ERWAT: 3rd quarter Departmental Performance Reporting

2019/20 QUARTERLY REPORTING TEMPLATE AGAINST THE APPROVED BUSINESS PLANS

1. Executive Summary by the Department

The entity has managed to achieve four (4) out of the seven (7) key performance indicators. The compliance in terms of the wastewater treatment works license conditions and/or exemptions standards was at 91% against a target of 89%. Capital expenditure for the 3rd quarter was at 51.51% which was lower than the accumulative target of 70%. The non-achievement of capital expenditure was attributable to cashflow problems that the entity experienced during the first six months of this financial year. The challenges in cashflow has since improved and ERWAT has put measures in place.

The entity generated managed to generate revenue to tune of R893. 5 million as compared to the budgeted revenue of R852.1 million for the nine months period, representing a 5% increase.

Revenue generated from commercial business for the 3rd quarter was R63.7 million which was more than the target of R40 million. ERWAT had been able to strengthen its position with various stakeholders by entering into various strategic partnerships with private and public sector, where memorandum of understanding and agreements have been agreed upon. The appointment of ERWAT as an implementing agent at Emfuleni Local Municipality has boosted the revenue generated during this quarter. It is envisaged that going forward these will bear the desired fruits in terms of the entity's revenue generation.

Operational expenditure has however, continuously improved during the course of the year as the remedial plans took effect and we are on track to spend the full maintenance budget by the end of the financial year. Bulk purchases (Electricity, water, chemicals) are 14% below budget due to timing of utility accounts received which corrects at year end.

Table A: Summary of Service Delivery Performance

Service Delivery Monitoring				
	Total number of targets set for the quarter	**Achieved**	**Not achieved**	**Variance**
City Wide SDBIP	3 *	2	0	0
Departmental SDBIP	4	2	2	2

**Two targets are only reportable during this quarter.*

2. Service Delivery Monitoring

CITY- WIDE KPI'S

KPI 1 – City -wide

Total revenue generated from external business

Method of Measure

This is the total external sundry income generated through provision of external services to external customers and it excludes the following revenue (Dividend Received, Development contributions, Interest received and dividends, User Charges and Grants Received).

Evidence

Invoices

Q3 Target

R40 million

Q3 Actual

R63 671 794

Comment:

Target Exceeded

ERWAT has embarked on the process of finding ways to increase revenue from both State Owned Entities and the Private Sector.

Corrective Measure

Not Applicable

KPI 2 – Metro-wide

Audit Opinion from AGSA.

Q3 Target

Audit Opinion from AGSA

Q3 Actual

Not reportable during this quarter.

KPI 3 – City-wide

% compliance with wastewater treatment works license conditions and/or exemptions standards

Method of Measure:
Water Quality analysis of all 19 Waste Water Treatment Works calculated as a percentage of parameters complying against the set standards as per Water Use Licences/exemptions. The percentage is then averaged to get the overall % compliance.

Evidence

- Water Quality analysis reports per Wastewater Treatment Work and per month;
- Quarterly reports, showing the Water Use License standards and compliance calculations;

Q3 Target
89%

Q3 Actual
91%

Comment:
Achieved. Even though the entity achieved this target, it is important that the challenges outlined under section 3.4 be noted.

Reasons for overachievement:

1. Reduced industrial effluent impacts.
2. Reduced number of critical equipment failures

Reasons for overachieving

Reduced number of industrial effluent incidents and reduced loading to the WCWs:
During the first half of January 2020 most industries discharging to the WCWs where still on recess and there was thus a reduction of organic loading into the WCWs resulting in improved water quality discharged for the month. Furthermore, most industries discharging to the WCWs had to halt or reduce production during the month of March after the President declared the country to be in a state of disaster on 15 March 2020 and subsequently pronouncing a Nationwide Lockdown, which started on 26 March 2020. This too resulted in less organic loading to the WCWs resulting in improved water quality discharged for the month of March and subsequently Q3. Table 1 below shows positive reduction of organic loading at WCWs from Q2 to Q3.

Plant	Organic load reduction	Number of days receiving high industrial impacts in Q3	Number of days receiving high industrial impacts in Q2
Ancor	53%	15 of 91 days	65 of 92 days
Jan Smuts	35%	3 of 91 days	13 of 92 days
Herbert Bickley	63%	1 of 91 days	14 of 92 days
Hartebeestfontein	48%	15 of 91 days	63 of 92 days
Rynfield	41%	0 of 91 days	25 of 92 days

Table 1: Organic loading reduction at plants

At the Ancor WCW, an additional contributing factor was the Von Alphen sub-station in Springs that burnt down on 16 February 2020, leaving a large portion of the industrial areas of Nuffield and New Area without power for approximately two weeks. This caused a further reduction in industrial effluent discharges to the Ancor WCW.

Reduced number of critical equipment failures:
During Q3 there was also an improved equipment availability as fewer breakdowns were experienced at the WCWs, contributing to the improvement of the final effluent water quality. Table 2 shows the reduced equipment failures from Q2 to Q3.

Plant	Critical equipment failures Q3	Critical equipment failures Q2
Ancor	26	65
Welgedacht	48	77
Herbert Bickley	23	34
Esther Park	0	3
Rynfield	0	2

Table 2: Reduced plant equipment failures

KPI : 1 Departmental

% Capital expenditure on planned projects

Method of Measure:

Increase ERWAT Wastewater Treatment Plants (WWTP) treatment capacity and improve process efficiency through infrastructure development projects (CAPEX). The total capital expenditure on major capital projects associated with increasing capacity and improving process efficiency in ERWAT Wastewater Treatment Plant according to green drop requirements and ERWAT Facility Development Plan (FDP 2032).

Evidence

- Project progress reports (weekly, quarterly and Annual reports)
- Payments certificates
- Invoices

Q3 Target

70%

Q3 Actual

55.51%

Comment:

The SDBIP target for the quarter has not been achieved with a 14.49% negative variance. Amongst others, below are the reasons for the poor performance in expenditure;

- Cash flow challenges that resulted in contractors decelerating progress on site
- Reduction in scope of work for some contracts due to funds unavailability
- Various projects were put on hold, due to budget constraints

- Delay in issuing of Water Use License (WUL)
- Defects in equipment delivered on site that had to be returned to manufacturer exchange.

Acceleration Plan:

The SDBIP target for the quarter has not been achieved with a 14.49% negative variance, however the department is putting measures in place to mitigate the challenges stated above. These measures will ensure that the Quarter 4 CAPEX target of 95% is achieved.

KPI – 2 Departmental SDBIP

% of planned maintenance scheduled

Method of Measure:
Number of planned maintenance Jobcards opened versus number of planned maintenance Jobcards closed in quarter 3.

Evidence
- Closed Jobcards

Q3 Target
90%

Q3 Actual
78%

Comment:
Not Achieved. 1093 opened job-card against 851 closed job-cards to yield overall 78%.

Reasons for not achieving

- ERWAT maintenance department did not achieve the quarterly target of 90% due to the following reasons below:

    - Due to the Backlog on reactive maintenance in Q3, emphasis was put on equipment breakdown rather than the actual scheduled maintenance. As a results the target on scheduled maintenance was not achieved in Q3.
    - Also due to financial constrains a full value chain on asset care plans and maintenance will not be realised, only 60% of the scheduled maintenance can be done with the allocated budget.

Action taken to address Challenges

- The department has embarked on improving the current reactive dominated maintenance regime by introducing external service contractors for most of critical assets and as result improve the turnaround time.

- Furthermore the partial rolled out of the new maintenance plan will improve how maintenance is conducted, and also enable the achievement of optimum asset life cycle, to implement the Asset Care Plans fully +/- R264m is required however R72m was approved.

KPI – 3 Departmental SDBIP

Rand value- support of SMME's through ensuring appropriate application of preferential procurement practices.

Method of Measure

Rand value of contracts awarded to SMME's against a set targeted rand value amount.

Evidence

Procurement Plan and Invoices Paid.

Q3 Target

R23 642 500

Q3 Actual

R24 116 374

Comments

Target exceeded

Remedial Action

None

KPI – 4 Departmental SDBIP

Number of audit findings cleared per quarter.

Method of Measure

Number of audit findings cleared against a set number of targeted audit findings to be cleared.

Evidence

Implementation of the actions plans as per the recommendations on the Management Report issued by the AG (SA).

Q3 Target

25 audit findings cleared in full by the end of Q3 2019/2020

Q3 Actual

7 audit findings cleared in full by the end of Q3 2019/2020

Comments

The number of audit findings for the 2018/2019 financial period was only 16. The annual and quarterly targets were not revised accordingly due in error by ERWAT

Remedial Acton

The target will be revised and corrected during the 2020/21 financial year business plan.

3.1 City-Wide/Institutional SDBIP 2019/20

Refer to the City-wide SDBIP 2019/20.

Table1: City-Wide Indicators

NB: Please note that reasons for variance must be provided for both overachievement and under achievement

Entity	Outcome	Ref No.	Performance Indicator (Output level only)	Description of Portfolio of Evidence Verified	Baseline (Annual Performance of 2018/19 estimated)	Annual Target for 2019/20	3rd Quarter Planned Output as per SDBIP	3rd Quarter Actual Output	Variation	Actual Output Rating	Progress on Targets	Reason(s) for Variation	Remedial Action	3rd Quarter Planned Budget	3rd Quarter Actual Expenditure
National Prescribed Indicators															
N/A															
Provincial Indicators															
N/A															
City of Ekurhuleni Indicators															
IDP Strategic Objective 2: To build a clean, capable and modernized local state															
ERWAT	Improved Quality of water (including wastewater)	35	Total revenue generated from external business	Invoices coupled with general ledger with a balance that agree to the amount reported	R106 777 620.91	R160 000 000	R40 000 000	R63 671 794	-R23 671794	Achieved. Revenue of R63 761794 was achieved , with a planned Output figure of R40M	Achieved	ERWAT has embarked on the process of finding ways to increase revenue from both State Owned Entities and the Private Sector.	None required	R30 000 000	R39 98 7 148
	To build a clean, Capable and Modernised Local State	36	Audit Opinion	Audit report from AGSA	Unqualified Audit Opinion	Unqualified Audit Opinion	-	Not reportable during period.						R325 23 6	
IDP Strategic Objective 4: To protect the natural environment and promote resource sustainability															
ERWAT	Improved Quality of water (including	57	Percentage compliance with wastewater	Water Quality Data of each Wastewater	90.25%	89%	89%	91%	2%	Performance Achieved	In progress	1. Reduced industrial effluent impacts. 2. Reduced	None required	R131 108 373.50	R97 670 121.93

Entity	Outcome	Ref No.	Performance Indicator (Output level only)	Description of Portfolio of Evidence Verified	Baseline (Annual Performance of 2018/19 estimated)	Annual Target for 2019/20	3rd Quarter Planned Output as per SDBIP	3rd Quarter Actual Output	Variation	Actual Output Rating	Progress on Targets	Reason(s) for Variation	Remedial Action	3rd Quarter Planned Budget	3rd Quarter Actual Expenditure
	wastewater)		treatment works license conditions and/or exemptions standards	Treatment Works (from the Lab) Spreadsheet used to calculate over all compliance. Applicable Water use authorization of each Waste Water Treatment Works								number of critical equipment failures.			

3.2 Entity's SDBIP Score card with Key Performance Areas and Indicators 2019/20

Table 2: Entity's SDBIP

Entity	Outcome	Ref No.	Performance Indicator (Output level only)	Description of Portfolio of Evidence Verified	Baseline (Annual Performance of 2018/19 estimated)	Annual Target for 2019/20	3rd Quarter Planned Output as per SDBIP	3rd Quarter Actual Output	Variation	Actual Output Rating	Progress on Targets	Reason(s) for Variation	Remedial Action	3rd Quarter Planned Budget	3rd Quarter Actual Expenditure
IDP Strategic Objective 2: To build a clean, capable and modernized local state															
ERWAT	Improved Quality of Water including Wastewater	1.M	Percentage Capital expenditure on planned projects	Project progress reports (weekly, quarterly and Annual reports) Payments certificates Invoices	95%	95%	70%	55.51%	-14.49%	Target not met	Acceleration program in place to ensure that 95% in Q4 is achieved	Refer to below [reasons for not achieving the target.]	Acceleration program in place to ensure that 95% in Q4 is achieved	R43,690, 656.30	R22,854, 432.81
	Improved Quality of Water including Wastewater	2.M	Percentage of repairs and maintenance budget spent	Job Cards received versus number of job cards completed. AND Finance expenditure reports	45%	90%	90%	78% (Loaded: 1093, Closed: 851)	22%	Target not met	In progress	Due to the Backlog on reactive maintenance in Q3, emphasis was put on equipment breakdown rather than the actual scheduled maintenance. As a results the target on scheduled maintenance was not achieved in Q3.	The department has embarked on improving the current reactive dominated maintenance regime by introducing external service contractors for most of critical assets and as result improve the turnaround time.	R30 656 356	R26 135 287

Entity	Outcome	Ref No.	Performance Indicator (Output level only)	Description of Portfolio of Evidence Verified	Baseline (Annual Performance of 2018/19 estimated)	Annual Target for 2019/20	3rd Quarter Planned Output as per SDBIP	3rd Quarter Actual Output	Variation	Actual Output Rating	Progress on Targets	Reason(s) for Variation	Remedial Action	3rd Quarter Planned Budget	3rd Quarter Actual Expenditure
	Improved Quality of Water including Wastewater	3.M	Rand value-support of SMME's through ensuring appropriate application of preferential procurement practices	Procurement Plan, CSD /BEE report, Invoices Paid, and bidder's proof of payment to sub-contracting party.	New	R64 390 000	R23 642 500	R24 11 6 374	R473 874	R8 248 398	Exceeded	N/A	None	R23 642 500	R24 116 374
	Improved Quality of Water including Wastewater	4.M	Number of audit findings cleared	Signed proof on the number of audit findings cleared per quarter.	35	35	25	7	18	Not achieved	18	The number of audit findings for the 2018/2019 financial period was only 16. The annual and quarterly targets were not revised accordingly due in error by ERWAT.	The target will be revised and corrected during the 2020/21 financial year business plan.		

3.3. Reflection on operations/ day-to-day activities (Analytical Narrative Account)

A. Flows

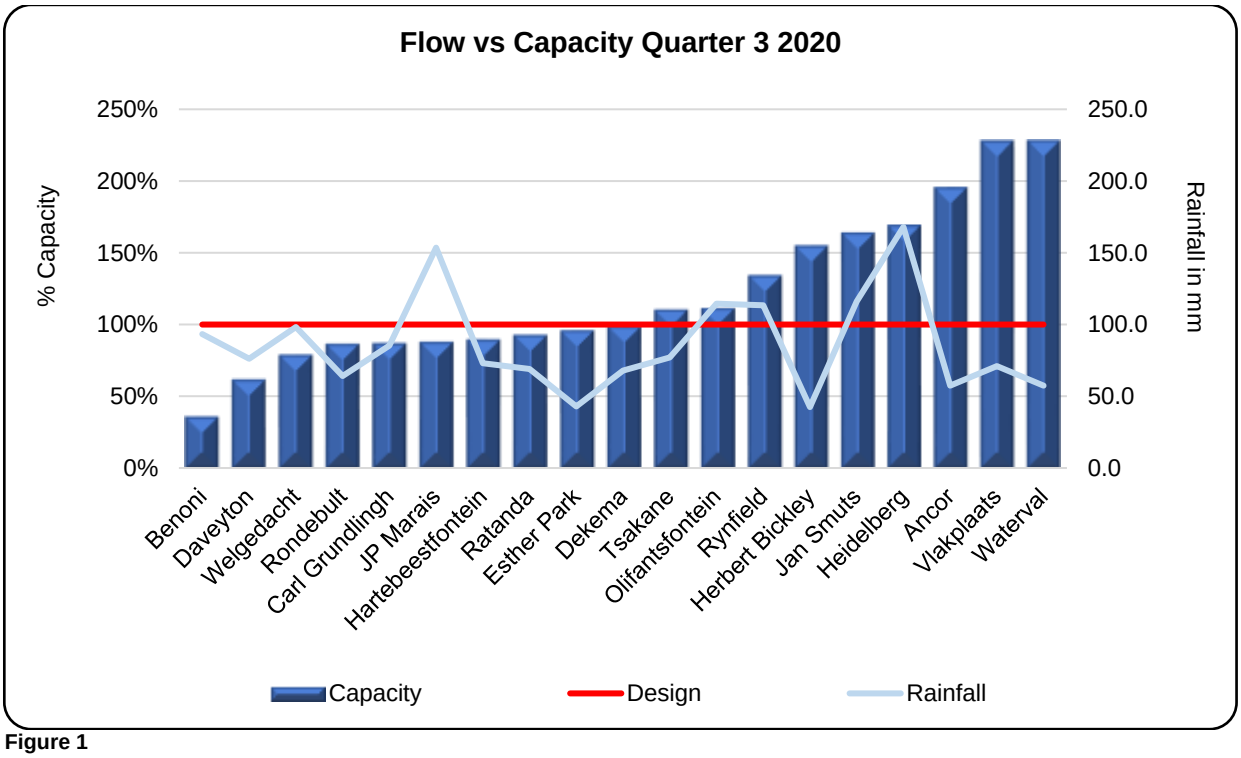


Figure 1

A total of 86 456 Ml was treated in Q3, at an average of 951 Ml/day, utilising 142% of the capacity as compared to 83 966 Ml, at an average of 913 Ml/day, utilising 136% of the capacity in Q2.

Ancor operated at 193%, Jan Smuts at 163% and Heidelberg operated at 168%, Herbert Bickley at 154% and Tsakane at 109% of its capacity in Q3, with large regional plants such as Olifantsfontein operating at 110% and Vlakplaats operating at 229% and Waterval operating at 227%. Additional capacity is urgently needed.

3.4. Service Delivery Highlights and Challenges

CHALLENGES

A. *Flows*

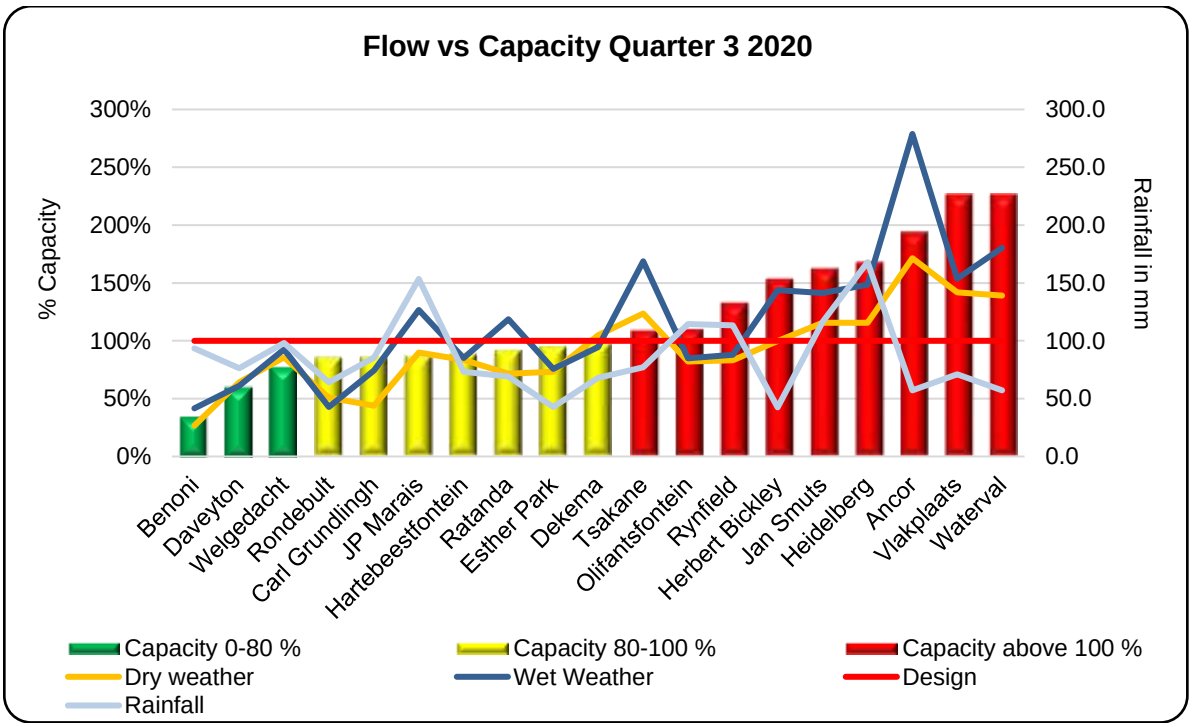


Figure 2

As can be noted in the above graph, during Q3 nine (9) out of the nineteen (19) Water Care Works were operating above their design capacity, seven (7) operating between 80% and 100%, and three (3) operating below the 80% mark, as compared to nine (9) operating above their design capacity, five (5) operating between 80% and 100%, five (5) operating below the 80% mark experienced in Q2.

	Design Capacity	Actual Flow (Q3)	Rainfall
Benoni	16.00	5.56	93.3
Daveyton	19.00	11.52	76.3
Welgedacht	95.00	73.80	98.2
Rondebult	20.00	17.06	64.0
Carl Grundlingh	5.00	4.29	85.4
JP Marais	15.00	12.98	153.5
Hartebeestfontein	63.00	55.69	73.1
Ratanda	4.70	4.30	69.0
Esther Park	1.00	0.95	42.8
Dekema	31.00	30.27	68.0
Tsakane	20.00	21.81	77.0
Olifantsfontein	105.00	115.54	114.5
Rynfield	10.00	13.31	113.5
Herbert Bickley	15.10	23.21	42.5
Jan Smuts	6.10	9.92	116.1
Heidelberg	5.40	9.08	168.0
Ancor	15.00	29.16	57.3
Vlakplaats	55.00	124.88	71.0
Waterval	170.00	386.33	57.3

Table 3: Design Capacity vs Actual Flow

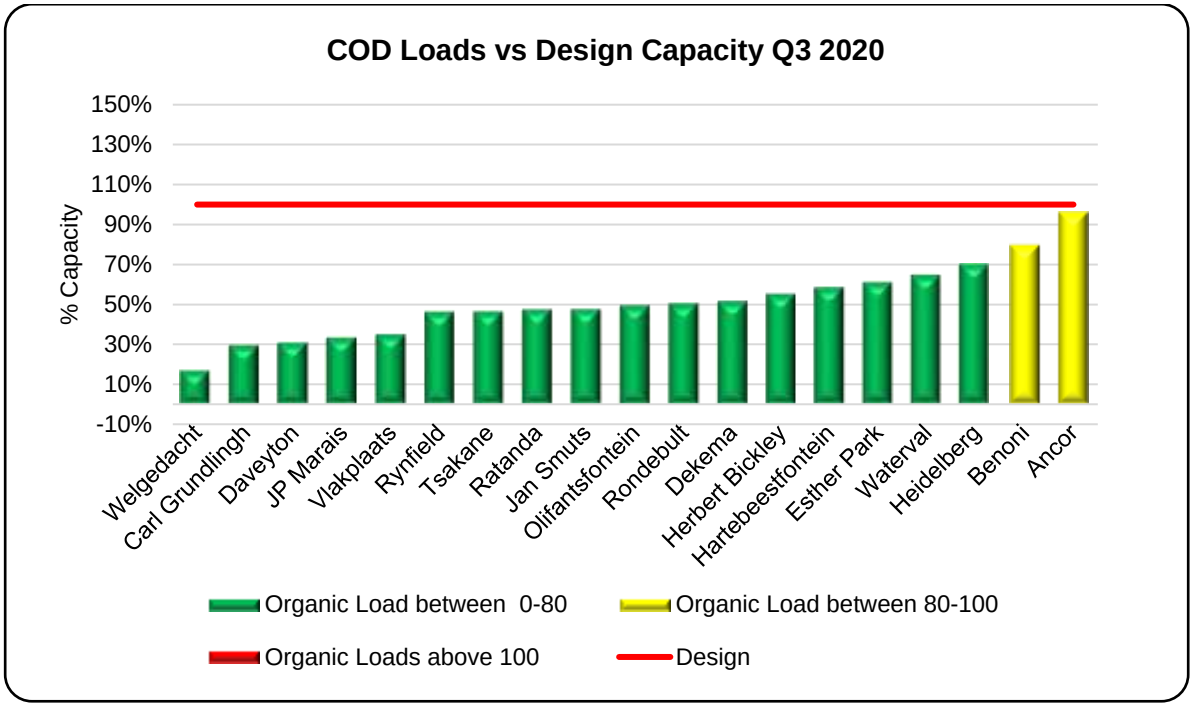


Figure 3

As can be seen in the graph above, during Q3, none of the plants received organic loads more than 100%; and only two (2) out of the nineteen (19) Water Care Works (WCW) received organic loads between the 80% and 100%, and seventeen (17) received below the 80% mark, compared to Q2 where three (3) operated with high COD loads, six (6) operating between 80% and 100%, and ten (10) operating below the 80% mark.

Plant	Non-compliance of final effluent	Hydraulic Capacity	Organic Capacity	Abnormal fluctuations in inflow	Industrial effluent	Critical equipment failures	Power outages	Ageing infrastructure	Blocked digesters	Veld fires	Sludge stockpiling	Groundwater pollution	Dolomitic soil	Very Strict WUL standard	Solid Waste Management	Access Roads	Potable water
Ancor	Plant compliance for Q3 is 86% Non-compliant parameters: Chemical 77% and Micro 85%	Plant operated at 193% of its hydraulic capacity	Plant operated at 114% of organic capacity.	Ancor experience storm water ingress during heavy rainfall, worsening the overloaded hydraulic capacity. The RSA Covid -19 lockdown also reduces flows and loads to the works improving of compliance	Plant received high COD industrial effluent on 15 days. In Q2, it was 65 days out of 92 that the plant received high COD.	26 critical equipment failures occurred in Q3, namely: 8 failures on the ferric chloride dosing system in Q3; 4 failures of the chlorine system, one centre column of bio filter no.7 failed, which was repaired.	7 outages occurred (24.3 hrs. total) (Generator backup available for whole plant except disinfection section).	Bio filter flow division boxes partially collapsed, humus tanks/ PST's- and digesters structures are crumbling /cracked	3 digesters are blocked with sand and are not in operation. This cause the plant to run out of sludge handling capacity, which prevent proper desludging and resulting in non-compliances.	No veldfires occurred during Q3.	Stockpile area not lined. Stockpiles on plant is a risk due to veldfires and environmental pollution	Unlined sludge paddies pollute underground water	Area around humus tanks and final effluent channel are dolomitic according to Geotech study performed.	N/A	Solid waste (screenings and grit) is removed by CoE.	Road in very bad condition, potholes was closed up during the Q3.	N/A
Benoni	Plant complied with WUL effluent standards for Q3. Physical: 99.6%. Chemical: 100%. Micro:95%,therefore Q3 overall compliance = 98.2%	Plant operated at 35 % of hydraulic capacity	Plant operated at 83.87 % of organic capacity	None		High industrial effluent was received 3 of 91 days, however compliance what not affected	2 critical equipment failures occurred in Q3 that affected micro compliance	12-power failures that lasted 32.4 hours	Open digesters walls are cracking, Humus tank weirs plates worn out	None	Dried sludge is stockpiled on the plant and applied on instant lawn	Unlined sludge paddies and maturation ponds	N/A	N/A	Sludge classification is A2c, which is suitable for the instant lawn application.	N/A	N/A
Carl Grundlingh	Plant Complied with WUL effluent standards (98%)	Plant operated at 86% of its hydraulic capacity	Plant operated at 27% of organic capacity	None	None	3 Critical equipment failures for Q3 (1x recycle pumps and 2x brush aerators)	Carl Grundlingh had 2 power outages with a total duration of 7 hours in Q3	None	N/A	No veldfires occurred during Q3.	Land application of sludge is the method employed	Unlined sludge to land posing ground water pollution	None	None	Collected by CoE to a dedicated landfill site	Access road to the plant is damaged and requires an upgrade.	None
Daveyton	Plant complied; compliance for Q3 is 98.49%.	Plant operated at 61% of its hydraulic capacity.	Sufficient capacity. Plant operated at 61% of its organic capacity.	Numerous sewer blockages in the CoE network and potable water supply interruption to Etwatwa lead to inconsistent and irregular flow to the plant.	N/A. Domestic only.	26 Critical equipment failures occurred in Q3, namely: 11 failures on the RAS pumps, 3 failures on generator, 3 failures on the chlorine booster pumps, 2 failures on BNR electrical panel, 2 failures of high mast lights, BNR fine screen, Compactor at inlet, Clarifier wheel breakdown, Was Pipe to lagoons, Was pump station-draining pump.	36 power outages occurred (133 hours total). (33 power outages was load sheading and 3 was other failures.) The Generator for the plant is not functional, Was fixed mid Jan and broke down in beginning of March. Awaiting root cause investigation to be completed.	Small crack on the CCT side wall and a small crack in floor of Clarifier 3 (Do not have effect on the operation at the moment)	N/A	Veld fires pose a risk during winter, but no incidents during Q3.	Sludge pumped to 2 lined lagoons, and when they are full, sludge is pumped to 3 unlined lagoons for solar drying. Space for drying is not sufficient and there are no boreholes at the sludge lagoons to monitor the ground water. This is noncompliance to WUL conditions.	Unlined sludge lagoons pollute the ground water.	N/A	N/A	Solid waste (screenings and grit) is removed by CoE.	N/A	N/A

Plant	Non-compliance of final effluent	Hydraulic Capacity	Organic Capacity	Abnormal fluctuations in inflow	Industrial effluent	Critical equipment failures	Power outages	Ageing infrastructure	Blocked digesters	Veld fires	Sludge stockpiling	Groundwater pollution	Dolomitic soil	Very Strict WUL standard	Solid Waste Management	Access Roads	Potable water
Dekema	Plant did not comply with WUL Effluent standards - Non-compliant parameter: Micro – 82 % Compliant Parameters- Chemical -91% Physical – 98% Plant did not comply with WUL Effluent standards - Non-compliant parameter: Micro – 82 % Compliant Parameters- Chemical -91% Physical – 98%	Plant operated at 97.7% of hydraulic capacity	Sufficient capacity. Plant operated at 52% organic capacity	High flows of up to 56.8 Ml/day occurred from dates due to storm water ingress. Rainfall measured at the plant was 60mm.	High COD loading rate of 24 108kg/day (>design: 23 455kg/day)	5 Critical equipment failures occurred in Q3, namely breakdown of 2 sludge withdrawal pumps and 2 cascade pumps (final effluent mixing/aeration),Biofilter 8 (slings and hinges)	27 Outages occur (74 hrs total) Load shedding is a big concern.	Channels feeding sections partially collapsed. Biofilter and digester walls are cracked.	1 out of 12 Anaerobic digesters is blocked	No veld fires occurred during Q3.	Sludge pumped to unlined lagoons for solar drying and dried sludge spread to land area to be plough into land.	Unlawful disposal of grit and screenings (grit and screenings are buried on-site in a trench).	None	N/A	N/A	N/A	N/A
Esther Park	Plant complied with WUL effluent standard by 97%	Plant operated at 95% of hydraulic capacity	Plant operated at 78% of organic capacity	25 incidents of flow exceeding design capacity	Esther Park operated at 78% of design hydraulic capacity for Q3	No industrial discharge to Esther Park	9 Power outages for the quarter	Reactor needs to be upgraded	No veld fires in Q3	Sludge is being transported to Hartebeestfontein	No boreholes at Esther Park	No dolomitic soil at Esther Park	N/A	N/A	Solid waste collected by the CoE		Access road to plant must be upgraded
Hartebeestfontein	Plant complied with WUL effluent standard by 94%	Plant operated at 88% of hydraulic capacity	Plant operated at 61% of organic capacity	Plant received industrial high strength effluent on 15 of 61 days	13 Critical equipment failures occurred in Q3	3 power failures that last for 11 hours	Aging concrete on plant infrastructure.	No veld fires in Q3	1134519 kg of dry sludge was irrigated to the 200 hectares farm	Borehole two has high concentration of Nitrates	Sinkhole next to the fence towards FST 5 & 6 and around the Farm			Sludge classification is B2c, not suitable for the intended purpose, this requires further engagement with the farmer	Road to final effluent discharge point need to be graded. Road to be fix in May 2020		
Heidelberg	Plant Complied with WUL effluent standards (96%)	Plant operated at 168% of its hydraulic capacity	Plant operated at 118% of organic capacity	None	Plant received high COD industrial effluent on 14 of 91 days and high SS on 17 days of 91	5 Critical equipment failures for Q3 (2x aerator; 1x Raw pump, 1x generator,1x screw conveyor)	Heidelberg had 25 power outages due to load shedding with a total duration of 70 hours and 7 outages with a duration of 10 hours due to fault from Municipality site in Q3.the diesel used was 2631L	None	N/A	No veldfires occurred during Q3.	Sludge at the plant stockpiled after dewatering, and is also applied/irrigated to the lands and could potentially contaminate groundwater resources	Unlined sludge paddies/lack of groundwater monitoring in the sludge paddies	None	None	Screenings and grit generated at the plant are still being buried and this practice is not environmental friendly	The access road to Heidelberg works is severely damaged and a new-tarred road is required urgently	None

Plant	Non-compliance of final effluent	Hydraulic Capacity	Organic Capacity	Abnormal fluctuations in inflow	Industrial effluent	Critical equipment failures	Power outages	Ageing infrastructure	Blocked digesters	Veld fires	Sludge stockpiling	Groundwater pollution	Dolomitic soil	Very Strict WUL standard	Solid Waste Management	Access Roads	Potable water
Herbert Bickley	Plant Complied with WUL effluent standards (96%)	Plant operated at 154% of hydraulic capacity	Plant operated at 63% of organic capacity	Excessive rainfall from 09 Feb 2020 causing flooding at the plant	Plant received industrial high strength effluent on 1 of 91 days	23 Critical Equipment (booster pumps, sludge to land pump, chlorine dosing systems, RAS Pumps and raw sludge recycle and desludging pump)	Herbert Bickley had 2 power outages with a total duration of 4 hours in Q3. Generator is not operational.	Anaerobic digesters cracked concrete structures	6 out of 8 digesters not in use due to blockages and leaking digester pipes	No veldfires occurred during Q3.	Sludge used for irrigation at instant lawn	No sampling was done in Q3	None	None	Collected by CoE to a dedicated landfill site	Access road to the plant damaged and requires an upgrade	None
Jan Smuts	Plant compliance for Q3 is 90%. Non-compliant parameters: Chemical 77%	Plant operated at 163% of its hydraulic capacity	Plant operated at 44% of its organic capacity.	High incoming flows in all the days in Q3.	Plant received industrial high strength effluent on 3 of 91 day	3 critical equipment failures occurred in Q3. Filter feed pump number 2, PST number 2's motor and chlorine dosing water booster pumps.	2 power failure (6 hours) Generator backup available for entire plant.	Humus Tanks scum boards, digester number 2's wall, drying beds' walls and the bio-filters' feed flow division box/tower.		None	Dried sludge is stockpiled on site.	Unlined sludge stockpile area can cause groundwater pollution.	N/A	N/A	Screenings are incinerated at the plant and the grit is buried at the plant. This practice does not comply with WUL conditions.	N/A	N/A
JP Marais	Plant compliance for Q3 is 98%.	Sufficient capacity. Plant operated at 87% of hydraulic capacity	Sufficient capacity. Plant operated at 35% of organic capacity	None experience in Q3	No industrial effluent received in Q3	34 critical equipment failures occurred in Q3, namely; WAS pump 1&2 (16 times), WAS sump level meter (once), Office Gen-Set (once), Mixer #2 (once), RAS pumps (11 times), Degritter pumps 1& 2 (4 times),	4 Power outages (7 hours total), Do have generator backup.	PST fine screen not available (removed and scrapped).	N/A	No veld fires occurred during Q3.	Sludge pumped to Welgedacht, where it is treated.	No ground water pollution in Q3.	No dolomitic soil	N/A	CoE removes solid waste (screenings and grit).	Road in a good condition	None
Olifantsfontein	Plant did not comply with WUL effluent standard Plant complied with 75% compliance		Plant operated at 64% of organic capacity	Plant operated at 110% of hydraulic capacity		Plant received industrial high strength effluent on 6 of 91 days. Plant received very high Electrical Conductivity above 100 mS/m, 36 of 91 days.	25 critical equipment failures occurred in Q3	2 – Power failure that lasted for 20 minutes with diesel consumption of 31 litres, and 8 hours, no fuel consumption due to defective generators.	Module 3, Anaerobic digesters	No veld fires in Q3	Sludge is disposed on different farms around Bapsfontein area and is used for agricultural purposes	Unlined emergency dams contaminating borehole no.2	2 x Sinkholes behind and in front of the old laboratory which occurred in Q2		EC of less than 80 mS/m and SS of less than 15 mg/L	Sludge is classified into two streams: (1). Dewatering unit (B3a), the sludge not suitable for cultivating crops such as fruits trees (2). Drying beds (A1a), No restrictions and requirements apply	Road to upstream sampling point need to be graded and will be reported to CoE.
Ratanda	Plant Complied with WUL effluent standards (98%)	Plant operated at 91% of its hydraulic capacity	Plant operated at 48% of organic capacity	Experienced 2 incident, low inflow to the plant 04 and 22 January 2020 due to blocked main sewer line	None	3 Critical equipment failures for Q3 (1x A-recycle pump; 2x chlorine booster pump; 1x Transformer)	9 power outage incidents due to power failure and 25 incidents due to load shedding (251 hrs. total) amount of diesel used is 8280 l at the cost of R 129 499.2 in Q3.	Drying beds drainage system and chlorine contact tanks are badly leaking structures	N/A	No veldfires occurred during Q3.	Dried sludge is stockpiled on-site.	Unlined ponds and leaking drying beds	None	None	Screenings and grit generated at the plant are still being buried and this practice is not environmental friendly	The access road to Ratanda Works is severely damaged and a new-tarred road is required urgently	No link to the Municipal Potable Water Supply, water transported from Heidelberg Works and borehole water is used for other domestic purposes

Plant	Non-compliance of final effluent	Hydraulic Capacity	Organic Capacity	Abnormal fluctuations in inflow	Industrial effluent	Critical equipment failures	Power outages	Ageing infrastructure	Blocked digesters	Veld fires	Sludge stockpiling	Groundwater pollution	Dolomitic soil	Very Strict WUL standard	Solid Waste Management	Access Roads	Potable water
Rondebult	Plant did not comply with WUL effluent standard for Micro - 86.8% Compliant Parameters- Chemical -91% Physical – 91%	Plant operated at 84.6% of hydraulic capacity.	Plant operated at 97 % of organic capacity.	High and low flows due to the sluice gate installed at Klippoortjie. High flows of up to 29.96 Ml/day occurred from dates due to storm water ingress. Rainfall measured at the plant was 192mm.	Plant received industrial high COD effluent on 27 of 91 days.	16 Critical equipment failures for Q3. Namely: 2 failures on the ferric chloride dosing system, 1 PST bridge, 1 x Degritter panel, 2 x primary bio filter feed pumps, 4 x Secondary bio filter feed pumps, 1 x Inflow meter, 1 x Humus pump.	55 Outages occur (76 hrs 57 min total) Load shedding is a big concern.	Bio filter walls cracked. Brickwork of open channels are unstable and cracked.	None	No veldfires occurred during Q2.	Dried sludge is spread on to land and plough into land.	Unlawful disposal of grit and screenings (grit is buried on-site in a trench).	The entire area of the plant are dolomitic	N/A	N/A	N/A	Underground rusted pipe works needs to be replaced
Rynfield	Plant complied with WUL effluent standard by 90%	Plant operated at 133.1% of hydraulic capacity	Plant Operated at 76.33% of organic capacity	Yes, during January and February 2020.	Insufficient Capacity during raining season.	Non industrial effluent was received due Q3 Plant received industrial high strength effluent 0 of 91	2critical equipment failures occurred in Q3 Unviability of Clarifier and screw pump	1 –power failure that last for 7hours.	Pavement Cracked and Digesters & reactor tank concrete structure is cracked .Bio-feeder structure is cracked.	None	Dried sludge is stockpiled on the plant	Unlined sludge paddies, Unlined Maturation ponds and Contact tank. Lagoon	Dolomitic investigation not done yet	None	CoE collects screenings and grits from the inlet works. Dried sludge is stockpiled on the plant	N/A	N/A
Tsakane	Plant Complied with WUL effluent standards (91%)	Plant operated at 109% of its hydraulic capacity	Plant operated at 72% of organic capacity	Inconsistent and low/high flow due to build-up of screenings on manual screen at Rockville pump station results to spillage in which sewage joins the upstream untreated and prevents the expected flow from reaching the plant.	Plant received high COD 01 of 91 days. Domestic effluent only.	18 Critical equipment failures for Q3. Namely: 5 failures on the sludge to land sump level sensor. 1 x Sludge to land pump motor no.1 & 2. 1x Sludge to land pump no.2 impeller, 2 x PST sludge withdrawal pump no.1 & 2. 2 x Degritter drain pump no.1 & 2; 5 x Chlorine system; 2 x genset.	Tsakane had 3 power outages and 27 planned load-shedding events with a total power outage duration of 6 hours and 53 hours to load shedding events in Q3 Total amount of diesel usage during power outages was 160L and 702L during load shedding events in Q3. Total amount of diesel used for the quarter is 862L.	Digesters and channel for raw sewage feeding HYBACS concrete structures cracked and leaking.	N/A	No veldfires occurred during Q3.	Sludge pumped to unlined lagoons/paddies for solar drying. Drying beds have been decommissioned.	Unlined sludge lagoons and paddies/lack of groundwater monitoring at the sludge lagoons and paddies	None	None	Collected by CoE to a dedicated landfill site	None	None
Vlakplaats	Plant did not comply with WUL effluent standards Chemical 82% Micro 32%	Plant operated at 229% of hydraulic capacity. Needs to be upgraded	Plant operated at 92% of organic capacity	High flows of up to 166 Ml/day occurred from dates due to storm water ingress. Rainfall measured at the plant was 58mm.	Plant didn't receive industrial high strength effluent quarter 3	3 Critical equipment failures occurred in Q3 - Namely: 3 failures of the ferric chloride dosing system. 63 failures of the DBF dosing system, 5 failures of the WAS pumps/VSD.	29 Outages occur (82 hours in total) Load shedding is a big concern.	Digesters and Biofilters concrete structures cracked	None	No veldfires occurred during Q3.	Dried sludge is stockpiled on the plant. Demand for instant lawn application is seasonal	Unlawful disposal of grit (grit is buried on-site in a trench).	Area around bio filters at Mod A are dolomitic	N?A	N/A	Road to final effluent discharge point need tar road, too much muddy during rainy season and affect sampling	N/A

Plant	Non-compliance of final effluent	Hydraulic Capacity	Organic Capacity	Abnormal fluctuations in inflow	Industrial effluent	Critical equipment failures	Power outages	Ageing infrastructure	Blocked digesters	Veld fires	Sludge stockpiling	Groundwater pollution	Dolomitic soil	Very Strict WUL standard	Solid Waste Management	Access Roads	Potable water
Waterval	Plant did not Complied with WUL effluent standards Average (83%)	Plant operated above capacity (operated at 227% capacity)	Sufficient capacity Plant operated at 144% organic capacity.	High flows of up to 497,4 Ml/day occurred from dates due to storm water ingress. Rainfall measured at the plant was 172mm.	Plant received industrial high strength effluent on 5 of 92 days. Plant is receiving and treating 30 m^3 of leachate daily from EnviroServ	87 Critical equipment failures occurred in Q3 Mainly from 16 x DAF Recirculation pumps, top scrapers solenoid, valves leaking, desludging failure, 2x Compressor failures, 26 x aerators trippages, blower failure due to cable burnt and trippages, 1 x power outages, 6 x RAS and screw pump failure, 2 x auto sampler failures, 7 x Dewatering loss of signal, spent wash water failure, poly mixer failure, 9 x PST, Clarifier failures, 2 x Chlorine scale failure, 4 x transfer pump failures, 5 x screen failure, inlet blower v-belts and 3 x Digester sensor failures and boiler sensor failure, 2 x Substation roof collapse and switchgear, 2x Subnatent pond pump failure.	None	None	None	No veld fires occurred during Q3.	Dried sludge is stockpiled on the plant. Demand for agricultural application is seasonal.	Unlined Emergency dams. Unlawful disposal of grit (grit is buried on-site in a trench).	None	N/A	N/A	N/A	
Welgedacht	Plant Complied with WUL effluent standards (94%) for Q3	Plant has sufficient capacity. (operated at 78% capacity)	Sufficient capacity Plant operated at 23% organic capacity. Over Achievement.	There was two blockages on the sewer network, link 4 sewer line in January and second blockage was at Slovo park reported on the 21st of February, leading to decreased and inconsistent flow to the plant. The blockage at link 4 was cleared by contractor in February and at Slovo Park blockage was cleared by CoE on the 24 January 2020 and.	Plant received and treated 30 m3 of leachate daily from EnviroServ for the month of January 2020, February and 5 days in March 2020. The leachate was stopped for two weeks in February 2020 due to cable theft on power supply line. The RSA lockdown also contributed to the lower flows experience from industries specifically	48 critical equipment failures occurred in Q3, Module MCC electrical panel must be replaced. Unsafe. Blowers at Module 2. Blocked sewer line 4, Flowmeters, Chlorine booster pumps, A-recycle pumps, Chlorine rotameter,22 KV power supply cable, Dewatering conveyor belts, Chlorine hoist, Defective Slovo pump station pumps, Reticulation pump, Screw pumps, Chemical clarifier wheel, dewatering screw conveyor	2 outages occurred (47 hrs. total) (Generator backup available for Module 2, Inlet works, Reactors, RAS and disinfection and Module 1 Inlet works only. 1 Outage was due to failure at Eskom substation which lasted for 6 hours and second one was due to cable theft on the plant MV power supply which lasted for 41 hours	N/A	N/A	No veldfires occurred during Q3.	Dried sludge is stockpiled on the plant. Demand for agricultural application is seasonal.	Unlined Dechlorination channels and Emergency dam	N/A	Very strict WUL standard for Micro compliance(E.Coli) zero counts /100ml.	Solid waste (screenings and grit) is removed by CoE.	Gravel access road in very bad conditions and very slippery when wet.	No potable water supply to the plant. Borehole water used for hygiene activities. Drinking water is being trucked in from other plants.

3.5. Project/Infrastructure Report

This section includes all major projects that will contribute to the Mega Catalytic projects such as the John Dube Development. ERWAT receives new township applications timeously from CoE and provide responses about the capacity availability at various Waste Water Works as and when applications are received. This section focuses on feasibilities studies and major projects at ERWAT Waste Water Treatment Works (WWTW), for projects that contribute either directly or indirectly to the flagship projects:

- Ancor WWTW
- Vlakplaats WWTW
- Welgedacht WWTW
- Herbert Bickely WWTW
- Waterval WWTW

4.1. Ancor WWTW

The Ancor Works is situated in Springs and falls within the DD5 drainage district. The original design capacity of the plant was 32 Mℓ/d. Conventional biological filtration is employed as the main treatment process. The plant capacity has been downgraded to 15 Mℓ/d.

Plans are currently underway to upgrade the plant to 52 Mℓ/d in order to enhance the treatment capacity. These upgrades will ensure that future developments flows are accommodated thereby meeting the required standards as stipulated by the department of water and sanitation (DWS).

	PLANNED PROJECTS	BUDGET REQUIRED	STATUS /COMMENTS	COMMISSIONING DATE
1	30 Mℓ/d Plant Upgrade	R351 000 000.00	Designs planned to commence in 2018/2019. (30 000 000.00). The capacity treatment plant upgrade is planned in relation to the 50-year master plan, which computes to 52 Mℓ/d by year 2068. The 50-year flow projection is based on the CoE IDP population growth. Construction planned to commence in 2019/2020 (321 000 000.00) Pending availability of funds, the R 351 000 000.00 budget required will accommodate 30 Mℓ/d of 52 Mℓ/d.	The feasibility study for the upgrading of the plant is currently in progress. Targeted milestone achievement for commencing of construction is FY 2022, subject to the availability of funds.

4.2. Vlakplaats WWTW

Vlakplaats is situated in Vosloorus and falls within the DD6 drainage district. The original design capacity of the plant was 83 Mℓ/d .The plant capacity has been downgraded to 55 Mℓ/d. Vlakplaats flow distribution project is currently under construction phase to augment and add a peak flow balancing capacity into the plant by converting the old existing ponds into a balancing tank. Plans are currently underway to upgrade

the plant to 189 Mℓ/d in order to enhance the treatment capacity. These upgrades will ensure that future developments flows are accommodated thereby meeting the required standards as stipulated by the department of water and sanitation (DWS).

PLANNED PROJECTS		BUDGET REQUIRED	STATUS /COMMENTS	COMMISSIONING DATE
1	Plant Upgrade/Retrofit -Activated Sludge	R203 340 000.00	Designs and build planned to commence in 2018/2019. The capacity treatment plant upgrade is planned in relation to the 50-year master plan, which computes to 189 Mℓ/d by year 2068. The 50-year flow projection is based on the CoE IDP population growth. Pending availability of funds, the R 203 340 000.00 budget required will accommodate 41 Mℓ/d of 189 Mℓ/d for design-built.	The commissioning of the project is anticipated to be 2021/2022, subject to the availability of funds.
2	Plant Upgrade/Retrofit -Bio filter	R 108 000 000.00	Project implementation planned to commence in 2018/2019. The capacity treatment plant upgrade is planned in relation to the 50-year master plan, which computes to 189 Mℓ/d by year 2068. The 50-year flow projection is based on the CoE IDP population growth. Pending availability of funds, the R 108 000 000.00 budget required will accommodate 18 Mℓ/d of 189 Mℓ/d for design-built	The commissioning of the project is anticipated to be 2021/2022. subject to the availability of funds.
3	Flow distribution	R 40 000 000.00	Vlakplaats flow distribution project is currently under construction phase to augment and add a peak flow balancing capacity into the plant.	The commissioning of the project is anticipated to be 2019/2020

4.3. Welgedacht WWTW

The Welgedacht works is situated in Springs and falls within the DD5 drainage district. The original design capacity of the plant was 85 Mℓ/d. Module 2 have been commissioned and is currently undergoing defects liability period. The plant capacity has been up-graded to 95 Mℓ/d. Plans are currently underway to upgrade the plant to 327 Mℓ/d in order to enhance the treatment capacity. These upgrades will ensure that future developments flows are accommodated thereby meeting the required standards as stipulated by the department of water and sanitation (DWS).

PLANNED PROJECTS		BUDGET REQUIRED	STATUS /COMMENTS	COMMISSIONING DATE
1	New 50 Mℓ/d Module 3 - Extension	R 667 734 532.80	Designs planned to commence in 2018/2019.(R 66 773 453.28) The capacity treatment plant upgrade is planned in relation to the 50-year master plan, which computes to 327 Mℓ/d by year 2068. The 50-year flow projection is based on the CoE IDP population growth. Construction planned to commence in 2019/2020 (R 600 961 079.50) Pending availability of funds, the R 667 734 532.80 budget required will accommodate 50 Mℓ/d of 327 Mℓ/d by 2021/2022	The commissioning of the project is anticipated to be 2021/2022

4.4. Herbert Bickley WWTW

The Herbert Bickley works is situated south of Nigel town and falls within the DD5 drainage district. The original design capacity of the plant was18.75 Mℓ/d. The plant capacity has been downgraded to 15.1 Mℓ/d. Plans are currently underway to upgrade the plant to 53 Mℓ/d in order to enhance the treatment capacity.

	PLANNED PROJECTS	BUDGET REQUIRED	STATUS /COMMENTS	COMMISSIONING DATE
1	10 Mℓ/d Plant Upgrade	R 133 546 906.60	Designs planned to commence in 2019/2020. (R 13 354 690.66) The capacity treatment plant upgrade is planned in relation to the 50-year master plan, which computes to 53 Mℓ/d by year 2068. The 50-year flow projection is based on the CoE IDP population growth. Construction planned to commence in 2019/2020 (R 120 192 215.90) Pending availability of funds, the R 133 546 906.60 budget required will accommodate 10 Mℓ/d of 53 Mℓ/d by 2021/2022	The commissioning of the project is anticipated to be 2020/2021

4.5. Waterval WWTW

The Waterval wastewater care works is the largest works operated by ERWAT and is situated in the DD6 area at the Kliprivier. The original design capacity of the Waterval wastewater care works was155 Mℓ/d. The plant capacity has been up-graded to 170 Mℓ/d. The primary treatment-debottlenecking project is currently at the design phase to increase the capacity of module 2 and 3, from 40 Mℓ/d to 60 Mℓ/d per module. Plans are currently underway to retrofit the capacity of module 4 from 50 Mℓ/d to 84 Mℓ/d and add an additional 100 Mℓ/d module 5. Below is the summary of these planned and running projects that have been identified to address planned Mega Catalytic Projects.

PLANNED PROJECTS		BUDGET REQUIRED	STATUS /COMMENTS	COMMISSIONING DATE
1	New 100 Mℓ/d Module 5 - Extension	R 1 333 549 066.00	Designs planned to commence for 2018/2019. (R 133 546 906.60) The capacity treatment plant upgrade is planned in relation to the 50-year master plan, which computes to 584 Mℓ/d by year 2068. The 50-year flow projection is based on the CoE IDP population growth. Construction planned to commence in 2019/2020 (R 1 200 002 159.00) Pending availability of funds, the R 1 333 549 066.00 budget required will accommodate 100 Mℓ/d of 584 Mℓ/d by 2027/2028	The commissioning of the project is anticipated to be 2027/2028, subject to the availability of funds.
2	Module 2 and 3 Capacity Upgrade by debottlenecking the primary treatment.	R 20 000 000.00	Construction planned to commence for 2019/2020. The primary treatment-debottlenecking project is currently at the design phase to increase the capacity of module 2 and 3, from 40 Mℓ/d to 60 Mℓ/d per module. The designs are expected to be completed by 31 August 2018.	The anticipated date for commissioning is 2020/2021, subject to the availability of funds.

PLANNED PROJECTS		BUDGET REQUIRED	STATUS /COMMENTS	COMMISSIONING DATE
			The capacity treatment plant upgrade is planned in relation to the 50-year master plan, which computes to 584 Mℓ/d by year 2068. The 50-year flow projection is based on the CoE IDP population growth. Pending availability of funds, the R 20 000 000.00 budget required will accommodate 40 Mℓ/d of 584 Mℓ/d by 202/2021.	
3	Technology Capacity Upgrade 50 Mℓ/d (Module 4)	R 247 975 609.80	Designs planned to commence for 2020/2021. (24 797 560.98). The capacity treatment plant upgrade is planned in relation to the 50-year master plan, which computes to 584 Mℓ/d by year 2068. The 50-year flow projection is based on the CoE IDP population growth. Pending availability of funds, the R 247 975 609.80 budget required will accommodate 50 Mℓ/d of 584 Mℓ/d for design-built.	The anticipated date for commissioning is 2023/2024

3. Financial Report

Total Revenue:

REVENUE BY SOURCE	BUDGET ANNUAL	BUDGET FOR 9 MONTHS MAR 2020	ACTUAL YEAR TO DATE MAR 2020	VARIANCE YTD ACTUAL VS YTD BUDGET	VARIANCE % YTD BUDGET VS YTD ACTUAL
	R	R	R	R	%
User Charges	**879 040 080**	**659 280 060**	**659 087 549**	**(192 511)**	**0%**
Commercial business - Total	**116 926 850**	**88 075 486**	**114 349 704**	**26 274 218**	**30%**
- Municipal Income	*12 567 000*	*9 425 250*	*6 942 032*	*(2 483 218)*	*-26%*
- Government Income	*7 640*	*5 730*	*42 591*	*36 861*	*643%*
- External business	*38 425 360*	*28 819 020*	*19 045 725*	*(9 773 295)*	*-34%*
- Pumpstations	*65 926 850*	*49 825 486*	*49 825 486*	*-*	*0%*
- Interventions	*-*	*-*	*38 493 870*	*38 493 870*	*100%*
Other Income	**3 722 160**	**2 791 620**	**39 901 441**	**37 109 821**	**1329%**
Grants received (Government grants & subsidies)	**145 635 521**	**101 944 865**	**80 217 892**	**(21 726 973)**	**-21%**
OPERATING REVENUE GENERATED	**1 145 324 611**	**852 092 031**	**893 556 586**	**41 464 555**	**5%**

The entity generated managed to generate revenue to tune of R893. 5 million as compared to the budgeted revenue of R852.1 million for the nine months period, representing a 5% increase. Below are the reasons for increase in revenue generated.

- **Commercial Business** is **30%** higher than budgeted due to the intervention project undertaken during the latter part of December 2019 and will continue beyond the end of the 201920 financial year.
- **Other Income** is **1 329%** higher than budgeted because Development contributions are not budgeted for. The receipt of development contributions is wholly outside the control of ERWAT and is dependent upon new developments within the Ekurhuleni region.
- **Grant income** is **21%** lower than budgeted as some to capital expenditure invoices were only captured after the 30st of March 2020, which precluded invoicing of this expenditure on the USDG grant in the third quarter.

Operating Expenditure:

EXPENDITURE BY SOURCE	BUDGET ANNUAL	BUDGET FOR 9 MONTHS MAR 2020	ACTUAL YEAR TO DATE MAR 2020	VARIANCE YTD ACTUAL VS YTD BUDGET	VARIANCE % YTD BUDGET VS YTD ACTUAL
Employee Related Costs - Salaries & Wages	**379 002 559**	**284 251 919**	**266 656 306**	**(17 595 613)**	**-6%**
Remuneration of Directors	**3 465 003**	**2 598 752**	**1 443 307**	**(1 155 445)**	**-44%**
Bad Debts (Provision for Bad Debts)	**1 625 838**	**1 219 379**	**166 382**	**(1 052 997)**	**-86%**
Depreciation	**74 051 053**	**55 538 290**	**72 677 712**	**17 139 422**	**31%**
Repairs and Maintenance - Planned	**113 822 342**	**85 366 757**	**120 401 856**	**35 035 099**	**41%**
Repairs and Maintenance - Ad Hoc	**12 646 927**	**9 485 195**	**13 377 984**	**3 892 789**	**41%**
Interest Expense	**57 021 499**	**42 766 124**	**35 163 181**	**(7 602 943)**	**-18%**
Bulk purchases	**207 984 589**	**155 988 442**	**161 990 921**	**6 002 479**	**4%**
General Expenses - Other	**150 069 280**	**112 551 960**	**78 917 874**	**(33 634 086)**	**-30%**
TOTAL OPERATING EXPENDITURE	**999 689 090**	**749 766 818**	**750 795 523**	**1 028 706**	**0%**

OPEX spending for the year to date was 0.14% lower than budgeted for the period. ERWAT has currently spent R750.79 million compared to the budgeted year to date R749.76 million. The reasons for the over/under spending is discussed further down with the table of expenditure.

Employee related cost – Salaries and Wages

- The expenditure for the year to date is 6,54% below the budget.
- ERWAT's revised employment structure has been approved and the process of filling vacancies has begun. The vacancies have however not yet been filled as there is a process that has to be undertaken before appointments can be made including advertising, screening, interviews etc.
- The under spent on employee related costs is due to existing vacancies not being filled yet.

Repairs and Maintenance

- ERWAT has over spent on repairs and maintenance in total R38 927 888 (planned and ad-hoc) for the third quarter YTD.

Bulk purchases

- Bulk purchases was 4% higher than budgeted during the second quarter YTD. Bulk purchases consist of Chemical P Removal, Electricity, and Disinfection.

General Expenses:

General expenses under spent by 30% which is primarily due to the following:

- Feasibility studies that will only be conducted later during the financial period
- Termination of the previous printing contract and utilisation of the transversal contract for printers have resulted in some savings.
- Tighter cost control over travel, fuel and telecommunication expenses.
- Lower than anticipated legal costs for advice and litigation
- Lower than anticipated billing from the Auditor General resulted in under expenditure of audit fees
- Lower than anticipated spending on security services

Table 6: Capital expenditure

Item	Project Detail	Total Original Budget	Total Revised Budget (applicable only after Adjustment)	Budget for Quarter	Actual for Quarter 3	Variance	Total Budget for the year	Actual for FY (Yr to date)	Variance for year (Yr to date)	% Completion
1.	PERIMETER FENCE (BENONI, DEKEMA, DAVEYTON, RYNFIELD, TSAKANE, VLAKPLAATS (PHASE 2) AND WELGEDACHT	R 89,419,844.51	N/A	R 590,756.70	R -	R -590,756.70	R 12,121,822.48	R 6,080,733.62	R - 6,041,088.86	98%
2.	UPGRADE/ REFURBISHMENT OF BIOFILTER MODULE (3) AT OLIFANTSFONTEIN WASTEWATER CARE WORKS (WWCW) (PROFFESSIONAL SERVICES)	R 14,168,520.00	N/A	R 2,384,436.00	R 2,384,436.00	R -	R 8,925,879.93	R 7,211,439.93	R 1,714,440.00	51%
3.	REFURBISHMENT OF BIOLOGICAL TRICKLING FILTERS AT OLIFANTSFONTEIN WASTEWATER TREATMENT WORKS	R 67,690,545.45	N/A	R 12,055,627.16	R 19,961,095.83	R 7,905,468.67	R 49,526,066.59	R 42,524,684.57	R 7,001,382.02	72%
4.	TSAKANE CAPACITY UPGRADE FOR CIVIL, MECHANICAL, ELECTRICAL WORKS	R 2,793,928.45	N/A	R 2,793,928.45	R 2,224,302.73	R -569,625.72	R 2,793,928.45	R 2,224,302.73	R 569,625.72	80%
5.	CAPACITY IMPROVEMENT TECHNOLOGY IMPROVEMENT AT HARTEBEESTFONTEIN	R 500,000.00	N/A	R 380,000.00	R 378,266.30	R -1,733.70	R 500,000.00	R 378,266.30	R 121,733.70	100%

Item	Project Detail	Total Original Budget	Total Revised Budget (applicable only after Adjustment)	Budget for Quarter	Actual for Quarter 3	Variance	Total Budget for the year	Actual for FY (Yr to date)	Variance for year (Yr to date)	% Completion
6.	SUPPLY, DELIVERY, INSTALLATION, AND COMMISSIONING OF SUBMERSIBLE PUMPS AT HERBERT BICKLEY WCW	R 4,941,467.84	R 5 435 614.62	R 759,585.18	R -	R -759,585.18	R 3,102,653.93	R 988,293.57	R 2,114,360.36	90%
7.	WATERVAL WASTEWATER CARE WORKS: POWER SUPPLY, CONTROL SYSTEM, AIR MANIFOLD AND ANCILLARY WORK REQUIRED FOR NEW AERATION BLOWERS PROJECT	R 43,131,794.69	N/A	R 3,877,310.73	R 1,614,665.88	R -2,262,644.85	R 16,447,675.49	R 7,530,401.60	R 8,917,273.89	85%
8.	REPLACEMENT OF VERTICAL MIXERS AT VARIOUS ERWAT WASTEWATER CARE WORKS: MANUFACTURE, SUPPLY, DELIVER, INSTALL AND COMMISSION	R 10,707,183.30	R 11 777 901.64	R 1,283,302.35	R 1,475,453.08	R 192,150.73	R 3,424,739.97	R 1,475,453.08	R 1,949,286.89	94%
9.	INSTALLATION AND COMMISSIONING OF BIOLOGICAL FILTERS AT VARIOUS ERWAT WATER CARE WORKS (HERBERT BICKLEY, DEKEMA, JAN SMUTS AND VLAKPLAATS)	R 3,456,888.00	N/A	R 813,856.00	R 1,424,248.00	R 610,392.00	R 3,456,888.00	R 3,051,960.00	R 404,928.00	88%
10.	PROFESSIONAL SERVICES: REPLACEMENT OF AERATION BLOWERS	R 3,536,528.60	N/A	R 491,077.74	R 272,817.26	R -218,260.48	R 1,473,233.22	R 627,306.34	R 845,926.88	77%
11.	SUPPLY, DELIVERY AND THIRTY-SIX (36 NO.) MONTHS MAINTENANCE of two (02 No.) Combination Trucks	R 8,525,000.00	R9 215 000.00	R 256,250.00	R 601,250.00	R 345,000.00	R 1,196,250.00	R 601,250.00	R 595,000.00	95%

Item	Project Detail	Total Original Budget	Total Revised Budget (applicable only after Adjustment)	Budget for Quarter	Actual for Quarter 3	Variance	Total Budget for the year	Actual for FY (Yr to date)	Variance for year (Yr to date)	% Completion
12.	FERRIC DOSING SYSTEM FOR OLIFANTSFONTEIN AND HEIDELBERG WASTEWATER CARE WORKS	R1,238,121.60	N/A	R 150,625.00	R 150,625.00	R -	R 150,625.00	R 150,625.00	R -	100%

A narrative is required on key trends and expenditure

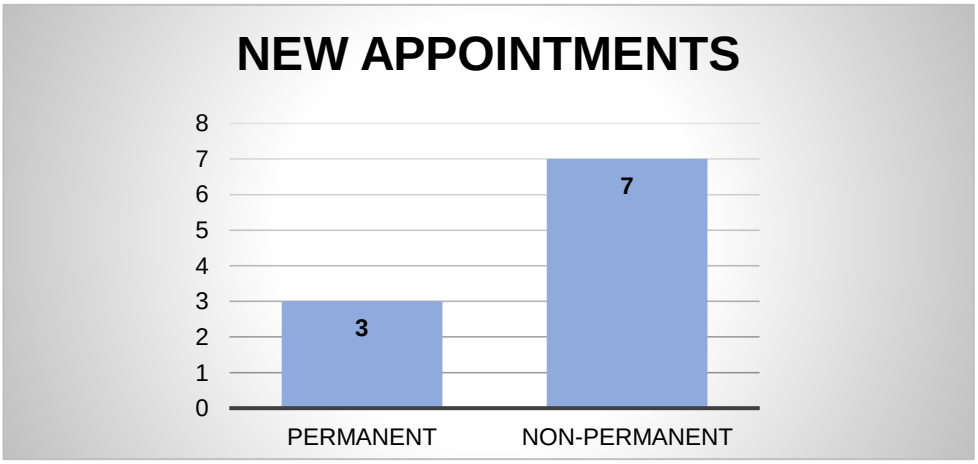
The SDBIP target for the quarter has not been achieved with a 14.49% negative variance, however the department is putting measures in place to mitigate the challenges stated above. These measures will ensure that the Quarter 4 CAPEX target of 95% is achieved. Refer to the Acceleration plan table (Annexure A)

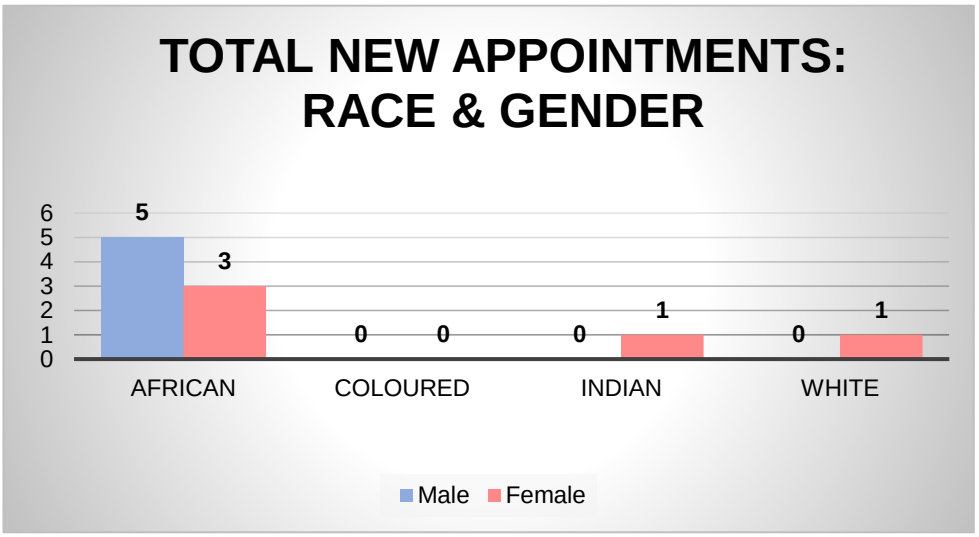
4. Human Resources

4.1 Staff Movements

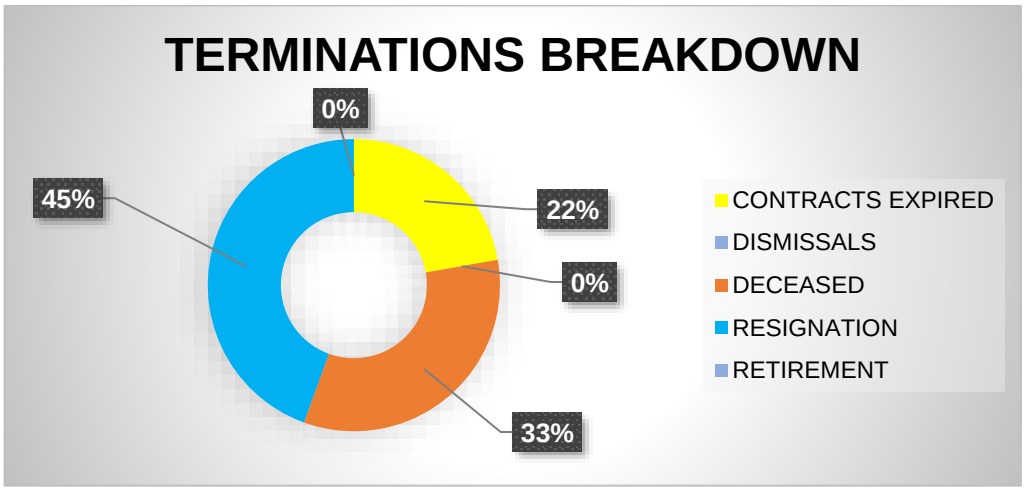
Staff Movements	African		Coloured		Indian		Whites		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Recruitments	5	3	0	0	0	1	0	1	10
Resignations	3	0	0	0	0	0	0	1	4
Retirements	0	0	0	0	0	0	0	0	0
Contract Expired	2	0	0	0	0	0	0	0	2
Dismissals	0	0	0	0	0	0	0	0	0
Deceased	2	0	0	0	0	0	1	0	3
Promotions	0	0	0	0	0	0	0	0	0

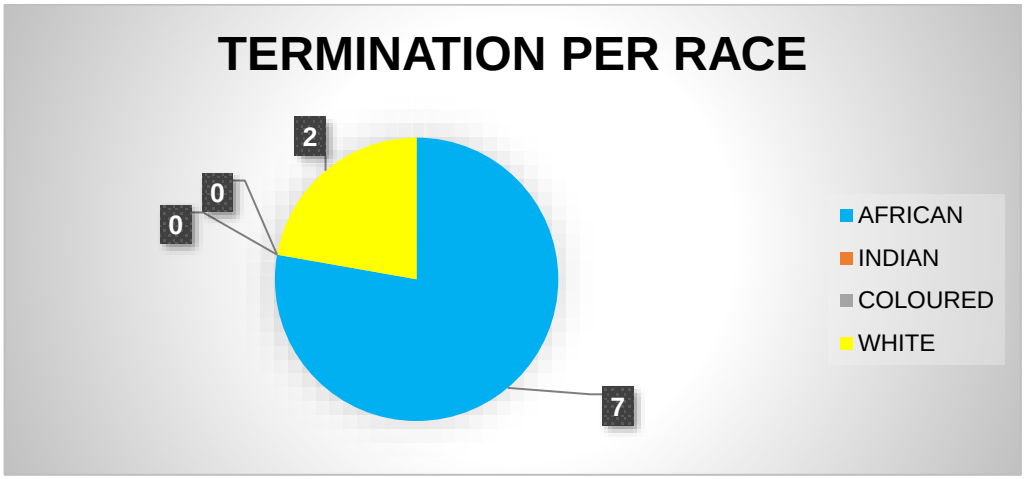
4.1.1 Appointments





4.1.2 Terminations



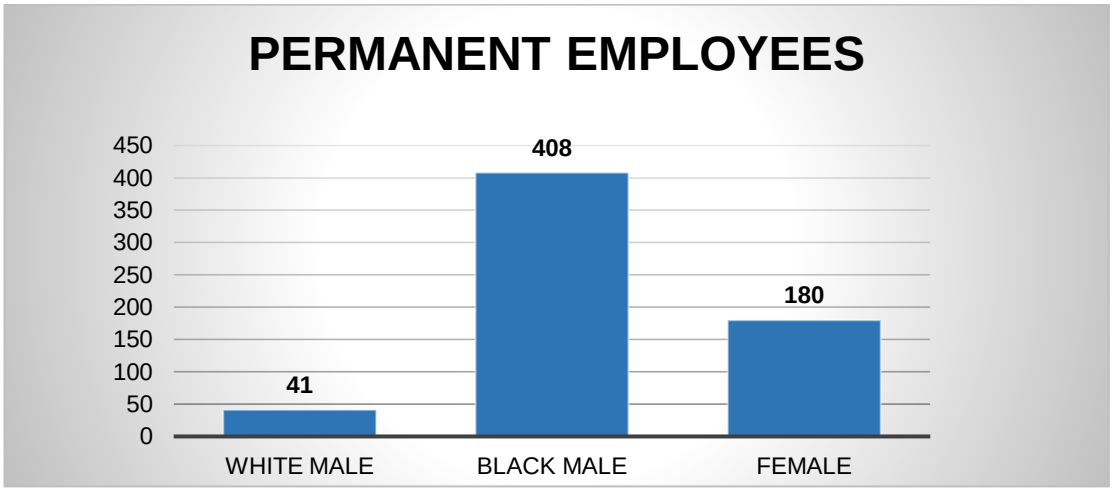


Status Analysis

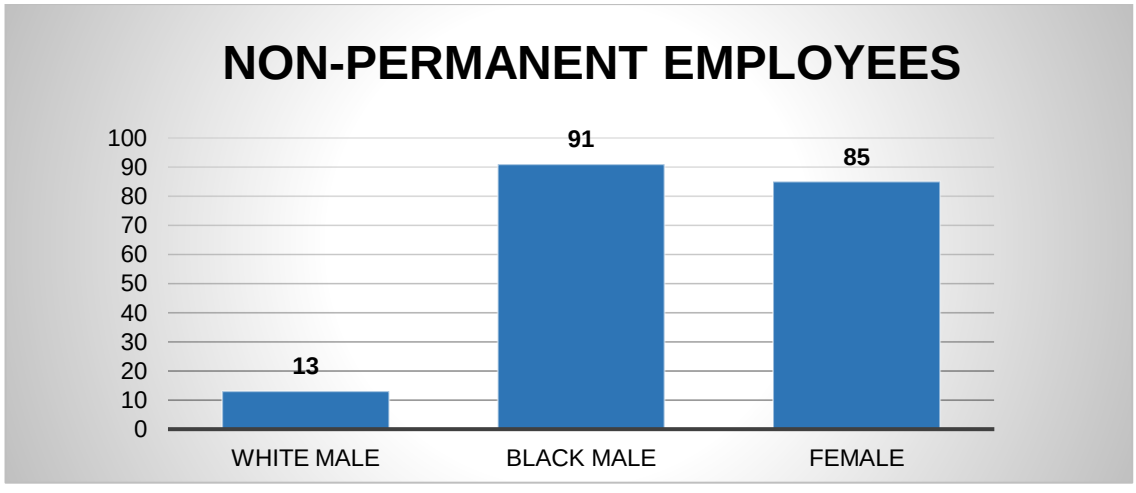
- During the period under review, seven (7) non-permanent employees were appointed.

- During the period under review, three (3) permanent employees were appointed.
- During the period under review, 9 employees exited the organisation for the following reasons;
    - 2 contracts expired;
    - 4 resigned for various reasons; and
    - 3 employees are deceased

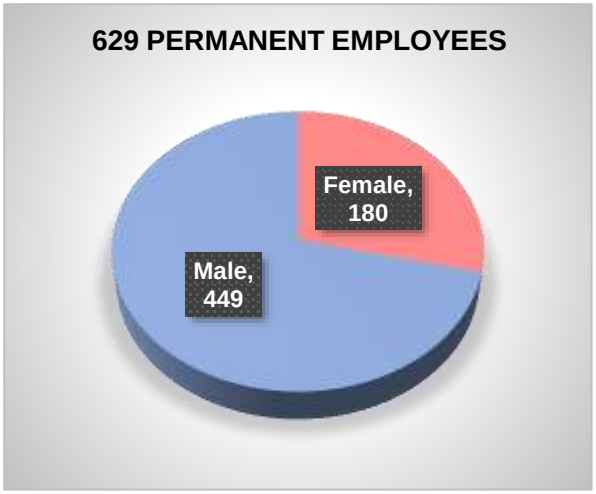
4.2 Employment Equity Demographics

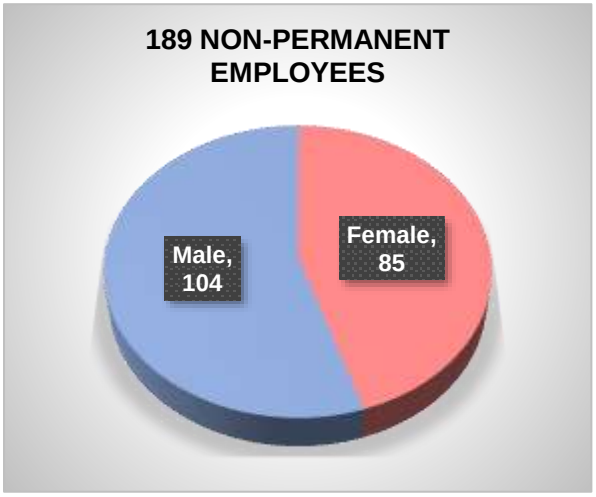


ERWAT has **629** permanent employees;



ERWAT has **189** non-permanent employees.





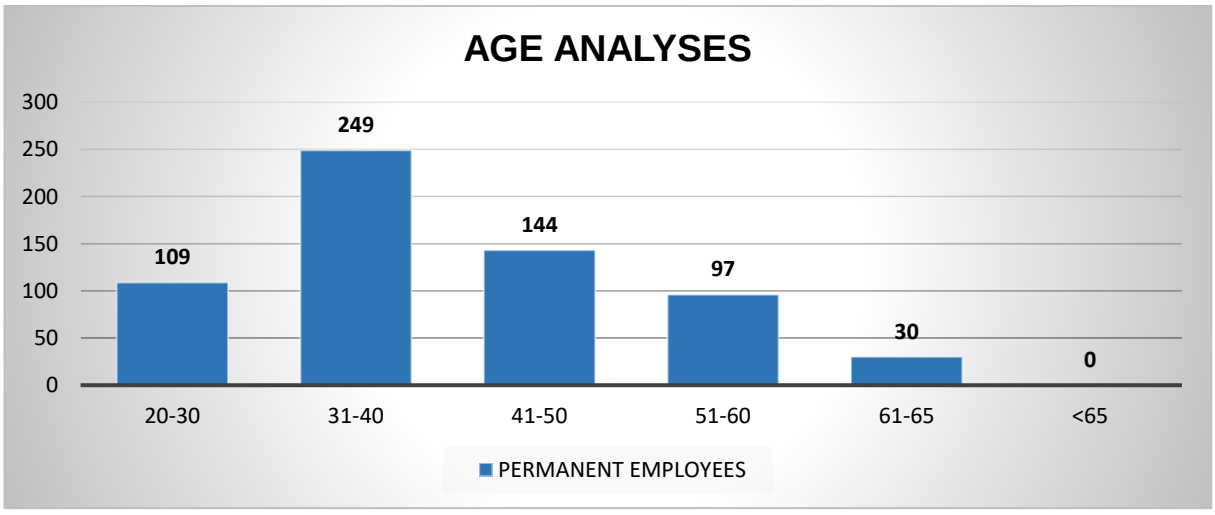
Status Analysis

- The employment demographics of ERWAT as at 31st March 2020 reflects;
  - Females in both permanent and non-permanent positions within ERWAT account for 265 or 32% of total positions filled.

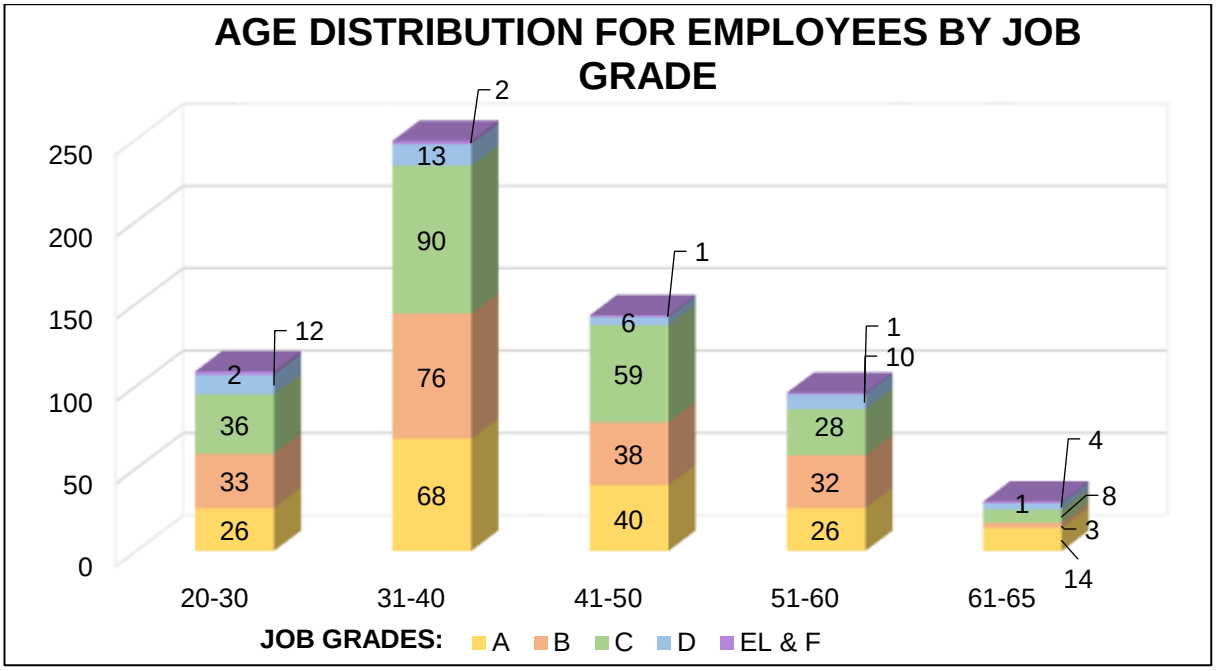
EE Update

- In support of the approved Employment Equity (EE) Plan, ERWAT is in the process of establishing the disability forum to encourage and empower employees with disabilities to know their rights in the workplace and how they can be reasonably accommodated in this regard.

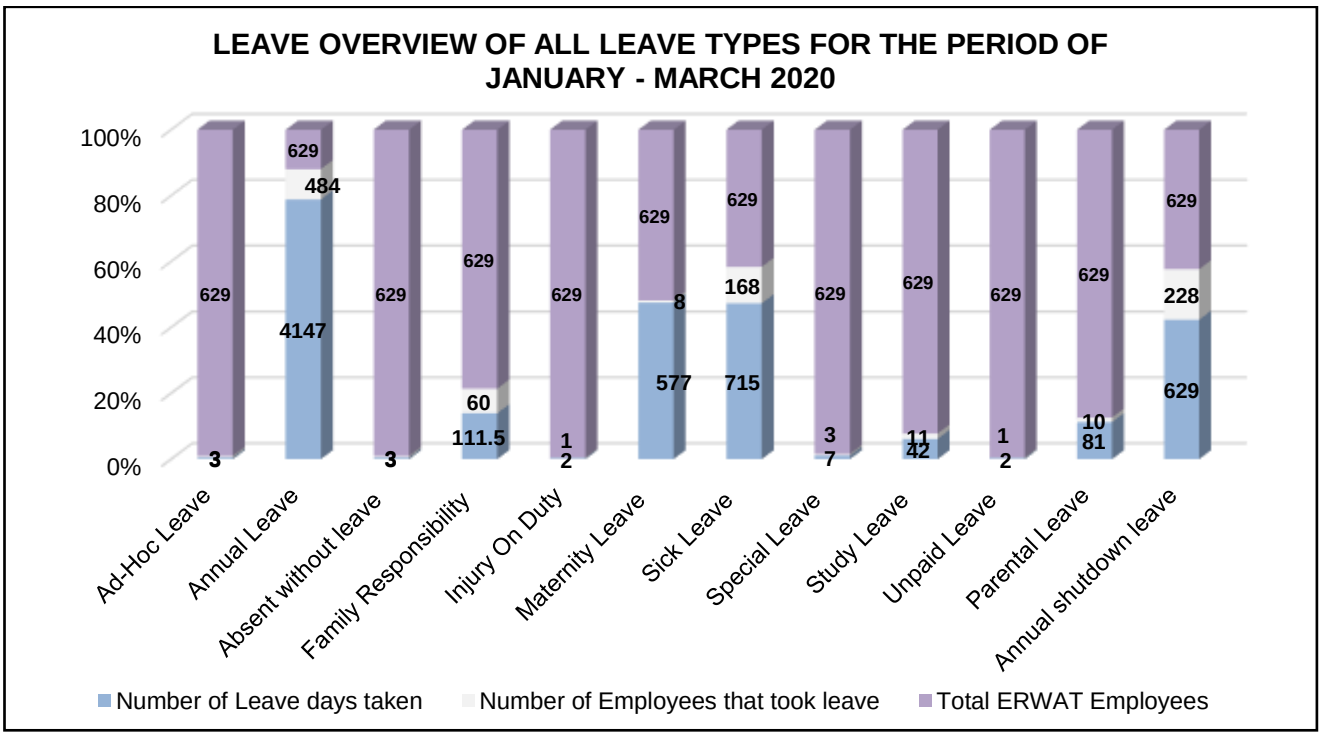
4.3 Age Analysis of Permanent Staff

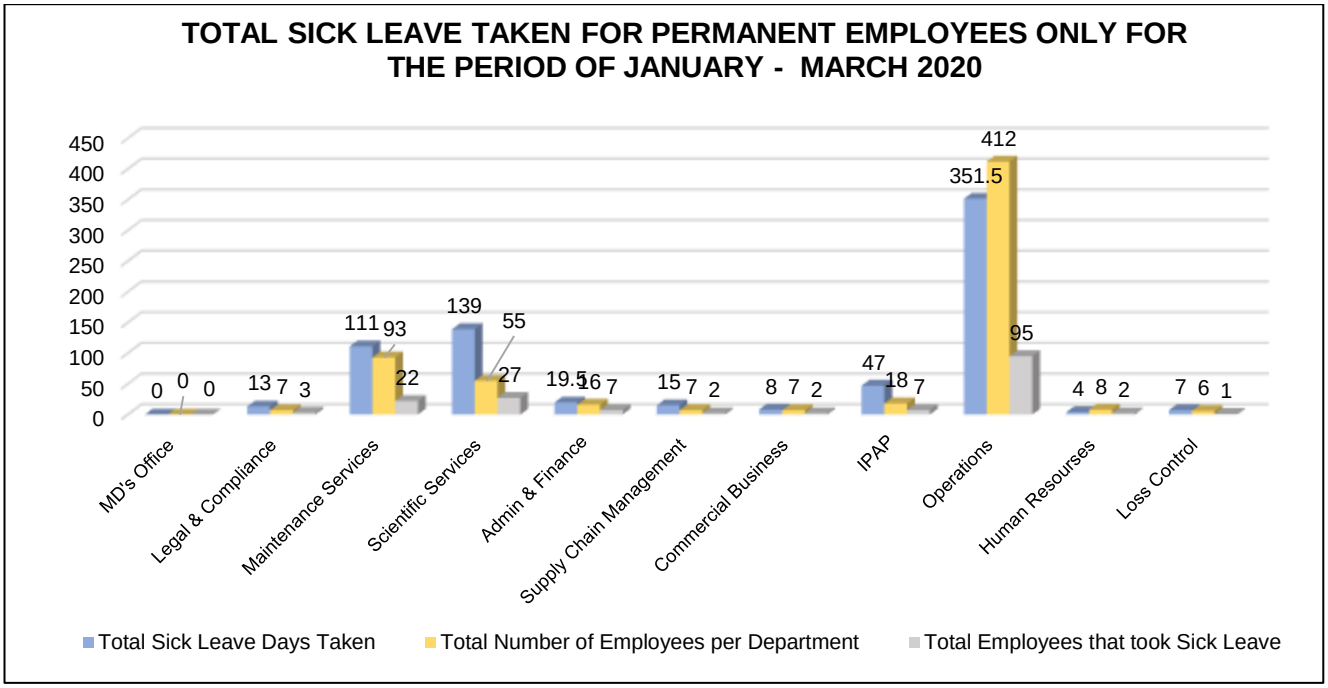


- Average age as at 03/2020 = 38



4.4 Leave Management





Status Analysis

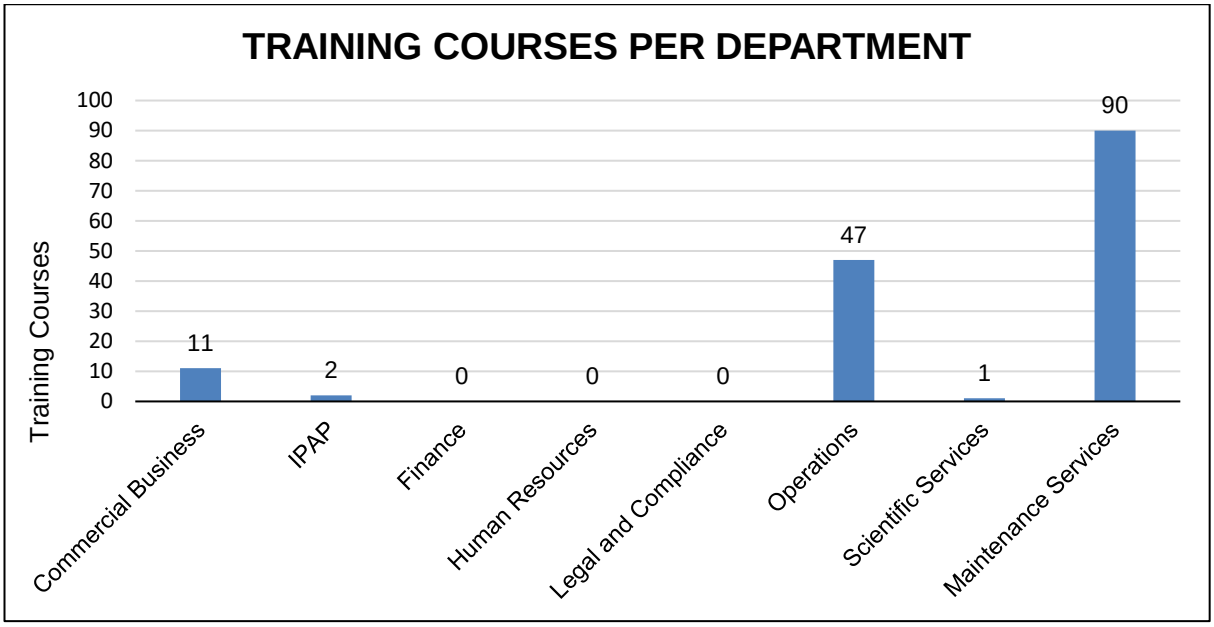
- Total number of employees who took sick leave during the period under review are 168. The total sick leave taken equates to a minimum of 4.2 days per employees

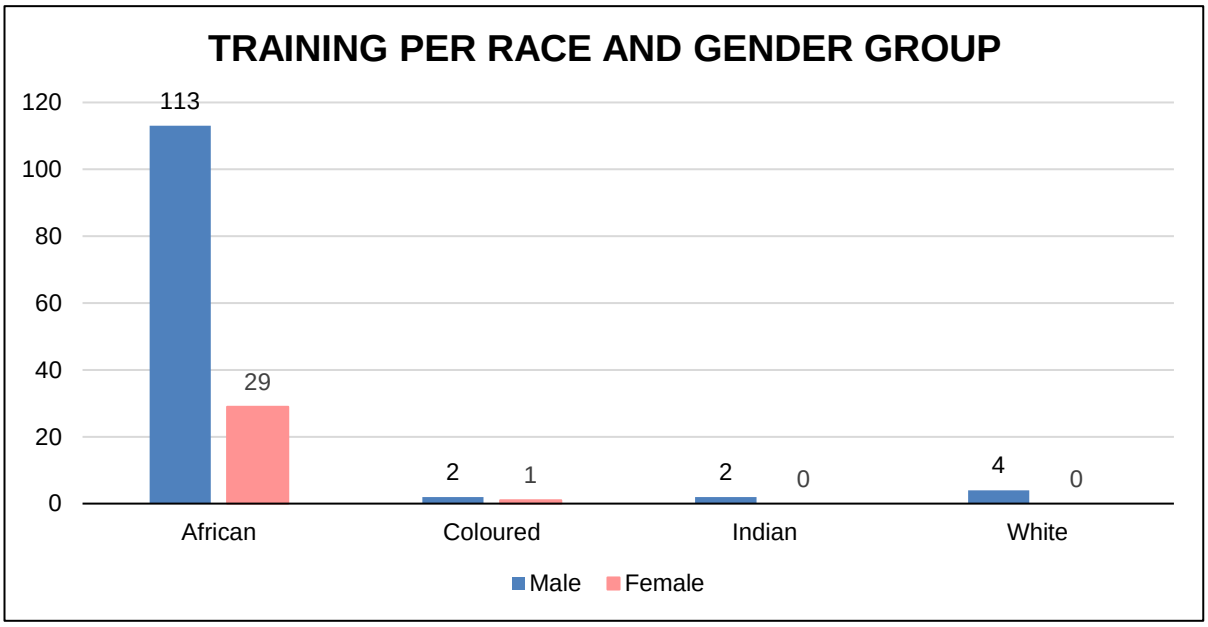
Overtime Trends

	Quarter 1	Quarter 2	Quarter 3
Total Hours	33 552.41	52 079.83	50 355.50
Total Cost	R 7 040 384.02	R6 991 077.99	R7 131 027.05

- Overtime is monitored and approved by management, as per the needs of the various business units.

4.5 Training and Development





Status Analysis

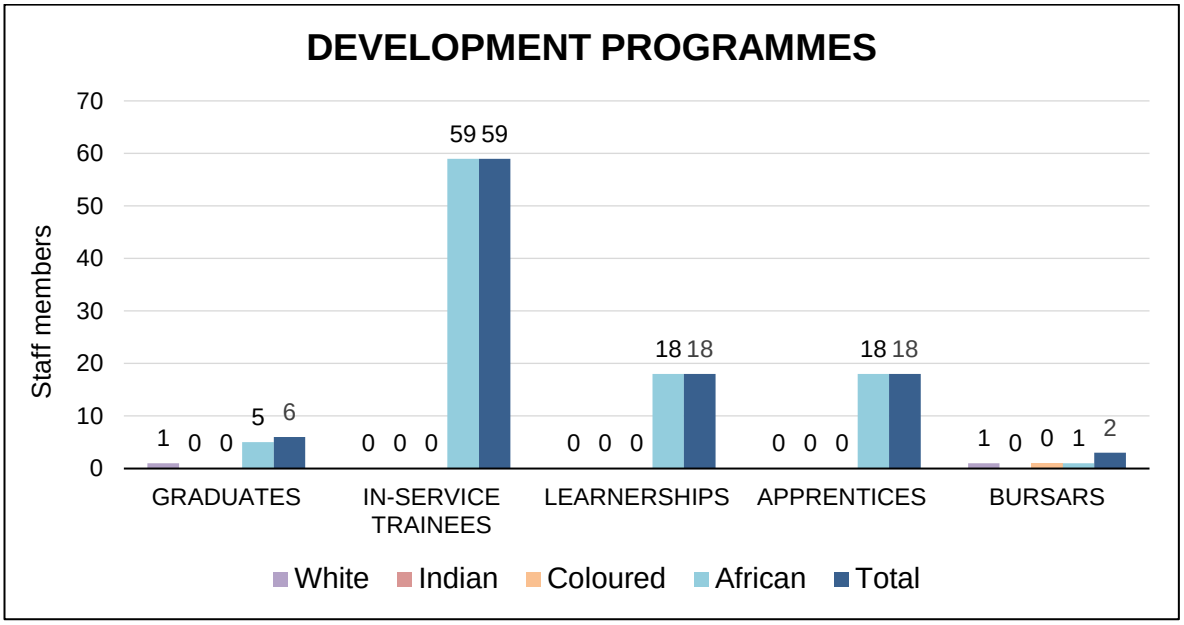
During the period under review;

- 151 employees were trained through short courses/workshops and conferences.
- A total of 30 females were trained of which, 29 (97%) were African females, and 1 (3%) was a Coloured female.
- A total of 121 males were trained of which, 113 (93%) were African males; 2 (2%) were Coloured males; 2 (2%) were Indian males and 4 (3%) were White males.

Employees trained per Department were;

- 47 (31%) in Operations

- 1 (1%) in Scientific Services
- 90 (60%) in Technical
- 0 (0%) in Legal and Compliance
- 0 (0%) in Human Resources
- 11 (7%) in Commercial Business
- 0 (0%) in Finance and Supply
- 2 (1%) in Infrastructure Planning and Projects



Status Analysis

- As of 31 March 2020, the organisation has a total of 103 contractors, graduates, in-service trainees, learnerships, bursars and apprentices.

- The breakdown per race is as follows:
  - 0 (0%) Indian
  - 0 (0%) Coloured
  - 2 (2%) White
  - 101 (98%) African

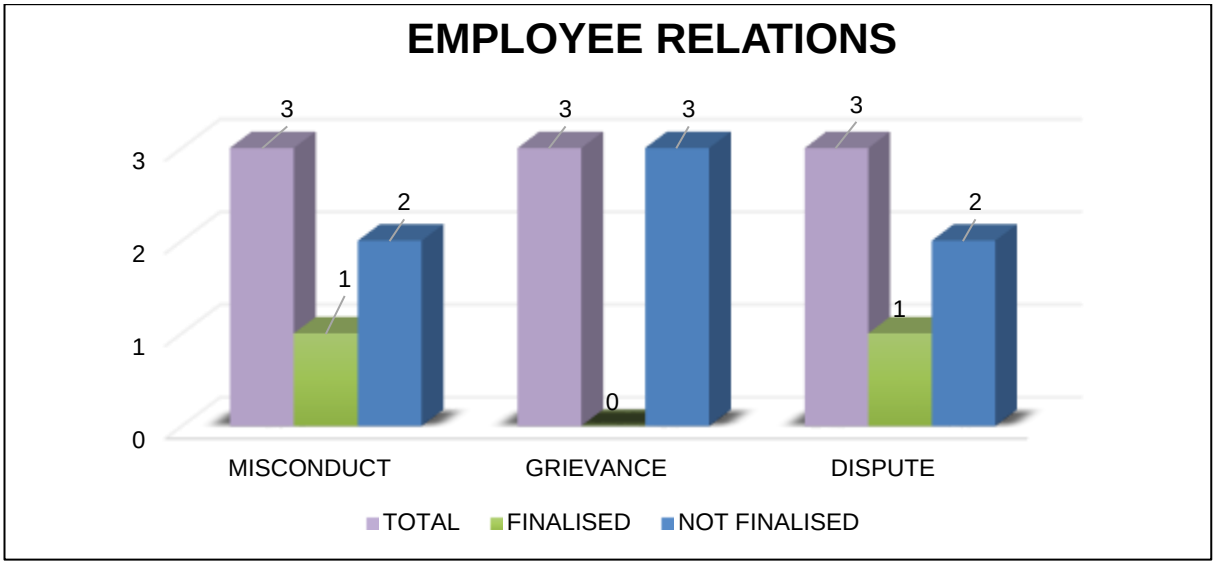
4.6 Performance Management

Status Analysis

- Quarter 2 evaluations were conducted for all employees (permanent and non-permanent) during January 2020. A completion rate of 87.9% was achieved.
- Quarter 3 evaluations will be conducted informally.

4.7 Employee Relations

The core function of employee relations in the institution is to ensure the maintenance of harmonious working relations and effective and efficient workplace structure to support to the organisation on the implementation processes to promote labour relations.



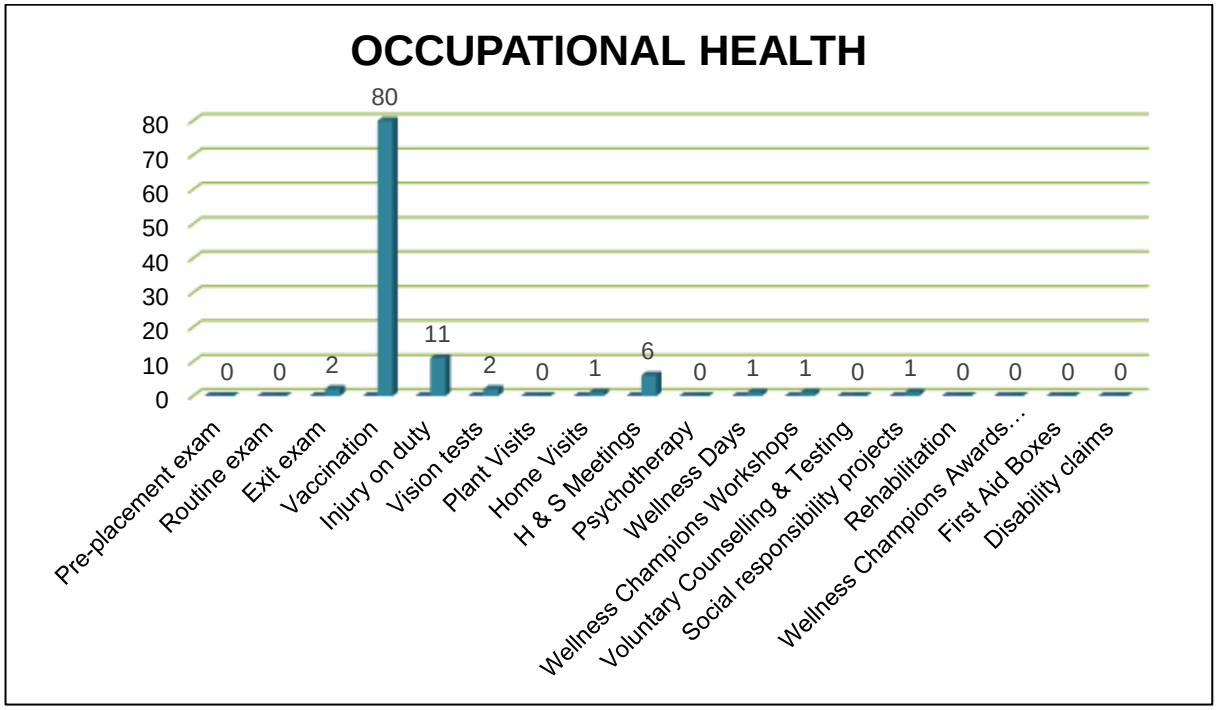
Misconduct				
Job Grade	**Nature of Alleged Misconduct**	**Date Lodged**	**Disciplinary Action Taken**	**Date to be Finalised**
D2	Misconduct	01 July 2019	Employee to appear at Disciplinary Hearing	Resolved
D2	Misconduct	01 July 2019	Employee to appear at Disciplinary Hearing	Unresolved
D4	Misconduct	01 July 2019	Employee to appear at Disciplinary Hearing.	Employee Resigned

Grievances				
Job Grade	**Nature of Grievance**	**Date Lodged**	**Process Followed**	**Date to be Finalised**
C1	Unfair labour Practice	01 July 2019	Date has been scheduled for grievance meeting.	Unresolved
C1	Unfair labor practice	07 August 2019	Date has been scheduled for grievance meeting.	Unresolved
C4	Unfair labour practice	27 August 2019	Date has been scheduled for grievance meeting.	Unresolved

Disputes			
Nature of Dispute	**Date Lodged**	**Process Followed**	**Date to be Finalised**
Unfair Labour Practice	01 July 2018	Referred to Labour Court	Resolved
Unfair Labour Practice	01 July 2018	Referred to Labour Court	18 September 2020
Matters of Rights	08 April 2019	Referred to the Bargaining Council	Unresolved

4.8 Employee Wellness Programme Explanation

ERWAT Occupational Health Services offers Wellness Programme as follows:



HIV/AIDS Workplace Programme

- ERWAT has 49 Wellness Champions (WC) that are placed on all 19 Plants including the Laboratory and Head Office, during the period under review, 1workshop were conducted.
- The core function of the WC is to assist the Occupational Health Nurse, in identifying any health & wellness concerns amongst employees, monitor absenteeism, they also provide health education in a form of frequently scheduled meetings with employees on site.

4.9 Percentage of Salary to OPEX.

Table 8: Percentage of Salary to total Opex

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD – Actual
Total Salary Cost	R 82 909 685	R 96 227 583	R 88 962 345		R 268 099 613
Total Opex	R 216 087 711	R 262 436 196	R 272 271 616		R 750 795 523
% of Salary to Opex	38,37%	36,67%	32,67%		35,71%

5. Procurement Practices, Job Creation and Mainstreaming

PROCUREMENT ACTIVITIES

6. Risk Management

Risk assessment provides an assessment of the relevant and critical risks through a classification and rating system, and mitigating actions and KPIs and targets that can be incorporated in the Balanced Scorecard. The reporting on the risk management into the quarterly reporting process is to ensure that the key risks that

Risk assessment provides an assessment of the relevant and critical risks through a classification and rating system, and mitigating actions and KPIs and targets that can be incorporated in the Balanced Scorecard. The reporting on the risk management into the quarterly reporting process is to ensure that the key risks that may prevent the achievement of the department's strategy are systematically identified and mitigating strategies and actions developed.

Table 11: Risk Assessment

Risk Ref	Risk Title	Contributing Factors	Impact / Consequences	Current Mitigation Controls	Additional Controls Risk Mitigation Plan	Progress Status Q3 2019/20(Narrative)
ERW1	**Inability of ERWAT to be financially sustainable**	1. Legislative Limitations/MFMA Section 164 Forbidden Activities	1. Financial Loss 2. Limited revenue generation increasing reliance on parent municipality for user charges.	1. Section 78 MSA process	1. 'Request permission from council to conduct business outside City of Ekurhuleni(For Municipal Services Related Project)	1. Action plan completed 100% in quarter 1.
		2. The Entity relies on the parent municipality to finance both Operational and Capital budget requirements through user charges and USDG Grants.		2. 5-year MTREF Budget Cycle Process (USDG)	2. 'Request permission from National treasury to conduct business outside RSA	2. Action plan completed 100% in quarter 1.
		3.Inadequate sales and marketing strategy		3. Annual Industry conferences and Seminar (e.g Articles in Local Business Magazines, Exhibitions at Conferences)	3, 'Investigate other sources of funding.(e.g PPP)	3. Project not started.

Risk Ref	Risk Title	Contributing Factors	Impact / Consequences	Current Mitigation Controls	Additional Controls Risk Mitigation Plan	Progress Status Q3 2019/20(Narrative)
		4. Inefficient Pricing Model (ERWAT pricing might not be competitive, making current and Competitor reaction to the market		4. ERWAT organisational Strategy	4. 'Request the city for additional Capital funding from other funding sources/grants within the CoE.	4. Action plan completed.
ERW1	**Inability of ERWAT to be financially sustainable**	5. Competitor reaction to the market	1. Financial Loss 2. Limited revenue generation increasing reliance on parent municipality for user charges.	5. (a) Scientific Services pricing model.	5, ' Development and Implementation of Sales and Marketing Strategy.	5. Commercial Business Model reviewed at the Management to guide/inform the development of the strategy.
		6. Inadequate Client Relationship Management (Customer service and after sales management)		6. Pricing Satisfaction Questions in Survey Customer Satisfaction Survey conducted	6, 'Development of an Enterprise wide Financial Model.	6. Action completed 100% in quarter 3.
		7. Inadequate measures by the City to enforce by-laws to deal with industrial pollution		7. Strategic Partnerships with market leader and key role players in the water industry through Memorandum of Understandings and Memorandum of Agreements.	7. 'Development of an Internal Performance management system(KPA's & KPI's) to monitor ERWAT performance against Client expectation/agreement and to enhance continuous improvement	7. Action plan not started.
		8. Negative publicity about pollution tarnishing the image of the organisation, making potential customers to lose confidence in ERWAT .(Directives)		8. Customer Services Satisfaction Surveys conducted quarterly	8. 'Implement Quarterly Business Reviews	8. No progress made for the period under review

Risk Ref	Risk Title	Contributing Factors	Impact / Consequences	Current Mitigation Controls	Additional Controls Risk Mitigation Plan	Progress Status Q3 2019/20(Narrative)
ERW1	**Inability of ERWAT to be financially sustainable**	9. Level of BBB-EEE Compliance/Inadequate and/or no BBEE certificate		9. Awareness program through the Corporate Social Responsibility 10, BBBEE Compliance Gap Analysis reviews	9. 'Develop and Implementation of the recommendations from the BBBEE Compliance Gap Analysis review	9. The BBBEE Verification has been conducted through an independent third party. ERWAT is awaiting the final verification outcome report. The BBBEE is not yet finalised.
ERW2.	**Inadequate infrastructure capacity to treat wastewater.** **Inadequate infrastructure capacity to**	1. "Waste Water Treatment Plants (WWTP) operating above their designed Capacity 1. "Waste Water Treatment Plants	Compromised service delivery	'1.1 Five (5) Year Capital Expenditure Plan for current and future infrastructure expansion requirements.	1.1 Five (5)Year Capex Plan Major Project (a) Project 1 - Olifantsfontein WCW refurbishment and resuscitation of the plant	**1.1 Phase 1A Scope** - Refurbishment of the Dortmund Primary Settling Tanks (DPSTs) and Humus Tanks Splitter box, the replacement of DPST and Humus Tanks influent pipes, inlet pipes, sludge draw off pipes, and scum removal pipes. **Progress** – Imported Plastic Media delivered a few days before the Lockdown **Phase 1B Scope** - Supply, delivery, assembly and installation of the Biofilter Plastic Media. **Progress -** The projects is at Bid Adjudication Committee stage. **Phase 1C** - Refurbishment of the balance of Module 3 works. **Progress** The engineers is working on finalising the design drawings.3 **Phase 2 – The** refurbishment of the balance of Module 3 works, **Progress - F**inalising the detail design

Risk Ref	Risk Title	Contributing Factors	Impact / Consequences	Current Mitigation Controls	Additional Controls Risk Mitigation Plan	Progress Status Q3 2019/20(Narrative)
ERW2.	**treat wastewater.**	(WWTP) operating above their designed Capacity	Compromised service delivery			drawings and tender document for procurement. **Phase 2** Design for the lining of emergency ponds, main Primary Settling Tank, and the upgrading of the C.o.E pump station. **Progress -** The project is still under investigation and designing stage
					(b) Project 2 - Vlakplaats Flow Distribution	**Project 2 Vlakplaats Flow Distribution -** Water Use License Application approved on condition that ERWAT meet the material specification.
					(c) Project 3 - Waterval: Aeration Blowers	**Phase 1 –** Mechanical & complete. **Phase 2 –** Control and Instrumentation Installation - **Phase 3 –** Training & Commissioning Electrical installation – 100%
				1.2. Wastewater Risk Abatement Plans to draw up budget	1.2. Review of Wastewater Risk Abatement Plans and incorporate action plans into planning	1.2 Action plan completed. Risk Abatement Plans targeted risks budgeted for during the budget cycle.
				1.3. Facilities Development Plan	1.3 Regionalisation 1.3.1 Regionalisation - Conduct the Regionalisation Feasibility Study Phase 1	Action completed 100% in quarter 2.
ERW2	**Inadequate infrastructure capacity to treat wastewater.**		Compromised service delivery		1.3.2 Update the 50-year Master Plan based on the decisions made in phase 1 (feasibility)	50-year masterplan draft report has been submitted for review

Risk Ref	Risk Title	Contributing Factors	Impact / Consequences	Current Mitigation Controls	Additional Controls Risk Mitigation Plan	Progress Status Q3 2019/20(Narrative)
						by CoE and ERWAT for finalisation.
		2.Waste Water Treatment Plants (WWTP) operating above their designed capacity		2. & 3. Long Term Capital Budget Plan (5 years) as part of MTREF Budget allocation from the City outlining the requirements	2. Investigate possible funding through Private Public Partnerships	2. Action not yet started
		3. Limited capital investment to meet long term infrastructure expansion and upgrades requirements to rehabilitate, replace and expand infrastructure.				
ERW2	**Inadequate infrastructure capacity to treat wastewater.**	4. Maintenance plan that is not adequate to deal inadequate asset maintenance planning and execution due to budget constraints.	Compromised service delivery	4.1 Asset Management Policy	4. Asset Management 4.1 Review and update the Asset Management Policy	4.1 Action plan completed in quarter 2. No reporting
				4.2. Asset Management Maturity Assessments	4.2 Develop an Asset Management Strategy	4.2 Action awaiting final approval
				4.3 Asset Criticality Assessments and Classification	4.3 Conduct a comprehensive audit to assess the condition of the Entity's infrastructure	4.3 City Internal Audit has budget constrains to conduct the audit.
				4.4 Asset Care Plans	4.4 Conduct Asset Condition Assessments	4.4 Action plan completed for 10 plants under the BCM program aligned to regionalisation study as planned.
				4.5 Asset Maintenance Plans	4.5 Asset Management re-assessment to be conducted in 2022	4.5 Action planned for 2022

Risk Ref	Risk Title	Contributing Factors	Impact / Consequences	Current Mitigation Controls	Additional Controls Risk Mitigation Plan	Progress Status Q3 2019/20(Narrative)
ERW2	**Inadequate infrastructure capacity to treat wastewater.**	5. (Infrastructure/Assets are very old and experience breakdowns frequently)	Compromised service delivery	5.1 Reliability Engineering Program	5.1 Review Asset Maintenance Plans	5.1 Action plan completed.
				5.2 Maintenance Service Master contracts for critical equipment and emergency breakdowns	5.2 Develop Maintenance Standards and Specifications for critical Equipment's	5.2 Project not started due to budget constraints
				5.3 Equipment Condition Assessments	5.3 Implementation of the recommendations from Original Equipment Manufacturer assessments.	5.3 Recommendations incorporated into planning.
		6. Technology needed to achieve greater efficiencies outdated/old		6. Installation of Newer Technologies 6.1 Hyback Technology 6.2 Nereda Technology 6.3 Member of Technology Assessment Group(TAG) for advise on newer and researched technology	6.1 Commissioning of the Nereda Technology at Hartebeesfontein Wastewater Treatment Care Works 6.2 Further investigate newer technologies through the TAG group and other means	6.1 Commissioning not yet started. 6.2 No new technologies recommended to management. Ongoing research
		7. Industrial and residential (Population) growth		7. ERWAT Infrastructure 5 Year Planning	Strengthen coordination with City Planning; Water & Sanitation and Human Settlement departments.	Ongoing meetings with the City of Regionalisation and the 50 year Masterplan
		8. Theft and vandalism of manhole covers leading to storm water and high water table ingress.		8. Replacement of Manholes	No further Mitigations	No reporting
ERW3	**Possible failure to achieve Capital Expenditure set target**	1. Planning, SCM processes and systems not fully integrated	Compromised service delivery	'1. An Integrated Procurement Plan has been developed and implemented.	1. Implementation of Enterprise Resource Planning (ERP) systems in collaboration with CoE.	1.1 Business Requirements Specification concluded for the business and ERP Change Management Workshop held in December 2019

Risk Ref	Risk Title	Contributing Factors	Impact / Consequences	Current Mitigation Controls	Additional Controls Risk Mitigation Plan	Progress Status Q3 2019/20(Narrative)
		2. Delays in Supply Chain Management processes,		2. Supply Chain Management Policy	2. Integration of Supply Chain Management with the Document Management System as part of the ERP System project	2.1 Business requirements for the document management system is under review
		3. Late submission of invoices by suppliers and late payments by ERWAT		3. Creditors Policy	3. Review Supply Chain Policy to include recommendations as per Governance Maturity Assessment Report 2019	3.1 Action completed 100%.
ERW3	**Possible failure to achieve Capital Expenditure set target**	4. Project disruptions by members of the community, local business forums demanding a stake in the projects	Compromised service delivery	4.1 Community engagements and awareness through the Corporate Social Responsibility Office	Community awareness programs to educate communities about the importance of ERWAT mandate	Visited 2 primary schools and a mall to reach out to the public
				4.2 Project Community Liaison Officers appointed from the community 4.3 Sub-contracting local businesses	Appoint community liaison officers for big projects and ensure local sub-contracting	Action completed 100%
		5. Strike by employees disrupting project		5. Monthly CAPEX reconciliation between Finance and Projects	6. Develop a Strike Contingency Plan	Action completed 100% in quarter 3. HR Contingency plan developed
		6. Contractor's contract price offer poorly under estimated forcing the contractor not accept the		6. No current control	No further mitigation	No reporting

Risk Ref	Risk Title	Contributing Factors	Impact / Consequences	Current Mitigation Controls	Additional Controls Risk Mitigation Plan	Progress Status Q3 2019/20(Narrative)
		awarding of the contract or pull out of the project.				
		7. Termination of contract due to poor performance of the contractor		7. Service Level Agreement between ERWAT and the contractor	7. Invoke penalties for poor performance in line with the Supply Chain Management Policy	No penalties invoked for the period under review
		8. Possible liquidation of suppliers.		8. Project monitoring through Weekly Meetings	Continuous project monitoring	Ongoing project team meetings for all running project
ERW4	**Inadequate preparedness in the event of an emergency.**	1.Some plants of the 19 Wastewater Care Works do not have wastewater bypassing systems	Pollution	'1.1 Water Bypass System for some plants	Regionalisation feasibility Study	Action plan completed.
ERW4	**Inadequate preparedness in the event of an emergency.**	2.Lack of a comprehensive Business Continuity Management Program		2.1 Business Continuity Manangement Policy	1. Develop a Business Continuity Management Policy	Action completed
					2. Business Continuity Management Strategy	2. Action plan completed
				Incident Management Protocol (Emergency Response Plans)	3. Conduct Business Continuity Management Risk Assessments at Wastewater Care Works	3. Action plan completed.
				2.2 Incident Registers	4. Conduct Business Continuity Impact Analysis	4. Action plan completed.
				2.3 Disruption Log Registers	5. Conduct Information Technology Readiness for Business Continuity (IRBC) Gap Analysis	5 Action plan complete
					6. Develop and Implement Information Technology Readiness for Business Continuity (IRBC) Plan	6. 1. Business Impact Analysis 6.2 IRBC Gap Analysis

Risk Ref	Risk Title	Contributing Factors	Impact / Consequences	Current Mitigation Controls	Additional Controls Risk Mitigation Plan	Progress Status Q3 2019/20(Narrative)
					7. Developing Business Continiuity Management Plans	7. The development of BCM plans is 70% complete.
					8. Develop BCM Exercising Methodology	6. Action plan completed.
					9. Develop BCM Maintenance Framework	7. Action completed.
					10. Develop BCM Exercising Methodology	10. Action plan completed.
ERW5	**Inability to attract and retain key skills.**	'1. Inability to retain the right skills (specialist);	1. Compromised service delivery. 2. Attrition of skilled work force. 3. Low staff morale. 4. Unskilled workforce and skills transfer	1.1. Career and Succession Planning Policy	1. Review of the Competency based Progression Plan to Include all the departments	1. Action plan completed. To be tabled at the HR and Ethics Committee
		2. Remuneration is perceived to be lower than industry norm (departure of critical plant personnel);		1.2. Partial Career Planning Framework	2. Review of the Competency Based Progression (succession) Policy	Action plan completed.
		3. Succession planning is not optimal;		3. Recruitment Plan	3. Review and Competency Based Progression Strategy	3. Competency Based Progression Strategy developed. Awaiting approval
				4. 5-year Training and Development Plan	4. Implementation of 2019/20 annual training plan	4. Legal training completed.
				5. Employee Benefits Policies	5. Review of Human Resources Policies	5. All HR Policies have been reviewed and will be tabled in batches at the Board for approval
				6. Remuneration re-structuring	6. Conduct Remuneration Benchmarking	6. Action plan completed.
				7. Salary Pay scales	7. Review of current Pay scales	7. Action plan completed
				8. Remuneration policy	8. No further action plan identified	8. No reporting
				9. 2019 Organisational Structure Re-design	9. No further action plan identified	9. No reporting

Risk Ref	Risk Title	Contributing Factors	Impact / Consequences	Current Mitigation Controls	Additional Controls Risk Mitigation Plan	Progress Status Q3 2019/20(Narrative)
					10. Develop and Implement Knowledge Management System as part of the ERP system	10. Functional Requirements Specification finalised.

Emerging Risks (Narrative)

There are 2 risks that are emerging for the Entity

7. The decline in cashflow within the organisation
8. The impact of COVID-19 pandemic on the operations of ERWAT

7. Legislative (only if applicable to your department)

Compliance Risk Management forms part of the broader risk management within ERWAT. In order to protect ERWAT from the Risk of non-compliance, management has identified and prioritised 6 key legislation. An additional legislation, the Labour Relations Act has been added to the priority list. Compliance Risk Management Plans has been developed and there are quarterly compliance monitoring and reviews to enhance adherence to the key legislation. The below summarises ERWAT's top ten legislation

1. National Water Act 36 of 1998
2. Municipal Finance Management Act of 2003
3. Companies Act 71 of 2008
4. Occupational Health & Safety Act 85 of 1993
5. National Environmental Act 107 of 1998
6. Labour Relations Act 66 of 1995
7. Basic Conditions of Employment Act 75 of 1997
8. Municipal Systems Act 32 of 2000
9. Protection of Personal Information Act 4 of 2000
10. Preferential Procurement Policy Framework Act. No. 5 of 2000

9. Key Audit Matters and Progress

The annual regularity audit for ERWAT commenced on 1 September 2019 and was completed on 30 November 2019.

The final audit outcome was unqualified with findings. The audit outcome remained unchanged from the 2018/19 financial period.

The Auditor General (South Africa) identified 16 findings, which are classified as follows:

a. Other important matters: Twenty-six (3) findings

b. Matters affecting the audit report: Six (13) findings

The quality of the financial statements continued on the same trajectory as the from the previous financial period as evidenced by the absence of an MFMA Section 122. No material adjustments to the Annual Financial Statements or Annual Performance Report was required. Compliance with the laws and regulations regresses from the previous financial period.

As of 31 March 2020 7 of the 16 findings noted have been cleared and management is confident that 14 findings of the findings will be cleared by 30 June 2020.

OPCA 2019 - CoE Entities

Municipal Entity	Total items	No Status indicated	Good - going as planned	Okay - manageable issues	Bad - unmanageable issues	FINALIZED
ERWAT	16	0	8	1	1	6