ERWAT: Third Quarter Departmental Performance Reporting Template

2020/21 QUARTERLY REPORTING TEMPLATE AGAINST THE APPROVED BUSINESS PLANS

1. Executive Summary by the Department

ERWAT achieved four (4) out of seven (7) reportable key performance indicators. The compliance in terms of the wastewater treatment works license conditions and/or exemptions standards was at 87 % against a revised target of 80%. Even though the target was met, it is also important to note that the target was adjusted down having taken into account the infrastructure challenges at the WCWs. These challenges include but are not limited to lack of Hydraulic Capacity and Organic Capacity.

ERWAT also did not meet its Capex expenditure target due to Delay in issuing of Water Use License (WUL), Unavailability of funds to reimburse Suppliers/Contractors on time, this has resulted in delays in completion/ achieving targets of the projects on time and delays on shipment on delivery of material delayed due COVID-19 thus the 40% of the Capex Budget has been surrendered back to CoE.

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 therefore, ERWAT was able to exceed its target on external revenue as a result of Intervention projects which were undertaken by the entity as an Implementing agent which yielded positive results.

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	3	0	0
Departmental SDBIP	4	1	3	3

2. Service Delivery Monitoring

Must be submitted as per the Metro-Wide SDBIP and the Departmental Scorecard as per the Departmental SDBIP (comparison of target versus actual): Brief narrative comparing TARGET activities to ACTUAL activities undertaken as per the Departmental SDBIP (business plan). The comments should include a detailed analysis:

1. Analysis in respect of deviations for the reporting period
2. Reasons/ mitigations/ implications for recorded deviations
3. Plan of action in respect of achieving overall targets by year-end.

2.1 KPI 1 –CITY- WIDE KPI'S

TOTAL REVENUE GENERATED FROM EXTERNAL BUSINESS

Method of Measure

The indicator measures Increased external revenue generated from commercial sources

Evidence

Invoices coupled with general ledger with a balance that agree to the amount reported

Q3 Target
R 2 852 384

Q3 Actual
R 17 286 619

Comment:
The target of R 2 852 383.77 was achieved and the target was exceeded.

Reasons for achieving **KPI:**

The target was overachieved due to the overall recovery from the lowering of the COVID 19 restrictions that assisted in revenue generation. The Intervention projects that were undertaken by the entity as an Implementing Agent also yielded positive results. The total expenditure on the intervention projects was low due to COVID 19 restrictions, which resulted in a decrease in revenue generated from the project. This has since improved.

2.2 KPI 2 –CITY- WIDE KPI'S
AUDIT OPINION

Method of Measure
The Audit Opinion is defined by the Auditor General. It is given across a qualitative, ordinal scale including: Unqualified with no findings; Unqualified with findings; Qualified with findings; Adverse with findings; and Disclaimed with findings. For those who have not completed the process 'Outstanding audits' are recorded.

Evidence
Dated and signed Audit report from AGSA

Q3 Target
Target was set for Q2 instead of Q3

Q3 Actual
Unqualified Audit Opinion

Comment:
Target met. Even though the target should have been reported in Quarter 2, however due to the change in AGSA timelines, the audit was only finalised during Quarter 3

Corrective Measure
No corrective measures needed

2.3 KPI 3 –CITY- WIDE KPI'S

PERCENTAGE COMPLIANCE WITH WASTEWATER TREATMENT WORKS LICENSE CONDITIONS AND/OR EXEMPTIONS STANDARDS

Method of Measure:
The indicator measures the compliance of waste water works effluent to the requirements of biological and chemical indicators as per the water use license granted by the Regulator. It is calculated by dividing the number of determinants complying to the Water Use Authorization with the total number of determinants

Evidence
Water quality Data of each Wastewater Treatment Works (from the Lab) Spreadsheet used to calculate over all compliance. Applicable Water use authorization of each Waste Water Treatment Works

Q3 Target
80%

Q3 Actual
87%

Comment:
Achieved. Even though the entity achieved this target, it is important that the challenges outlined under section 3.4 be noted. It is also important to note that the target was adjusted down having taken into account the infrastructure challenges at the WCWs. These challenges include but are not limited to lack of Hydraulic Capacity as depicted in figure 2 under service delivery challenges.

Reason(s) for Variation
1. Reduced number of critical equipment failures
2. Reduced Industrial pollution incidents

Remedial Action
None Required for the reportable Quarter

During Q3 there was an improved equipment availability as fewer breakdowns were experienced at the WCWs, contributing to the improvement of the final effluent water quality. Table 1 shows the reduced equipment failures from Q2 to Q3.

WCW	Critical equipment failures Q3	Critical equipment failures Q2
Dekema	2	20
JP Marais	25	36
Rondebult	3	3
Herbert Bickley	10	13
Hartebeestfontein	11	28
Olifantsfontein	12	49
Rynfield	1	10

Table 1: Critical equipment failures

Reduced Industrial pollution incidents:

During Q3 a reduced number of industrial pollution incidents at WCW's were experienced as indicated in tables 2 which positively impacted final effluent water quality.

WCW	Number of days receiving high industrial impacts in Q3	Number of days receiving high industrial impacts in Q2
Ancor	15 of 90 days	17 of 92 days
Waterval	6 of 90 days	12 of 92days
Vlakplaats	0 of 90 days	0 of 92 days
Dekema	2 of 90 days	12 of 92 days
Benoni	13 of 90 days	14 of 92 days
Hartebeestfontein	12 of 90 days	5 of 92 days
Olifantsfontein	7 of 90 days	42 of 92 days

Table 2: Industrial impacts

2.4 KPI 4 –DEPARTMENTAL KPI'S

PERCENTAGE CAPITAL EXPENDITURE ON PLANNED PROJECTS

Method of Measure:
The Indicator measures the total budget spent. The indicator target is measured cumulatively across the quarters. The indicator formula is 1) Expenditure year to date / (2) Total approved CAPEX budget for the year

Evidence
Finance year to date expenditure report

Q3 Target
70%

Q3 Actual
16.22%

Comment:
Not Achieved.

Reason(s) for Variation
Due to reasons given for non-performance on the planned target for the quarter. ERWAT will not be able to meet the quarterly target.

Challenges and Interventions
ERWAT has currently spent R33 409 758.38 million (16.22%) of its capital budget at the end of the second quarter. ERWAT had planned to spend 70% at the end of the third quarter. The SDBIP target for the quarter has not been achieved with a 53.78% negative variance. Amongst others, below are the reasons for the poor performance in expenditure.

1. Delay in issuing of Water Use License (WUL)
2. Unavailability of funds to reimburse Suppliers/Contractors on time, this has resulted in delays in completion/ achieving targets of the projects on time
3. Delays on shipment on delivery of material delayed due COVID-19

Remedial Action
No remedial action, within the time that is left for the FY. 40% of the Capex Budget has been surrendered back to CoE.

2.5 KPI 5 –DEPARTMENTAL KPI'S

PERCENTAGE OF REPAIRS AND MAINTENANCE BUDGET SPENT

Method of Measure:
The Indicator measures the total budget spent. The indicator target is measured cumulatively across the quarters. The indicator formula is (1) Expenditure year to date / (2) total approved maintenance budget approved.

Evidence
Finance year to date expenditure report

Q3 Target
70%

Q3 Actual
53%

Reason(s) for Variation
Not Achieved. Due to the Backlog on unavailability of equipment in Q3, emphasis was put on bringing them back in operation rather than prioritizing planned maintenance, these was done in under covid-19 level 3 regulation protocol. There the 0% planned maintenance done in Q3

Remedial Action
Department Revised scopes of work were developed for maintenance contracts in order to ensure that repairs, maintenance and spares will be available within the required timelines and at the quantities that are required.

2.6 KPI 6 –DEPARTMENTAL KPI'S

NUMBER REPEAT AUDIT FINDINGS

Method of Measure:
The indicator tracks the number of findings made on the same matter as of the last audit cycle. The "Repeat" findings refer to those findings that have persisted from one year of reporting to the next. These are identified as repeat findings by the Auditor-General on the following administrative areas including but not limited to: i) Annual financial statements and annual report.

The formula for the indicator is the (1) Simple count of the number of "repeat" findings itemized in the Auditor-General's report of each municipality

Evidence
AGSA signed management letter

Q3 Target
0

Q3 Actual
4

Reason(s) for Variation
4 repeat findings:

1. False declaration of interest by the winning bidders
2. Fruitless and wasteful expenditure not prevented
3. Expenditure – Payments not made within 30 days
4. Reasons to deviate from normal procurement process are not in line with the requirements of Municipal Supply Chain Management Regulation 36.

Remedial Action
ERWAT has embarked on a process to liaise with bidders in this regard.

1. The cases of fruitless and wasteful expenditure are being investigate and appropriate measures to be implemented to ensure they do not occure.
2. ERWAT has requested front-loading of CAPEX grant as well as timeous payment of service charges from the city.
3. Deviation has expired and normal SCM processes will be followed.

2.7 KPI 7 –DEPARTMENTAL KPI'S

PERCENTAGE OF PROCUREMENT SPEND ALLOCATED TO SMME'S

Method of Measure:
The indicator measures the percentage of procurement spend allocated to SMME's through ensuring appropriate application of the preferential procurement practices. This support will be calculated aa a percentage of the total value

paid to Small, Medium and Micro Enterprises either directly or via the principal contractor in terms of a Preferential Procurement Regulation 4 or 9 contractual condition.

The indicator formula is (1) rand value of procurement spend allocated to SMME's / (2) rand value of total procurement spend *100

Evidence
Dated and signed Letter of appointment or subcontract with support (contract) amount Award AND Listing (Register) of SMME supported with support amount

Q3 Target
33%

Q3 Actual
63%

Reason(s) for Variation
Target exceeded due to current term contracts in place

Remedial Action
None

3.1 City-Wide/Institutional SDBIP 2020/21

Refer to the City-wide SDBIP 2020/21.

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	Portfolio of Evidence	Baseline	Annual Target	Planned Target Quarter 3	Actual Output Quarter 3	Variation	Actual Output Rating	Progress on Targets	Reason(s) for Variation	Remedial Action	Planned Budget Quarter 3	Actual Expenditure Quarter 3
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															
Ekurhuleni Water Care Company (ERWAT)	Improved Quality of water (including wastewater)	38	Total revenue generated from external business	Invoices coupled with general ledger with a balance that agree to the amount reported	R50 600 000	R 55 706 522.52 million	R 2 852 384 .77 million	R 17 286 619 million	(R 14 434 235 million)	Target achieved and exceeded with R 14 434 235 million	The target was over achieved	The target was overachieved due to the overall recovery from the lowering of the COVID 19 restrictions that assisted in revenue generation. The Intervention projects that were undertaken by the entity as an Implementing Agent also yielded positive results. The total expenditure	To maintain an increase in revenue and ensure that the annual target is met.	0.00	OPEX

Entity	Outcome	Ref No.	Performance Indicator	Portfolio of Evidence	Baseline	Annual Target	Planned Target Quarter 3	Actual Output Quarter 3	Variation	Actual Output Rating	Progress on Targets	Reason(s) for Variation	Remedial Action	Planned Budget Quarter 3	Actual Expenditure Quarter 3
												on the intervention projects was low due to COVID 19 restrictions, which resulted in a decrease in revenue generated from the project. This has since improved.			
	To build a clean, Capable and Modernised Local State	39	Audit Opinion	Dated and signed Audit report from AGSA	Unqualified Audit Opinion	Unqualified Audit Opinion	0	Unqualified Audit Opinion	0	100%		Target met	None	R 0.00	OPEX
IDP Strategic Objective 4: To protect the natural environment and promote resource sustainability															
Ekurhuleni Water Care Company (ERWAT)	Improved Quality of water (including wastewater)	62	Percentage compliance with wastewater treatment works license conditions and/or exemptions standards	Water Quality Data of each Wastewater Treatment Works (from the Lab) Spreadsheet used to calculate over all compliance. Applicable Water use authorization of each Waste Water Treatment Works	87%	85.00 %	80.00 %	87%	+7	Target achieved	Target achieved after it was adjusted down.	1. Reduced number of critical equipment failures 2. Reduced Industrial pollution incidents	None Required for the reportable Quarter	R149 165 230.00	R115 673 966.99

3.2 Entity's SDBIP Score card with Key Performance Areas and Indicators 2020/21

Table 2: Entity's SDBIP

Entity	Outcome	Ref No.	Performance Indicator	Portfolio of Evidence	Baseline	Annual Target	Planned Target Quarter 3	Actual Output Quarter 3	Variation	Actual Output Rating	Progress on Targets	Reason(s) for Variation	Remedial Action	Planned Budget Quarter 3	Actual Expenditure Quarter 3
IDP Strategic Objective 2: To build a clean, capable and modernized local state															
Ekurhuleni Water Care Company (ERWAT)	Improved Quality of Water including Wastewater	1.M	Percentage Capital expenditure on planned projects	Finance year to date expenditure report	95%	95.00 %	70.00 %	16.22%	-53.78%	Non-performance on Q3 Planned Target		Due to reasons given for non performance on the planned target for the quarter. ERWAT will not be able to meet the quarterly target.	No remedial action, within the time that is left for the FY. 40% of the Capex Budget has been surrendered back to CoE.	R 144 200 000.00	R33 409 758.38
	Improved Quality of Water including Wastewater	1.M	Percentage of repairs and maintenance budget spent	Finance year to date expenditure report	84%	95.00 %	70.00 %	53% of Annual Budget	17%	Not Achieved		Due to the Backlog on unavailability of equipment in Q3, emphasis was put on bringing them back in operation rather than prioritizing planned maintenance, these was done in under covid-19 level 3 regulation protocol. There the 0% planned maintenanc	Department Revised scopes of work were developed for maintenance contracts in order to ensure that repairs, maintenance and spares will be available within the required timelines and at the quantities that are required.	R 42 148 228	R 29 895 498

Entity	Outcome	Ref No.	Performance Indicator	Portfolio of Evidence	Baseline	Annual Target	Planned Target Quarter 3	Actual Output Quarter 3	Variation	Actual Output Rating	Progress on Targets	Reason(s) for Variation	Remedial Action	Planned Budget Quarter 3	Actual Expenditure Quarter 3
												e done in Q3			
	Improved Quality of Water including Wastewater	2.M	Percentage of procurement spend allocated to SMME's	Dated and signed Letter of appointment or subcontract with support (contract) amount Award AND Listing (Register) of SMME supported with support amount	14 184 369	33.33%	33.33 %	63%	Exceeded by 30%	R11 962 013	Target met	Target exceeded due to current term contracts in place	None	33%	R11 962 013
	Improved Quality of Water including Wastewater	3.M	Number repeat audit findings	AGSA signed management letter	4	0.00	0.00	4	-4	n/a	Target not met	4 repeat findings: -False declaration of interest by the winning bidders -Fruitless and wasteful expenditure not prevented -Expenditure – Payments not made within 30 days -Reasons to deviate from normal procureme	-ERWAT has embarked on a process to liaise with bidders in this regard. _ The cases of fruitless and wasteful expenditure are being investigate and appropriate measures to be implemented to ensure	R 0.00	R 0.00

Entity	Outcome	Ref No.	Performance Indicator	Portfolio of Evidence	Baseline	Annual Target	Planned Target Quarter 3	Actual Output Quarter 3	Variation	Actual Output Rating	Progress on Targets	Reason(s) for Variation	Remedial Action	Planned Budget Quarter 3	Actual Expenditure Quarter 3
												nt process are not in line with the requirements of Municipal Supply Chain Management Regulation 36.	they do not occure. -ERWAT has requested front-loading of CAPEX grant as well as timeous payment of service charges from the city. -Deviation has expired and normal SCM processes will be followed.		

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

NB: Reflect on the day to day activities that may not be in the Departmental Scorecard but constitute a key mandate of the department. Some of the day to day activities may be in the DH: Scorecards. This may also include the **Mayoral Lekgotla Action Plan, State of the City Pronouncements etc.**

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

A Flows

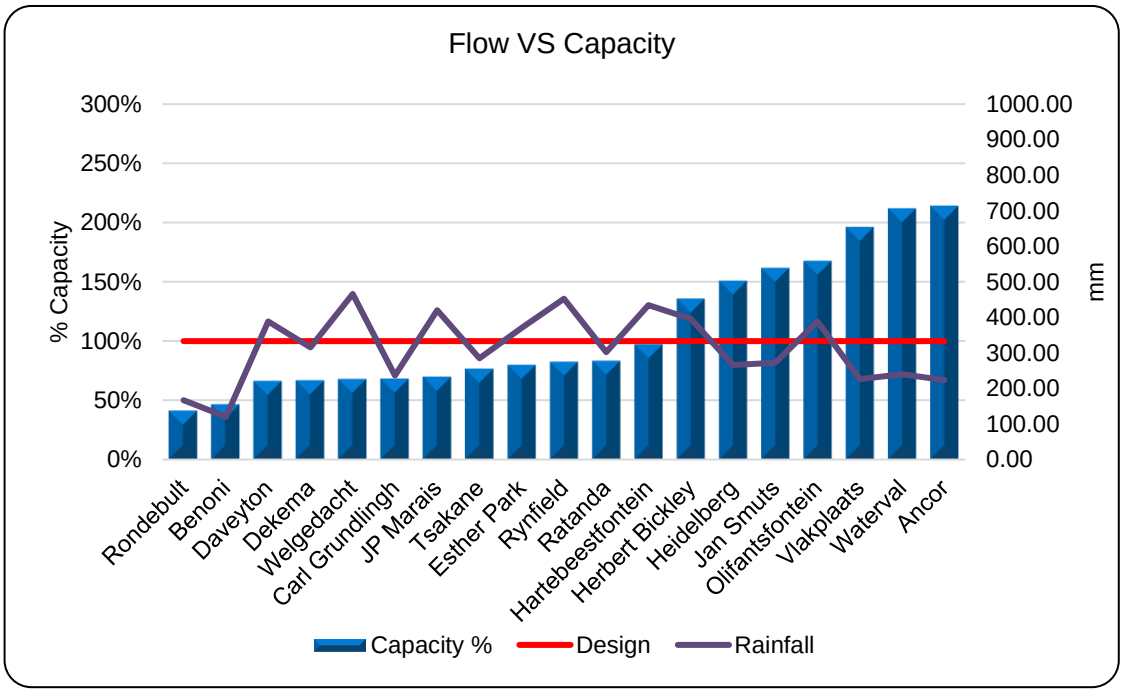
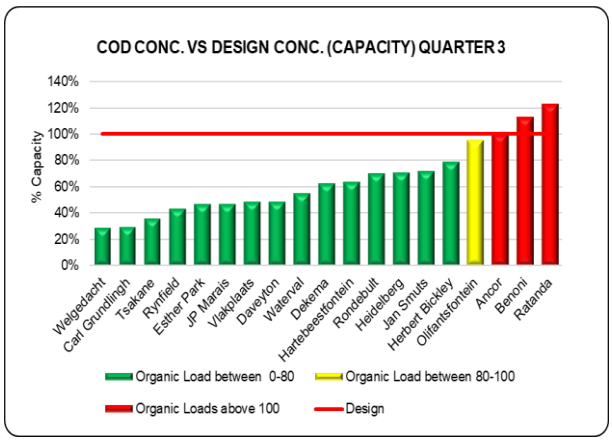


Figure 1

A total of 77 261Ml was treated in Q3, at an average of 858 Ml/day, utilising 138% of the capacity.

3.4 Service Delivery Highlights and Challenges

3.4.1 Flows



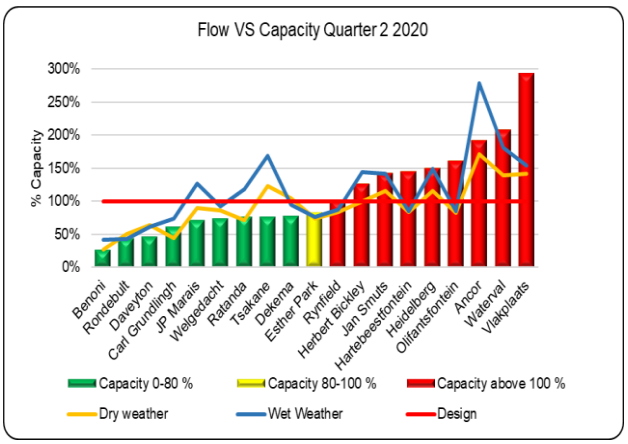


Figure 2

As can be noted in the above graph, during Q3 seven (7) out of nineteen WCW were operating above their hydraulic design capacity, three (3) between 80-100% of its hydraulic capacity and nine (9) below their hydraulic design capacity. In Q2 nine (9) out of the nineteen (19) WCW were operating above their design capacity, one (1) operating between 80% and 100%, and nine (9) operating below the 80% mark.

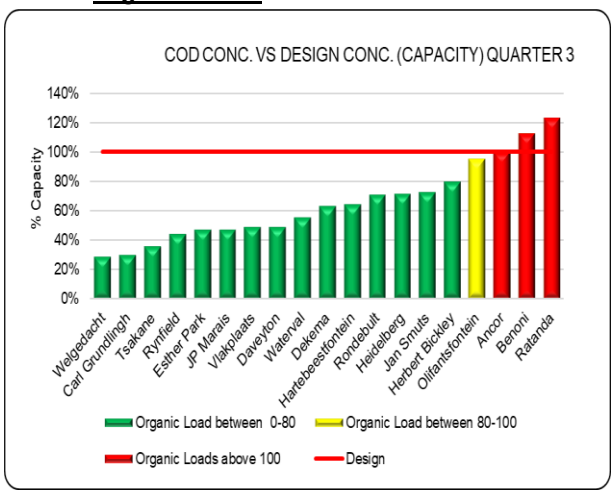
Ancor operated at 214%, Olifantsfontein at 168%, Jan Smuts at 162%, Heidelberg at 151% and Herbert Bickley at 136% of its capacity, with large regional plants such as Vlakplaats operating at 196% and Waterval operating at 212%. Additional capacity is urgently needed.

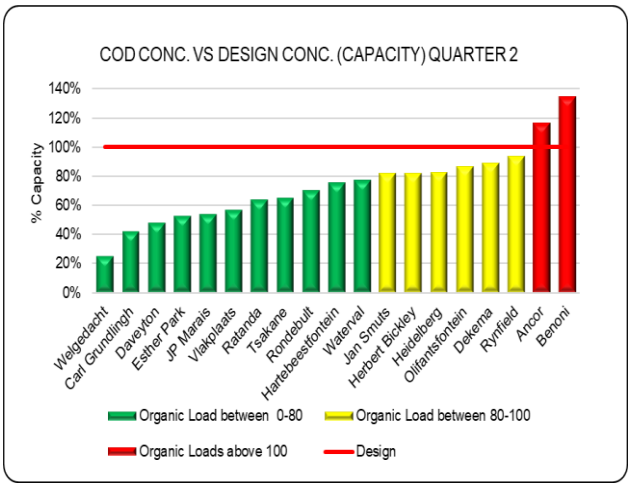
Plant	Design	Actual	Rainfall
Ancor	15.00	32.10	223.5
Benoni	7.50	3.49	120.5
Carl Grundlingh	5.25	3.55	236.0
Daveyton	19.00	12.59	388.7
Dekema	31.00	20.77	315.9
Esther Park	1.00	0.80	371.0
Hartebeestfontein	63.00	61.20	396.0
Heidelberg	5.40	8.15	434.3
Herbert Bickley	15.10	20.52	266.0
Jan Smuts	6.00	9.70	272.0
JP Marais	15.00	10.50	420.3
Olifantsfontein	65.00	108.95	388.6
Ratanda	4.70	3.92	302.5
Rondebult	20.00	8.26	167.2
Rynfield	10.00	8.25	453.0
Tsakane	20.00	15.32	285.0
Vlakplaats	55.00	107.91	226.3
Waterval	170.00	360.19	240.0
Welgedacht	95.00	64.63	466.0

Although Heidelberg, Olifantsfontein, Jan Smuts, Herbert Bickley and Waterval achieved their water quality targets, they are operating above their hydraulic design capacity with an ever increasing risk of incidents of non-compliance escalating up to full non-compliance of the plants. (Refer to Section 3.4 for details per plant)

ERWAT does not have Capex funds to extend/upgrade the WCW that require additional capacity, and therefore have serious challenges in supporting the CoE in meeting the Growth Development Strategy (GDS2055) and the development of the Aerotropolis.

3.4.2 Organic Loads





As can be noted, for Q3, 3 WCW's operated above 100% of its organic capacity, 1 WCW's between 80-100% and 15 below their design capacity.

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
Benoni	Plant did not comply with WUL effluent standards Physical: 98% Chemical: 94% Micro:68 %,therefore Q3 overall compliance =86.7%. Q3 target of 84% was met	Plant operated at 47 % of re-graded hydraulic capacity	Plant operated at 113 % of re-graded organic capacity	Flow interruptions the whole of January due to burst rising main at Tom Jones pump station and Cable theft at McKenzie Park pump station	There were 13 High strength COD pollution incidents in Q3	1 x Critical equipment failure (Chlorine booster pump not operational for a month of January due to corroded fittings caused by industrial pollution, the reoccurring low pressure of water supply from the irrigation pump to the chlorination system which affect most micro compliance).	There were 5 power failures in Q3 and the duration was 38 hours	Open digesters walls are cracking , Humus tank weirs plates worn out	None	None	Dried sludge is stockpiled on the plant and applied on instant lawn	Unlined sludge paddies and maturation ponds could cause possible ground water pollution	N/A	N/A	Sludge classification samples taken to ERWAT scientific services, awaiting results. Current sludge classification A2c is suitable for the instant lawn application according to WRC guidelines. Screenings and grits that are generated at the plant are collected by CoE	N/A	N/A
Esther Park	Plant complied with WUL effluent standards for Q3 2020/	Plant operated at 80 % of hydraulic capacity	Plant operated at 47 % of organic capacity	Flows were above hydraulic capacity for 10	3x Industrial effluent pollution incidents in Quarter 3.	3x critical equipment failures occurred in the quarter that affected ammonia,	1x power failure recorded in Q3 lasting for total downtim	Reactor walls are leaking	Not applicable	None	Not applicable	Not applicable	Not applicable	Not applicable	Screenings and grits is collected by the CoE	Access road is slippery in the rainy season.	Drop in water pressure occasionally

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
	2021 Physical: 96% Chemical: 85% Micro: 88%. Q3 overall compliance = 89%. And met Q3 target of 84%			out of 90 days for Quarter 3		COD and micro compliance. (Chlorine dosing, Aerator, RAS pump)	e of 4.5 hours										that affects chlorine dosing
Hartebeesfontein	Plant failed to comply with WUL effluent standard by 87%. Q3 compliance target of 80% was met	Plant operated at 97% of hydraulic capacity	Plant operated at 84% of organic capacity	Abnormal fluctuations in inflows in quarter 3 was from 1-2 January 2021, and 5-7 February 2021 , 5 of 90 days	Plant received industrial high strength effluent on 12 of 90 days in Quarter 3	11 Critical equipment failures occurred in quarter 3	No power outage experienced in quarter 3	Aging concrete on plant infrastructure.	Digester 6 & 9 sludge recirculation nozzles blocked	There were no veld fires experience Quarter 3	1 310 507 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	License amendment with relaxation on Electrical conductivity, Ammonia, E.coli and COD was granted in July 2019	Sludge classification is B2c, not suitable for the intended purpose; this requires further engagement with the farmer.	ABS blower Chlorine dosing system Online monitoring instruments Inlet blockages and cable vandalism	There is portable water leak opposite DBF tanks Awaiting PO

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
				with an average of 61 Ml/d													
Olifantsfontein	Plant did not comply with WUL effluent standard Plant complied with 84% compliance in (Jan-Mar 21) Q3 2020-2021. Physical: 95, Chemical: 72 and Micro: 87. The Q3	Plant operated at 168% of hydraulic capacity	Plant operated at 95% within the organic capacity	Abnormal fluctuations in inflows in (Jan-Mar 21) Q3 2020-2021, were seen when it was raining with maximum flow of	Plant received industrial high strength effluent (very high Electrical Conductivity above 100 mS/m) on 33 of 90 days. COD exceeded 150% of the design capacity 7	12 critical equipment failures occurred in (Jan-Mar 21) Q3 2020-2021	There were two Power failures that lasted four hours in total o 08& 22 Feb 2021 With diesel consumption of 624l	Module 3, Anaerobic digesters.	Digester 4 of 6 digesters are blocked due to sand accumulation	None	1 042 657 kg in (Jan-Mar 21) Q3 2020-2021 Sludge is disposed on different farms around Bapsfontein area and is used for agricultural purposes	Unlined emergency dams contaminating borehole no.2&3. Borehole 1 runs dry during dry seasons	2 x Sinkholes behind and in front of the old laboratory which occurred in Dec 2019 still not rehabilitated	Olifantsfontein WUL is stringent on Ammonia of < 2mg/l, SS of 15 mg/l and and EC of < 80 mS/m.	Sludge is classified into three streams: (1). Dewatering unit(B3a), the sludge not suitable for cultivating crops such as fruits trees (2). Drying beds (A1a), No restriction	Road to upstream sampling point need to be graded and there is high erosion on the banks. To be reported to the CoE..	No Challenges

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
	compliance target of 70% was met.			149 Ml/d on 19 march 2021	days of 90 days in Q3 Plant also experiences fine sand ingress										s and requirements apply 3) Grit and screenings is waste that should be dumped at specialised land fill under strict conditions to ensure ENV compliance		
Rynfield	Plant complied with WUL effluent standards Physical: 99.63% Chemical: 90% Micro: 91.11 %, therefore Q3 2021 overall	Plant operated at 82 % of hydraulic capacity	Plant operated at 44 % of organic capacity flow dropped because N12 pump station was flooding to the river	January and February, March 2021 .flow dropped because N12 pump station was	None	1 critical equipment failures occurred in Q 3 2021	None	Pavement Cracked and Digesters & reactor tank concrete structure is cracked .Bio-feeder	None	None	Dried sludge is stockpiled on the plant	Unlined sludge paddies, Unlined Maturation ponds and Contact tank. Lagoon	N/A	N/A	Sludge classification not yet classified. CoE collects screenings and grits from the inlet works.	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
	compliance = 94 %.			flooding to the river				structure is cracked.									
Ancor	Plant compliance for Q3 is 61% Non-compliant parameters: Chemical 69% and Micro 24%	Plant operated at 214% of its hydraulic capacity	Plant operated at 100% of organic capacity, which is lower than the loads received pre-lockdown, Q3-.	Ancor experience storm water ingress during heavy rainfall, worsening the overloaded hydraulic capacity, however the RSA COVID-19 lockdown reduced flows to the WCW.	Plant received high COD industrial effluent on 27of 91 days. In Q3, it was 15 days out of Increase due to industries that started up after we moved to level 3	19 critical equipment failures occurred in Q3, namely: 8 failures on the ferric chloride dosing system in Q3; 4 failures of the chlorine system, sludge pumps to digesters flooded due to heavy storms and very high flows.	2 outages occurred (8hrs. 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 Q4.	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	CoE removes solid waste (screenings and grit).	Road in very bad condition, however some potholes were repaired	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
Daveyton	Plant complied; compliance for Q3 is 97.12%.	Plant operated at 66% of its hydraulic capacity.	Sufficient capacity. Plant operated at 49 % 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.	14 Critical equipment failures occurred in Q3, namely: Screw conveyer, Compactor, Aerators (2, 3,7, 9) WAS pump, Raw and final Composite samplers, Compressor, Clarifier 3 bridge.	25 power outages occurred in Q3 (52 hours total). Most of the outages was load shedding on network, 1 was maintenance done at the substation on site by ESKOM.	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 lagoons are unlined Space for solar drying is in-sufficient	Unlined sludge lagoons pollute the ground water.	N/A	N/A	In Q3 CoE is battling to remove solid waste (screenings and grit) because the waste disposal site is closed.	N/A	N/A
JP Marais	Plant compliance for Q3 is 97%.	Sufficient capacity. Plant operated at 70% of hydraulic capacity	Sufficient capacity. Plant operated at 47% of organic capacity	Low incoming flows in February and March due to Daveyton and	No industrial incidents that negatively affected the WCW in Q3	24 critical equipment failures occurred in Q3, namely; WAS pump 2 (2 times), RAS pumps (11 times)), Aerators (3 times), WAS	1 Power outages (3 hours total), Generator backup is available.	RAS pump #1 volute has holes.	N/A	No veld fires occurred during Q3	Sludge pumped to Welgedacht, where it is treated. WAS pipe got broken	Some boreholes polluted. Ongoing monitoring of boreholes.	No dolomitic soil	N/A	CoE removes solid waste (screenings and grit) except for PST screenings, due to no screen	Road in a good condition	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
				Benoni outfall sewer lines blockage		pipe (once), BNR MCC panel (once), Irrigation pump (once), Chlorine dosing pumps (4 times) and Chlorine changeover system (once)					once in Q3 and was repaired.				compactor.		
Welgedacht	Plant Complied with WUL effluent standards 86% for Q3	Plant operated within design capacity (operated at 68% capacity)	Sufficient capacity Plant operated at 29% organic capacity. Over Achievement.	There was blockages on the sewer network, link 4 sewer line in January 2021 and second blockage was on Benoni sewer line	None	81 critical equipment failures occurred in Q4, Module MCC electrical panel must be replaced. Unsafe. Blowers at Module 2. Blocked Benoni sewer line ,PST bridge ,PST recycle screen x 2, Scada system x 5, Dewatering	Three power outages which lasted for 60 hours due to failure to main incomer	N/A	N/A	No veldfires occurred during Q3.	None	Unlined Dechlorination channels and Emergency dam	N/A	Very strict WUL standard for Micro compliance(E.coli) zero counts /100ml.	CoE removes solid waste (screenings and grit).	Gravel access road in very bad conditions and very slippery when wet.	No potable water supply to the plant. Borehole water used for hygiene. Drinking water is being transported in from

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
				leading to decreased and inconsistent flow to the plant. The blockage at link 4 was cleared by contractor in February		plant x 6, Reticulation pumps x 6, Screens x 4, Clarifiers x 8, Chlorine system x 4, Borehole pump x 4, Inlet Screw pumps x 4, Power supply x 2, Aerators x 6, PST waste pumps x 3, Inlet works blowers , Sampling machines x3, Out flowmeter x 2											other plants.
Jan Smuts	Plant compliance for Q3 is 88%. Non-compliant parameters: Chemical 76%	Plant operated at 162% of its hydraulic capacity	Plant operated at 72% of its organic capacity.	Plant operated at 148% of its hydraulic capacity (High incoming flows in all the	Plant received industrial high strength effluent on 8 of 90 days	1 critical equipment failure occurred in Q3, the irrigation pump's motor.	No power failure experienced during Q3. Generator backup available for entire plant.	Humus Tanks scum boards, digester number 2's wall, drying beds' walls and the bio-filters' feed flow	N/A	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 buried at the plant. This practice does not comply with WUL conditions.	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
				days in Q3)				division box/tower.									
Heidelberg	Plant Compliance for Q3 is (95.23%). Physical 99.64%,Chemical 86.04% and Micro 100%	Plant operated at 151% of its hydraulic capacity	Plant operated at 71% of organic capacity	High incoming flows in all the days in Q3	Plant received high COD industrial effluent on 16 of 90 days and high SS on 12 days of 90	8 Critical equipment failures for Q3 (1x aerator; 1x Clarifier Bridge, 1x generator, 3x Inlet Raw pumps motors ,1x inlet Raw pump and 1x degritter conveyor)	Heidelberg had 31 power outage with a duration of 52 hours. 36hours was due to load sheddin g and 16 hours due to other faults from Municipality in Q3. Diesel used was 6369L	The joint sealants of Carousel reactor concrete wall are damaged	None	No veldfires occurred during Q3.	Sludge at the plant stockpiled after dewatering, and is also applied/irigated 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 buried and this practice is not environmental friendly. Potential groundwater pollution	The access road to Heidelberg works is severely damaged and a new-tarred road is required urgently	None
Herbert Bickley	**Herbet Bickley** Plant Complied with WUL	Plant operated at 136% of hydraulic capacity	Plant operated at 79% of organic capacity	High incoming flows in	Plant received industrial high strength	3 Critical Equipment (booster pumps, sludge to	Herbert Bickley had 4 power outages	Anaerobic digesters cracked	6 out of 8 digesters not in use due to blockage	No veldfires occurred	Sludge used for irrigation at instant lawn	Borehole no.4 showed high count of	None	None	Collected by CoE to a dedicated landfill site	Access road to the plant damaged and	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
	effluent standards (99.0%)			January due to 220 mm rainfall.	effluent on 8 of 90 days	land pump, chlorine dosing systems, RAS Pumps and raw sludge recycle and desludging pump)		concrete structures	s and leaking digester pipes	during Q2.		E.coli in October				requires an upgrade	
Tsakane	Plant compliance for Q3 is 88.24%.	Sufficient capacity. Plant operated at 77% of hydraulic capacity	Sufficient capacity. Plant operated at 36% of organic capacity	None.	None	34 critical equipment failures occurred in Q3, namely; PST pump no.1 blockages (12 times) and damaged PST pump no.2(2 time), Both Degritter pump no.1(3 times) and Degritter pump no2 (1 times), Newly installed Mechanical fine screen (1 time), Blocked RAS pump	34 Power outages as a result of load reduction implemented by Eskom (98 hours total). 1 x Backup generator available.	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. Unfenced drying paddies	None (There's a dolomitic report that shows none at Tsakane)	None	Screenings and grit collected by CoE to a dedicated landfill site	Access road to the plant is damaged and requires an upgrade	Potable water leak next to Tsakane hostel.

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
						no.1 (8 times) , Inlet flow meter (3 times), A-recycle pump no.3 (1 time), Chlorine system (2 times) and Generator (1 time)											
Carl Grundling	Plant Complied with WUL effluent standards (97.0%)	Plant operated at 68% of its hydraulic capacity	Plant operated at 30% of organic capacity	The incident of low inflow was due to manhole blockage at Sharon Park was reported on the 8th Feb 2020, to CoE	None	2 Critical equipment failures for Q3 (2x Brush Aerators #5& #4)	No power outage	None	N/A	No veldfires occurred during Q1	Land application of sludge is being used	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
Ratanda	Plant Complied with WUL effluent standards (99.33 %)	Plant operated at 83% of its hydraulic capacity	Plant operated at 123% of organic capacity, Illegal	Experienced 1 incident, of low	None	2 Critical equipment failures for Q3 (1xChlorine booster;1x	Ratanda had 1 power outages with a total	Drying beds drainage system and chlorine	N/A	None	Dried sludge is stockpiled on-site, potential groundw	Unlined sludge ponds and leaking drying	None	None	Screenings and grit generated at the plant buried and this	The access road to Ratanda Works is severely	No link to the Municipal Potable

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
			dumping along the network is suspected	inflow to the plant On 06th March 2021 due to blocked manhole at Tokolohong section of Ratanda Township, Lesedi LM, DWS and Kareen beef informed		Conveyer belt grit classifier	duration of 7 hours in Q3	contact tanks are badly leaking structures			ater pollution	beds, potential groundwater pollution			practice is not environmental friendly. Potential groundwater pollution	damaged and a new-tarred road is required urgently	Water Supply, water transported from Heidelberg Works and borehole water is used for other domestic purposes
Dekema	Plant did not comply with WUL effluent standards. Non-compliant	Plant operated at 67 % of hydraulic capacity	Sufficient capacity. Plant operated at 63% organic capacity	Plant received high flows on 0 out of 92 days	Plant received high COD industrial effluent on 0 of 90 days	2 Critical equipment failures Q3 namely Failure of primary sedimentation tank rotating	33 Outages occur (110 hrs total) Load shedding is a big	Channels feeding sections partially collapsed. Biofilters and	1 out of 12 Anaerobic digesters is blocked	No veld fires occurred during Q2.	Sludge pumped to unlined lagoons for solar drying and dried sludge spread to	Unlawful disposal of grit (grit is buried on-site in a trench).	None	N/A	N/A	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
	parameters: Physical 86% Chemical 75% Micro 63% Average compliance: 75%					bridge motor and Failure of biofilter feed pump section 6 20 Critical equipment failures occurred in Q2, namely breakdown of 1 sludge withdrawal pump,2 wash water pumps,1 degritter pump and 2 cascade pumps (final effluent mixing / aeration) Q1 – 20 Critical equipment failures -4 x flow meters , 1 composite sampler , 4 x sludge pump , 1 x grit pump ,1 x broken arms of degritter ,	concern. .	digesters wall are cracked.			land area to be ploughed into land.						

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
						2 x humus tank centre column , 1 x ferric pump , 1 x Generator , 1 x fine screen winch , 1 x biofilter, 2 x cascade pumps , 1 x MCC electrical panel											
Rondebult	Plant did comply with WUL effluent standard Average compliance: 93.05% Compliant Parameters- Physical – 98.81% Chemical: 95.35% Micro: 84.98%	Plant operated at 41% of hydraulic capacity.	Plant operated at 71% of organic capacity.	High and low, flows due to the sluice gate installed at Klippoortjie. High flows of up to 15.12 Ml/day .	Plant received industrial high COD effluent on 0 of 92 days and 7 ad hoc incidents of industrial pollution were observed and reported. Namely: 2 incidents of oily influent, 4 incidents of foam containing	3 Critical equipment failures for Q3 as to 5 Critical equipment failures for Q2. Namely 2x primary biofilter feed pump leaking excessively. 1 Digester pipe leakage .	12 Outages occur (66 hours in total) due to power interruptions.) Load shedding, cable theft and the lack of Genset for process continuity is a big concern.	Biofilter walls cracked. Brickwork of open channels are unstable , collapsing and cracked. The feed pipe from the primary biofilters to the secondary biofilters	None	No veld fires occurred during Q3.	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	Attempts were made to get CoE to assist and collect the grit and screening at Rondebult and dispose of it at a dedicated landfill site without any success.	The access road are deteriorating fast and will need attention soon.	Underground rusted pipe works needs to be replaced

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
					influent and 1 incident of black coloured influent			has collapsed.									
Vlakplaats	Plant did not comply with WUL effluent standards : Average compliance: 54.01 Compliant Parameters- Physical – 87.24% Chemical: 55.42% Micro: 19.35%	Plant operated at 196% of hydraulic capacity. Needs to be upgraded	Plant operated at 49% of organic capacity	High flows of up to 154 Ml/day occurred from dates due to storm water ingress. Rainfall measured at the plant was 226 mm.	Plant received industrial high strength effluent on 0 of 90 days	39 Critical equipment failures occurred in Q3 - Namely: 6 failures of the ferric chloride dosing system. 2 failures of the WAS pumps/VSD, 3 failures of Generators, 3 Failures of DAF recycle pump,10 failures of raw sludge transfer pumps. 2 BNR Mixers 2 Humus tank trippages 3 Flow meters failure	7 Outages occur (75 hours in total) Load shedding is a big concern.	Office building have some cracks.	None	No veld fires occurred during Q2.	Dried sludge is stockpiled on the plant. Demand for instant lawn application is seasonal	Unlined Emergency dams. 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	Access road to final effluent need to be tarred, can't drive on it during rainy season is too muddy and slippery	

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
						2 WAS pump failure 3 RAS pump failure.											
Waterval	Plant did not comply with WUL effluent standards : Average compliance: 85% Compliant Parameters- Physical – 92% Chemical: 81% Micro: 78%	Plant operated above capacity (operated at 212% capacity)	Sufficient capacity Plant operated at 55% organic capacity.	Average flow of up to 359.3 Ml/day received due to developments and bypasses for upstream plants.	Plant received industrial high strength effluent on 6 of 90 days. Plant is receiving and treating 30 m^3 of leachate daily from EnviroServ	48 Critical equipment failures occurred in Q 3 Mainly from 6 x DAF Recirculation pumps, DAF screen failure, DAF solenoid valve, 1x Compressor failures, 5 x aerators, 8 x RAS pump, 2 x draw off pump and transfer pump failures, 2 x Axial pump failures, wash water failure, 1x wash water pump failure, 3 x WAS pump failures, 5 x	None	None	None	None	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	

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
						screen, compactor, failure, 1 x leaking pipe at sludge lands, 2 x SST and syphoning failure, 4x PST failures, 1x pst conveyor, 8 x Requires vacuum truck to clean											

3.4. Service Delivery Highlights and Challenges

Highlights - Unqualified audit opinion

1. ERWAT obtained an unqualified audit opinion for the 2019/2020 financial year.

Challenges - Cash flow

1. ERWAT has experienced difficulties in receiving amounts in respect of outstanding invoices issued to the CoE on time.
2. Both the USDG funds as well as the service charges are outstanding as at 31 March 2021, resulting is adverse cash flow implications for the entity.
3. This in turn results in failure to pay suppliers within 30 days (non-compliance with the MFMA) as well as places the entity at risk of incurring interest on long outstanding invoices (Fruitless and wasteful expenditure).

3.5. Project/Infrastructure Report

This section of the quarterly report should consider the following:

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 Water Care Works as and when applications are received. This section focuses on feasibilities studies and major projects at ERWAT Water Care Works (WCW), for projects that contribute either directly or indirectly to the flagship projects. Below is the summary of these planned and running projects that have been identified to address planned Mega Catalytic Projects within City of Ekurhuleni (CoE).

1. Ancor WCW
2. Vlakplaats WCW
3. Welgedacht WCW
4. Herbert Bickely WWTW
5. Waterval WWTW

These Mega Catalytic Project

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. The plant is currently operating at 202% above its hydraulic design capacity, which leads to poor quality of the final effluent. Ancor has older trickling filter technology, which is not suitable to treat high strength sewerage containing industrial pollutants. The new Daggafontein Megacity that is currently under construction directly opposite the plant will require a connection to the Ancor outfall were within this financial year.

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	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. Pending availability of funds, the R 351 000 000.00 budget required will accommodate 30 Mℓ/d of 52 Mℓ/d.	The commissioning of the project is subject to the availability of funds.

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. The plant operated at 156% above the design capacity (i.e. 101 Ml/d) above its hydraulic design capacity, which leads to poor quality of the final effluent. 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. CAPEX funds have been requested for the additional 41 Mℓ/d of 189 Mℓ/d for design-built, but no funds for FY 19/20 available.

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/Retro fit-Activated Sludge	R203 340 000.00	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 subject to the availability of funds. The commissioning of the project is anticipated to be 2022/2023
2	Plant Upgrade/Retro fit-Bio filter	R 108 000 000.00	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** budget required will accommodate 18 Mℓ/d of 189 Mℓ/d for design-built	The commissioning of the project is anticipated to be 2022/2023 Pending availability of funds.
3	Flow distribution	R 40 000 000.00	Vlakplaats flow distribution project is currently under construction phase to	The commissioning of the project is

PLANNED PROJECTS		BUDGET REQUIRED	STATUS /COMMENTS	COMMISSIONING DATE
			augment and add a peak flow balancing capacity into the plant.	anticipated to be 2020/2021 Pending availability of funds.

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	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. Pending availability of funds, the **R667 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 2022/2023 Pending availability of funds.

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	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. 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 2022/2023 Pending availability of funds.

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	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 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 Pending availability of funds
2	Module 2 and 3 Capacity Upgrade by debottlenecking the primary treatment.	R 20 000 000.00	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 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 2021/2022..	The anticipated date for commissioning is 2022/2023 Pending availability of funds
3	Technology Capacity Upgrade 50 Mℓ/d (Module 4)	R 247 975 609.80	Designs planned to commence for 2020/2021. 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 Pending availability of funds
Total Budget Required				**R3 105 146 115,20**

CONCLUSION:

ERWAT is striving and working hard towards addressing all Mega Catalytic projects to accommodate all new developments within the City of Ekurhuleni. As per table above , the mentioned Water Care Works need to be upgraded urgently to cater for

the current backlog in capacity and to make provision for future housing and industrial developments. ERWAT does not have enough Capex funds to extend/upgrade the plant.

3. Financial Report

Table 5: Operational expenditure

EXPENDITURE BY SOURCE	BUDGET ANNUAL	BUDGET FOR 9 MONTHS MARCH 2021	ACTUAL YEAR TO DATE MARCH 2021	VARIANCE YTD ACTUAL VS YTD BUDGET	VARIANCE % YTD BUDGET VS YTD ACTUAL
Employee Related Costs - Salaries & Wages	**398 147 283**	298 610 462	**282 940 481**	**(15 669 981)**	**-5%**
Remuneration of Directors	**4 040 764**	3 030 573	**1 473 031**	**(1 557 542)**	**-51%**
Bad Debts (Provision for Bad Debts)	**1 625 838**	1 219 379	**(65 315)**	**(1 284 694)**	**-105%**
Depreciation	**105 500 000**	79 125 000	**72 394 879**	**(6 730 121)**	**-9%**
Pumpstations	**68 563 449**	51 422 587	**24 213 047**	**(27 209 540)**	**-53%**
Repairs and Maintenance	**96 197 637**	72 148 228	**25 926 328**	**(46 221 900)**	**-64%**
Interest Expense	**48 464 563**	36 348 422	**18 866 526**	**(17 481 896)**	**-48%**
Intervention Expenses	**-**	-	**3 377 837**	**3 377 837**	**0%**
Bulk purchases	**269 945 255**	202 458 941	**174 016 355**	**(28 442 586)**	**-14%**
General Expenses - Other	**111 635 305**	83 726 479	**54 858 741**	**(28 867 738)**	**-34%**
TOTAL OPERATING EXPENDITURE	**1 104 120 094**	**828 090 071**	**658 001 910**	**(170 088 161)**	**-21%**

Significant variances:

Directors' remuneration

Significant variance as a result of the fact that the number of directors decreased from 8 to 5 in the current year.

Bad debts provision

Significant variance as a result of improved collection and long outstanding amounts being received during the year of assessment.

Pump stations

Significant variance as a result of cancellation of the Pumpstations contracts by the CoE during the first week of the 2nd quarter (6 November 2020).

Repairs and Maintenance

Significant variance as a result of reduced focus on planned maintenance during lock down to avoid over crowding at the water care works and allow compliance with social distancing measures.

Interest expense

Significant variance experienced due to decreased interest rates.

General expenditure

Variance is predominantly attributable to a decrease in professional fees (feasibility studies).

A narrative is required on key trends and expenditure: ***Detailed Analysis of the repairs and maintenance is required (esp departments with a big allocation)***

Table 6: Capital expenditure

Line item	Total Original Budget	Total Revised Budget (Applicable only after Adjustment)	Budget for Quarter	Actual for Quarter	Variance	Actual for FY (Yr to date)	Budget YTD	Variance for year (Yr to date)
ERWAT CAPEX	R206 000 000	R206 000 000	R20 600 000	R7 376 874.11	R13 223 125.89	R 33 409 758 .38	R61 800 000	R28 390 241.62

A narrative is required on key trends and expenditure

4. Human Resources

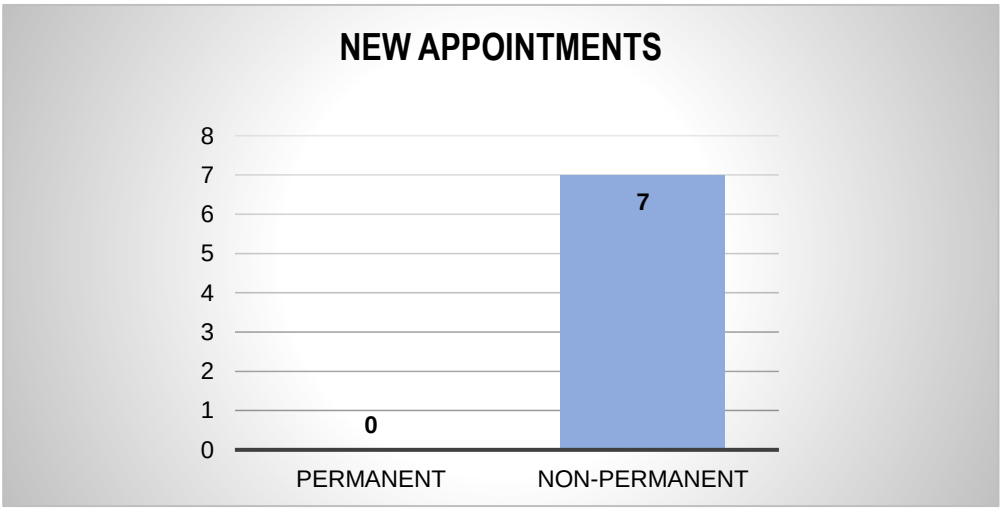
The department is expected to report with respect to the Labour Legislation:

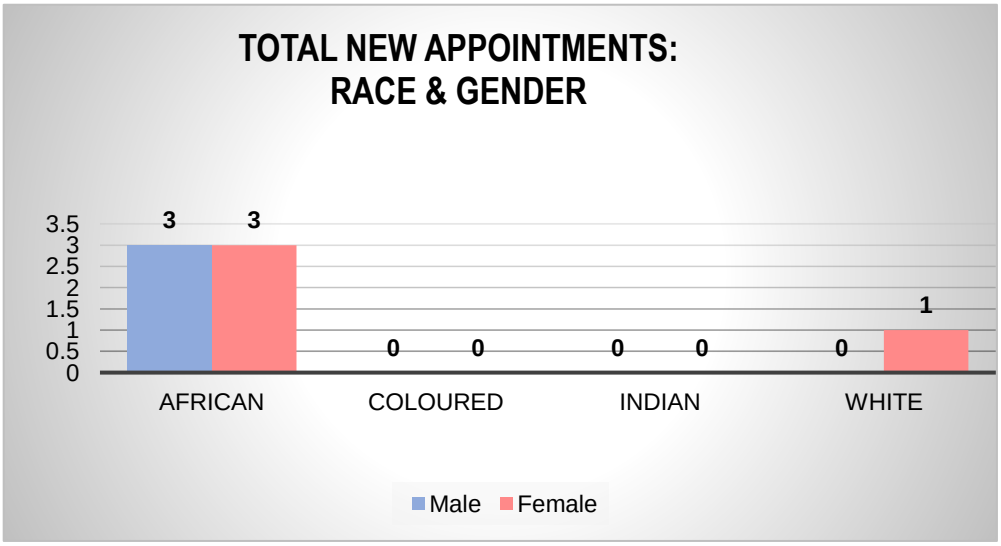
1. Report on current structure and staff movements e.g. recruitments, resignations, retirements etc. Please provide a narrative below table 7.
2. Reflect on overtime trends
3. Report on performance in respect of the Employment equity and affirmative action plans and programmes (narrative).
4. Report on performance in respect of the Skills development plans (narrative).
5. Report on staff versus cost of staff to total OPEX.
6. Report on wellness programme (narrative – HR Central).
7. Report on issues related to the management of HIV/AIDS in the workplace (Narrative – HR Central).

4.1 Staff Movements

Staff Movements	African		Coloured		Indian		Whites		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Recruitments	3	3	0	0	0	0	0	1	7
Resignations	3	1	0	0	0	0	1	0	5
Retirements	0	1	0	0	0	0	1	1	3
Contract Expired	3	0	0	0	0	0	2	0	5
Dismissals	0	0	0	0	0	0	0	0	0
Deceased	1	1	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

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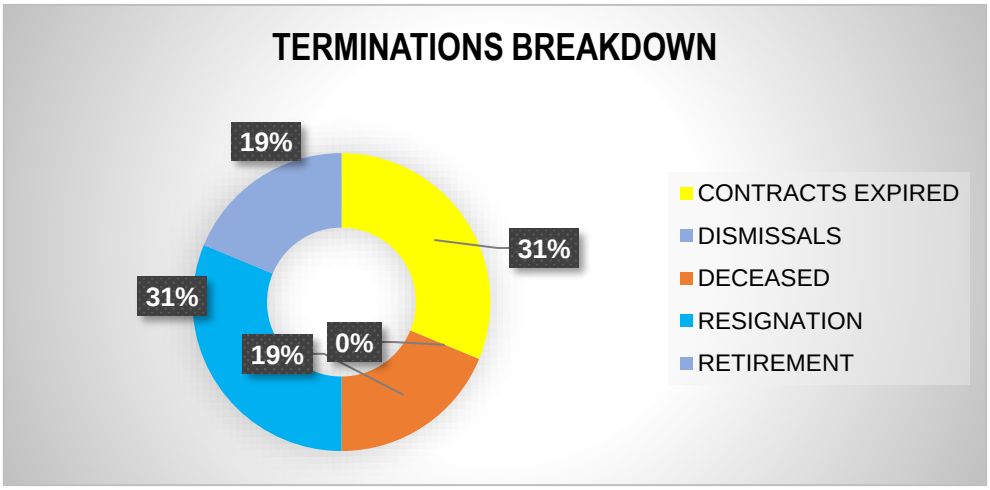
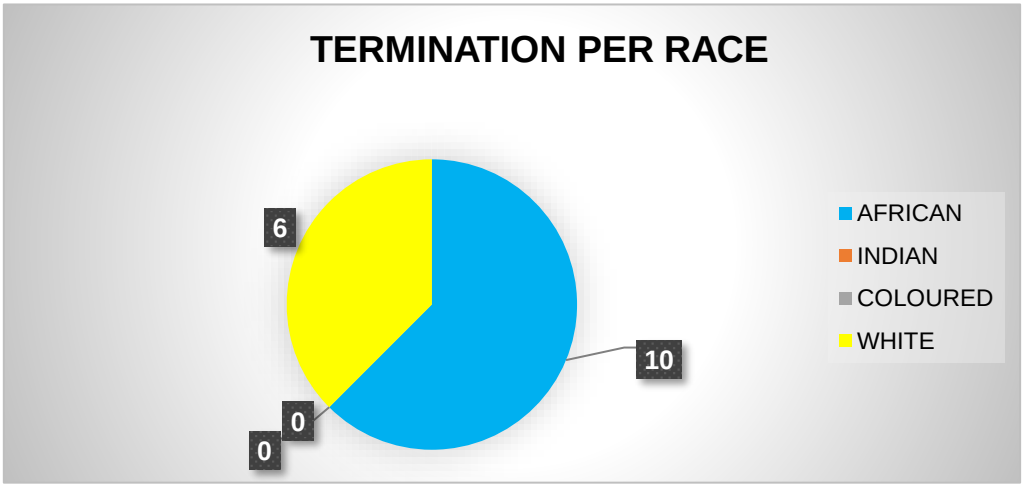




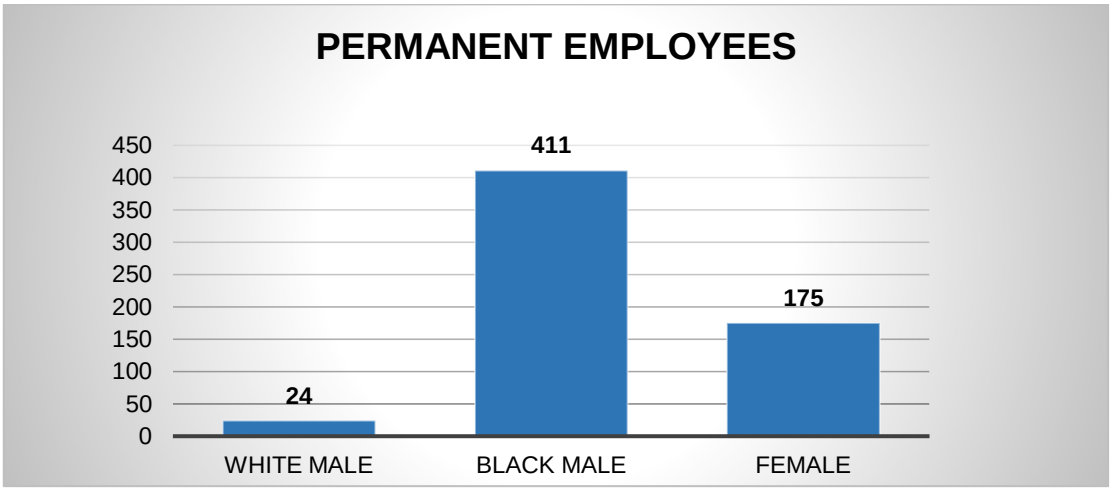
Status Analysis

1. During the period under review, 7 employees were appointed.

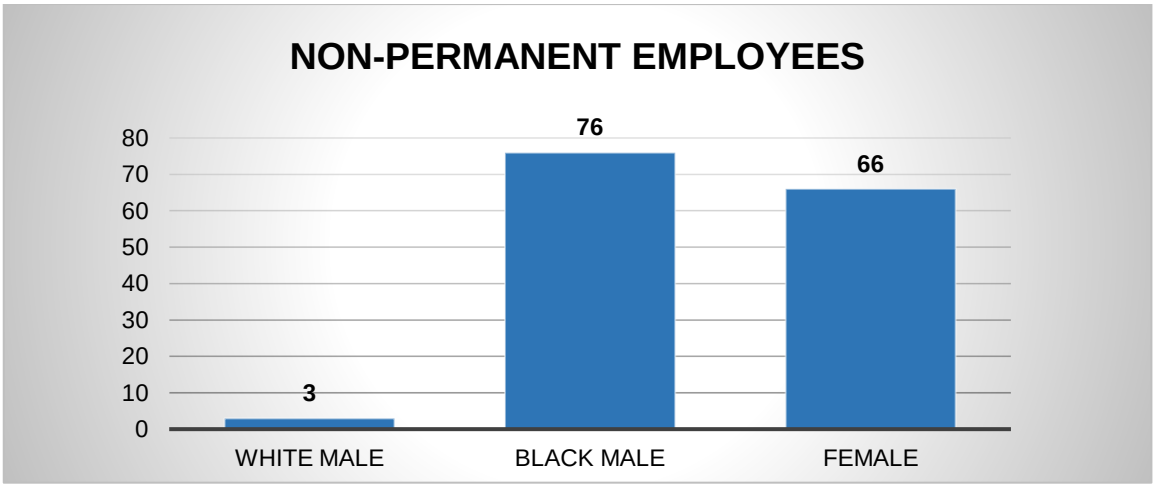
2. During the period under review, Sixteen (16) employees exited the organisation for the following reasons;

    a) 5 contracts expired;
    b) 5 employees resigned for various reasons;
    c) 3 employees went on retirement;
    d) 3 employees are deceased; and
    e) There were No dismissals

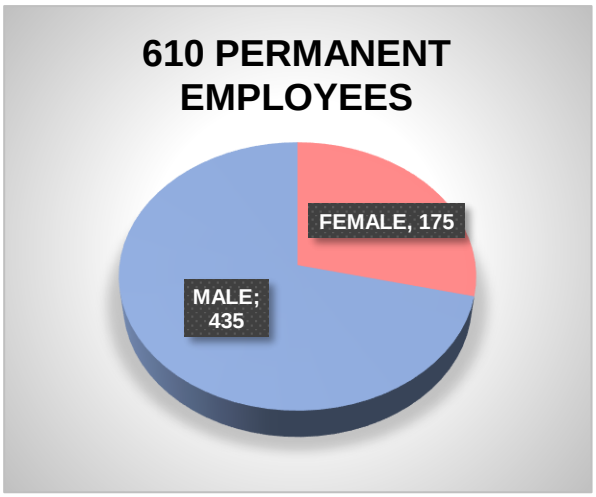
4.2 Employment Equity Demographics

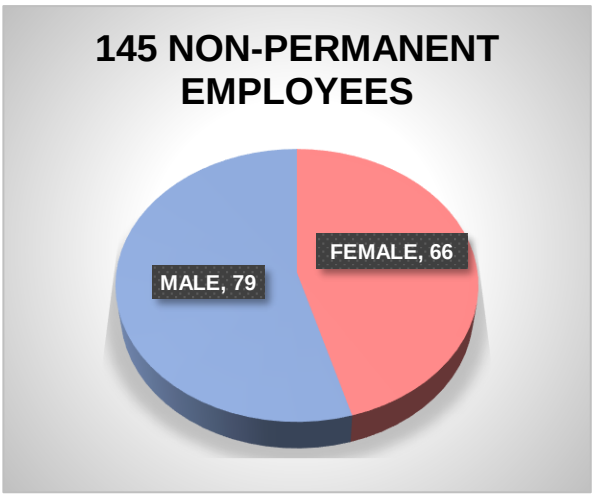


ERWAT has **610** permanent employees;



ERWAT has **145** non-permanent employees.





Status Analysis

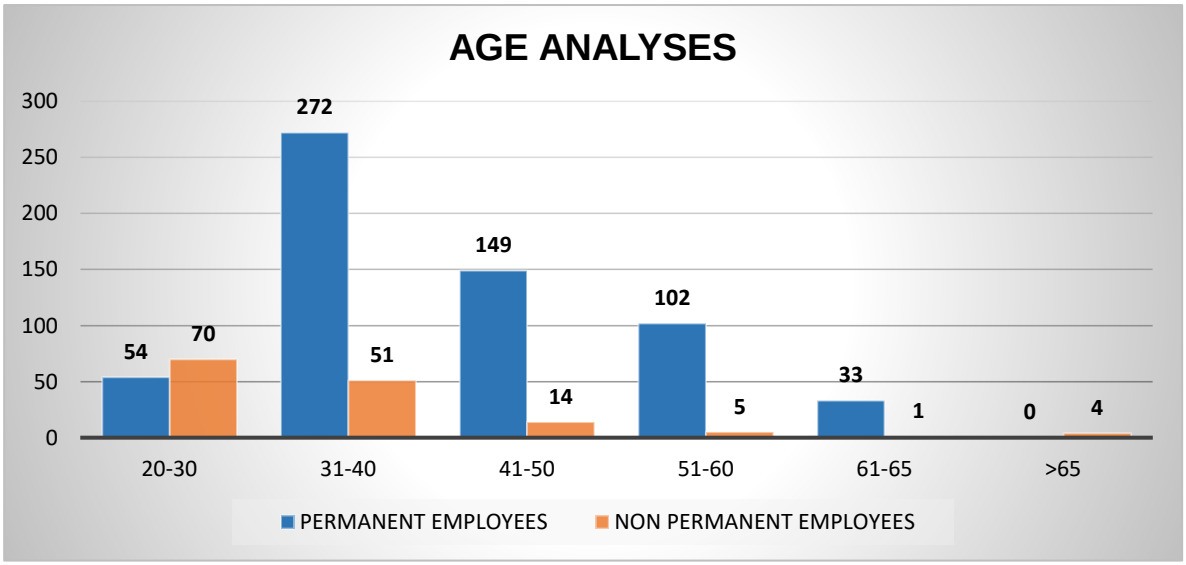
1. The employment demographics of ERWAT as at 31st March 2021 reflects;

   – Females in both permanent and non-permanent positions within ERWAT account for 241 or 32% of total positions filled.
   – Males in both permanent and non-permanent positions within ERWAT account for 514 or 68% of total positions filled.

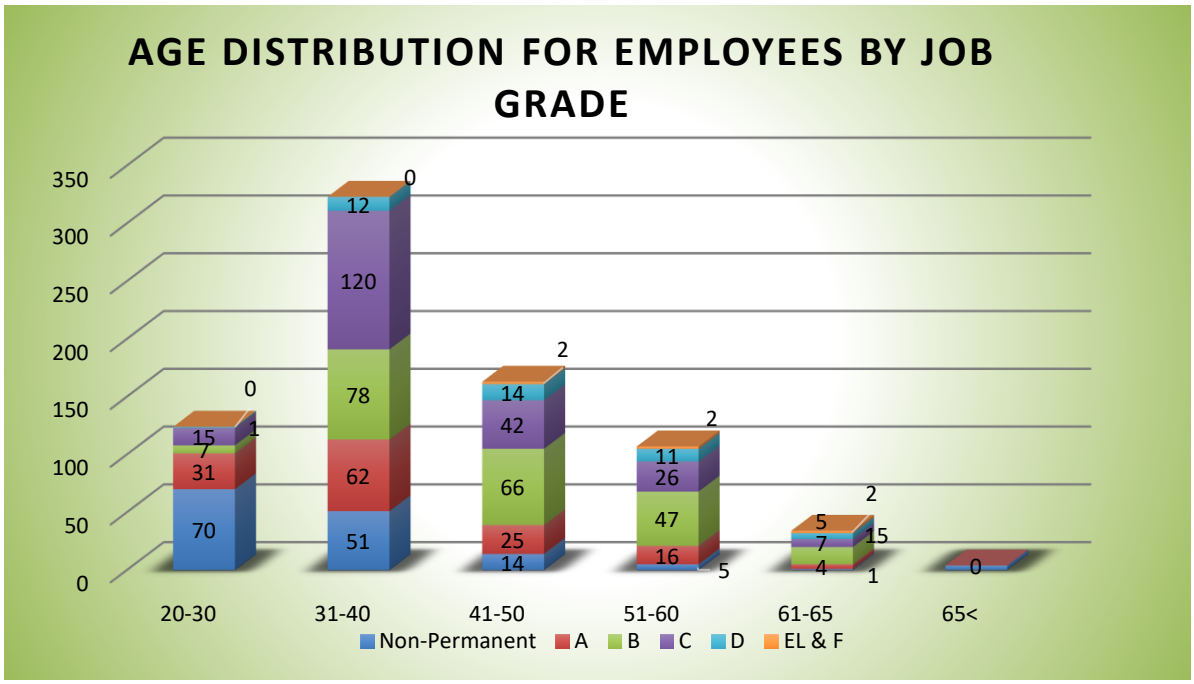
EE Update

1. In support of the approved Employment Equity (EE) Plan, ERWAT is in the process of scheduling a refresher course for the EE Committee to commence in Quarter 4 of the 2020/2021 financial year.

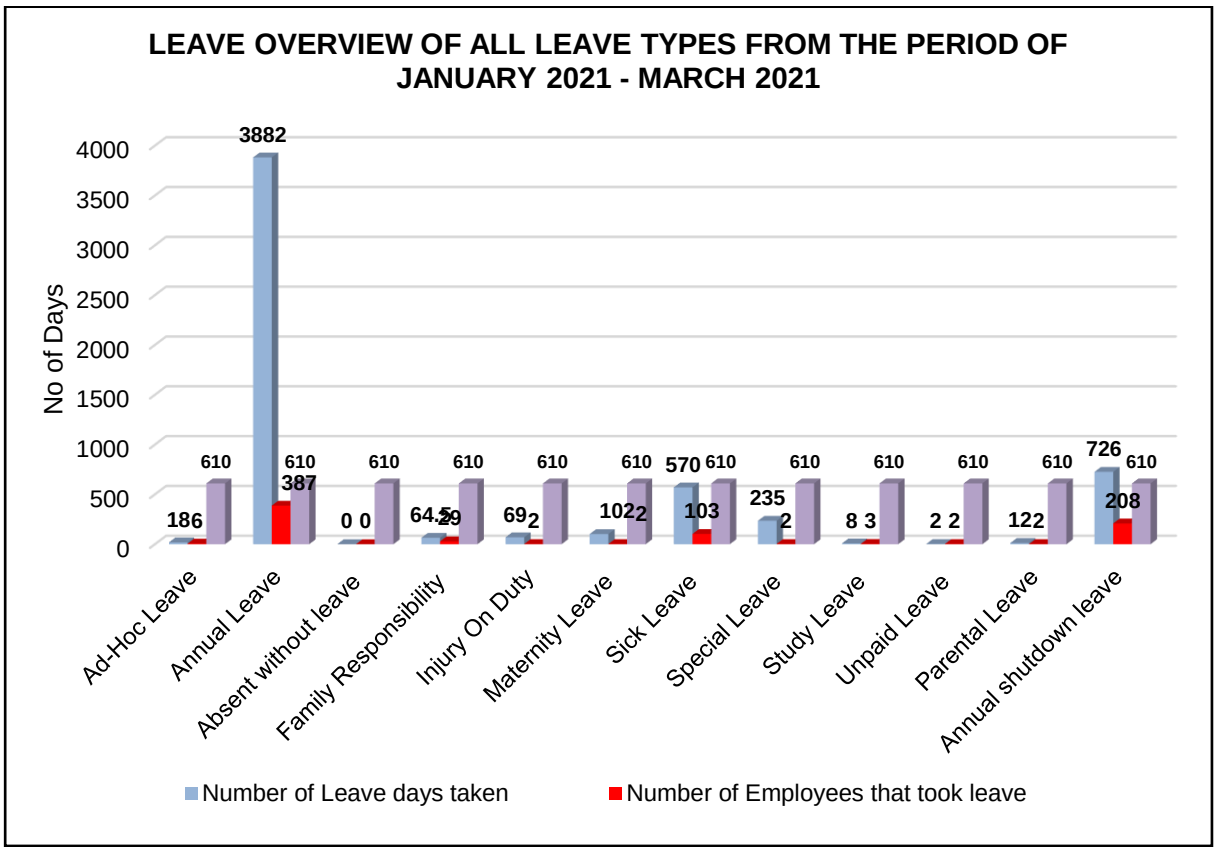
4.3 Age Analysis

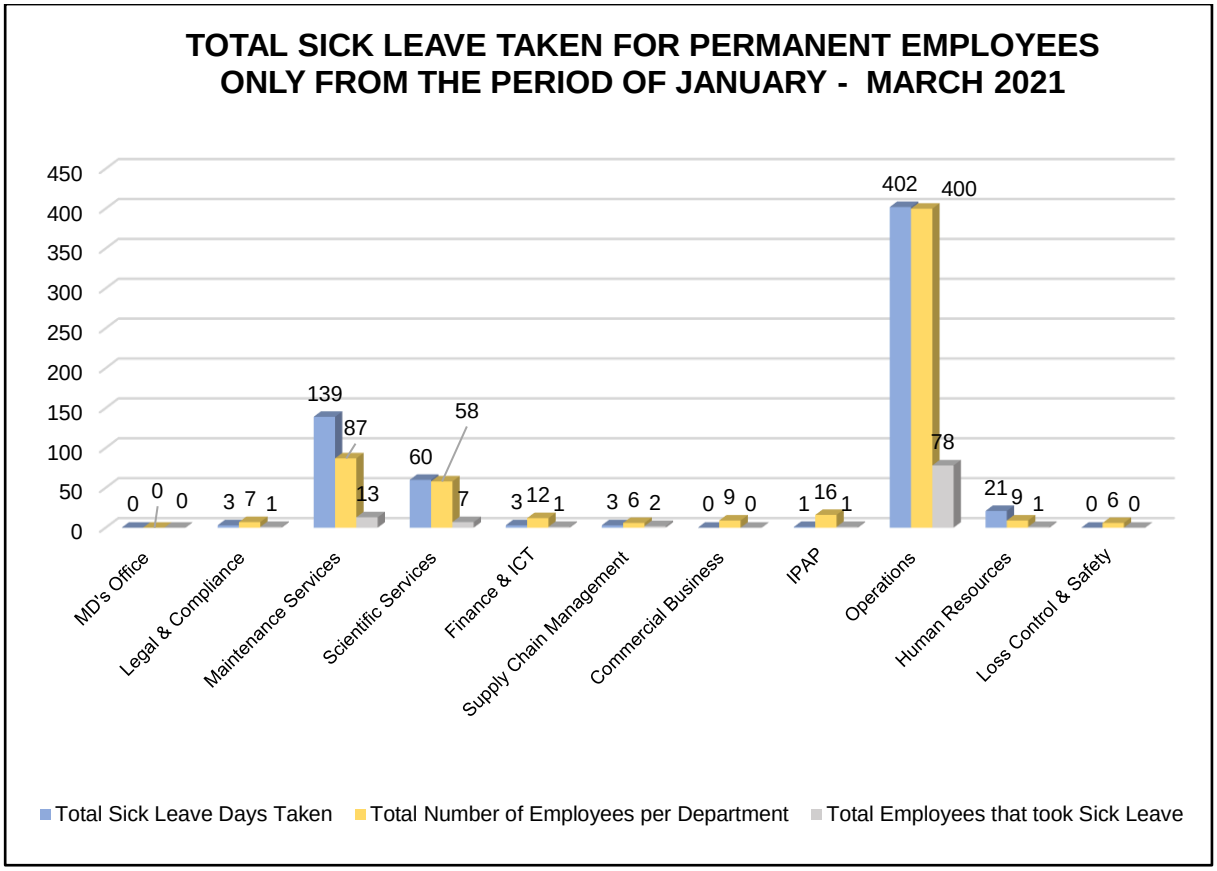


- Average age as at 12/2021 = 35



4.4 Leave Management





Status Analysis

1. Total number of employees who took sick leave during the period under review are 104. The total sick leave taken equates to a minimum of 6.2 days per employees

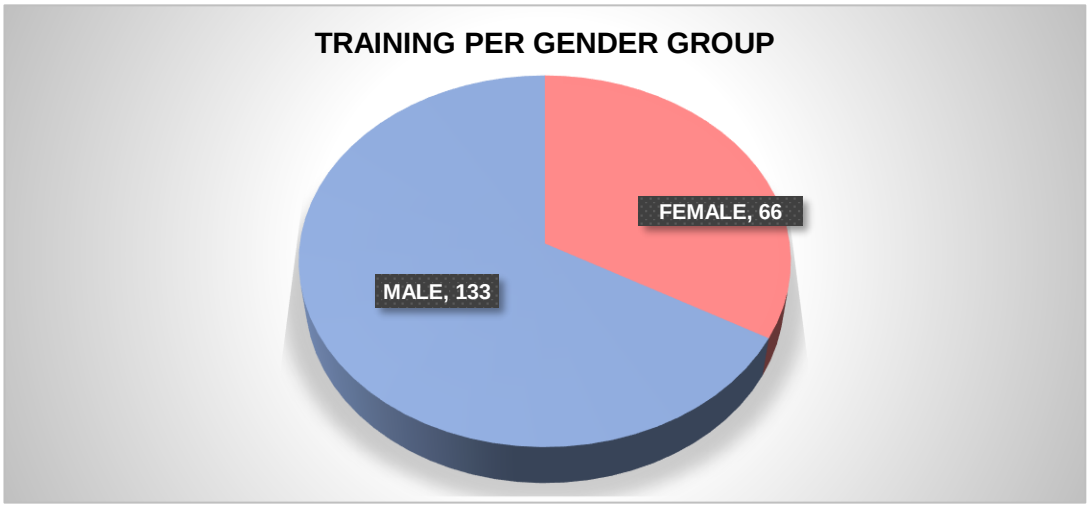
4.5 Overtime Trends

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Total Hours	50 018.50	58 999.50	61 629.75	
Total Cost	7 092 942.03	8 659 494.08	9 359 407.59	

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

4.6 Training and Development

The reporting period saw **199 employees** attending various training interventions



1. Basic Fire Fighting with nine (9) officials on 11th January 2021
2. Basic First Aid Training, (8) officials attended on the 12th of January 2021
3. Disciplinary Hearing/Procedure course on the 4th to 5th February 2021 with (18) officials on NQF Level 5, 8 Credits
4. Bid Committees course held on the 8th to 10th and 15th to 17th February 2021 with (60) officials in attendance
5. BBBEE and PPPFA workshops held on the 28th to 29 January and 4th to 5th February 2021 with (51) officials in attendance
6. Professional Driver training with 53 drivers from the 8th February to 30th March 2021 and currently ongoing.

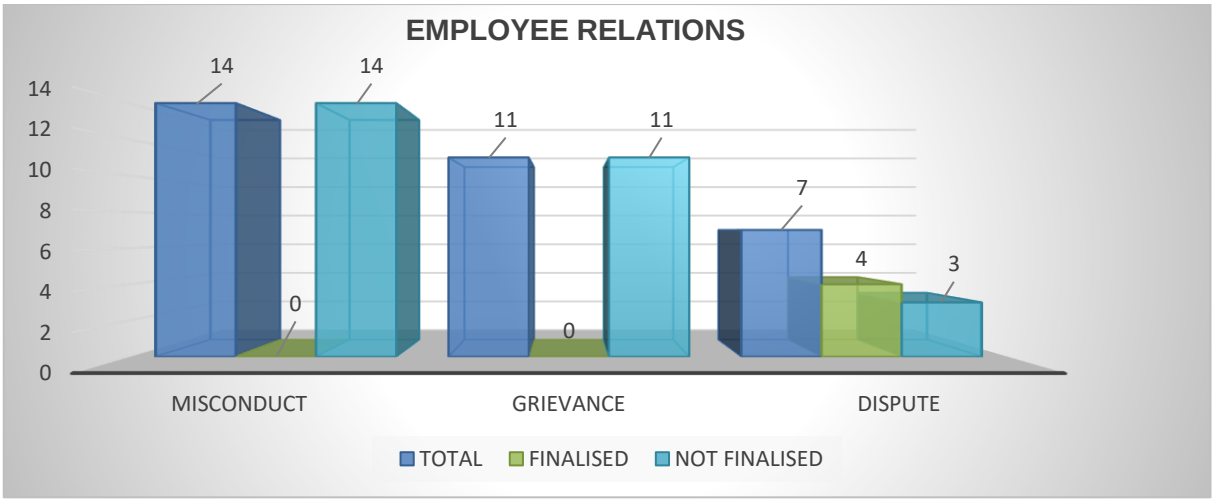
4.7 Performance Management

Status Analysis

1. Quarter 2 (mid-year) evaluations were conducted for all employees (permanent and non-permanent) during January 2021. A completion rate of 92% was achieved.

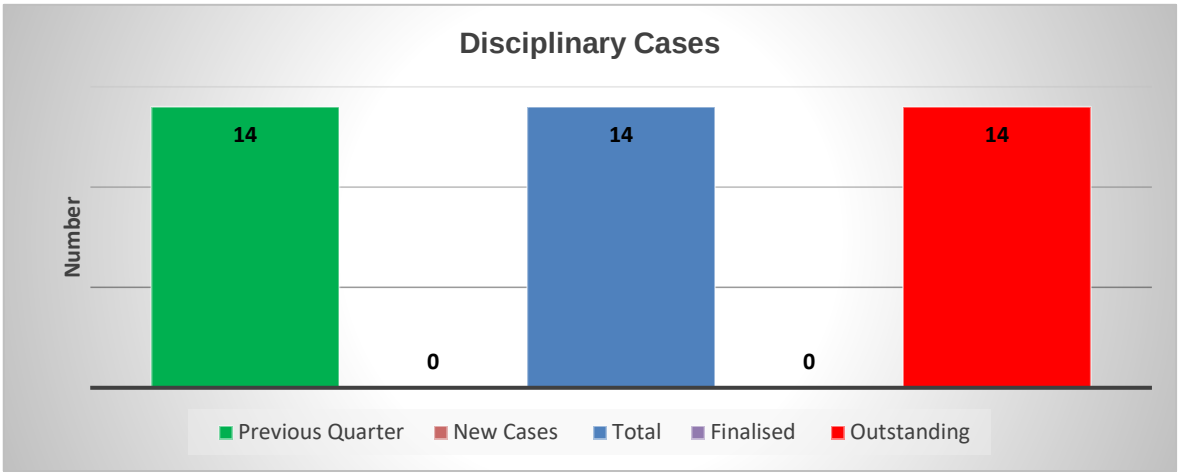
4.8 Employee Relations

The HR department, has received, recorded and administered the following processes for the reporting quarter, below is the statistical data of all cases and the analysis thereof.



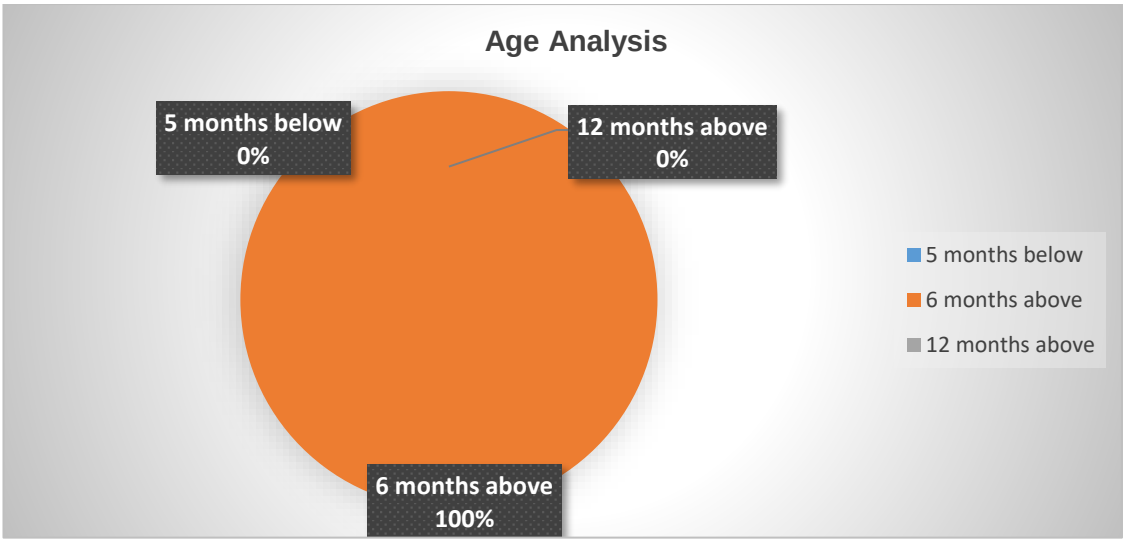
4.8.1. Disciplinary Cases

1. Fourteen (14) cases were not concluded in the previous quarter hence brought forward.
2. No new cases were received; the total for all disciplinary cases is Fourteen (14). Total cases finalized is zero (0) with a remaining balance of fourteen (14) cases outstanding.
3. Zero (0) case was finalised



4.8.2. Age Analysis of Disciplinary cases

1. The age analysis of the Fourteen (14) cases outstanding, 0% are below 5 months, 100% above six (6) months and 0% are above 12 months old.

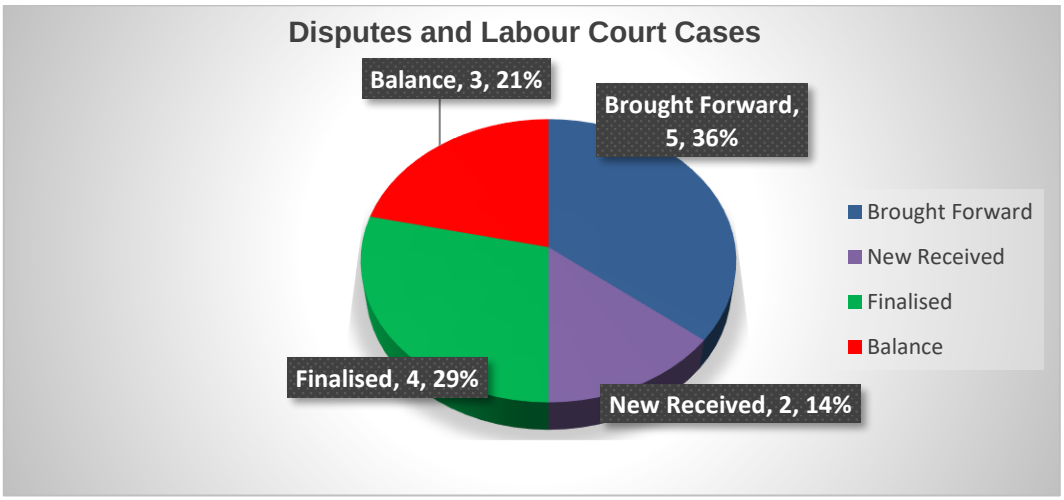


The age analysis of the Fourteen (14) outstanding cases is as follows:

1. Cases that are (6) months old =14

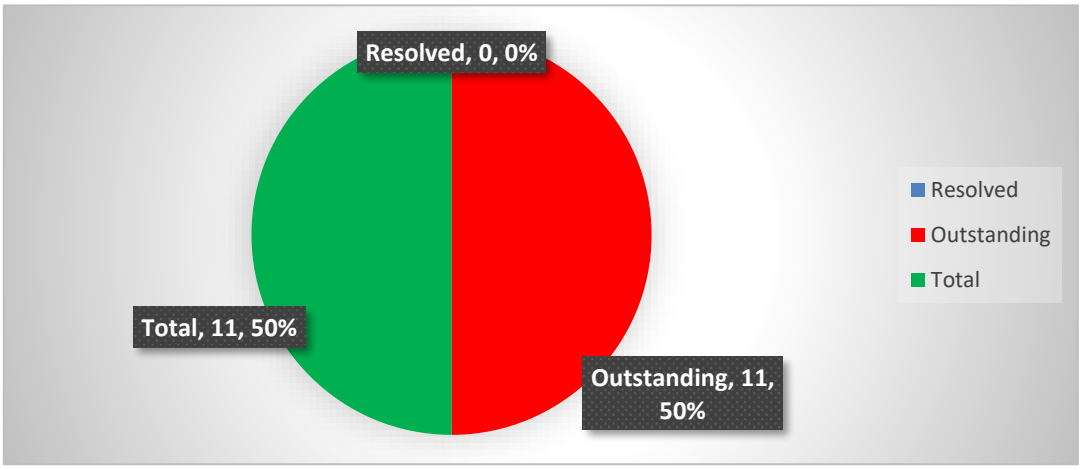
4.8.3. Disputes, Arbitrations & Labour Court Cases

2. Total cases brought forward Five (5) as at end of previous quarter.
3. Total new cases is at Two (2)
4. In respect of disputes at the bargaining Council and Labour Court cases, ERWAT is sitting at three (3) cases.
5. The above cases are pending adjudication at the appropriate forums.



The graph illustrates the statistical data of disputes at the Bargaining Council and Labour Court, as at the end of Q3, Three (3) cases are still pending.

4.8.4. Grievances



Total grievances are eleven (11).

4.8.5. Suspensions

There is only one suspensions for the period under review.

4.9 Employee Wellness Programme & OHS

ERWAT Occupational Health Services offers Wellness Programme as follows:

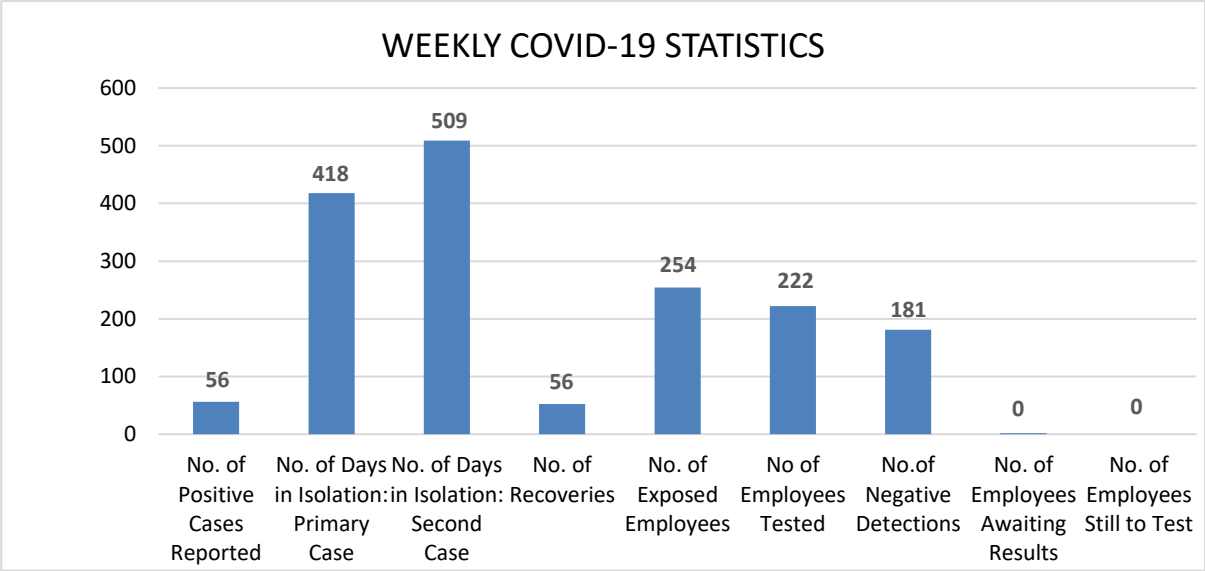
1. ERWAT has 49 Wellness Champions (WC) that are placed on all 19 Plants including the Laboratory and Head Office, during the period under review, 1workshop were conducted.

2. 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.

3. During the period under review 2 employees received Psychotherapy Counselling

4.9.1 COVID-19 Statistics

The statistics below are Consolidated COVID -19 stats reported for the period ending the 31/03/2021



4.10 Percentage of Salary to OPEX.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD - Actual
Total Manpower Cost	87 744 101,00	91 675 110,59	103 521 269,00		282 940 480,59
Total Operational Expenditure	191 921 731,00	243 874 862,22	222 205 317,00		658 001 910,22
% of Salary to OPEX	**45,72%**	**37,59%**	**46,59%**		**43%**

5. Procurement Practices, Job Creation and Mainstreaming

A narrative is on how the Department has created to Job Creation. The narrative should also reflect contribution: The following should be included in this section of the report:

- BEE spend in respect of supplier and contractor (PDIs)
- GEYODI:

The following table and charts indicate the respective BEE spend and GEYODI expenditure for Quarter 3 (Period: January 2021 to March 2021);

Figure 1 shows the bids indicating expenditure spent on Historically Disadvantaged Individuals during Quarter 3 of the 2020/2021 FY (period: January 2021 to March 2021):

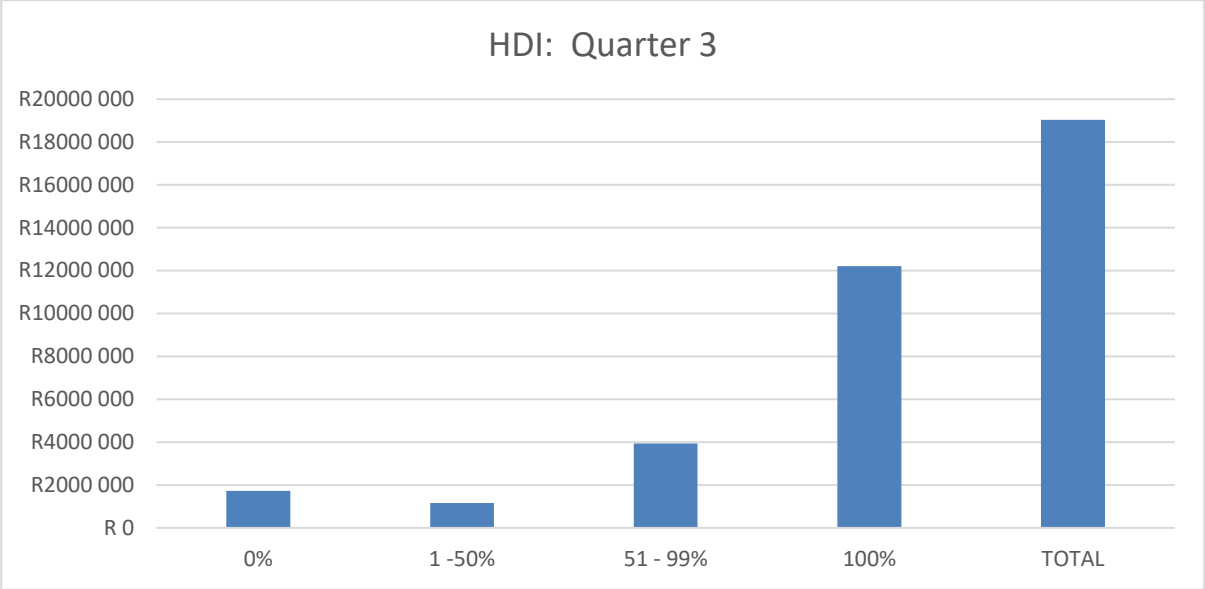


Figure 1

HDI %	PAID
0%	R1 731 341
1 -50%	R1 151 833
51 - 99%	R3 938 172
100%	R12 215 495
TOTAL	**R19 036 841**

Figure 2 shows the bids indicating expenditure spent on companies accredited according to the recognized B-BBEE score cards for Quarter 3 of the 2020/2021 FY (period: January 2021 to March 2021):

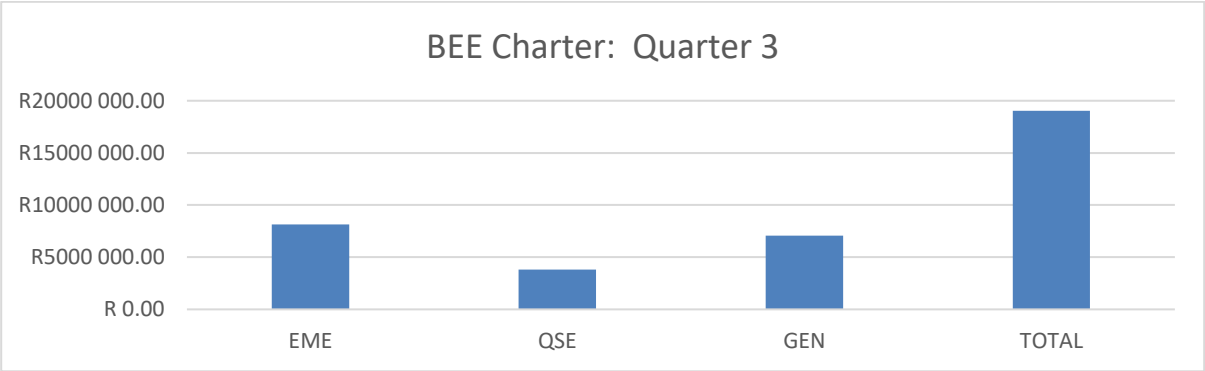


Figure 2

BEE CHARTER	PAID
EME	R8 132 749.00
QSE	R3 829 264.00
GEN	R7 074 828
TOTAL	**R19 036 841**

Figure 3 shows the bids indicating expenditure spent on companies owned by Persons with Disabilities for Quarter 3 of the 2020/2021 FY (period: January 2021 to March 2021):

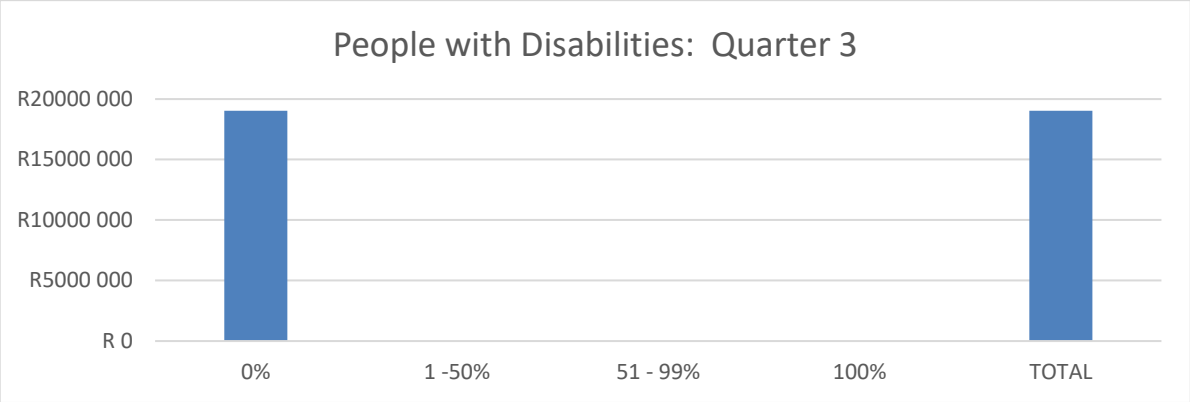


Figure 3

PWD	PAID
0%	R19 036 841
1 -50%	R0
51 - 99%	R0
100%	R0
TOTAL	**R19 036 841**

Figure 4 shows the bids indicating expenditure spent on companies owned by Youth for Quarter 3 of the 2020/2021 FY (period: January 2021 to March 2021):

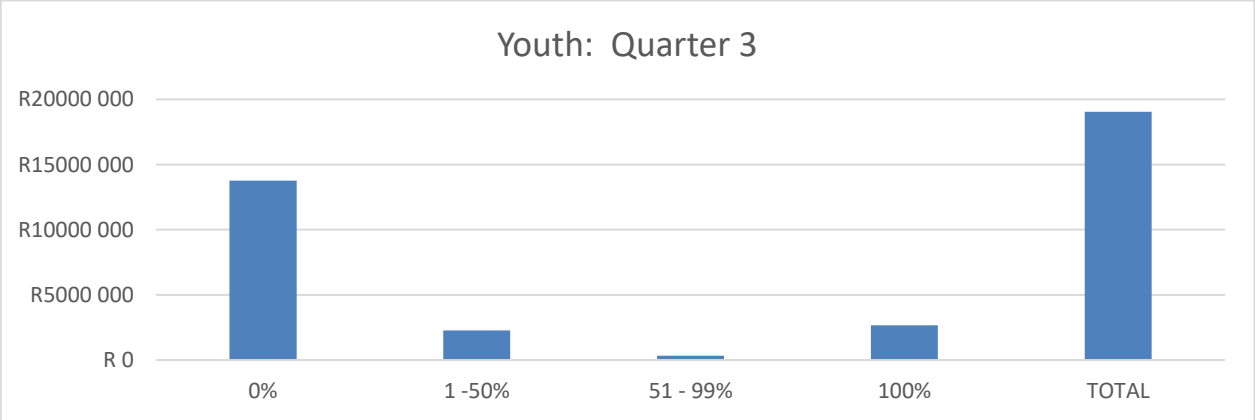


Figure 4

YOUTH	PAID
0%	R13 769 486
1 -50%	R2 263 482
51 - 99%	R330 732
100%	R2 673 141
TOTAL	**R19 036 841**

Figure 5 shows the bids indicating expenditure spent on companies owned by Youth for Quarter 3 of the 2020/2021 FY (period: January 2021 to March 2021):

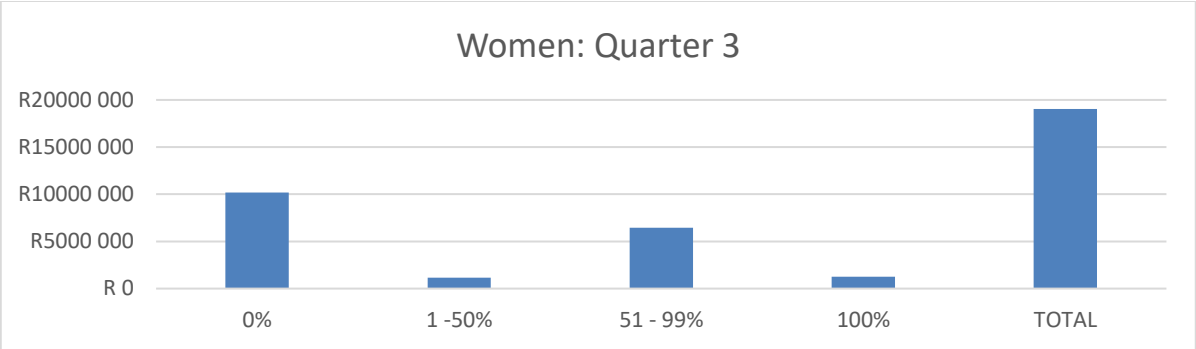


Figure 5

WOMEN OWNERSHIP	PAID
0%	R10 194 448
1 -50%	R1 159 365
51 - 99%	R6 437 853
100%	R1 245 175
TOTAL	**R19 036 841**

Figure 6 shows the bids indicating expenditure spent on companies owned by Military Veterans for Quarter 3 of the 2020/2021 FY (period: January 2021 to March 2021):

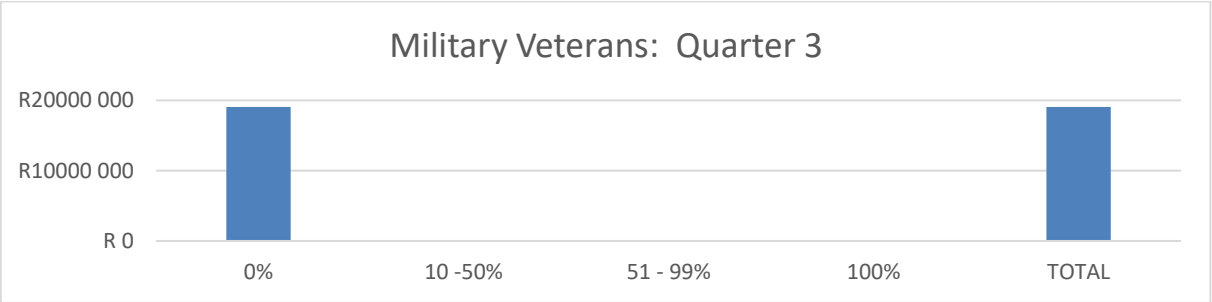


Figure 6

MILITARY VETERANS	PAID
0%	R19 036 841
10 -50%	R0
51 - 99%	R0
100%	R0
TOTAL	**R19 036 841**

Figure 7 shows the bids indicating expenditure spent on companies based in COE and non-COE for Quarter 3 of the 2020/2021 FY (period: January 2021 to March 2021):

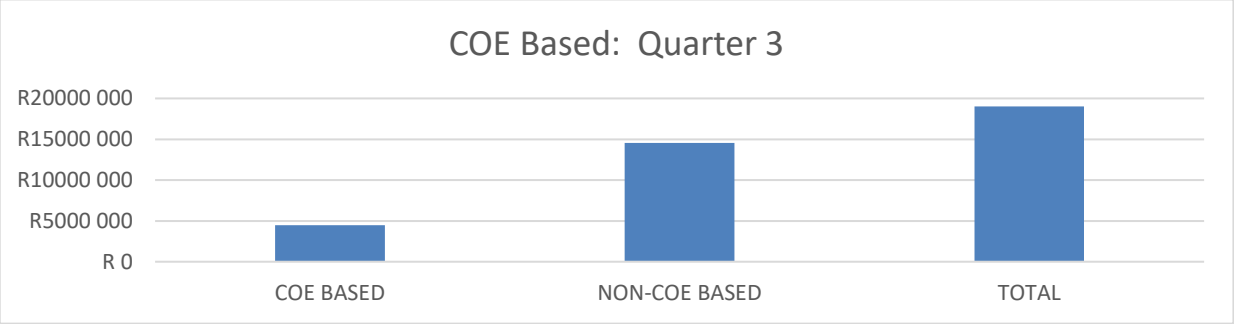


Figure 7

BIDDERS AREA	PAID
COE BASED	R4 481 565
NON-COE BASED	R14 555 276
TOTAL	**R19 036 841**

6. Risk Management

A robust integration of strategic risk management and strategy setting is critical to the achievement of set strategic objectives. Strategic risk management is a priority for both the executive team and the Board of Directors to ensure the success of ERWAT is depended on how well management and the Board of Directors manage risk effectively. 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.

The entity has robust process of integrating of strategic risk management and strategy setting is critical to the achievement of set strategic objectives. Strategic risk management is a priority for both the executive team and the Board of Directors to ensure the success of ERWAT is depended on how well management and the Board of Directors manage risk effectively. 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: ERWAT Top 9 Strategic Risk Assessment

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
		Compromised Service Delivery	Capital Plan & Budget (a) Five (5) Year Capital Expenditure Plan for current and future infrastructure expansion requirements. (b) MTREF 2021-2023 – 2021 FY Budget R206 000	Implementation of Projects in line with the Capital Expenditure Plan - MTREF 2020/2021 (1). Olifantsfontein Refurbishment	**Olifantsfontein Refurbishment Project** Phase 1b –The project is currently at 92% Physical progress and 90% has been claimed to date. Phase 2C – The tender for design the Works The tender is at advertisement stage
				(2) Vlakplaats: Modification to Flow Diversion	Refer to detailed progress report on capital projects **2) Vlakplaats: Modification to Flow Diversion** Construction is on-going and to date the project is at 75% physical and 72% has been claimed to date. Refer to detailed progress report on capital projects
				(3) Waterval WCW New Aeration Blowers Upgrade. - Replacement of blowers contracts 1 and 2 (cont.) yr.2 (4) Replacement of vertical mixers at various ERWAT wastewater care works.	**(3) Waterval WCW New Aeration Blowers Upgrade.** -The Encana Technologies contract has entered its final stages of execution in order to achieve completion, however paused due to supply chain management3 compliance issues. More scope of works was discovered during the execution of the two contracts which was not addressed and/ or not covered in the original contracts. Hence, a final contract is sought to finalizing the entire project.
				(5) Installation and Commissioning of Biological Filters at Rondebult Water Care Works (6) Ancor WCW: Tertiary Filtration Effluent Pipeline/ Pumpstation	Refer to detailed progress report on capital projects (5) **Installation and Commissioning of Biological Filters at Rondebult Water Care Works** The project is at 88% physical progress and 88% has been claimed to date.
				(6) Ancor WCW: Tertiary Filtration Effluent Pipeline/ Pumpstation	(6) **Ancor WCW: Tertiary Filtration Effluent Pipeline/ Pump station**. The project is at the Pre-Advert stage. Bid Specification Committee approved the specification.

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
			Wastewater Risk Abatement Planning influence budgeting for all plants.	Submission of risk reports to the CoE, to motivate the approval of additional budget in the MTREF 2021	The Action plan completed in quarter 1
			No current control	Development of Engineering Contribution Policy.	The Action plan completed in quarter 1
			Five 5 Year Capital Budget Plan financed through USDG	Invite through Expression of interest Technology providers to provide funding mechanism and technologies to address the backlog in WCWs	Tender of the **Invitation of Expression of Interest for various Technology providers** (design, retrofit on existing and or build new biological treatment technologies at various ERWAT Water Care Works) and proposed financing solutions is at supply chain management phase. The closing date for the bid was extended to 19 March 2021, and is set to undergo evaluation during April.
			Record Business disruptions and Incidents	Tracking of incidents and on a quarterly to assist in planning and decision making	64 critical equipment broke down in quarter 3 as compared to 159 in quarter 2. An improved availability of equipment contributed towards an improved final effluent water quality
			SMT budget tabling to CoE Finance Committee, to support budget request	Investigate other potential sources of funding for. Infrastructure (e.g. PPP etc.)	ERWAT has submitted the PPP for Beneficiation funding report to the Department of Water and Sanitation (CoE) for them to comment and submit to the Council.
				Request the city for additional Capital funding from other funding sources/grants within the CoE.	ERWAT has submitted the PPP for Beneficiation funding report to the Department of Water and Sanitation (CoE) for comment and submission to the Council.
				A cost reflective tariff to be determined using the financial model in order to motivate for additional funding.	The financial services department has commerce with the processes of updating the input into the financial model in order to determine a cost reflective tariffs.

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
			Scheduled Asset Maintenance Plan as planned by Maintenance limited approved budget	Do Scheduled Asset Maintenance Plan as planned by Maintenance limited approved budget	Planned Maintenance Performance Planned 90% Actual 0 – No planned maintenance carried out in quarter 3 due to an increase in re-active maintenance Re-active maintenance Re-active loaded job cards – 1 514 Re-active closed job cards – 1312 Annual Budget = R56 197 637. Budget YTD R42 148 228 Achieved 53%
			Maintenance Service Master contracts for critical equipment	Review Service Master Contracts for critical equipment and emergencies	Action plan not started
			Equipment Condition Assessments	Develop Maintenance Standards and Specifications for critical Equipment's	The project is on hold due to budget constraints
				Integration of CRMS, Projects Management System; contract management; finance and SCM as part of ERP	Integration is at the phase of ESB (Enterprise Services Bus) development by CoE and will only be implemented after all individual systems have gone live. CoE is currently busy with the WS02 (Authentication systems), which enable entities to access all individual system.
ERW2	Inadequate Cash flow to meet	Service Delivery		Implementation of cash-flow projections taking into account the actual departmental cash-flow	Action plan implemented in quarter 1. Quarterly submission of the cashflows report to the Entity Governance Risk and Compliance and the Board for

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
	business requirements		Cash-flow projections are created based on assumptions of a uniform monthly expenditure	Embark on a process to slowly build up cash-flow reserves in order to absorb any unforeseen expenditure which may arise.	ERWAT has been able to build up its cash flow reserves somewhat in quarter 3, however late payment of service charges and delays in payment of grant funding invoices still poses significant challenges to ERWAT's cash flow position.
			Budget deficiency formal Communicating process to all stakeholders not receiving adequate funds to discharge its mandate	Investigate other sources of funding.(e.g. PPP)	A multi-disciplinary committee was established to actively go into the market and seek out funding opportunities, applicable to ERWAT from both private and public sector. The committee report to EXCO on regular basis.
				Request the city for additional Capital funding from other funding	A multi-disciplinary committee was established to actively go into the market and seek out funding
				Request the city for additional Operating expenditure funding within the CoE.	The entity requested funds through the normal MTREF budget cycle for 2021-2022.
				A cost reflective tariff to be determined using the financial model in order to motivate for additional funding.	The financial services department has commerce with the processes of updating the input into the financial model in order to determine a cost reflective tariffs.
			Cost Containment Policy	Develop a plan to implement measures on the Cost Containment Policy by implementing cost savings measures: - Use local venues for Lekgotla and avoid accommodation charges	ERWAT has implemented some aspects of the Cost Containment Policy. Expenditure has reduced drastically during the pandemic on things such venue, catering etc.

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
			Cash-flow management by arrangement of partial payment with suppliers in order to stretch available funds.	Ring-fencing of depreciation charges in order to build up cash-reserves to service our debt repayments.	ERWAT has been unable to build up its cash reserves during the first quarter of the 2020/2021 financial period due to the CoE's non-payment of pump stations.
				Ring-fencing of depreciation charges in order to build up cash reserves to service our debt repayments.	ERWAT has been able to build up its cash flow reserves in quarter 2, however late payment of service charges and delays in payment of Grant funding invoices still poses significant challenges to ERWAT's cash flow position.
			Service Delivery Agreement	Review of Pump Station SLA and incorporation into the Service Delivery Agreement	The Service Level Agreement on Pump-stations between the ERWAT and the City came to end on the 5th of 2020.
ERW3	Inadequate revenue generation to supplement the approved budget	Service Delivery	Costing in terms of existing pay scales.	Review of the Pricing Model	The financial services department has commerce with the processes of updating the input into the financial model in order to determine a cost reflective tariffs.
			Scientific Service Pricing Schedule/list	Review of sales strategy (consider reducing the profit margin; identify relevant sectors within which to compete)	**SCM processes in progress** The Sales Strategy Tender is at the procurement phase. It was advertised and a briefing session held
			Black Broad Based Economic Empowerment	Annual review of BBB EE Compliance.	BBB EE Compliance review finalised in quarter3, receipt of the certificate still pending
			Credit management policy Debt recovery procedures	Review of credit management policy to cater collection from government institution	Action completed in quarter 2

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
				Develop a policy with regard to cost of sales	Commercial Business Policy is still under review with inputs from other department.
			No current control	Implementation of integrated systems as part of the ERP	Integration is at the phase of ESB (Enterprise Services Bus) development by CoE and will only be implemented after all individual systems have gone live. CoE is currently busy with the WS02 (Authentication systems), which enable entities to access all individual system.
ERW4	Inability to achieve Capital Expenditure set target	Service Delivery		Integration of Contract Management tool Project Management Tool and Document Management systems as part of ERP	Integration is at the phase of ESB (Enterprise Services Bus) development by CoE and will only be implemented after all individual systems have gone live. CoE is currently busy with the WS02 (Authentication systems), which enable entities to access all individual system.
			Manual Individual Procurement Plans	Compile a Procurement Plan for 2020/2021 financial year.	Action plan completed
			Supply Chain Management Policy	Review of the Supply Chain Management Policy	The review of the Supply Chain Management Policy has been finalised pending sign off
			Annual CAPEX Plan with projected cash flows for each project and monthly CAPEX reconciliation between Finance and Projects	Prepare projected cash flows in budget tool format per vote number (for multi-year projects & new projects starting in the next budget period) prior to submission of draft budgets. (February every year)	The action plan has not yet started. MTREF Budget process undertaken.
			Bid Committees tracking register implemented.	Develop a process to speed up the turnaround time in the tender processing.	The action plan has not yet started. Scheduled for quarter 2 and 3

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
			Invoice Tracking Tool	Each department to incorporate Invoice tracking at departmental meetings (No of invoices received, Age and status) - Grant all user departments access to GRN to ensure capturing at the time of receipt of goods	The action plan has not yet started.
			Central email to fast track invoices received	Implementation of a central invoice receipt mail. invoice@erwat.co.za	Action plan has not yet started. Scheduled for quarter3
			Community Liaison Officer Appointed through ward councillors for community projects.	Engage CSR office prior to commencement of construction project. (CSR plan to include Projects)	There were no new projects to be rolled-out in the 2020/2021 financial year, CSR Specialist engages with the community liaison officers on a continuous basis on the running projects.
			Invoke penalties for poor performance in line with the Supply Chain Management Policy and related Service Level Agreements	Invoke penalties for poor performance in projects (SCM)	There no penalties invoked by ERWAT as a result of poor performance by contractors in quarter 3.
			Insurance and Security Services	Investigate insurance coverage against financial loss for damages during projects by ERWAT	The Entity is covered for Professional Indemnity.
ERW5	Inadequate preparedness in the event of an emergency/disaster.	Service Delivery	12 Wastewater Care Works have either a Balancing Dam, Emergency Dam, Water Flow Bypassing System	Flow modification and balancing dam project at Vlakplaats	2) Vlakplaats: Modification to Flow Diversion Construction is on-going and to date the project is at 75% physical and 72% has been claimed to date.
			Geo tech studies conducted (every three years)	Develop a Geotechnical Studies Standard Operating Procedure	Action plan not started

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
			Business Continuity Management Policy	Review BCM Strategy	The BCM Strategy updated to include pandemics, to be taken through the various committees for approval
			Incident Management Protocol (Emergency Response Plan)		
			BCM Risk Assessments for Water Care Works and Support Services	Review of BCM Risk Assessments of all departments	Action completed in quarter 3. All the departments have reviewed their BCM risk assessments for the 2020/2021 financial year
			BCM Business Impact Analysis	Review of Business Impact Analysis	Action completed in quarter 3. All the departments have reviewed their BCM Business Impact Analysis s for the 2020/2021 financial year
			Critical Supplies Register for core business	Review the Business Recovery Plan for Supply Chain Management	The action plan has not yet started.
			Business Recovery Plans for IPAP, GLC, Operations, Commercial Business	Review of Business Recovery Plans	Action Plan completed
			BCM Steering Committee	BCM Communications and Awareness	Three BCM Steering Committee held during quarter 2. BCM Coordinators raise awareness through the departmental meetings
			BCM Infrastructure Condition Assessments	Conduct Infrastructure Condition Assessments for Pump stations	Action completed in quarter 2. 30 Pump-stations were assessed and the reports presented to management in December 2020
			Record Business disruptions and Incidents	Tracking of incidents and on a quarterly to assist in planning and decision making	64 critical equipment broke down in quarter 3 as compared to 159 in quarter 2. An improved availability of equipment contributed towards an improved final effluent water quality

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
ERW6	Potential loss of key skills		Recruitment Plan	Implementation of 2020/21 recruitment plan	13 internal interviews for he D-bands positions has been finalised. 5 appointments were finalised. 8 appointments are still pending finalisation, of which 4 position need to be advertised externally The 4 HOD vacancies are currently being advertised on the company website and will be advertised in the Sunday Times as well.
			Organisational Structure Re-design	Review of the Competency Based Progression Plan	The Progression plan is reviewed quarterly and updated as and when changes are proposed
			6-year Training and Development Plan	Implementation of 2020/21 annual training plan	The Following Training has been implemented during the period under review. • Basic Fire Fighting with nine (9) officials on 11th January 2021 • Basic First Aid Training, (8) officials attended on the 12th of January 2021 • Disciplinary Hearing/Procedure course on the 4th to 5th February 2021 with (18) officials on NQF Level 5, 8 Credits • Bid Committees course held on the 8th to 10th and 15th to 17th February 2021 with (60) officials in attendance • BBBEE and PPPFA workshops held on the 28th to 29 January and 4th to 5th February 2021 with (51) officials in attendance • Professional Driver training with 53 drivers from the 8th February to 30th March 2021 and currently ongoing.
			Employee Benefits Policies	Review of Human Resources Policies	All Human Resource Policies were reviewed and tabled at the Board for approval.

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
ERW7	Potential delay in supply and delivery of goods/services		Contractor Performance evaluation	Develop a Standard Operating Procedure for continuous defaulting bidders/ suppliers for RFQs and web-tenders.	Action plan not yet started. Scheduled for quarter 4
			Supply Chain Management Policy and General Conditions of Contracts	Develop a standard operating procedure on Non-compliant and poor performing services providers In-house training	Action plan not yet started. Scheduled for quarter 4
ERW8		Service Delivery	CAPEX Plan	Replacement of the FIA(Flow Injection Analyser)	**SCM processes in progress** The Discreet analyser procurement is currently at approval stage (ERW20200#).
			Scheduled maintenance for Scientific Services equipment	Maintenance to maintain the equipment as per schedule maintenance	The BID for building maintenance referred back for re-evaluation.
			Internal Inspections and Assessments	Refurbishment of the HVAC to restore to its operational state (DESIGN)	Action plan completed in quarter 1.
			External Audits	Replacement of the FIA valves & flow cells	Action plan completed in quarter 1.
			Inter-laboratory studies	Replacement of pH and conductivity meters	Action completed in quarter 2
			Standard Operating Procedures and Quality Manual	Replacement of objectives lenses for microscope	Action completed in quarter 2

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
ERW9	Potential Loss of, and Unauthorised Access Critical Information	Information Security	Information, Communication and Technology Policy	Develop Document Management Policy	The draft Document Management Policy has been developed in line with the Document Management Systems functionality, which is currently on hold, thus hindering the approval of the policy. (The functionality of the proposed DMS does not meet the FRS and BRS requirements.)
			ERWAT Public Drive	Implement Document Management System	CoE ICT has placed on hold the implementation of the DRMS as the initial system did not meet the required specification. The service provider must provide CoE with a new system that will be used by ERWAT. This has a dependency on the Identity Management System which is currently in progress.
			Computer Systems are Password Protected	Develop Protection of Personal Information Policy	Draft Policy was tabled at the Board on November 2020 and was back for more information and tabling at the Labour Forum. Progress will be reported in quarter4.
			Mimecast for mail protection against viruses and malware	Raise awareness on the risk of accessing untrusted websites	Awareness is an ongoing program and is on track
			Forti-Gate Firewall (automatically restricts access to untrusted websites) for protection of ERWAT system accessed through local network	Procurement and Implementation of encryption systems on ERWAT laptops, USBs and hard drives	Action completed. Antivirus scans is enabled for external devices no usb and laptops will be encrypted
			No control	Raise awareness on the risk of potential loss of sensitive information	Action plan has not yet started. Scheduled for quarter 2
			ICT Policies and Procedures	Include the use of other communication platforms in the information Security Standard Operating Procedure. (RAP5.1.1)	Action completed. An ERWAT Social Media Policy developed and approved
			New employee's awareness through induction.	Awareness through news flash	No induction of new employees took place in quarter 3

Ref	Risk Title	Impact / Consequences	Current Controls	Risk Mitigation Plan	Progress Quarter 3
			Information Security policies and procedures.	Review the ICT information security policy and Procedures	Policy was updated and will be presented to management in quarter 2 for inputs and recommendations to the Board and will be tabled at the next ICT steering committee

Emerging Risks (Narrative)

There were no new emerging risks for the period under review. It is anticipated that new risks will emerge during the Waste Water Risk Abatement Plans risk review that is scheduled to take place in quarter 2. The Wastewater Risk Abatement Plans review are at operational but key to the risks that face the entire sewer network system.

7. Legislative (only if applicable to your department)

The governance and management of compliance to key legislature is critical to ensuring that the Entity has an effective system of regulatory compliance in place. The Entity has conducted Compliance Risk Management against six key legislature and ensure that there are compliance risk management plans in place

No	Key Legislation	Major Challenges
1	Companies Act 71 of 2008	The challenge in the companies' act is the long turnaround time it takes to finalise the Service Delivery Agreement between the Entity and the City.
2	National Water Act 36 of 1998	Compliance to the water quality is key to ensure that the entity does not contravene the water use licences as issued by the Department of Water and Sanitation. Old infrastructure poses a challenge as critical equipment frequently breaks downs and there is not adequate budget for maintenance.
3	Municipal Finance Management Act 56 of 2003	Budget cuts and late payments by the City poses a challenge in the smooth operation of the entity as it becomes difficult to pay service providers on time. This has a potential to affect the supply of critical supplies such as chlorine and security services.
4	National Environmental Management Act 107 of 1998	Frequent break down of critical equipment has a negative impact on the environment and the ecosystem of the rivers as pollution becomes unavoidable. The unlinking of the sludge drying beds result in seepages of waste water underground.
5	Occupational Health and Safety Act 85 0f 1993	Covid 19 places a greater responsibility on the entity to keep all employees safe in line with the government regulations. Financial challenges place a greater on ensuring that the supply of goods and services is not interrupted by non-payment

8. Key Audit Matters and Progress

As of 30 September 2020, there has not been significant movement on the Internal Audit or External Audit processes for the 2020/2021 financial period, which is primarily due to the revision of timelines due to the state of disaster currently in effect in South Africa.

The Internal Audit Program commenced in the 2nd quarter of the 2020/2021 financial period, while the 2020/2021 Regularity audit conducted by the Auditor General South Africa, was concluded in the 3rd Quarter. This is due to the revision in timeframes it is expected that the 2020/2021 audit will be finalised during the 3rd quarter of the 2020/2021 financial period.

Audit outcomes

ERWAT obtained a qualified audit opinion from the AGSA for the 2019/2020 financial year.

15 findings were included in the Management Report, of which two (2) were audit report items. Of these 15 findings, 10 have been resolved to date (31 March 2021).

Finding no.	Finding	Classification	Progress to date	Status
1	Tenders valued above R10 million were advertised for less than 30 days without an approved deviation and subsequently awarded	Non-compliance with legislation	31/03/2021 A SOP for document management and safekeeping thereof will be drafted and finalised by Dec 2021.	**Okay - manageable issues**
2	Difference between auditor's recalculated irregular expenditure amount and the amount disclosed in the financial statements.	Misstatements in financial statements	31/03/2021 Corrected	**Finalized**
3	Inconsistencies between approved business plan (SDBIP) and the annual performance report	Misstatements in performance report	31/03/2021Corrected	**Finalized**
4	The reasons to deviate are not in line with the requirements of Municipal Supply Chain Management Regulation 36	Non-compliance with legislation	31/03/2021 The deviation has expired and thus the required SCM processes will be applied going forward.	**Finalized**
5	Errors on pre-qualification criteria / mandatory requirement specified in the bid documents and on the approved specification documents	Non-compliance with legislation	31/03/2021 There is an SOP in place to mitigate from this happening and it is monitored at BEC and BAC level	**Finalized**

6	Inadequate contract management procedures resulting in deviation from normal procurement process which is not in line with the requirements of Municipal Supply Chain Management Regulation 36.	Non-compliance with legislation	31/03/2021 The Tender in place for the MV equipment. The SLA was signed on 01/07/2020	**Finalized**
7	Expenditure Management – Payments not made within 30 days	Non-compliance with legislation	31/03/2021 ERWAT is still experiencing difficulties in receiving the grant funding, which impacts on the payment of CAPEX invoices. The March service charges have also not yet been received on time. Management is, however, doing its best to improve the cash flow situation to ensure that non-compliance does not occur.	**Okay - manageable issues**
8	Fruitless and wasteful expenditure not prevented	Non-compliance with legislation	31/03/2021 Interest Incurred: These items are currently under investigation	**Okay - manageable issues**
9	False declaration by suppliers	Internal control deficiency	31/03/2021 ERWAT to emnark on a process to liaise with the bidders in this respect. Anticipated completion date - 31 Novemeber 2021	**Okay - manageable issues**
10	Principal / Agent Arrangement accounting relating to Vaal River intervention services	Misstatements in financial statements	31/03/2021 Corrected	**Finalized**
11	Completeness of the deviation disclosure in the financial statements	Non-compliance with legislation	31/03/2021 ERWAT is in disagreement with the finding in that Seciton 22 is not related to Section 36 as the AG had indicated in their findings. Section 22	**Okay - manageable issues**

			does not provide that a note on this matter must be disclosed on the AFS or reported on.	
12	Calculation errors under Directors' and Managements' Emoluments disclosure note (Note 41)	Misstatements in financial statements	31/03/2021 Corrected	**Finalized**
13	Misstatements in the financial statements relating to service charges	Misstatements in financial statements	31/03/2021 Corrected	**Finalized**
14	Employee benefit obligation classification	Misstatements in financial statements	31/03/2021 Corrected	**Finalized**
15	No approved Overtime policy	Internal control deficiency	31/03/2021 Overtime policy approved by Board after year end.	**Finalized**