIG and reserves) and improved profit.	Nil	113
KPI 14: Interest cover.	●	≥ 3.825	4.53 Higher operating profit.	Nil	113
KPI 15: Liquidity - measured by operating cash flows (R'm).	●	R666m	R852m Decrease in working capital requirements.	Nil	127
KPI 16: Gross profit margin % (primary activity).	●	≥ 45%	54.3% Higher volume sales and lower direct costs.	Nil	128
KPI 17: Gross profit margin % (Secondary activity).	● 0.87	≥ 10%	8.67%.	1.33% below target.	128
KPI 18: Net profit margin % (primary activity).	●	≥ 20%	30.6% Higher volume sales and lower direct costs.	Nil	128
KPI 19: Net profit margin % (secondary activity).	●	≥ 5%	6.6% Increased revenue from O&M of Dams	Nil	128
KPI 42: Total income (R'm)	●	R1 960m	R2 087m Higher volumes than budget and recoveries of CUC and O&M dams.	Nil	124
KPI 43: Total expenditure (R'm)	● 0.87	R1 484m	R1 506m	R22m above target.	124

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Key Performance Indicator	#	Target	Actual	Variance	Pg#
Process Perspective: 16.15 of 19 indicators met (85%)					
OUTCOMES: Infrastructure Stability. Community and Environmental Sustainability. Operational Resiliency.					
Umgeni Water Strategic Objective 6: Increase infrastructure for access and additional capacity and improve asset condition.					
KPI 20: Per cent total infrastructure capital expenditure within target cash flows. (DWA #12 Capital Expenditure)	● 0.87	R829m ± 15% (R705m to R953m)	R612m R217m or 26% underspend against target of R829m.	R93m or 13% underspend against lower range target of R705m.	66
KPI 21: Infrastructure projects within completion target dates (per cent variance). (DWA #13 Increased Access to Services)	● 0.8	≤ 15% variance.	35% behind completion target dates.	20% below target.	66
KPI 22: Per cent infrastructure capital expenditure for rural access within target cash flows and number of rural expansion project. (DWA #13 Increased Access to Services)	●	R353m ± 15%	R308m or 87% within target cash flows.	Nil	66
		7 rural expansion projects.	9 rural expansion projects.		
KPI 23: Infrastructure maintenance (Opex) within target cash flows.	●	R158.2m.	R152.3m R5.9m below budget. On track as per schedule.	Nil	62
KPI 24: Number of permanent and number of temporary Jobs created. (DWA #16 Jobs Created)	● 0.87	42 new establishment posts.	38 new establishment posts created.	4 below target. The organisation revised its workforce plan down to 38 actual required to implement its projects.	85
		750 temporary jobs through UW Capex	538 temporary jobs through UW Capex	212 below target. Delays in construction resulted in lower than planned employment.	69
		IA Jobs. Target aligned to implementation of contract.	1 790 temporary jobs through implementation of IA contracts.	Nil	71
KPI 25: Per cent of BBBEE spend increased and number of new entrants. (DWA #10 Increase BBBEE Spend)	● 0.87	11% increase. 3 new entrants	17% decrease in BBBEE spend. (2012/2013: 52% spend)(2011/2012: 69% spend)	28% below target.	69
		3 new entrants	5 new entrants.	Nil	
KPI 26: Per cent major tender project value awarded to targeted suppliers (CPG%) (DWA #10 Increase BBBEE Spend)	● 0.87	30% CPG for construction contracts	23% CPG average for 25 construction contracts awarded.	Average of 7% below target CPG for construction contracts	68
		30% PSPs	21% CPG average for 20 PSPs awarded.	Average of 9% below target CPG for PSPs.	
KPI 27: Number of Corporate Social Responsibility Initiatives. (DWA #17 Corporate Social Responsibility Initiatives)	●	3	3 initiatives approved and in progress.	Nil	70

Key Performance Indicator	#	Target	Actual	Variance	Pg#
KPI 28: Number of innovations / environmental sustainability initiatives.	●	3	3 initiatives in progress.	Nil	77
KPI 29: Water loss as a per cent of total water produced. (DWA #2 Non-Revenue Water)	●	≤5%	2.45%	Nil	76
KPI 30: Total costs within overall budget (Per cent variance) (DWA #11 Manage Costs Within the Approved Budget)	●	± 10%	2% below budget from savings in net finance costs.	Nil	102
KPI 31: Unqualified/Qualified external audit report. (DWA #4 Financial and Performance Reporting Compliance)	●	Unqualified.	Unqualified Financial and Performance audit achieved for 2011/2012. On track for 2012/2013.	Nil	118
KPI 32: Number of repeat and unresolved internal audit findings. (DWA #7 Effective Internal Controls And Risk Management)	●	0 repeat	0 repeat findings.	Nil	31
		3 unresolved	3 unresolved findings.	Nil	
KPI 33: Number of breaches of materiality and significance framework. (DWA #19 Good Governance)	●	0	Zero breaches.	Nil	122
KPI 34: Per cent statutory submissions made on time (DWA #15 Achieve Statutory Reporting Compliance)	●	100%	100%	Nil	41
KPI 35: Per cent Board member attendance. (DWA #6 Board Member Attendance)	●	≥ 80%	87%	Nil	29
KPI 36: Per cent key business processes, policies and systems improved and are enabling for strategy implementation.	●	100%	100%	Nil	23
KPI 37: Turnaround time (working days), from date of requisition, for awarding of open tenders.	● 0.42	≤60	137 working days turnaround for awarding of open tenders.	77 days longer than required.	66
KPI 38: Turnaround time (working days) for filling vacant posts.	● 0	≤45	93 days	48 days above target.	86

Key Performance Indicator	#	Target	Actual	Variance	Pg#
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Organisational Capacity Perspective: 3 of 3 indicators met (100%)

Outcome: Water Resources Adequacy.

Umgeni Water Strategic Objective 8: Develop water resources

KPI 39: Per cent sustainable water resource options identified for all systems. (DWA #21 Raw Water Resources)	●	100%	100%	Nil	74
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Outcome: Leadership and Employee Development.

Umgeni Water Strategic Objective 9: Increase skills and competency.

KPI 40: Number of employees trained in core and distinctive competencies: (DWA #18 Training and Skills Development)	●	48 learnerships	47	1 below target	88
		18 graduate trainees / interns.	20 Two more than target.	Nil	
		44 graduate engineers (NT)	44	Nil	
		10 bursars	13 Three more than target.	Nil	
KPI 41: Per cent employee turnover. (DWA #5 Staff Turnover)	●	≤10%	5.04%.	Nil	86

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