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DEFINITION OF ACRONYMS

Acronym	Definitions
CoT	City of Tshwane
CSI	Corporate Social Investment
DAF	Dissolved Air Flotation
DIFR	Disabling Injury Frequency Rate
DWA	Department of Water Affairs
EMS	Environmental Management System
EIA	Environmental Impact Assessment
EXCO	Executive Committee
IMQS	Infrastructure Management Query Station
ISO	International Organisation of Standardisation
kWh	kilowatt hour
KPI	Key Performance Indicator
LIMS	Laboratory Information Management System
MCC	Master Control Centre
ML/d	Megalitre per day
mg/l	Milligram per litre
O&M	Operations and Maintenance
PFMA	Public Finance Management Act (Act 1 of 1999)
PWS	Pilanesberg Water Scheme
RBIG	Regional Bulk Infrastructure Grant
RRU	Rapid Response Unit
RWH	Rain Water Harvesting
SABS	South African Bureau of Standards
SANS	South African National Standard
SETA	Sector Education and Training Authority
WCDM	Water Conservation and Demand Management
WSA	Water Services Authority
WSP	Water Services Provider
WTP	Water Treatment Plant

Corporate Values

1. **Integrity**
We do what we say we're going to do – ALWAYS!
2. **Service Quality**
We endeavour to meet requirements in all that we do
3. **Competence**
We deliver services with a high level of professionalism
4. **Eco-efficiency**
Our practices reflect our care for the natural environment
5. **Good Corporate Citizenship**
We strive for the development of a sustainable economy and the wellbeing of our community.

Magalies Water Board owns and operates the Cullinan, Klipdrift, Vaalkop and Wallmannsthal Water Treatment Plants. The entity's infrastructure also includes bulk reservoirs and pipelines as indicated in table 1 below:

Table 1: Magalies Water's Infrastructure

Magalies Water Owned Treatment Plants					
Name	Design Capacity (kl/day)	Capacity Utilisation	Pipeline length (km)	Reservoir storage capacity (kl)	Catchment
Cullinan WTP	16 000	65	10	10 000	Bronkhorstspruit Dam – Wilge River system
Klipdrift WTP	18 000	110	150	1000	Roodeplaat Dam – Pienaars River
Vaalkop WTP	210 000	88	544	271 000	Crocodile River system (Vaalkop, Hartebeespoort, and Roodekopjes Dams)
Wallmannsthal WTP	12 000	104	36	32 000	Roodeplaat Dam – Pienaars River
Total	256 000		740	314 000	

Cullinan Water Supply Scheme

Cullinan WTP abstracts raw water from the Bronkhorspruit Dam. The design capacity of the plant is 16ML/d. The treatment plant utilised 65% of its design capacity during the period under review and it supplies CoT, Cullinan Diamond Mine, Zonderwater Correctional services as well as individual small consumers.

Figure 1: Cullinan WTP – 16ML/d Plant.



Klipdrift Water Treatment Plant

Klipdrift WTP abstracts raw water from the Roodeplaats Dam and Pienaars River. The design capacity of the treatment plant is 18ML/d and the production throughput had been exceeded by 10% during the period under review. The bulk potable water produced from this plant transcends across three provinces, Gauteng, North West and Limpopo. Therefore, the water services authorities supplied from this plant transcend three Provinces; Gauteng North West and Limpopo. The treatment plant also supplies potable water directly to some domestic consumers.

Figure 2: Klipdrift WTP – 18ML/d Plant.



Vaalkop Water Treatment Plant

Vaalkop Water Treatment Plant is Magalies Water's biggest water treatment facility in terms of capacity and footprint. It has a design capacity of 210ML/d. It was utilised up to 88% of its capacity and contributed up to 80% of the total water sales by Magalies Water during the period under review. Major customers supplied with bulk potable water are the mines and three municipalities, namely Moses Kotane, Rustenburg and Thabazimbi. Some domestic consumers also get their potable water from this Plant.

Figure 3: Vaalkop WTP – 210ML/d Plant



Wallmannsthal Water Treatment Plant

Wallmannsthal WTP abstracts raw water from the Roodeplaats Dam through the canal and Pienaars River. The design capacity of the plant is 12ML/d and the production throughput had been exceeded by 4% during the period under review. Bulk consumers supplied from this treatment plant is CoT. Individual domestic consumers are also supplied directly from this this water treatment plant.

Figure 5: Roodeplaats WTP – 60ML/d Plant.



Water Treatment Plants owned by City of Tshwane

Temba and Roodeplaats Water Treatment Plants are owned by CoT but operated and maintained by Magalies Water. See table 2 below for specific technical data of these facilities:

Table 2: Municipality owned infrastructure

City of Tshwane Owned Potable Water Treatment Plants				
Name	Design Capacity (Kl/day)	Capacity Utilisation (%)	Reservoir capacity (kl)	Catchment
Roodeplaats WTP	60 000	86	1000	Roodeplaats Dam - Elands River
Temba WTP	60 000	95	23 000	Leeukraals Dam - Apies River
Total	120 000	91	24 000	

Roodeplaats WTP – 60ML/d

Roodeplaats WTP abstracts raw water from the Roodeplaats Dam. The design capacity of the treatment plant is 60ML/d and it utilised 86% of its capacity. The treatment plant supplies water to Montana and the surrounding areas in the North of Pretoria.

Figure 5: Roodeplaats WTP – 60ML/d Plant.



Temba WTP – 60ML/d

Temba WTP abstracts raw water from the Leeuwkraal Dam and Pienaars River. The design capacity of the treatment plant is 60ML/d and it utilised 95% of its design capacity during the period under review. Major customers supplied from the plant include the Babelegi industry, Temba Township, Hammanskraal and surrounding areas.

Figure 6: Temba WTP – 60ML/d Plant.



1.2. CHAIRPERSON'S REPORT



This report represents the entity's performance review of the 12 months period from 1 July 2011 to 30 June 2012. The tabling of this report fulfils compliance requirements in terms of the Water Services Act (Act 108 of 1997) as well as Section 55 of the Public Finance Management Act (Act 1 of 1999). In regard to business operating environment, the declining global economy continued to impact adversely on economic growth, job creation and inflation, consequently impacting negatively on our operations. High electricity and chemical costs continue to be major production cost drivers. This negative impact continues to influence efficient and effective means of doing business in order to maintain affordable water services to customers.

During the strategic review process, Magalies Water concluded that major changes were required in order to ensure the sustainability of the organisation and the enhancement of water service delivery. The year under review was year 1 of our 5 year strategic trajectory, the strategic phase thereof being the restoration of the foundation of our operation. This phase entails a comprehensive review and revision of our operations in order to improve performance in delivering on our mandate. It is complemented by focused performance monitoring of strategic objectives for the period under review. The strategic objectives are aligned to DWA's objectives and to other government pronouncements and programmes such as the State of the Nation Address, the National Budget Speech, the National Development Plan, the New Growth Path etc. A detailed review of performance against these objectives is presented later in this report.

The Board also welcomes and supports Minister Molewa's initiative of the forum of Board Chairpersons and CEOs of entities that report to her. We believe that these joint sessions will go a long way towards enhancing the effectiveness of these entities in delivering on their mandates.

The year under review was spent in planning and mobilisation of necessary resources (financial and technical) in order to successfully implement our Capital Expenditure (Capex) Programme in the 2012/13 financial year. We are confident that the organisation is ready to successfully implement its Capex Programme in the new year.

Stakeholders are critical to the success of the organisation. Our partnership with customers and stakeholders is aimed at finding joint solutions to the challenges of water provision. To this end we have collaborated with the shareholder to successfully implement infrastructure refurbishment projects in order to benefit customers.

The year under review also witnessed changes in municipal boundaries. The effect of these changes on Magalies Water was the incorporation of our customer Nokeng-Tsa-Taemane into the City of Tshwane. Collaboration among the parties resulted in a smooth transition without interruption of services during the transfer process.

The organisation has achieved and maintained an unchanged executive team during the year under review. This has brought stability to the organisation and has allowed the Board to effectively lead the strategic direction of the organisation.

I am pleased to report that Magalies Water achieved an unqualified audit report from the Auditor General for the 2011/12 financial year. The organisation further reports overall performance improvement with significant improvement in our financial performance thus affording financial stability and sustainability to the organisation. Year-on-year revenue and net surplus increased by 16% and 42% respectively. The organisation is indeed on a performance improvement trajectory.

I am thankful to the Honourable Minister Molewa for filling the two vacancies that existed in our Board during the year under review. This has indeed strengthened the capacity of the Board.

The Board has continued to execute its fiduciary role with diligence during the year under review. Details of Board meetings and attendance are provided in this report. The meetings were effective in addressing matters that were tabled before the Board.

As part of commitment to good governance, Board members were exposed to governance refresher programmes in order to enhance members' competence in exercising their oversight role.

The Board is ultimately responsible for the governance of risk and performance and to this end the Board has instituted risk and performance management systems for the purposes of good corporate governance as well as the efficient and effective performance of the organisation.

Board Committees led by competent Chairpersons have continued to support the Board in enhancing its effectiveness and have thoroughly debated and concluded matters tabled before them and escalated their conclusions to the Board for approval or noting.

For the year ahead, the Board has set itself three focus areas, namely:

- Growth and sustainability with specific focus on infrastructure development for water service delivery
- Good Corporate Governance
- Good Citizenship

In conclusion, I wish to thank all my colleagues on the Board of Magalies Water, past and present, for executing their fiduciary responsibilities with care and diligence.

Acknowledgements:

Magalies Water values the support and constructive engagements received from:

- The Minister of Water and Environmental Affairs, Hon Minister Edna Molewa, for her leadership of the sector;
- The Deputy Minister of Water and Environmental Affairs, Ms. Rejoice Mabudafhasi, for her guidance in the water sector;
- Members of the Portfolio Committee of Water and Environmental Affairs;
- The Director-General of the Department of Water and Environmental Affairs and his entire team for their support;
- The Executive Mayors and their entire Councils and officials for their partnership and support;
- The executive and employees of Magalies Water.

Signed:  _____
Professor M I Jahed
Board Chairperson

1.3. CHIEF EXECUTIVE REPORT



This report details Magalies Water's performance for the period 01 July 2011 to 30 June 2012. The organisation had stated its predetermined objectives for the year under review and performance was monitored against these objectives. The predetermined objectives, targets and key performance indicators are presented in section 2 of the report. These objectives were aligned to four balanced score card perspectives, namely Customer, Financial, Environment and Developmental and Organisational learning and growth.

Customer Perspective

Magalies Water had set itself a 6.1% target for volume growth for the period under review. The organisation achieved 5.3% of the aforementioned target during the year under review.

This performance was achieved as a result of efficiency improvements in the operation of the infrastructure. The organisation is satisfied with its 5.3% performance achievement in regards to this performance indicator. Quality of the raw product continues to deteriorate, resulting in increasing treatment cost of producing a product of acceptable quality. Magalies Water was able to treat and produce product quality that mostly exceeded customer standards as stipulated in bulk supply agreements that have been signed with customers. The organisation has achieved an excellent product quality of 98% compliance with Class 1 SANS 241 standard. This was achieved through various initiatives aimed at optimising the performance of our water treatment facilities. Magalies Water's commitment to achieving excellent product quality was again rewarded this year with a Blue Drop status award for bulk potable water supplied to the City of Tshwane. Magalies Water continues to seek opportunities for continuous improvement in our operations in order to enhance the quality of water service delivery in our area of operation.

The organisation continued to achieve infrastructure resilience that is required to meet water services to customers. We also acknowledge that there have been water supply interruptions in some areas and this is being addressed through our 5 Year Capex Programme. The year under review was primarily the planning period for the roll-out of the infrastructure programme, and implementation is expected to commence in earnest in the next financial year.

We have successfully implemented projects on behalf and in support of the Shareholder. These projects include infrastructure refurbishment and rain water harvesting in the North West and parts of the Gauteng Provinces.

Financial Perspective

I am pleased to report that the organisation has achieved all of its financial targets and that most of the financial targets were exceeded.

Revenue was up by 16% and this is attributed to increased water volume sales and the price of water sold.

The net surplus of R62 million is double that of the 2010/11 financial year while operating profit was up from R20 million in 2010/11 to R35 million in 2011/12. This is an indication of improving operations and we expect sustained improvements in our operations going forward.

The organisation's financial position reflects no borrowed funds, while 42% of the asset value is made up of investments and cash in the bank. However, this position is expected to change as these investments are being retired in order to implement our Capex Programme.

It is expected that the organisation will continue to show solid financial performance and financial position.

Developmental and Environment Perspective

This perspective focused on the optimal utilisation of input raw materials in our operations. The organisation set itself the target of establishing baseline usage guidelines for these input materials, which will guide future targets for their consumption. Our overall water loss remained below 5%, and plans are in place to address one of our water treatment facilities that showed water loss in excess of 5%.

Organisation Learning and Growth

Our strategic human resources statement is "to provide the right number and mix of willing, capable and empowered staff to efficiently deliver on strategic outcomes". There have been significant achievements in this performance area, which required the alignment of our human resources to the turnaround strategy set in 2010/11.

The strategy-aligned organogram was approved by the Board during the year under review and implementation thereof is in progress. Another significant achievement was the conclusion of the workforce plan that provides for an integrated framework for developing and managing human resources in the organisation. This plan will be implemented over the next planning phases of our business cycle.

Risk Management

We have strengthened our risk management systems during the year under review, including a focus on fraud awareness and a review of policies and procedures with specific emphasis on supply chain management processes.

Magalies Water has achieved an unqualified audit report opinion from our external auditor, the Auditor General. This achievement is attributed to a conscious focus on strengthening our risk management processes and Magalies Water is determined to improve on or at least maintain this level of performance.

The Year Ahead

The year ahead is "Mission Roll-Out" phase of Magalies Water's strategic progression. This strategic phase places focus on improving current performance with specific emphasis on infrastructure development for growth and delivery on the organisation's mandate.

Acknowledgements

The resilience of Magalies Water's personnel has been instrumental in achieving the results that have been achieved over the past year. They have been part of the solution towards achievement of such level of performance of the organisation. My humble gratitude therefore goes to all Magalies Water employees and organised labour in this regard.

The executive management is grateful to the Chairman of the Board and the Board as a whole for their collective wisdom in guiding and leading the organisation during this period. A further vote of thanks goes to the Water Services Authorities in our area of operation for their generous support during this period.

I would like to express my gratitude to the Honourable Minister of Water and Environmental Affairs, together with her dedicated and highly professional team for constructive engagements during the year under review.



Signed: _____

Mboniseni Dlamini
Chief Executive Officer



Board Members

Back form Left to Right: Mr WB Mahlangu; Ms TD Monewe; Ms TF Zondi; Ms PN Nkwinika; Ms MA Hlahla; Prof MI Jahed (Chairperson)

Front from Left to Right: Mr TT Mohapi; Mr DR Sibanda

Inset: Mr Mboniseni Dlamini (Chief Executive) (Ex Officio)

Absent: Mr LC Gwangwa



Magalies Water adheres to the principles of good corporate governance including compliance with applicable legislation and best practices as highlighted below:

Board Overview

Members of the Board (The Board) is appointed by the Honourable Minister of Water and Environmental Affairs in terms of Schedule One of the Water Services Act (Act 108 of 1997). The term of office of members of the Board is a period not exceeding four years. The Board was appointed on the 1st July 2009 and the term of office will expire on the 30th June 2013. The Board is made up of nine Non-Executive members and one Executive Board member.

Executive Board Members

The Board has adopted a Board Charter which outlines its roles and responsibilities so as to retain full and effective control over the organisation by:

- Ensuring that the objectives of the shareholder are achieved
- Contributing to and adopting the business plan
- Striving to achieve the financial viability of the organisation
- Ensuring that there is an effective risk management system
- Ensuring that the Annual Financial Statements which objectively represent the affairs of the organisation are prepared for each financial year
- Complying with legislation and applicable best practice
- Being responsive to perceptions that affect the reputation of the organisation.

The Board is of the opinion that it has adhered to the Board Charter for the year under review. The Board annually considers, debates and adopts with or without amendments a strategic plan presented by the Chief Executive Officer.

Magalies Water adheres to the principles as recommended in the King III Report and has accordingly separated the role of Chairperson and Chief Executive Officer.

Board Effectiveness and Evaluation

During the year under review, the Board engaged the services of an external service provider to conduct an evaluation of the Board and its Committees. This was the first evaluation undertaken by the Board, and covered a wide range of issues including Board effectiveness, committees, size and independence, Board role and the agenda, Board leadership, ownership, compensation and management evaluation.

The overall outcome of the Board evaluation was satisfactory. The evaluation indicated areas to be addressed and improved by the Board, including the following:

- Misalignment between the Board's perception of its performance and management's perception thereof
- Training of Board and committees
- Provision of committee minutes to the Board
- Understanding of relevant legislation
- Training on risk and strategy
- Board's acknowledgement of progress made.

The areas identified by the evaluation for improvement are being addressed by the Board.

Shareholders' Compact

Magalies Water has concluded a shareholder compact for the year under review as required by the Public Finance Management Act (Act, 1 of 1999). This compact sets out performance parameters for Magalies Water.

Board Members

The Board of Magalies Water comprises of the following members:

Professor M. Jahed (Chairperson)
Ms TF Zondi
Mr LC Gwangwa
Ms MA Hlahla
Mr WB Mahlangu
Ms PN Nkwini
Mr DR Sibanda
Ms TD Monewe
Mr TT Mohapi
Mr MO Dlamini (Chief Executive) (Ex Officio)

Committees of the Board

The effectiveness and efficiency of the Board is enhanced by four Board Committees, namely:

- Technical Committee
- Finance Committee
- Human Resources & Remuneration Committee
- Audit and Risk Committee, which includes three external members who are not members of the Board.

Changes to the Board

Ms TD Monewe and Mr TT Mohapi were appointed to the Board by the Minister effective from 1st December 2011 in order to fill vacancies that had existed in the Board at the time due to two resignations. Ms Monewe serves in the HR and Remuneration and Finance Committees while Mr Mohapi serves in the Technical and the Audit and Risk Committees.

Chairpersons of Committees

Technical Committee: Ms MA Hlahla

HR and Remuneration Committee: Ms PN Nkwinika

Audit and Risk Committee: Ms TF Zondi

Finance Committee: Mr DR Sibanda

Technical Committee

The purpose of the Technical Committee is to consider technical matters relating to Magalies Water and to advise the Board on such matters. Five Board members serve on the Technical Committee, namely:

Ms MA Hlahla

Mr LC Gwangwa

Mr WB Mahlangu

Mr TT Mohapi

Ms PN Nkwinika

Finance Committee

The Finance Committee makes recommendations to the Board on all matters related to finance issues. Four Board members serve on the Finance Committee, namely:

Mr DR Sibanda

Ms MA Hlahla

Ms TD Monewe

Ms PN Nkwinika

Human Resources and Remuneration Committee

The purpose of the Human Resources and Remuneration Committee is to consider all important matters related to the human resources of Magalies Water and to make recommendations to the Board on such matters. Five Board members serve on the HR and Remuneration Committee, namely:

Ms PN Nkwinika

Mr WB Mahlangu

Mr DR Sibanda

Ms TD Monewe

Ms TF Zondi

Audit and Risk Committee

The main purpose of this committee is to safeguard Magalies Water against both operational and financial risks.

Five Board members serve on the Audit and Risk Committee, namely:

Ms TF Zondi-Chairperson

Mr EB Mabena

Mr LC Gwangwa

Ms BN Magongwa

Ms JM Ramataboeh

BOARD AND COMMITTEE ATTENDANCE

BOARD MEETINGS

* Board Members appointed on 1 December 2011.

MEMBER	ATTENDANCE
MI Jahed	4 out of 6
MA Hlahla	6 out of 6
TF Zondi	4 out of 6
WB Mahlangu	3 out of 6
LC Gwangwa	1 out of 6
DR Sibanda	6 out of 6
PN Nkwinika	6 out of 6
TD Monewe*	2 out of 2
TT Mohapi*	2 out of 2

SPECIAL BOARD

* Board Members appointed on 1 December 2011.

MEMBER	ATTENDANCE
MI Jahed	1 out of 2
MA Hlahla	2 out of 2
TF Zondi	1 out of 2
WB Mahlangu	2 out of 2
LC Gwangwa	0 out of 2
DR Sibanda	2 out of 2
PN Nkwinika	2 out of 2
TD Monewe*	0 out of 1
TT Mohapi*	1 out of 1

TECHNICAL COMMITTEE

* Board Members appointed on 1 December 2011.

MEMBER	ATTENDANCE
LC Gwangwa	3 out of 4
WB Mahlangu	0 out of 4
MA Hlahla	4 out of 4
PN Nkwinika	2 out of 4
TT Mohapi*	1 out of 1

SPECIAL TECHNICAL COMMITTEE

* Board Members appointed on 1 December 2011.

MEMBER	ATTENDANCE
LC Gwangwa	2 out of 2
WB Mahlangu	2 out of 2
MA Hlahla	2 out of 2
PN Nkwinika	1 out of 2

FINANCE COMMITTEE MEETINGS

* Board Members appointed on 1 December 2011.

MEMBER	ATTENDANCE
DR Sibanda	7 out of 7
PN Nkwinika	7 out of 7
WB Mahlangu	3 out of 7
MA Hlahla	7 out of 7
TD Monewe*	2 out of 2

AUDIT AND RISK COMMITTEE MEETINGS

* Board Members appointed on 1 December 2011.

MEMBER	ATTENDANCE
TF Zondi	7 out of 7
EB Mabena	6 out of 7
M Ramataboe	5 out of 6
BN Magongwa	5 out of 6
LC Gwangwa	2 out of 7
TT Mohapi*	2 out of 2

HR AND REMUNERATION COMMITTEE MEETINGS

* Board Members appointed on 1 December 2011.

MEMBER	ATTENDANCE
PN Nkwinika	7 out of 7
WB Mahlangu	1 out of 7
DR Sibanda	7 out of 7
TF Zondi	7 out of 7
TD Monewe*	1 out of 1

SPECIAL HR AND REMUNERATION COMMITTEE MEETINGS

* Board Members appointed on 1 December 2011.

MEMBER	ATTENDANCE
PN Nkwinika	4 out of 4
WB Mahlangu	0 out of 4
DR Sibanda	3 out of 4
TF Zondi	4 out of 4

1.4.1 Financial Misconduct

There was no financial misconduct reported during the period under review.

1.4.2. Risk Management

Overview

The Board acknowledges that it is responsible for the entire process of risk management as well as for the formation of an opinion regarding the effectiveness of the risk management processes. During the year under review, Magalies Water succeeded in its undertaking to institutionalise Enterprise Risk Management within the organisation. This led to the implementation of a Risk Management Policy and Risk Management Methodology, as well as consistent monitoring of the Fraud Prevention Hotline.

Risk Management Policy

The Risk Management policy was effected through the establishment of the Risk Management Committee with specific terms of reference.

Risk Management Methodology

The risk management methodology was approved by the Board and implemented to establish strategic and operational risk registers. The organisation identified twenty (20) strategic risks for the 2011/12 financial year. 25% was rated as critical and 75% as high. These risks were mitigated accordingly during the year under review.

Strategic Risks

Magalies Water further reviewed and assessed the 20 strategic risks using the approved risk management methodology and aligning strategic risks to strategic objectives. The alignment and risk review process undertaken resulted in 10 strategic risks for the year 2012/13. These were rated as follows:

- One critical risk
- Three high risks
- Six moderate risks

The ten strategic risks are as follows:

- Infrastructure expansion not matching demand growth
- Tariff structure that does not support sustainable service delivery
- Revenue collection
- Reputational risk
- Failure of infrastructure to support service delivery
- Performance management
- Unsustainable Section 30 business portfolio
- Legal non-compliance
- Inability to attract, develop and retain critical skills
- Inadequate quality and quantity of raw water.

Fraud Prevention

This aspect of governance was strengthened through the review of both the Fraud and Corruption Prevention Policy and the Fraud and Corruption Prevention Plan. These documents were subsequently approved by the Board during the year under review. The organisation further conducted successful fraud awareness campaigns with the primary objective of informing and educating employees about the organisation's fraud prevention policies and procedures.

The fraud prevention hotline monitoring is outsourced and all reports received during the year under review were investigated through internal audit. All outcomes of the investigations were presented to the Audit and Risk Committee. The Board and management remain committed to continuous improvement in the implementation of their risk management system in order to enhance corporate governance and organisational performance.

1.4.3. Directive from the Minister

There was no Ministerial directive during the year under review.

1.4.4. Organisational Performance Highlights

Magalies Water's performance information for the period 01/07/2011 to 30/06/2012 is based on the approved 2011/12 Business Plan. Performance was monitored against seventeen (17) predetermined objectives that were aligned to four balanced score card perspectives, namely:

- Customer
- Finance;
- Environmental and Developmental
- Organisational learning and growth

Magalies Water achieved 78% of its performance targets during the year under review. Significant targets not achieved are as follows:

All targets for the financial perspective were met and even exceeded. Reasons for adverse variances of the set targets may be highlighted as follows:

- Water sales: The 0.8% adverse variance in the water sales target is a partial achievement and was primarily due to downtime caused by power supply interruptions during the period under review.
- Succession plan for the organisation: The succession plan was preceded by the review and approval of the organogram. The finalisation of the organogram took longer than was planned for and delayed the achievement of the succession plan.
- Performance management system for P2 to P5: A performance management system was formally implemented for levels P2 and P3, and partially implemented for levels P4 and P5. Full implementation is planned for the 2012/13 financial year.

- An Unqualified audit report was not achieved for the 2010/11 financial year. However, control systems that were subsequently implemented have led to the achievement of an unqualified audit report for the 2011/12 financial year.
- Water loss target was adverse by 0.45%: Projects targeted towards addressing this matter have been identified and implementation thereof is to commence in the next financial year.

Details of the Magalies Water's performance are discussed in detail in Section 2 of this report.



SECTION 2 – PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

MAGALIES WATER PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

CORPORATE OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	OVERALL PERFORMANCE FOR F12	REASONS FOR VARIANCES
CUSTOMER AND STAKEHOLDER PERSPECTIVE				
To provide sustainable water services	Projected growth in volumes of water sales to customers	Increase of 6,1% of current volumes 4 692 mega litres in F12 Cumulative increase over F12	Partially Achieved	Downtimes due to maintenance and power interruptions
To provide affordable water services	Increase in tariff for bulk water supply	Increase within limits approved by National Treasury	Achieved	
To contribute to sustainable and effective access to basic water and sanitation services to water services authorities	Construction of Present Baseline and Operating Plan to match water services infrastructure to areas of backlog	Detailed Present Baselines completed in F12: Q1- plan for baseline Q2 - Research program Q3 - Baseline Q4 - Operating plan	Achieved	
	Identification of specific projects and implementing measures to address backlogs within the service area.	Detailed identification of specific projects and implementation framework completed in F12 Implementation in F13	Not Achieved	The project office has not yet been set up to develop the implementation framework of the identified projects
To contribute to the extension of water supply to un-served areas	Install water supply infrastructure to service un-served areas	Commence PWS Project implementation 3.1.1 Project review approved by CEO by Q1 3.1.2 Project business case approved by CEO by Q2 3.1.3 Final Authorisation and Financing Plan approved by CEO by Q3 3.1.4 Project Progress Report approved by CEO by Q4	Achieved	

CORPORATE OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	OVERALL PERFORMANCE FOR F12	REASONS FOR VARIANCES	
To conduct business-effective Other Activities	Return on Sales Return on Investment	10% on Invoiced Sales ROI equal to CPI	Achieved		
Comply with all requirements of Shareholder	Bulk Water Agreements signed	By end of October each year	Achieved	To be reported in the first quarter of F13 To be reported in the second quarter of F13	
	Integrated Water Supply Plan signed	By end of November each year	Achieved		
	Tariff proposal signed	20 January each year	Achieved		
	Corporate Plan signed	By end of May each year	Achieved		
	Annual report signed	By end of August each year	Achieved		
	Audit Report unqualified	By end of November each year	Not Achieved	2010/11 audit was qualified	
	Quarterly reports submitted	Six weeks after end of each quarter	Achieved		
	To formulate and document positive stakeholder relationships through:				
	1. Signing of Bulk Water Supply Agreements setting out Service Level Agreements	1. Signed comprehensive Bulk Water Supply agreements	1. By end of October each year	Achieved	Customer engagements made in the context of the Bulk Water Supply Agreement(s) and the Performance Framework. However, perpetual postponement of meetings by clients/customers led to an uneven ground for scheduled meetings
	2. Planned and formal customer interactions	2. Customer interactions implemented and reported	2. As per customer engagement matrix		
3. Status of key Service Level parameters reported and actioned at Executive/Board level	3. Documented scorecard for each customer	3. Scorecard positive on each aspect			
4. Documented Stakeholder Engagement Matrix formulated and implemented	4. Stakeholder engagements conducted and reported	4. Stakeholder engagement as per matrix			
Financial Perspective					

CORPORATE OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	OVERALL PERFORMANCE FOR F12	REASONS FOR VARIANCES
To achieve sustainable financial returns	Return on equity	1) ROE of 3% in F12, rising to 5,2% in F13	Achieved	
	Operating Return on Assets	2) Operating ROA of 3% in F12, rising to 7% in F13 (excl PWS)		
To achieve value for money, effectiveness, and efficiency in our resource deployment	Reduced Total Expenses as percentage of Total Income	Total Expenses 90% of Total Income Q1 – 93% Q2 – 92% Q3 – 91% Q4 – 90%	Achieved	
	Increased Surplus before Depreciation and Finance Costs	Surplus before Depreciation and Finance Costs of R44,7m in F12		
To manage financial risks effectively	Risk Mitigation Plan documented	All risk mitigation parameters met	Achieved	
	Risk appetite parameters quantified	Risk within parameters		
	Return on Equity	ROE > 3% in F12		
	Net surplus after depreciation before investment income.	Surplus before Depreciation and Finance Costs of R44,7m in F12		
Developmental And Environmental Perspective				

CORPORATE OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	OVERALL PERFORMANCE FOR F12	REASONS FOR VARIANCES
To ensure sustainable use of water resources	Raw water abstraction volumes against licence levels	Actual raw water abstraction within licensed volumes	Achieved	
	System losses at water works as percentage of raw water purchased	System losses: < 3.5% for F12 < 3.2% for F13	Not Achieved	Target was missed by 0.45% on plant water loss. Specific projects have been identified to address this matter.
To ensure conservation of Natural Resources	Baseline of Natural Resources impact established including: 1. Energy consumption 2. Carbon footprint 3. Recycling of key resources consumed 4. Environmental impact of chemicals and emissions use	Baseline constructed by end of 2011/12 year and approved by CEO	Achieved	
	Future natural resources consumption and environmental impact regulated against baseline	Detailed natural resources plan for 2012/2013 year		
To ensure sustainable impact on the environment	Environment Management Plan developed and implemented	Plan finalised during F12 Plan implemented during F13	Achieved	
	Organisational Learning and Growth Perspective			
To develop business effectiveness	Strategic Human Resources Plan and Organogram developed and implemented	Plan Finalised during F12 Plan implemented during F13	Achieved	

CORPORATE OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	OVERALL PERFORMANCE FOR F12	REASONS FOR VARIANCES
To develop business efficiency	Strategic Corporate Productivity Plan developed	Plan Finalised during F12 Plan implemented during F13	Achieved	
	Performance Management System Implemented	PM System operational by end F12	Not Achieved	System is fully operational at Executive level. Partially operational at other levels of management.
To match organisational competence with growth opportunities	Succession plan and career pathing plan developed and implemented.	Succession Plan and Career Pathing Plan developed and implemented by end of F12	Not Achieved	Approval of the organogram was ancillary to conclusion of this target, delay in concluding the organogram impacted negatively on the achievement of this target.
	Employment Equity targets met	All EE targets met	Not Achieved	Employment Equity Targets are still to be developed and approved by the Board.
To enhance business systems and processes to support Business Effectiveness and Business Efficiency in delivering Strategic Outcomes in all significant business functions and transaction cycles	Effective Systems and processes documented and implemented:		Achieved	
	2. Procurement and Supply Chain Management			
	3. Project Development and Evaluation	Documentation finalised by end of F12		
	4. Asset Management	Implementation finalised by end of F13		
	5. Customer Relationship Management			
	6. Stakeholder Management			
	7. Human Resources Management			

In pursuit of delivering on its mandate, Magalies Water set out seventeen (17) strategic objectives that were aligned to four balanced score card perspectives:

- Customer and Stakeholder perspective
- Financial perspective
- Developmental and Environmental perspective
- Organisational Learning and Growth perspective

Individual objectives of the abovementioned perspectives are discussed below.

CUSTOMER AND STAKEHOLDER PERSPECTIVE

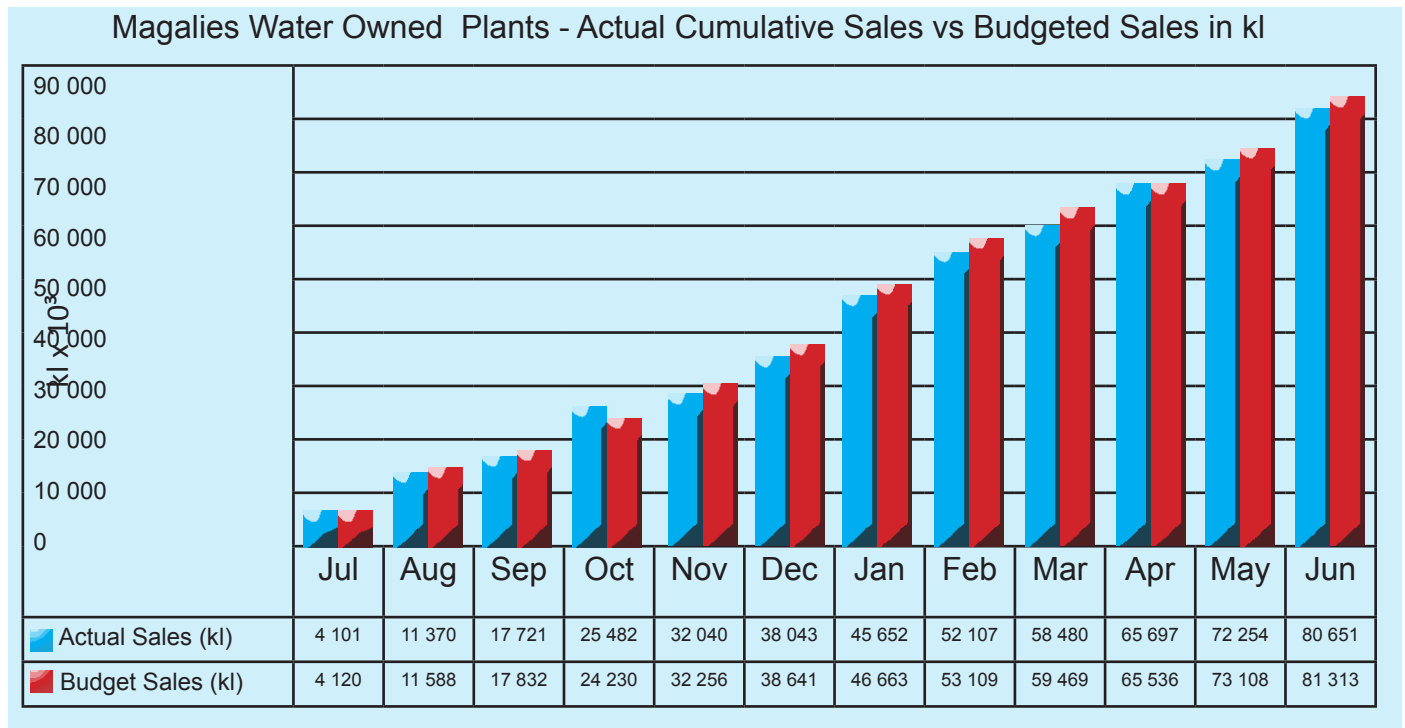
The predetermined objectives under this perspective are as follows:

- To provide sustainable water services
- To provide affordable water services
- To contribute to sustainable and effective access to basic water and sanitation services to Water Services Authorities
- To contribute to the extension of water supply to un-serviced areas
- To conduct business-effective Section 30 Activities
- To comply with all requirements of the shareholder
- To formulate and document positive stakeholder relationships

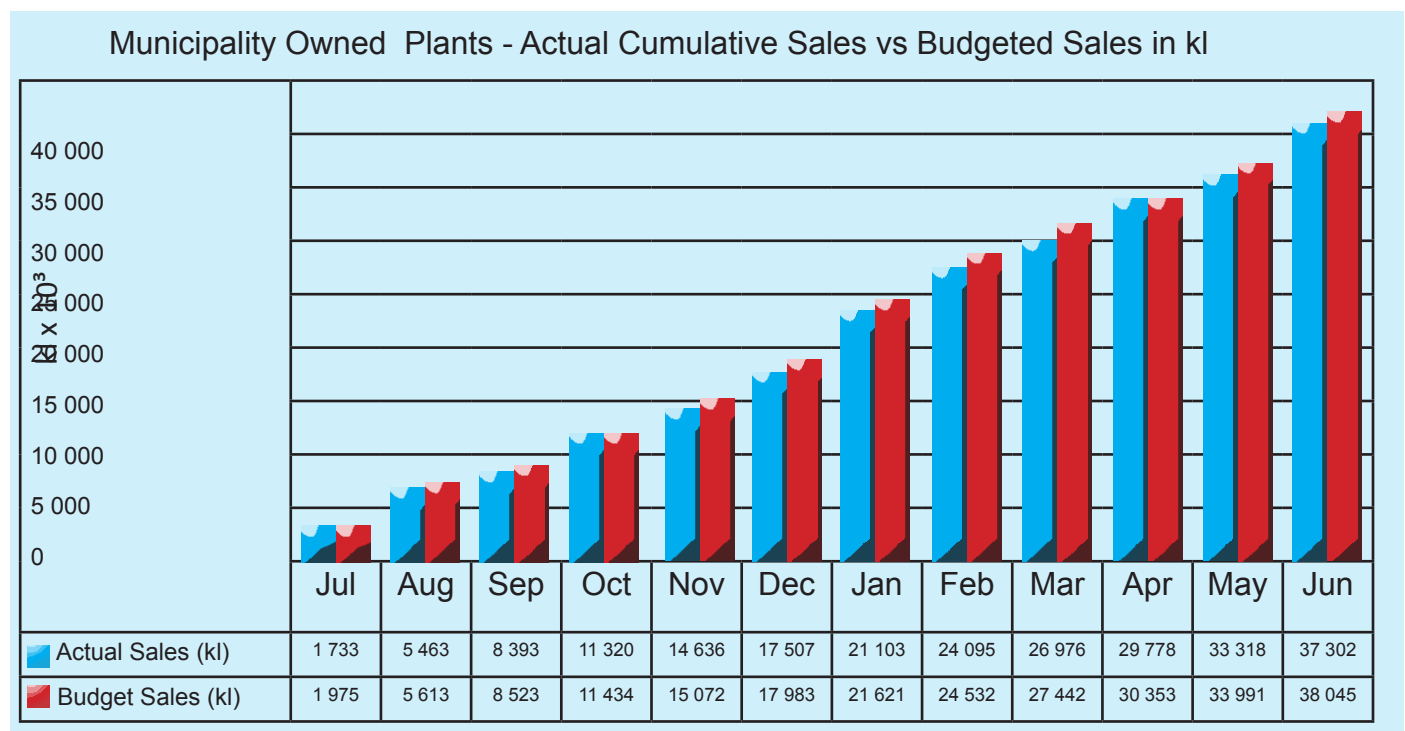
2.1 To provide sustainable water services

Magalies Water's performance in regards to water sales was an increase of 5.3% against the target of 6.1%, thus missing the target by 0.8%. The 0.8% adverse variance is attributed to downtime primarily caused by power supply interruptions. The 2% adverse variance in regards to City of Tshwane (CoT) plants is as a result of planned shutdowns for plant upgrades that are currently in progress. See the cumulative sales versus budget graphs 1 and 2 below:

Graph 1: Magalies Water-owned Plants Actual Sales versus Budget in 000 kl

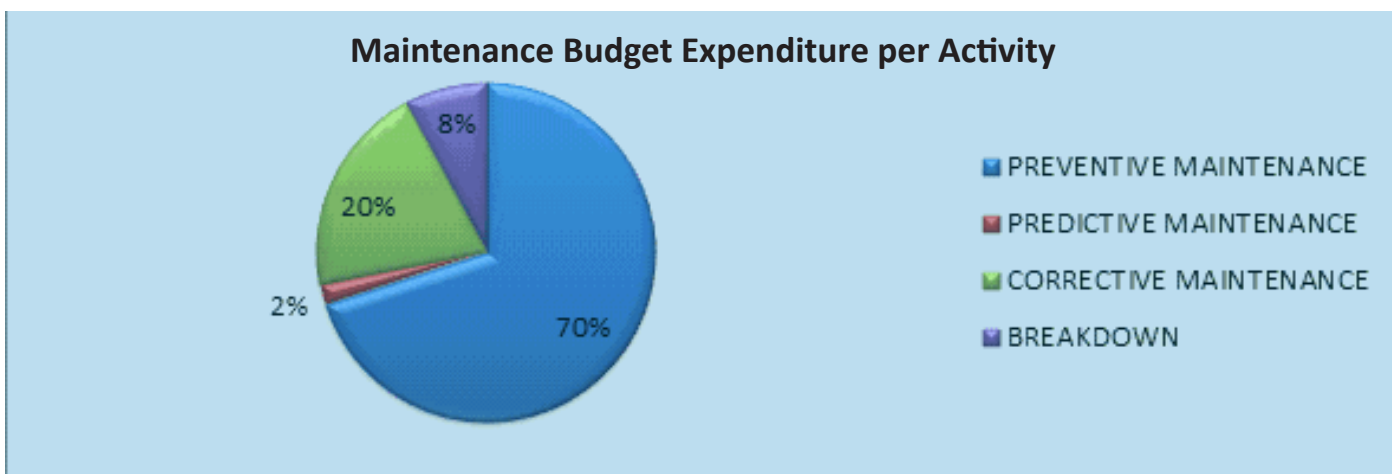


Graph 2: Municipality-owned Plants Actual Sales vs Budget in 000 kl



Effective management of our infrastructure continues to yield stability on the organisation’s infrastructure. This has been achieved through conducting effective planned maintenance on the infrastructure and thus minimising the frequency of breakdowns. The profile of maintenance activities is indicated in graph 3 below.

Graph 2: Asset Maintenance Budget Expenditure per Activity



2.2 To provide affordable water services

2.2.1 Bulk water tariff agreements were concluded in compliance with Section 42 of the Local Government: Municipal Finance Management Act (Act 42 of 2005). The entity’s average tariff for the year under review was R 3, 78 /kl, which is at the lower end of the water tariff scale in the sector.

2.2.2 Magalies Water supplies mainly bulk potable water to municipalities, mines and other consumers. This product must meet the requirements of SANS 241: 2005 Class I standard for Drinking Water. To meet these requirements, the organisation follows an extensive monitoring programme that ensures compliance. A minimum of 1 254 water samples is analysed every month, covering all final water produced per treatment plant and water in the distribution network.

During the period under review a total of 63 288 analysis were conducted on 15 044 water samples. Chemical compliance to SANS 241 on final water produced was 99% and microbiological compliance in the distribution was 98%.

2.2.3 Magalies Water also monitors the water quality of rivers and dams in its area of operation. The quality of this water in the rivers and dams within Magalies Water’s area of operations is deteriorating when compared to the previous reporting period. This is mainly due to a variety of point sources of pollution. Table 3 below shows constituents of concern per catchment as well as treatability of the raw water using conventional water treatment processes. A treatability index of less than 1 indicates that such raw water can be treated effectively using conventional water treatment processes.



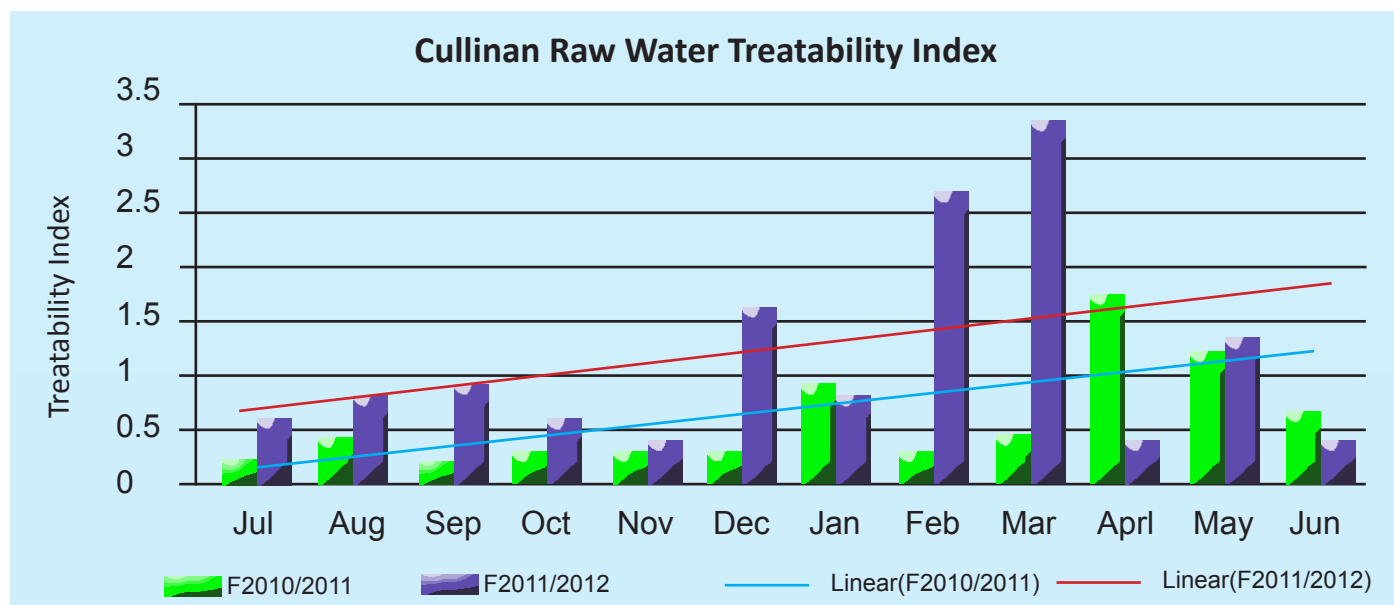
Table 3: Pollution Constituents from raw water sources

Raw Water Source	Treatability Index F10/11 to F1112	Constituent of Concern
Cullinan Dam	0.41 to 1.19	Iron, Orthophosphates, Aluminium, Ammonium and Nitrite
Klipdrift River	2.02 to 1.01	Orthophosphates, Nitrite and Nitrate
Klipdrift Canal	0.93 to 1.01	
Wallmannsthal Canal	1.16 to 0.84	Ammonium and Nitrite
Vaalkop Dam	0.41 to 0.81	Orthophosphates, Nitrate, Nitrite and Organic carbon
Roodeplaar Raw	0.58 to 0.45	Orthophosphates, Chlorophyll, Ammonium, Nitrite, Nitrate
Temba Raw	3.26 to 3.76	Chlorophyll A, Organic Carbon, Ammonium, Nitrite and Orthophosphates

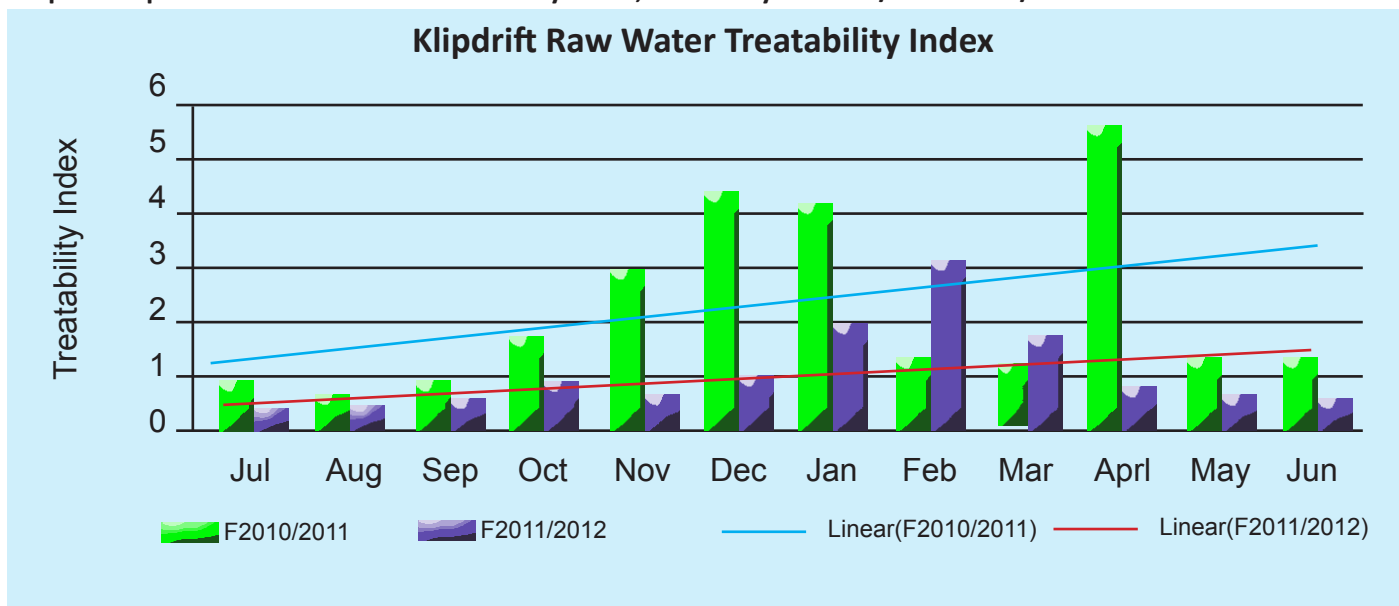
The treatability profile indicates that the raw water treated at the Temba WTP may not be treated effectively using conventional treatment processes.

Graphs 4 to 9 depict the treatability index per raw water resource per treatment plant for the past two reporting periods:

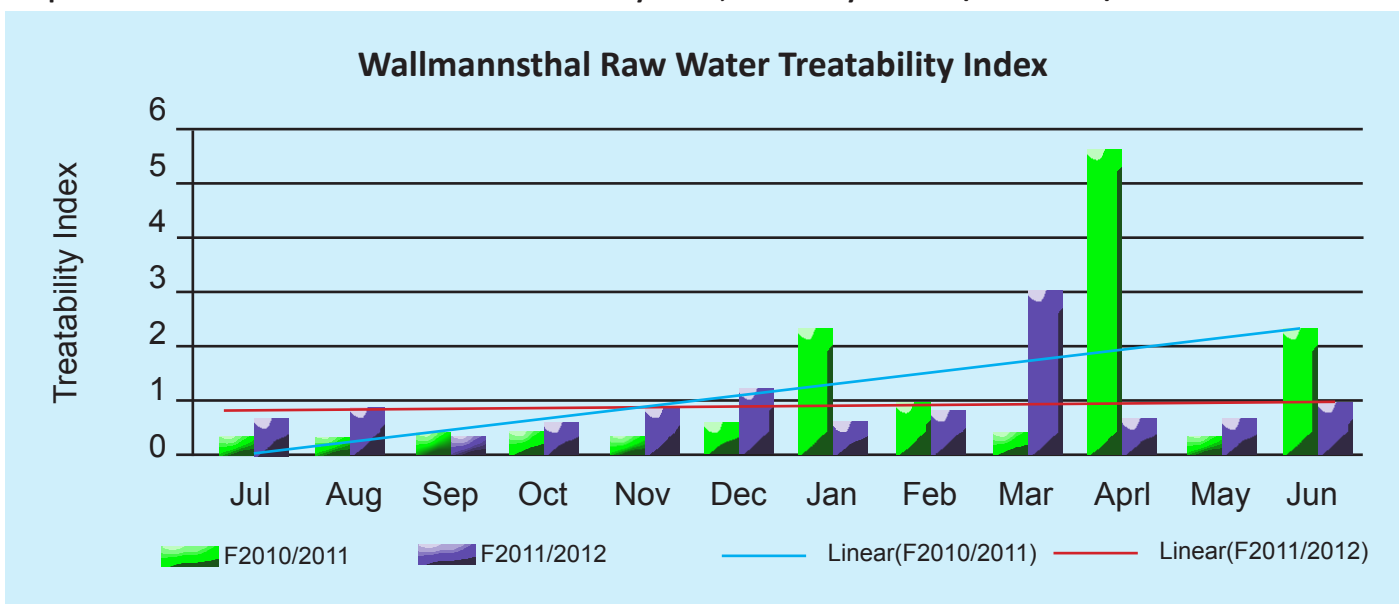
Graph 4: Cullinan WTP Raw Water Treatability index, financial year 2010/11 to 2011/12



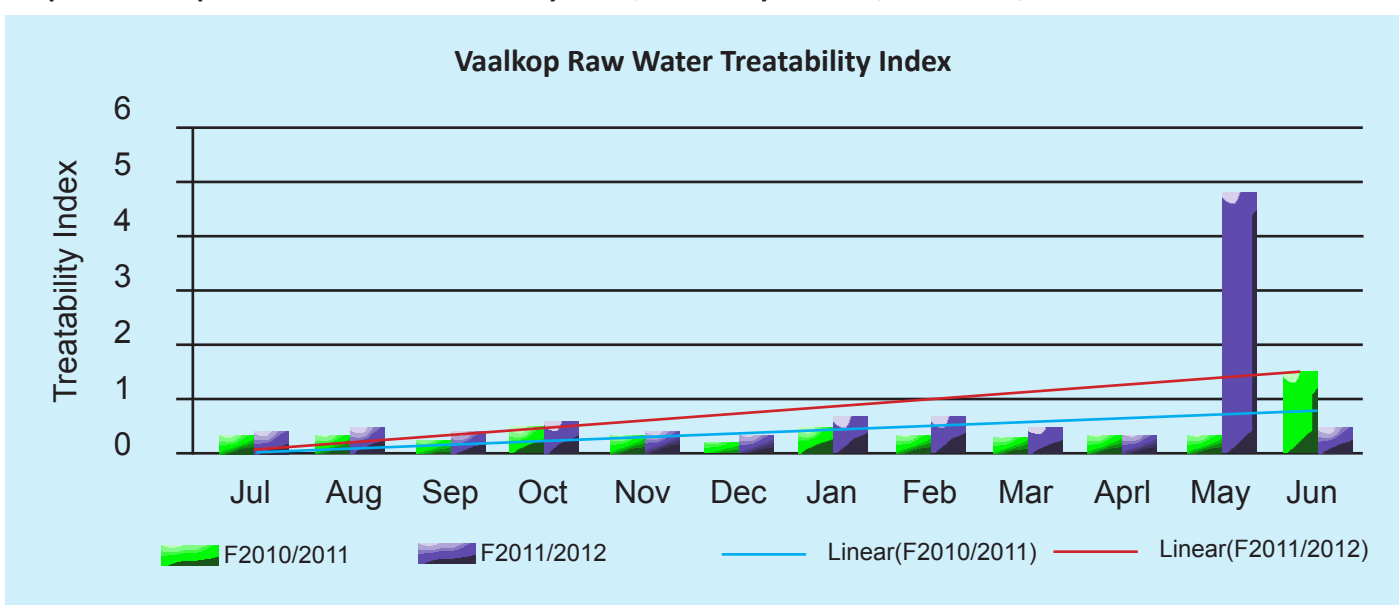
Graph 5: Klipdrift WTP Raw Water Treatability index, financial year 2010/11 to 2011/12



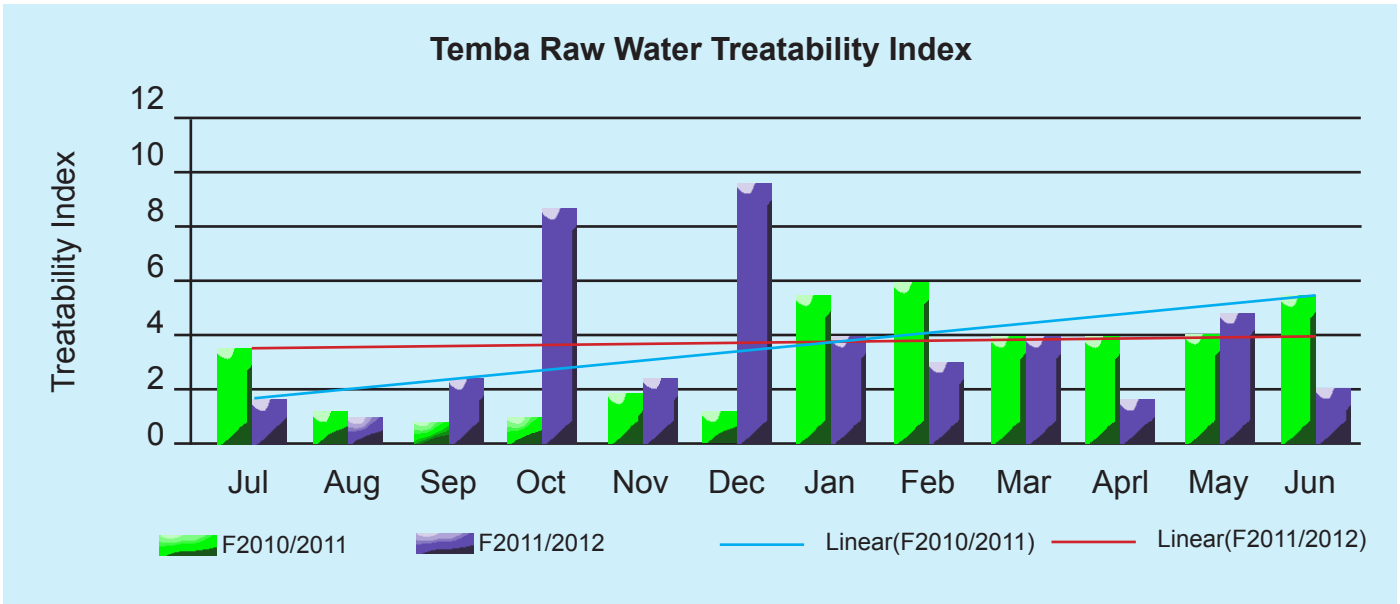
Graph 6: Wallmannsthal WTP Raw Water Treatability index, financial year 2010/11 to 2011/12



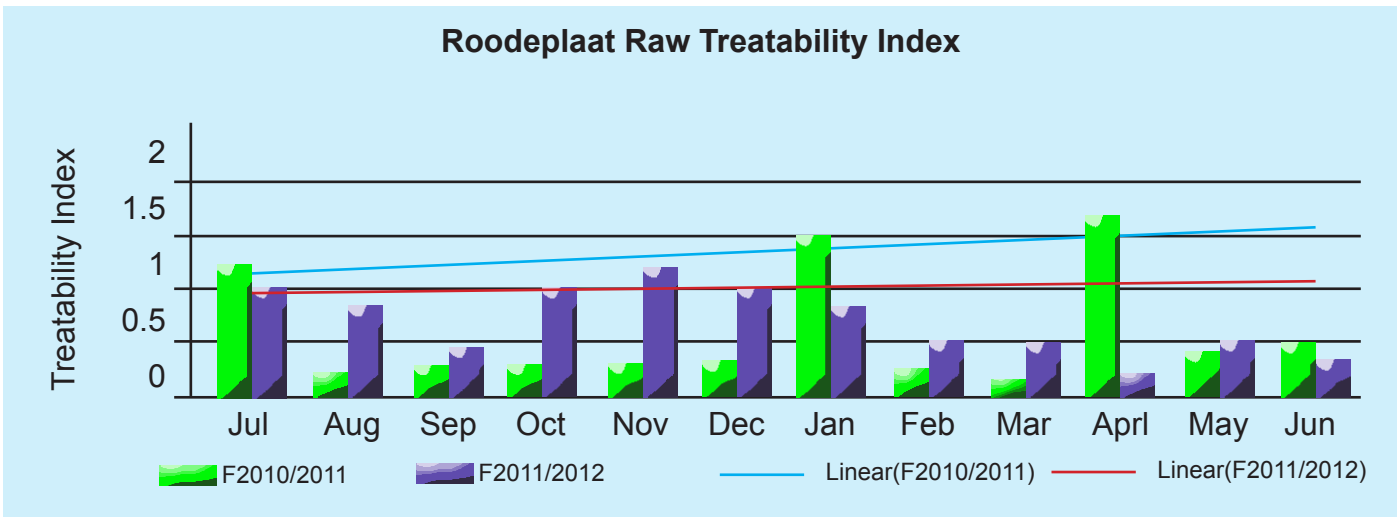
Graph 7: Vaalkop WTP Raw Water Treatability index, financial year 2010/11 to 2011/12



Graph 8: Temba WTP Raw Water Treatability Index, financial year 2010/11 to 2011/12



Graph 9: Roodeplaar WTP Raw Water Treatability Index, financial year 2010/11 to 2011/12



2.2.4 Chemical and Energy usage

The following has been achieved in regards to chemical usage (see Table 4 for details):

- Overall chemical usage dropped from 26.65mg/l in financial year 2009/10 to 18.5mg/l in financial year 2010/11 - a 30.4% decrease. This was achieved through the optimisation of water treatment processes and improved sourcing plans for raw materials including chemicals.
- During the same period electricity usage per kilolitre (kWh/kl) for Vaalkop WTP dropped by 5.5% while the volume treated grew by 16.8%.

Table 4: Utilisation of Resources for FY09/10 to FY11/12

Chemical Usage (KG)	Units	F1112	F1011	F0910
Poly	kg	266 877	584 764	494 422
Lime	kg	519 680	546 644	647 869
Chlorine	kg	558 935	539 284	735 854
Powdered Active Carbon	kg	26 643	390	1813
Ammonia	kg	137 162	135 062	89
Copper Sulphate	kg	2250	0	0
Ferric		31 767	31 254	60 832
Total Chemical Usage	kg	1543314	1 837 398	1 940 879
Volume treated	kl	83 353 751	81 953 450	72 952 393.23
Overall/Total Dosage	mg/l	18.5	22.5	26.6
Energy*	kWh	81 342 885	75 547 901	74 012 037
Energy per kilolitre*	kWh/kl	1.21	1.14	1.28

*Data source is Vaalkop WTP only

2.3 To contribute to sustainable and effective access to basic water and sanitation services to Water Services Authorities

2.3.1 In contributing to the above objective, Magalies Water has collaborated with Water Services Authorities and DWA to implement various interventions that contribute towards achievement of this objective. These interventions are listed in table 5 below and include amongst others:

- Operations and maintenance
- Rain water harvesting
- Rapid response unit programme
- Water conservation and demand management
- Refurbishment of infrastructure

Table 5: Contracts order book

Item	WSA: Service	Contract Type	Intervention	Outcome
1	Kgetleng Rivier LM	Bulk O&M	Developmental (Plant & Boreholes)	Improvement in Green and Blue drop compliance (Koster, Swartrug-gens plants) and Derby boreholes
2	Moretele LM	O&M	Developmental (Plant and Boreholes)	Improved Swartdam Wastewater treatment Plant compliance with the requirements of green drop Consistent access to basic water supply
3	Madibeng LM	IA & Rural O&M	Developmental (Plant and Boreholes refurbishment)	Increased plants throughput and produced potable water quality complying with SANS 241: Class 1
4	City of Tshwane	Retail	Sustainability	Enhanced customer services and revenue
		O&M	Developmental (Bulk O&M): Temba and Roodeplaart WTPs)	Maintained consistent access to water supply services
5	DWA Projects RWH North West RWH Gauteng	IA	Developmental(Rain water Harvesting Programme)	Supported Food Gardening & poverty alleviation school programme in North West & Gauteng
	DWA Projects RRU WCWDM	IA	Developmental (Support to WSA in Northe West	Work in progress to address Hotspots, RBIG and achieve water conservation and demand management targets

2.3.2 Magalies Water is contracted by the three municipalities (City of Tshwane, Madibeng and Moretele) to operate and maintain reticulation networks as well as connecting new consumers to the water supply networks. Completion rate of maintenance task orders received from each municipality contract is as follows:

- Madibeng = 100% completion
- CoT = 99% completion
- Moretele = 88% completion

2.3.3 Infrastructure refurbishment at Madibeng Local Municipality was continued by Magalies Water as the implementing agent of DWA. This intervention improved quality and quantity of water produced at the Brits and Schoemansville Water Treatment Plants. The following major refurbishment and installations were completed in regards to this refurbishment project:

- Raw water pump station refurbishment and new pumps installed at the Brits WTP
- Replacement of the master control Centre (MCC) panel
- Installation of new raw water pumps at the Schoemansville WTP
- Refurbishment of Dissolved Air Flotation (DAF) unit at the Brits WTP
- Refurbishment and replacement of high lift pump stations supplying Brits town and Letlhabile Township.

Figure 7: Magalies Water intervention Madibeng Local Municipality

Brits Raw water pump station before refurbishment



During refurbishment



Installation of new DAF compressors



Servicing of DAF units



Chemical house old MCC



Chemical house new MCC



High lift Pump Station before



High lift Pump Station after



2.3.4 Magalies Water continued to support some of the local municipalities in improving Blue Drop Scores. The main focus was on meeting the Blue Drop Criteria listed below and addressing all non-conformances raised in the Blue Drop Audit Report of the municipalities. The focus was on improving the following non-conformances:

- Water Safety Planning
- Drinking Water Quality Process Management
- Drinking Water Quality Compliance
- Management Accountability and Local regulation
- Asset management

There were significant improvements in Blue Drop performance in Municipalities where Magalies Water implemented interventions. The profile of the improvements is indicated in the table 6 below:

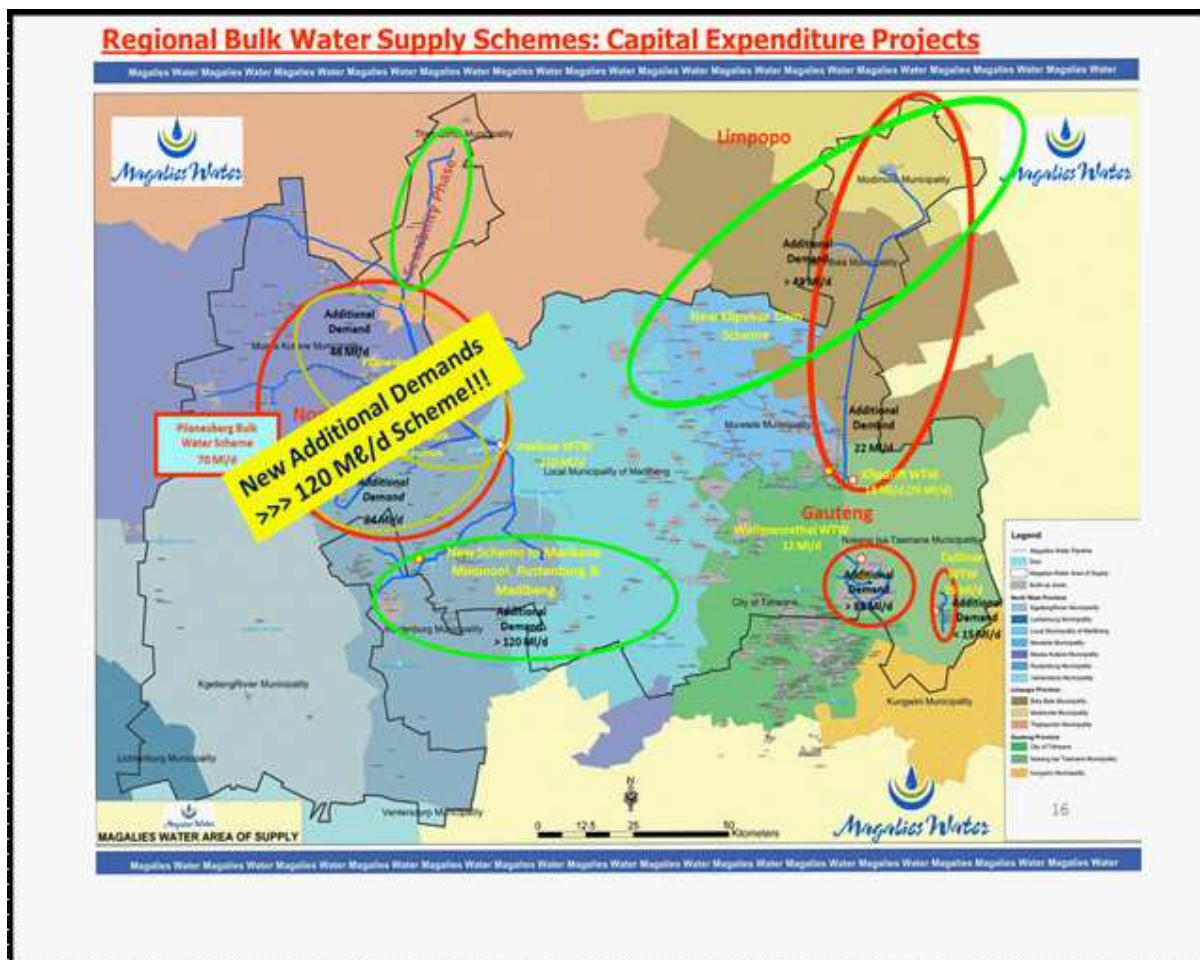
Table 6: Blue Drop Scores for the previous two Blue Drop assessments

Municipality Blue Drop Scores			Support/ Assistance provided to Local Municipalities in terms of Blue Drop requirements
Local Municipality	Blue Drop Score 2011	Blue Drop Score 2012	
Rustenburg	93.24	91.55	Water Safety Planning, Drinking Water quality Manment & Drinking Water Quality Compliance
Moses Kotane	31.51	68.59	Assisted in the development of Blue Drop Action to improve & meet Blue Drop Requirements, Drinking Water Quality Management & Drinking Water Quality Compliance
Thabazimbi	14.32	54.33	Assisted in the development of Blue Drop Action to improve & meet Blue Drop Requirements, Drinking Water Quality Management & Drinking Water Quality Compliance
Modimolle	81.70	70.10	Drinking Water Quality Compliance
Bela Bela	71.07	71.21	Drinking Water Quality Compliance
Moretele	33.08	59.72	Water Safety Planning, Drinking Water quality Management & Drinking Water Quality Compliance
Madibeng	36.72	57.93	Drinking Water Quality Compliance
Kgetleng	24.67	48.25	Assist in meeting all five Blue drop requirements
City of Tshwane	90.41	95.76	Water Safety Planning, Drinking Water quality Management, Drinking Water Quality Compliance & Asset Management on Plants Operated and Maintained by Magalies Water on behalf of CoT

2.4 To contribute to the extension of water supply to un-serviced areas

The year under review focussed on planning of bulk potable water infrastructure in order to address capacity constraints in our area of service. Planning has resulted in confirmation of various bulk infrastructure projects as indicated in the map below.

Map 2: Magalies Water's Identified Bulk Potable Water Infrastructure Projects



Significant progress has been achieved towards implementation of two major capex projects for Magalies Water viz. the Pilanesberg Water Supply Scheme and the bulk infrastructure upgrades of the Klipdrift Water Treatment Works

2.4.1 Pilanesberg Water Supply Scheme (PWS): Increased mining activity in the supply area of the Vaalkop WTP resulted in an increase in demand for water from this Plant. The increase demand in the areas of the Moses Kotane, Rustenburg and Thabazimbi Local Municipalities also added to the demand that was already identified for the mines. This increase in demand for water has led to the identification of the Pilanesberg project as the solution for addressing the water requirements in the area.

2.4.2 Increased mining activity in the supply area of the Vaalkop WTP resulted in an increase in demand for water from this Plant. The increase demand in the areas of the Moses Kotane, Rustenburg and Thabazimbi Local Municipalities also added to the demand that was already identified for the mines. This increase in demand for water has led to the identification of the Pilanesberg project as the solution for addressing the water requirements in the area.

Magalies Water is proceeding with the construction of the first phase of the Vaalkop Water Treatment Plant and pump station upgrade, which are components of the Pilanesberg water scheme.

The Pilanesberg Project is planned to:

- Provide assurance of supply to existing consumers
- Extend supply to reach new consumers
- Provide water for economic development through mining activities in the area
- Create jobs during construction and after commissioning due to an expected increase in mining activities

2.4.3 Klipdrift Plant Upgrade: Magalies Water also provides bulk potable water mainly for domestic use and to a lesser extent for industrial use from its Klipdrift Water Treatment Works to the local municipal areas of Bela Bela, Modimolle and Moretele, some areas of City of Tshwane Metropolitan Municipality (CoT) around Hammanskraal and the Babelegi Industrial Area.

This infrastructure is being upgraded in order to meet increased water demands in the supply area of the Klipdrift Water Treatment Plant, including the Moretele Local Municipality. This upgrade is being funded by Magalies Water and it is expected that the design will be completed in the next financial year.

2.4.4 In pursuit of good corporate citizenship, Magalies Water uses its Corporate Social Investment Programme to reach out to communities. The CSI programmes target water related interventions that may be needed by communities in our area of service. The following interventions were carried out and some are still work in progress as indicated in Table 7 below:

Table 7: Corporate Social Investment to Local Municipalities

Local Municipality	Project	Status
Moses Kotane	To augment water supply with borehole water at Goedehoop village	Feasibility phase completed
Thabazimbi	Refurbishment of two boreholes and erection of water tanks in Regorogile Township.	Execution phase
Rustenburg	Water connection at Tsunyane Primary School and installation of waterborne sewer system	Completed
Moretele	Revenue collection enhancement through installation of meters	Execution phase.

Six projects for WSA's have been rolled over into the financial year 2012/13 in line with the respective integrated development plan.

2.5 To conduct business-effective Section 30 Activities

Magalies Water's Section 30 activities were conducted in the areas of:

- Operations and maintenance
- Water quality monitoring
- Project management

An amount of R31M (2011: R14M) was earned through Section 30 activities. This represents an increase of 121% year on year.

2.6 To comply with all requirements of the Shareholder

In compliance with requirements of the shareholder the following were submitted on time:

- Annual tariffs
- Shareholder's Compact
- Corporate Plan
- Annual Report

2.7 To formulate and document positive stakeholder relationships

In pursuance of maintaining stakeholder relationships the following were completed:

- Compliance with Bulk Water Supply Agreements which have been signed off
- Holding planned and formal stakeholder interactions
- Implementation of stakeholder engagement matrix

FINANCIAL PERSPECTIVE

The objectives of this perspective are:

- To achieve sustainable financial returns
- To achieve value for money, effectiveness and efficiency in our resource deployment
- To manage financial risks effectively

2.8 To achieve sustainable financial returns

The key indicators of our financial performance and sustainability are detailed below and this information should be read in conjunction with the annual financial statements.

2.8.1 Bulk water supply trading

Revenue achieved for the financial year was R272M (2010/11: R234M), thus representing an increase of 16%.

2.8.2 Finance Income

Magalies Water holds investments that are mainly in funds on call. Finance income earned from these investments amounts to R25M (2010/11: R23M).

2.8.3 Operating Surplus

The entity reports significantly improved operating surplus for the year of R36M compared to the operating surplus of R4M during the financial year 2010/11 which represents 900% increase.

The comprehensive income for the year after taking into account the finance income is R62M as compared to R28M reported in the previous year. This represents a year on year increase of 121%.

2.8.4 Financial position

The entity reports a solid financial position for the year under review and the key areas are highlighted below:

- 42% of the total assets is made up of investments, cash and cash equivalents
- Property, plant and equipment represent 48% of the total assets
- 10% of the total assets is made up of trade and other receivables
- The entity does not have borrowed funds.

The total assets value of R1.158 billion (2010/11: R1.087 billion) is reported.

2.8.5 Cash flows

The entity generated cash flows from operating activities of R70M (F10/11: R75M) which reflects a decrease of 6.2% from the previous financial year. The decrease is attributed to an increase in depreciation as a result of prior period corrections, adjustments to useful lives of assets as well as the effects of the net working capital.

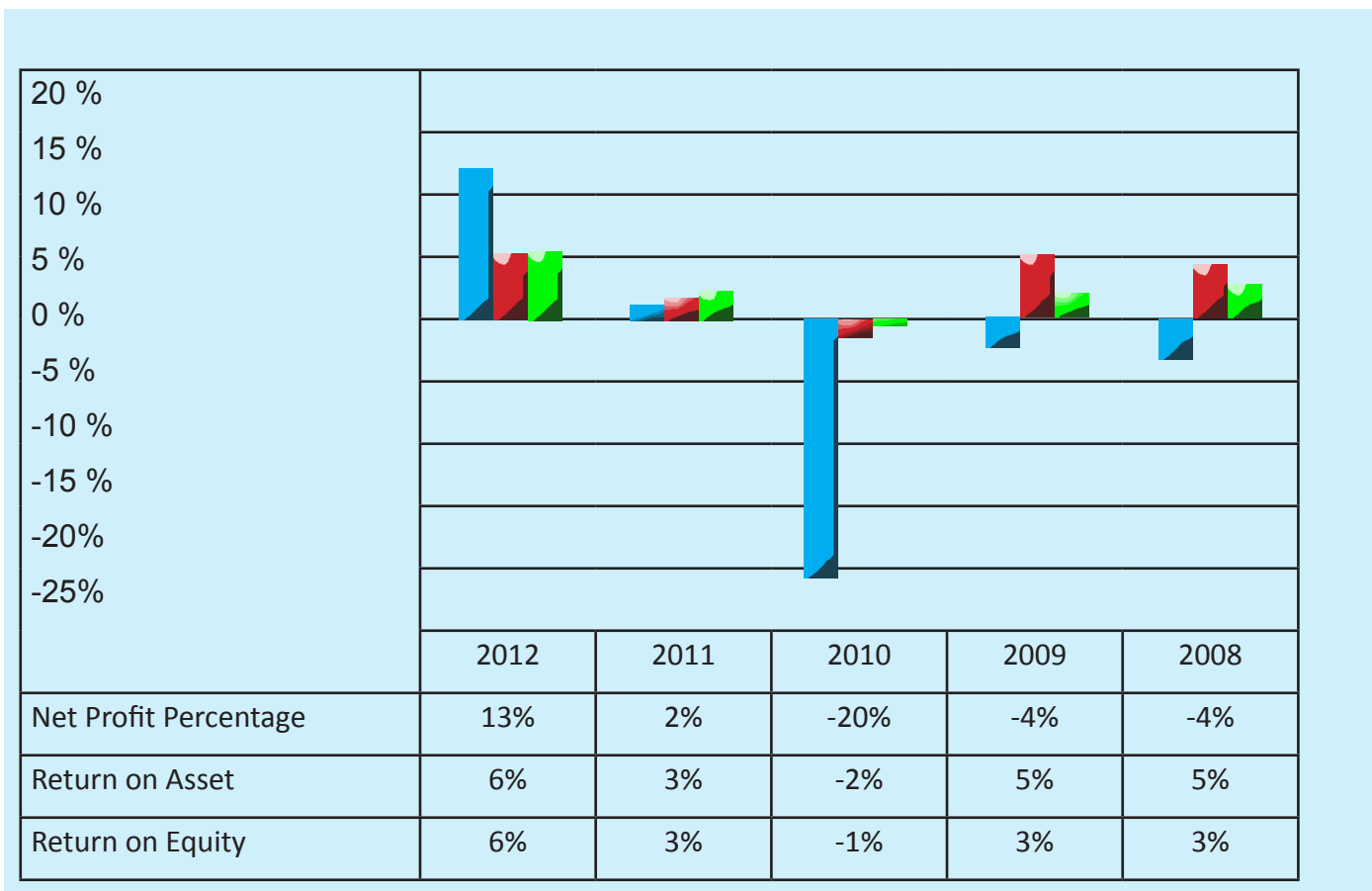
A total cash outflow of R64M (2010/11: R37M) is reported on investing activities indicating the employment of resources in the acquisition of assets. The majority of funds were utilised to increase the investments.

Total positive cash flow movements for the year amount to R7M as compared to net cash flow movements of R38M during the previous financial year indicates solid cash position for Magalies Water.

2.8.6 Performance financial ratios

The graphic presentation below provides performance indicators for a five year period. In the 2010 financial year the entity reported significant adverse financial performance. A turn around to profitable operations took effect from the in 2011 financial year, indicating a profitable trading trajectory based on the trading improvements achieved during the 2012 financial year (see graph 10 below).

Graph 10: Performance Financial Ratios



2.8.7 Financial position ratios

The graphic presentation below (graph 13) presents Magalies Water’s key financial ratios, which can be summarised as follows:

- The ability to service short term obligations has been solid over a five year period
- Debt collection has been challenging due to inconsistent payment by some of our customers
- Creditors’ payments have been erratic and a process to ensure recording of creditors has been implemented in order to improve turnaround time for creditors’ payments
- Financial leverage has not been utilised to finance the assets of Magalies Water

Graph 11: Financial Position Ratios



Table 8: Summarised five year financial review

Financial Element/Indicator	2012	2011	2010	2009	2008
Water Sold (KL'000)	80, 651	77, 821	76, 547	74,983	74,726
Abridged financial performance					
Revenue	272,000	234,310	180,565	166,985	158,046
Cost of sales	(175,408)	(172,706)	(159,344)	(100,607)	(96,897)
Gross profit	96,592	61,604	21,221	66,378	61,149
Other income	30,879	13,757	14,665	117,464	90,133
Operating & other Costs	(91,224)	(71,319)	(71,332)	(190,080)	(136,258)
Operating surplus/(loss) before finance charges	36,247	4,042	(35,446)	(6,238)	15,024
Net interest and finance charges	24,867	23,269	27,717	37,544	33,728
Net Surplus	61,842	28,396	(10,866)	31,305	28,039
Abridged financial position					
Equity	1,068,195	1,006,353	967,761	982,721	951,415
Creditors & Provisions	90,459	80,855	59,120	66,146	71,109
Equity & Liabilities	1,158,654	1,087,208	1,026,881	1,048,867	1,022,524
Property, plant, equipment & Intangibles	559,679	582,266	588,260	590,090	605,396
Held- to-maturity investments	29,695	26,896	25,302	33,202	32,537
Inventories	11,828	10,513	6,199	6,202	5,263
Trade & other receivables	109,170	79,407	78,118	93,127	62,021
Loans & receivables	391,904	338,334	317,211	311,199	295,905
Bank & Cash Balances	56,378	49,792	11,791	15,047	21,402
Total Assets	1,158,654	1,087,208	1,026,881	1,048,867	1,022,524

2.9 To achieve value for money, effectiveness and efficiency in our resource deployment

To achieve this objective, a reduction in total expenditure in comparison to total revenue is to be achieved. During the 2011/12 financial year, total expenses were 90% of total revenue generated, thus indicating efficiency in conducting business as well as effective cost management.

2.10 To manage financial risks effectively

The following key financial risks were determined and were effectively mitigated.

2.10.1 Interest rate risk

Interest rate risk is defined as a potential financial loss as a result of adverse movements in interest rates that affects the value of investments. This risk was mitigated through targeted investments in specific products and confined to institutions not susceptible to interest rate risk.

2.10.2 Credit risk

Credit risk is defined as the risk that a consumer of water services may fail to pay according to the terms and conditions of its contract. This risk was managed and mitigated through the implementation of the revenue and receivables policy.

2.10.3 Liquidity risk

Liquidity risk arises when goods and services cannot be paid for due to a shortage of funds. This risk was managed and mitigated through stringent management of cash flows from operations.

DEVELOPMENT AND ENVIRONMENTAL PERSPECTIVE

The strategic objectives under this perspective are:

- To ensure sustainable use of water resources
- To ensure conservation of natural resources
- To ensure sustainable impact on the environment.

2.11 To ensure sustainable use of water resources

Magalies Water has achieved the following:

2.11.1 The total raw water abstraction license for Magalies Water is 106 692 400kl per annum, but actual raw water abstracted was 83 353 751kl per annum, which is in compliance with our raw water abstraction limit.

2.11.2 Magalies Water did not achieve its set target of 3.5% plant loss due to a lack of facility to recover and recycle process water. This will be rectified as part of the Klipdrift Water Treatment Plant upgrade project.

2.12 To ensure conservation of natural resources

In its pursuit of the objective of conserving and reducing potential negative environmental impact Magalies Water has achieved the following:

2.12.1 Significant reduction by 13 320 litres in fuel consumption. This is equivalent to a total reduction of 33 300kg in CO2 emissions. This achievement was the result of effective monitoring of fleet utilisation using a fleet management system as a monitoring tool.

2.13 To ensure sustainable impact on the environment

Magalies Water utilises natural resources in conducting its normal business and is conscious of potential depletion of these resources, therefore Magalies Water is engaged in programmes that seek to conserve these resources through recycling and wastes reductions.

2.13.1 In the past five years Magalies Water embarked on an effort to reduce wastages in the operation of the Plants. Efforts included setting of targets on Plant water losses, recycling of office wastes and removal of process bottlenecks. Projects to establish baseline targets were set for the following:

- Establish baseline for the recovery of process water
- Reducing overall Plant loss to a maximum of 3.5%
- Establish baseline for Recycling of office waste i.e. paper and printer cartridges

Progress made on each of the three areas mentioned above is further discussed below:

Establish baseline for the recovery of process water The baseline target for the recovery of process water was set at 8% of the total raw water purchased using the Vaalkop WTP. This baseline will be rolled out to all other water treatment plants during the next financial year. Performance against these targets will be monitored henceforth. The following was achieved in regards to recovery and recycling of process water:

Table 9: Abstraction versus Recycled backwash water

Financial Year	Water Abstracted (kl)	Backwash water recycled (kl)	Percentage to abstraction	Saving in Rands
2009/10	57621336	418393	1%	R 311 452
2010/11	66537016	4772851	7%	R 3 552 910
2011/12	67300914	5072001	8%	R 3 775 598
			Total Savings to date	R 7 639 960

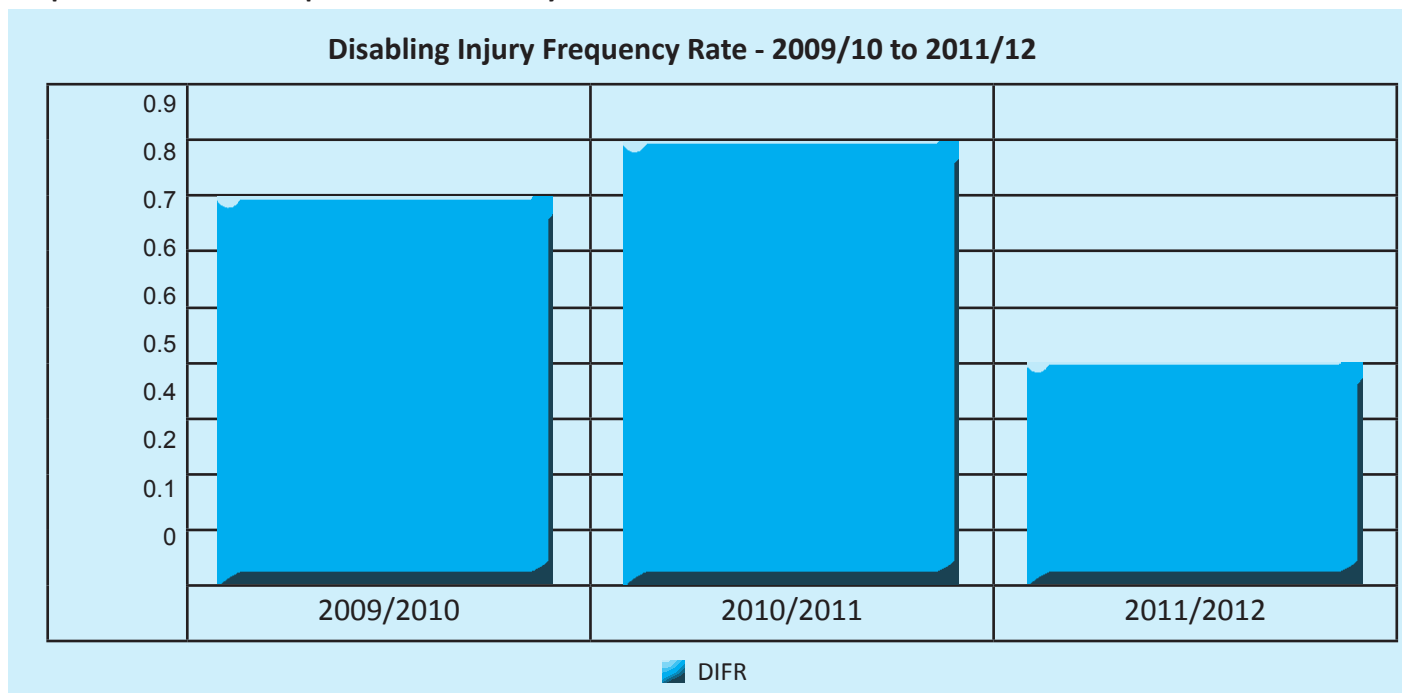
Reducing overall Plant loss to a maximum of 3.5%

An adverse variance of 0.45% was recorded against the target of 3.5% in regards to plant water loss. This variance is being addressed through the upgrade project at the Klipdrift Plant.

2.13.2 All Magalies Water Treatment Plants owned and or operated by Magalies Water are ISO 14001 certified. This certification has been retained consistently for more than two years at these plants.

2.13.3 Magalies Water complies with the Occupational Health and Safety Act (Act 85 of 1993), and other safety standards. Consequently, the Disabling Injury Frequency Rate (DIFR) has been kept below one over the last three years. Graph 12 below depicts a declining DIFR trend which is attributed to training, education and safety awareness campaigns.

Graph 12: DIFR over the past three financial years



ORGANISATIONAL LEARNING AND GROWTH PERSPECTIVE

The strategic objectives under this perspective are:

- To develop business effectiveness
- To develop business efficiency
- To match organisational competence with growth opportunities
- To enhance business systems and processes to support effectiveness and business efficiency in delivering strategic outcomes in all significant business functions and transaction cycle

2.14 To develop business effectiveness

This objective is driven by Magalies Water's Human Resources statement as indicated in the Financial year 2011/12 business plan viz. that Magalies Water will develop processes that ensure that the organisation has the right number and mix of willing, competent, capable and empowered staff to effectively deliver on the organisation's strategic outcomes. During the year under review, the organisation has finalised the integrated strategic workforce plan which will direct development and implementation of key Human Resource processes for the achievement of the organisation's Human Resource statement. Components of the workforce plan are indicated in the diagram below. Implementation of the workforce plan will be conducted in various phases over the cycle of the business plan.

The organogram that is aligned to the long term goals of the organisation was also completed during the year under review.

2.15 To develop business efficiency

A number of policies were developed across all functional lines in order to improve business efficiency. Approved policies include amongst others:

- Review of Human Resources Policies with the view to ensure alignment with legislation and best practices
- Review of Delegation of Authority in order to minimise prohibitive processes in conducting business and as well as ensuring that the necessary controls are in place
- Review of Supply Chain Management
- Development of Corporate Social Investment Policy

2.16 To match organisational competence with growth opportunities

2.16.1 Performance management system for the organisation has been developed and fully implemented at executive level of the organisation. Implementation at the other levels of management is planned for the next financial year.

2.16.2 Magalies Water is continuously improving its workforce skills through its training and development programmes. The organisation has successfully implemented the following Training and Development Programmes:

- **Learnership Programme**

Magalies Water entered into an agreement with Energy and Water SETA to take forward the Learnership programme in the field of Water Reticulation and Water & Wastewater purification processes NQF levels 2 and 3 (see figure 8 below).

Figure 8: NQF level 2 and 3 graduation



Table 10 below depicts the number of employees that participated per learnership programme:

Learnership	NQF	Male	Female	Total
National Certificate: Water & Wastewater Process Control	Level 3	04	02	06
National Certificate: Water Reticulation	Level 2	09	01	10
Total		13	03	16

- **Internship Programme**

Magalies Water recruited 14 graduates for development in Electrical & Mechanical Engineering, Water Care, Information Technology, Supply Chain Management and Human Resource management.

- **Adult Basic Education and Training (ABET)**

As part of the employee development programme, Magalies Water offered ABET training in literacy, technology, life orientation and numeracy. A total number of 37 employees attended the programme in the year under review as indicated in table 11 below:

Table 11: ABET Programme

Level	Male	Female	Total
1	04	0	04
2	10	0	10
3	06	02	08
4	13	02	15
Total	33	04	37

- **Internal Bursary Scheme**

Thirty six permanent employees of Magalies Water were offered bursaries to further their studies in the fields depicted in table 12 below:

Table 12: Bursary Scheme

Field of study	Qualification	Total
Engineering	B. Tech	12
Water Care	N Dip.	16
Finance & Admin	N Dip.	1
Human Resources	Honours	1
Leadership & Management	MBA & MBL	6
Total		36

- **External Bursary Scheme**

Magalies Water also has an external bursary scheme which focuses on the development of the previously disadvantaged South African youth. Preference is given to training in critical and scarce skills of the Water Sector. Five youth within Magalies Water’s area of supply were granted bursaries to further their studies in the Electrical and Mechanical Engineering.

- **Capacity Building**

Magalies Water sponsored entrepreneurial training of 40 (12 males and 28 females) unemployed youth during the period under review.

- **Employee Wellness and Assistance Programme**

Wellness programme remains a key focus area of Magalies Water aimed at improving the quality of life of its employees and their families. The programme is a support system targeting employees and their families.

- **HIV and Aids**

Magalies Water has an HIV/Aids Programme for its employees and during the period under review, the organisation implemented this programme in line with the National theme of “Getting to zero” (see figures 9 below).

Table 12: Bursary Scheme



2.17 To enhance business systems and processes to support Business Effectiveness and Business Efficiency in delivering Strategic Outcomes in all significant business functions and transaction cycles.

Various initiatives were undertaken to utilise ICT in order to achieve this objective. Initiatives undertaken include:

- Review of ICT systems capability in order to identify gaps and opportunities that can be exploited to achieve this objective
- Automation of procurement system
- Implementation of Document Management System
- Laboratory Information Management System (LIMS);



SECTION 3 – AUDIT REPORTS

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON MAGALIES WATER

3.1 REPORT OF INDEPENDENT AUDITORS

Introduction

1. I have audited the financial statements of Magalies Water set out on pages 64 to 91, which comprise the statement of financial position as at 30 June 2012, statement of comprehensive income, statement of changes in net assets and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information and the accounting authority's report.

Accounting authorities' responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of Magalies Water as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the PFMA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter

Restatement of corresponding figures

8. As disclosed in note 23 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during 2012 in the financial statements of the Magalies Water at, and for the year ended, 30 June 2011

Additional matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

The supplementary information set out on pages 92 to 93 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

PAA REQUIREMENTS

10. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the information in the performance report as set out on pages 24 to 28 of the annual report.
12. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned perspective. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected perspective is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

13. The material findings are as follows:

Usefulness of information

Measurability

Performance targets not specific

14. The *National Treasury Framework for managing programme performance information (FMPPi)* requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 100% of the targets relevant to the developmental and environmental perspective was not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the *FMPPi* but did not receive timeous training to enable application of the principles. The following serves as an example

PERSPECTIVE	OBJECTIVE	OUTCOME	PERFORMANCE INDICATOR	TARGETS
Developmental and Environmental	To ensure sustainable use of water resources	Raw Water abstraction within sustainable levels	Raw Water abstraction volumes against licence levels	Actual Raw Water Abstraction within Licensed volumes
			System losses at Water Works as percentage of Raw Water Purchased	System losses:

Performance targets not measurable

15. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that performance targets be measurable. The required performance could not be measured for a total of 100% of the targets relevant to the customer and stakeholder perspective. This was due to the fact management was aware of the requirements of the *FMPPi* but did not receive timeous training to enable application of the principles

The following serves as an example

PERSPECTIVE	OBJECTIVE	OUTCOME	PERFORMANCE INDICATOR	TARGETS
Customer and Stakeholder	To contribute to the extension of water supply to un-serviced areas	Increase in water supply to currently un-serviced areas	Install water supply infrastructure to service un-serviced areas	Commence PWS Project implementation.

Performance targets not time bound

16. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that the time period or deadline for delivery be specified. A total of 100% of the targets relevant to the customer and stakeholder perspective were not time bound in specifying a time period or deadline for delivery. This was due to the fact that management was aware of the requirements of the *FMPPi* but did not receive timeous training to enable application of the principles

The following serves as an example

PERSPECTIVE	OBJECTIVE	OUTCOME	PERFORMANCE INDICATOR	TARGETS
Customer and Stakeholder	To provide affordable water services	Water Services meet affordability requirements of customers	Increase in Tariff for Bulk Water Supply	Increase within limits approved by National Treasury

Additional matter

17. I draw attention to the matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

18. Of the total number of planned targets, only 13 were achieved during the year under review. This represents 22% of total planned targets that were not achieved during the year under review.

Compliance with laws and regulations

19. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual financial statements

20. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 55(2) of the PFMA. Material misstatements of financial statements identified by the auditors were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

21. Goods, works and services were not always procured through a procurement process which is fair, equitable, transparent and competitive as required by the PFMA section 51(1) (a) (iii).

Expenditure Management

22. The accounting authority did not take effective steps to prevent irregular expenditure fruitless a wasteful expenditure, as required by section 51(1)(b)(ii) of the Public Finance Management Act.

Internal control

23. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations, the findings on the performance report and the findings on compliance with laws and regulations included in this report.

Leadership

24. An IT governance framework that supports and enables the business, delivers value and improves performance has not been established.

Financial and performance management

25. Regular, accurate and complete financial and performance reports were not prepared.
26. Inadequate review and monitoring resulted in non-compliance with laws and regulations.

Governance

27. Processes that enable oversight over reporting of performance against predetermined objectives was were not implemented.
28. Inadequate implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted.

OTHER REPORTS

Investigations in progress

29. National Treasury and the South African Police Services' Directorate for Priority Crime Investigations are investigating procurement irregularities on appointment of services providers. The investigation is still on-going.

Auditor-General

Pretoria



3.2. REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 30 June 2012

3.2.1. AUDIT AND RISK COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The Audit and Risk Committee is a statutory body appointed by the Board in terms of Section 77 of the Public Finance Management Act, 1999. It consists of six independent non-executive members. The Committee meets at least four times a year as required by the terms of reference.

The Chief Executive, Chief Financial Officer, Head of Internal Audit, Auditor General and Risk Manager are required to attend all the meetings of the Committee as invitees.

During the financial year under review seven meetings were held and attended as follows:

NAME & SURNAME	ATTENDANCE	TERM OF OFFICE
T Zondi	7 out of 7	Term ending 30 June 2013
E Mabena	6 out of 7	Term ending 31 March 2014
R Theunissen	1 out of 1	Terms expired 31 August 2011
S Makinta	1 out of 1	Term expired 31 August 2011
L Gwangwa	2 out of 7	Term ending 30 June 2013
B N Magongwa**	5 out of 7	Term ending 12 Oct 2014
M J Ramataboe**	5 out of 7	Term ending 12 Oct 2014
T T Mohapi*	2 out of 7	Term ending 30 June 2013

*Member appointed on- 01/12/2011

**Member appointed on-12/10/2011

3.2.2. AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee has adopted formal terms of reference. The Audit and Risk Committee's role and responsibilities include statutory responsibilities as prescribed by Section 76(4) (d) and 77 as well Treasury Regulation 3 of the PFMA. Further responsibilities are assigned to the Committee by the Board.

3.2.3. EFFECTIVENESS OF INTERNAL CONTROLS

Section 51(1) (a) of the PFMA provides that the accounting authority of a public entity must ensure that the entity has and maintains an effective, efficient and transparent system of financial and risk management and internal control. The Audit and Risk Committee has overseen processes by which internal audit performed assessments of the effectiveness of the organisation's system of internal controls and risk management including internal financial controls.

The Committee has noted the improvement in the general internal control systems. It has reviewed the recommendations for strengthening internal controls made by the Auditor General of South Africa in the Management Report presented to the Audit and Risk Committee, as well as the undertakings by management and is satisfied of the proposed actions for the next financial year.

The Committee is equally satisfied with the progress by the organisation regarding risk management process and the institutionalisation of risk management processes. We hope this will go a long way in the achievement of a high level performance and maturity in dealing with risk management.

3.2.4. INTERNAL AUDIT

The Committee is responsible for ensuring that the organisation's Internal Audit fulfils its function in terms of the Internal Audit Charter and that it maintains its independence and has the necessary resources, standing and authority within the entity to enable it to fully discharge its duties.

The Internal Audit Plan was approved by the Committee during the year under review. The plan guided the activities of internal audit in performing their duties. The Committee is determined to ensure that, going forward; strengthening of internal controls remains one of the key focus areas.

3.2.5. WHISTLE BLOWING

The Audit and Risk Committee is satisfied with the effectiveness of the hotline as a tool for preventing fraud in the organisation. All hotline reports received are investigated by internal audit and final recommendations thereof implemented by management.

3.2.6. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the accounting authority
- Reviewed the Auditor-General's management letter and management's response thereto
- Reviewed and discussed the performance information with management
- Reviewed changes in accounting policies and practices
- Reviewed the entities compliance with legal and regulatory provisions
- Reviewed significant adjustments resulting from the audit.

Based on the reviews, the Committee concurs with the findings and opinion expressed by the Auditor General of South Africa on the audited annual financial statements and noted the general improvement in the reporting on performance information. The Committee was pleased to note the unqualified audit opinion reported by the Auditor General for the year under review and are encouraged that going forward further improvements will be achieved in an effort to achieve a clean audit report. The Committee will increase its role on matters identified during the audit report including all matters requiring the Committee's attention in the fulfilment of its role and responsibilities.

A handwritten signature in black ink, appearing to be 'T Zondi', written in a cursive style.

T Zondi

Chairperson: Audit and Risk Committee

MAGALIES WATER

SECTION 4: ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Index

The reports and statements set out below comprise the annual financial statements presented to the Board:

Index	Page
Board Responsibilities and Approval	63
Statement of Financial Position	64
Statement of Comprehensive Income	65
Statement of Changes in Net Assets	66
Statement of Cash Flows	67
Accounting Policies	68
Notes to the Annual Financial Statements	76

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	92
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Board Responsibilities and Approval

The Board is required by Water Services Act No 108 of 1997 as well as the Public Finance Management Act of 1999 to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the Board's responsibility to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the public entity and the Board places considerable importance on maintaining a strong control environment. In order to enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the public entity and all employees are required to maintain the highest ethical standards in ensuring the public entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the public entity is on identifying, assessing, managing and monitoring all known forms of risk across the public entity. While operating risk cannot be fully eliminated, the public entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board has reviewed the public entity's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, is satisfied that the public entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Auditor General is responsible for independently reviewing and reporting on the public entity's annual financial statements.

The annual financial statements set out on pages 64 to 93, which have been prepared on the going concern basis, were approved by the Board on 16 November 2012 and were signed on its behalf by:



Chairperson



Chief Executive

Rustenburg
16 November 2012

Annual Financial Statements

Statement of Financial Position as at 30 June

	Notes	2012 R'000	2011 (Restated) R'000	2010 R'000
Assets				
Non-Current Assets				
Property, plant and equipment	2	554,031	581,585	587,898
Intangible assets	3	5,848	701	574
Held to maturity investments	4	419	812	1,151
Loans and receivables	5	29,095	28,886	25,302
Current Assets				
Inventories	6	11,828	10,513	8,199
Long term receivables - short term portion	4	383	284	189
Loans and receivables	5	391,082	337,228	315,982
Trade and other receivables	7	109,170	79,407	78,118
Cash and cash equivalents	8	58,378	46,782	11,791
Total Assets		1,158,654	1,067,208	1,026,881
Equity and Liabilities				
Equity				
Retained income		1,068,185	1,008,353	967,761
Liabilities				
Current Liabilities				
Trade and other payables	9	80,135	71,289	58,120
Provisions		10,324	9,586	-
Total Equity and Liabilities		1,158,654	1,067,208	1,026,881

Annual Financial Statements

Statement of Comprehensive Income for the year ended 30 June

	Notes	2012 R'000	2011 (Restated) R'000
Revenue	11	272,000	234,310
Cost of sales	12	(175,408)	(172,706)
Gross Profit		96,592	61,604
Current Assets			
Other Income	13	30,879	13,757
Other Operating Expenses		(91,224)	(71,319)
Operating Profit (Loss)	14	36,247	4,042
Finance Income		24,958	23,328
Fair Value Adjustments		728	1,085
Finance Costs		(91)	(59)
Profit (Loss) for the year		61,842	28,396
Total Comprehensive Income for the year		61,842	28,396

Annual Financial Statements

Statement of Changes in Net Assets for the year ended 30 June 2012

	Retained Income R'000	Total net assets R'000
Balance at 01 July 2010 as previously reported	968,156	968,156
Prior period adjustment - Other income	(395)	(395)
Balance at 01 July 2010 as restated	967,761	967,761
Total comprehensive income for the year	28,396	28,396
Previous period adjustment fair value of debtors	1,231 (762)	1,231 (762)
Asset previous period adjustment	8,148	8,148
	1,004,774	1,004,774
prior period adjustments - Other Income	(280)	(280)
Assets	1,579	1,579
Debtors	319	319
VAT	(39)	(39)
Balance at 01 July 2011 as restated	1,006,353	1,006,353
Total comprehensive income for the year	61,842	61,842
Balance at 30 June 2012	1,068,195	1,068,195

Note(s)

Annual Financial Statements

Statement of Cash Flows for the year ended 30 June

	Note(s)	2012 R 000	2011 R 000
Cash flows from operating activities			
Cash (used in) generated from operations	19	45,455	51,708
Finance Income		24,958	23,328
Finance costs		(91)	(59)
Net cash from operating activities		70,322	74,977
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(6,176)	(14,926)
Sale of property, plant and equipment	3	-	667
Purchase of other intangible assets	4	(1,191)	-
Increase in investments held to maturity		(56,663)	(23,254)
Redemption of long term receivables		294	243
Movement in investments		-	294
Net cash from investing activities		(63,731)	(36,976)
Total cash movement for the year			
Cash at the beginning of the year		49,792	11,791
Total cash at end of the year	9	56,378	49,792

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Water Services Act No 108 of 1997 as well as the Public Finance Management Act of 1999 as amended. The financial statements are presented in South African Rands, rounded to the nearest thousand. The annual financial statements have been prepared on the historical cost basis, and incorporate the significant accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Application of new and revised International Financial Reporting Framework

The application of the new statements had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented.

The amendments and interpretations that were issued by International Accounting Standards Board (IASB) but with a commencement date outside this reporting period are disclosed in Note 2.

1.2 Significant accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis except where specifically indicated financial instruments which are measured at re-valued amounts or fair value, as explained in the accounting policies set out below.

Statement of compliance

The annual financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS).

The use of IFRS is a departure from Treasury Regulation 28.1.6 which requires Schedule 3b entities to prepare financial statements in compliance with SA GAAP. The approval to use IFRS was granted by the Office of the Accountant General on 13 July 2011.

Significant accounting estimates and judgments

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Significant judgments include:

Financial assets measured at cost and amortised cost

The company assesses its financial assets measured at cost and amortised cost for impairment at each end of the reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income for the year ended 30 June 2012, the company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete inventory

An allowance for inventory to write inventory down to the lower of cost or net realisable value. The provision for the write down is included in the inventory.

Accounting Policies

1.2 Significant accounting policies (continued)

Impairment

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

A provision is recognised if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events and whose events will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from a past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation. Contingencies are disclosed in note 17.

Useful lives and residual values

The useful lives of property, plant and equipment as well as the useful lives of the intangibles are reviewed at each balance sheet date. The useful lives are estimated, by management, based on historic analysis and other available information. The residual values are estimated based on useful lives as well as other available information.

1.3 Correction of prior period errors

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorised for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Prior period errors are accounted for in accordance with the requirements of IAS 8.

1.4 Property, plant and equipment

Property, plant and equipment are tangible items that:

- (a) are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- (b) are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

This includes cost incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment, is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Buildings	
Buildings	40 years
Pipelines and Reservoirs	45 years
Plant and machinery	
• Plant and machinery	18 years
• Laboratory equipment	5 years
Furniture & Fittings	6 years
Motor vehicles	
• Light vehicles	4 years
• Heavy duty & industrial vehicles	4 years
Office equipment	3 years
Computer equipment	3 years

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and has significantly different patterns of consumption of economic benefits is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

Fixed assets under construction

Fixed assets under construction are carried at cost less any impairment loss where the recoverable amount of the asset is estimated to be lower than the carrying value. Costs include professional fees, materials, etc. Depreciation of these assets, on the same basis as other assets commences when the assets are ready for their intended use.

1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs associated with researching and maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable software products controlled by Magalies Water, that will probably generate economic benefits beyond one year that can be measured reliably, are recognised as intangible assets. Costs include employee cost incurred as a result of developing software and an appropriate proportion of relevant overheads.

Accounting Policies

1.5 Intangible assets (continued)

Servitudes are rights granted to Magalies Water for an indefinite period of time. The life of the servitude will remain in force as long as the relevant infrastructure is still in use. A servitude will only become impaired if the infrastructure to which the servitude is linked is derecognised.

The useful life of water rights is estimated based on the relevant contractual agreements. The useful life is re-assessed annually and will be adjusted if necessary.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefit embodied in the specific asset to which it related. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with indefinite useful lives are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

Servitudes are carried at cost.

The estimated useful lives are as follows:

Item	Useful life
Computer software	3 years
Servitudes	Indefinite

1.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.7 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised on Magalies Water statement of financial position when the company becomes party to the contractual provisions of the instrument. The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity' investments, 'available for sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Accounting Policies

1.7 Financial instruments

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Magalies Water's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment been reversed.

Financial liabilities

financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Accounting Policies

1.8 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset.

1.9 Inventories

Inventories are stated at the lower of cost determined on the weighted average cost basis and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less any costs of completion and costs to be incurred in marketing, selling and distribution.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.10 Impairment of assets

Magalies Water assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, Magalies Water estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

Receivables that have fixed or determinable payments which are not payable in the next twelve months and not quoted in an active market are classified as long term debtors. Long term debtors are measured at amortised costs using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective rate, except for short-term debtors when the recognition of interest would be immaterial.

1.11 Long term receivables

Receivables that have fixed or determinable payments which are not payable in the next twelve months and not quoted in an active market are classified as long term debtors. Long term debtors are measured at amortised costs using the effective interest rate method, less any impairment.

1.12 Employee benefits

Other post-retirement obligations

The Board is obliged to contribute a share of monthly contributions to the medical aid fund on behalf of retired members, provided that they retain their membership to the medical aid fund. The board has arranged an insurance policy which will fund this liability. The board provides post-retirement health care benefits to their retirees. The entitlement to this benefit is based on the employee remaining in service up to retirement age and completion of a minimum service period.

Accounting Policies

1.12 Employee benefits (continued)

Defined contribution plans

A defined contribution plan is a plan under which the Board pays fixed contributions into a separate entity. The Board has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employer service in the current and prior periods. Contributions to defined contribution plan are in respect of services in a particular period and are recognised as an expense in that period. The board contributes towards Magalies Water Retirement Fund. This fund is registered and controlled in terms of the Pension Fund Act.

1.13 Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose events will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from a past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation. Contingencies are disclosed in note 21.

1.14 Revenue

The entity recognises revenue when the amount of revenue can be reliably measured and it is probable that economic benefits will flow to the entity. Revenue is measured at the fair value of the consideration received or receivable net of discounts and value added tax. Revenue is recognised as follows:

Sale of water

Revenue from sale of water is recognised when significant risks and rewards of ownership have passed and the amount of revenue can be measured reliably. Revenue comprises primarily the net invoiced value of water sales, exclusive of VAT.

1.15 Related Parties

The entity is a state controlled entity, it has a related party relationship with all other entities within the same sphere of government. Unless otherwise disclosed, all transactions with related parties are on arms length basis at market related prices.

1.16 Other income

Finance Income

Finance income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period of maturity.

Management Fees

Management fees are recognised in the period in which the services are rendered on an accrual basis in accordance with the substance of the relevant agreements.

1.17 Cost of sales

Cost of sales includes the cost of raw water and all other direct operating costs associated with the production process. When water is sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

Accounting Policies

1.18 Irregular, fruitless and wasteful expenditure

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of comprehensive income in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of comprehensive income.

Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial period and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

1.19 Emerging Risks

The annual financial statements of the entity are currently prepared in accordance with International Financial Reporting Standards. There is an exposure draft on the accounting framework for public entities to prepare financial statements using the Generally Recognised Accounting Practices (GRAP).

National Treasury and the Public Sector Accounting Standards Board are in the process of considering proposed changes to the Treasury Regulations to take account of withdrawal of SA GAAP and replacement with GRAP.

2. New Standards and Interpretations

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 and 12, the standard describes the application of the equity method to investments in joint ventures in addition to associates.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The entity expects to adopt the amendment for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

IAS 34 Interim Financial Reporting

Annual Improvements 2009–2011 Cycle: Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities.

The effective date of the standard is for years beginning on or after 01 January 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

IAS 16 Annual improvements 2009–2011 cycle

Amendments to the recognition and classification of servicing equipment.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The entity expects to adopt the amendment for the first time in the 2014 annual financial statements.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities.

The effective date of the standard is for years beginning on or after 01 January 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

IFRS 10 Consolidated Financial Statements

Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.

The effective date of the standard is for years beginning on or after 01 January 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

2. New Standards and Interpretations (continued)

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IAS 27 Separate Financial Statements

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

The effective date of the standard is for years beginning on or after 01 January 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

IFRS 11 Joint Arrangements

The standard replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non Monetary Contributions by Venturers. The standard defines a Joint arrangement as existing only when decisions about relevant activities require the unanimous consent of the parties sharing joint control in terms of a contractual arrangement.

The effective date of the standard is for years beginning on or after 01 January 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 12 Disclosure of interests in other entities

The standard sets out disclosure requirements for investments in Subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off balance sheet vehicles.

The effective date of the standard is for years beginning on or after 01 January 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

The effective date of the standard is for years beginning on or after 01 January 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

2. New Standards and Interpretations (continued)

IAS 32 Financial Instruments

The amendment requires entities to disclose gross amounts subject to rights of set off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set off on the entity's rights and obligations.

The effective date of the standard is for years beginning on or after 01 January 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

IAS 19 Employee Benefits Revised

Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The entity expects to adopt the amendment for the first time in the 2014 annual financial statements.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

3. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	1,261	-	1,261	1,261	-	1,261
Buildings	99,245	(49,439)	49,806	99,078	(47,135)	51,943
Plant and machinery	130,231	(67,406)	62,825	124,637	(60,580)	64,057
Furniture and fixtures	3,712	(2,853)	859	3,538	(2,646)	892
Motor vehicles	20,562	(17,494)	3,068	20,592	(14,086)	6,506
IT equipment	8,259	(5,538)	2,721	6,554	(3,610)	2,944
Pipelines and Reservoirs	666,376	(238,790)	427,586	663,344	(224,494)	438,850
Fixed Assets under construction	5,905	-	5,905	15,112	-	15,112
Total	935,551	(381,520)	554,031	934,116	(352,551)	581,565

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Adjustments/ Transfers	Depreciation	Impairment /write off	Total
Land	1,261	-	-	-	-	1,261
Buildings	51,943	160	30	(2,294)	(12)	49,806
Plant and machinery	64,057	2,199	3,475	(6,266)	(640)	62,825
Furniture and fixtures	892	181	(6)	(200)	(20)	859
Motor vehicles	6,506	-	-	(3,429)	(11)	3,068
IT equipment	2,944	1,662	(53)	(1,765)	(67)	2,721
Pipelines and Reservoirs	438,850	-	3,032	(14,249)	(47)	427,586
Fixed Assets under construction	15,112	1,974	(11,181)	-	-	5,905
	581,565	6,176	(4,703)	(28,203)	(797)	554,031

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Prior period corrections	Depreciation	Impairment loss	Total
Land	1,261	-	-	-	-	-	1,261
Buildings	16,279	92	-	37,140	(1,568)	-	51,943
Plant and machinery	109,085	2,979	-	(40,475)	(6,739)	(793)	64,057
Furniture and fixtures	1,462	381	-	244	(1,189)	(6)	892
Motor vehicles	5,296	4,800	(76)	385	(3,898)	(1)	6,506
IT equipment	4,515	2,489	-	(2,228)	(1,804)	(28)	2,944
Pipelines and Reservoirs	438,861	-	-	14,739	(14,750)	-	438,850
Fixed Assets under construction	10,927	4,185	-	-	-	-	15,112
	587,686	14,926	(76)	9,805	(29,948)	(828)	581,565

Transfers include transfers from assets under construction to intangible assets, plant and equipment and pipelines and reservoirs.

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

4. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	5,310	(1,238)	5,081	162	(28)	134
Services	587	-	587	587	-	587
Total	5,896	(1,238)	5,648	729	(28)	701

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software and other Services	134	1,191	4,994	(1,238)	5,081
	587	-	-	-	587
	701	1,191	4,994	(1,238)	5,648

Reconciliation of intangible assets - 2011

	Opening balance	Transfers	Amortisation	Total
Computer software and other Services	7	155	(28)	134
	587	-	-	587
	574	155	(28)	701

5. Long term receivables

Eastern Gauteng Services Council

The loan to Eastern Gauteng Service Council originated on 20 September 1994, being their bulk capacity contribution. The debt is repayable in half yearly instalments of R195,713 on 30 September 2014 at an interest rate of 13.5% per annum

812 1,108

Short term portion

812 1,108
(393) (294)
419 812

6. Held to Maturity Investments

Zero Coupon Investments

INCA Zero Coupon Investment, 14.94% growth on investment, maturing 31/03/2015

4,373 3,785

SCMB Zero Coupon Investment, 50.787% simple interest on capital balance per annum, maturing 31/03/2015

12,710 11,875

Sanlam - The Board is obliged to contribute on behalf of members the Board's share of their monthly contributions to the medical aid fund, provided the members retain their membership to the medical aid fund. This Momentum investment was ceded during the 2010/2011 financial year and reinvested at Sanlam.

12,611 11,238

Loans and receivables

391,002 337,228
420,786 364,124

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

6. Loans and receivables (continued)

Non - current assets		
Held to Maturity Investments	29,895	29,898
Current assets		
Loans and receivables	361,082	337,228
Total investments	<u>429,787</u>	<u>364,124</u>

7. Inventories

Water inventory	1,348	300
Other inventories	7,343	5,533
Chemicals	<u>6,062</u>	<u>4,014</u>
	14,753	10,513
Inventories (write-downs)	<u>(2,025)</u>	-
	<u>11,828</u>	<u>10,513</u>

7.1 Inventory Schedule

Chemicals - Cullinan	132	148
Chemicals - Kipdrift	215	142
Chemicals - Roodepoort	821	1,145
Chemicals - Tembisa	2,848	1,101
Chemicals - Vaaltop	1,850	1,885
Chemicals - Walmansdal	182	183
Other inventories - Vaaltop	2,735	2,145
Petrol - Vaaltop	83	-
Other inventory - Garankuwa	549	400
Other inventory - Tembisa	2,880	2,880
Stationery - Head Office	157	-
Other inventory - Kipdrift	823	-
Water Inventory	1,348	300
	<u>14,753</u>	<u>10,513</u>

Inventories are shown net of impairment losses as a result of slow moving, damaged and redundant items.

Inventories pledged as security

There is no inventory pledged as security.

B. Trade and other receivables

Trade receivables	111,360	78,584
Impairment of receivables	(8,438)	(1,717)
Prepayments	1,117	-
Deposits	2,367	2,327
VAT	-	128
Sundry Debtors	755	2,087
	<u>109,170</u>	<u>79,407</u>

Fair value of trade and other receivables

Trade and other receivables	728	1,085
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Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

8. Trade and other receivables (continued)

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R76 603 - (2011: R57 403) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	51,328	42,045
2 months past due	18,302	8,416
3 months past due	6,973	6,942

As of 30 June 2012, trade and other receivables of R35 170 - (2011: R21 642-) were impaired and provided for.

The amount of the provision was R6 438 as of 30 June 2012 (2011: R1 717).

The ageing of these loans is as follows:

3 to 6 months	8,087	1,315
Over 6 months	27,083	20,327

Opening balance	1,717	10,161
Provision for impairment	4,721	(8,444)
	<u>6,438</u>	<u>1,717</u>

Trade receivables are payable within 30 days as per agreement with customers.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	16	18
Bank balances	56,362	49,774
	<u>56,378</u>	<u>49,792</u>

Cash and cash equivalents include positive bank balances and cash on hand. The carrying value of bank and cash is held at amortised cost and approximates its fair value.

Trade payables	25,684	31,512
Amounts received in advance	29,761	3,817
Sundry Creditors	12,192	17,841
Deposits Received	574	551
Accruals	9,708	15,600
Retention and Consumer Deposits	2,216	1,948
	<u>80,135</u>	<u>71,269</u>

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

10. Trade and other payables (continued)

Fair value of trade and other payables

Trade and other payables	80,135	71,269
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Trade and other payables are held at amortised cost and approximate its fair value. Trade payables are paid within 30 days from the date of invoice as per agreement with suppliers.

11. Provisions

Reconciliation of provisions – 2012

	Opening balance	Additions	Total
Leave pay and bonus provision	9,586	738	10,324

Reconciliation of provisions – 2011

	Opening balance	Utilised during the year	Total
Leave pay and bonus provision	10,352	(766)	9,586

Leave pay provision is based on the number of days leave due to employees at financial year end.

12. Revenue

Sale of Water	272,000	234,310
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13. Cost of sales

Sale of goods

Opening inventory	(366)	(350)
Purchases	(55,760)	(52,731)
Cost of production	(120,630)	(119,991)
Closing inventory	1,348	366
	<u>(175,408)</u>	<u>(172,706)</u>

14. Other Income

Other Income	18,936	10,089
Management fees		
	<u>11,943</u>	<u>2,993</u>
	<u>30,879</u>	<u>13,082</u>

15. Operating Profit

Operating profit for the year is stated after taking the following disclosable items into account:

Auditors remuneration

Fees	2,420	1,270
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Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

15. Operating Profit (continued)

Operating lease charges

Premises – contractual amount	62	339
Equipment - contractual amounts	22	22
	84	361
Consulting fees	6,175	4,676
Impairment on property, plant and equipment	796	237
Impairment on trade and other receivables	6,438	1,717
Amortisation on intangible assets	1,238	28
Provision for slow moving and obsolete stock	2,295	-
Depreciation on property, plant and equipment	7,688	3,363
Employee costs	44,817	44,404

16. Finance Income

Finance Income

Investment income	20,819	21,565
Bank	2,624	1,442
Interest on trade receivables	1,515	321
	24,958	23,328

17. Fair value adjustments

Fair valuation - Receivables	728	1,085
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18. Finance costs

Interest paid	91	59
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Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

19. Cash (used in) generated from operations

(Loss) profit before taxation	61,842	28,395
Adjustments for:		
Depreciation, impairment and amortisation	9,723	3,021
Profit/loss on sale of assets	-	(591)
Interest received	(24,958)	(23,328)
Finance costs	91	59
Fair value adjustments	(728)	(1,085)
Impairment of trade receivables	-	35
Expenses adjusted against retained income	-	894
Prior period adjustments	(285)	721
Depreciation direct related to cost of sales	20,515	26,706
Fair value adjustment debtors	728	1,085
Movements in provisions	738	(766)
Changes in working capital:		
Inventories	(1,315)	(4,314)
Trade and other receivables	(29,763)	(575)
Trade and other payables	8,867	21,451
	<u>45,455</u>	<u>51,708</u>

20. Contingent Assets

Contingent Liabilities

Magalies Water does not have contingent liabilities.

Contingent Assets

CH De Jaar Financial Management Consulting (Pty) Ltd recently instituted new action following the dismissal of the first action. Legal costs in respect of the dismissed action will be recovered. The new action is based on the same facts and Magalies Water will be defending the case.

Magalies Water is suing CF Smit for non- payment of water account of R478 850.33. The matter is being defended. The legal costs are not known at this stage.

Magalies Water has taken legal action against Sebilong Community Trust & Other for dumping of excavated soil on top of the water line within the entity's registered servitude. Both respondents are opposing the application. The legal costs are not known at this stage.

Magalies Water has taken legal action against Northam Travel Lodge for constructing a lodge within the servitude area; wherein some of its outlaying structures are violating the servitude. Legal costs are not known at this stage.

Magalies Water is claiming R318 890.83 plus interest from Engine Room. The company was contracted to develop and produce Magalies Water's annual report for 2010/2011 year end. The contract was cancelled upon failure by Engine Room to deliver on its obligations in terms of the contract.

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

21. Related parties

Related party transactions

Compensation to the Board and other key management

Short-term employee benefits	7,180	6,049
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Related party disclosures for transactions with entities within the national sphere of government that took place on terms and conditions that are considered in arm's length and in the ordinary course of business are not disclosed.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. The Board members and Executive Management are considered key management and there were no related party transactions between the entity and key management during the year under review.

22. Board Emoluments

Board

2012

	Fees	Total
Prof M.I. Jahed (Chairperson)	65	65
Mr L.C. Gwangwa	73	73
Ms M. Hlahla	115	115
Mr W.B. Mahlangu	68	68
Ms P.N.Nkwinika	258	258
Mr D.R.Sibanda	198	198
Ms T.F.Zondi	200	200
Ms T.D. Monewe (1 December 2011)	40	40
Mr T.T. Mohapi (1 December 2011)	49	49
	<u>1,066</u>	<u>1,066</u>

2011

	Fees	Total
Prof M.I. Jahed (chairperson)	56	56
Mr L.C. Gwangwa	76	76
Ms M. Hlahla	93	93
Ms Z.B. Madikizela (Resigned)	3	3
Mr W.B. Mahlangu	51	51
Mr C.M Mannya [Resigned]	2	2
Mr R.S. Mokua	92	92
Ms P.N. Nkwinika	195	195
Mr D.R. Sibanda	156	156
Ms T.F. Zondi	147	147
	<u>871</u>	<u>871</u>

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

Executive Management 2012

	Salary	Total
Chief Executive	1,491	1,491
GM Finance	1,139	1,139
GM Projects	1,206	1,206
GM Corporate Services	988	988
GM Water Services	<u>1,290</u>	<u>1,290</u>
	<u>5,720</u>	<u>5,720</u>

2011

	Salary	Total
Chief Executive	1,246	1,246
GM Finance (03 May 2011)	188	188
GM Finance (Resigned)	498	498
GM Projects	1,261	1,261
GM Corporate Services (7 June 2011)	116	116
GM Corporate Services (Resigned)	675	675
GM Water Services	<u>1,194</u>	<u>1,194</u>
	<u>5,178</u>	<u>5,178</u>

23. Correction of prior period error

1. Operating expenses

Nature: The entity did not account for invoices relating to the previous year. The error has been corrected retrospectively by restating prior year figures. The effect of the adjustment is shown below:

Statement of Comprehensive income - Increase in operating expenses	-	245
Statement of changes in financial position - increase in other payables	-	(245)

2. Other income, trade receivables, VAT

Nature: Section 30 expenses not claimed in the previous period. The effect of the is shown below:

Statement of Comprehensive Income - Increase in other income	-	(280)
Statement of Financial Position - Increase in trade receivables	-	319
Statement of Financial Position □ increase in trade and other payables	-	(39)

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

23. Correction of prior period error (continued)

3. Opening retained income and other income

Nature: Credit note recorded in an incorrect period. The effect of adjustment is shown below:

Statement of net assets - decrease in opening retained income	-	395
Statement of comprehensive income - increase in other income	-	(395)

4. Statement of financial Position - Property Plant and equipment

Nature: The entity identified items of property, plant and equipment which were not capitalised in prior periods. It is not possible to fully account for the correction of this error retrospectively as the effects of the error for the previous prior periods cannot be determined.

Consequently the error has been corrected retrospectively in 2011 with an adjustment of R1 918 against the opening balance of retained income.

Buildings	-	39
Plant and machinery	-	1,028
Furniture and fittings	-	210
IT Equipment	-	641
Statement of changes in net assets - increase in retained income	-	(1,918)

5. Statement of net assets Nature:

Depreciation charge relating to assets that were not capitalised in prior period as well as adjustments for correction of opening balances. The effect of the correction is shown below:

Statement of financial position - increase in accumulated depreciation	-	(339)
Statement of changes in net assets - decrease in retained income	-	339
	-	-

24. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

25. Irregular, Fruitless and Wasteful Expenditure

Fruitless and Wasteful expenditure

Opening balance as at 1 July 2011	525	99
Fruitless expenditure for the year	91	426
Fruitless and wasteful expenditure condoned	(525)	-
	<u>91</u>	<u>525</u>

Fruitless expenditure relates to interest charged on long overdue creditors

Incident

Interest charged on long overdue creditors and penalties	91	60
Printing of annual report	-	347
Staff deposits	-	19
	<u>91</u>	<u>426</u>

Irregular expenditure

Opening as at 1 July 2011	30,058	1,258
Irregular expenditure for the year	1,813	28,800
Irregular expenditure condoned	(30,388)	-
	<u>1,483</u>	<u>30,058</u>

Details of the above expenditure

Irregular expenditure relates to payments made in contravention of Section 51 (1)(a)(iii) of the PFMA dealing with supply chain management requirements.

Irregular expenditure occurred as a result procuring goods and services without obtaining three (3) quotations.

The following preventative actions have been taken to date:

1. Supply chain management policy has been reviewed, approved by the Board and implemented.
2. Workshops have been conducted to expose the staff to the new policy.
3. A system to prevent and control irregular expenditure has been implemented.
4. Outstanding invoices are followed up regularly to avoid late payments.
5. Disciplinary process on transgressions is in progress

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

26. Financial instruments and risk management

The relevant financial risks and risk management programmes are summarised as follows:

Currency risk

The entity only operates locally and therefore is not exposed to currency risk.

Price risk

The entity is not exposed to price risk since no listed securities are held and no financial assets available are exposed to this risk.

Cash flow and fair value interest rate risk

The entity's exposure to risk for changes in market interest rate is limited to investments made. Client enjoys variable interest rate facilities on some of its investments which are reset on changes in prime interest rate.

Investments are aligned to cash flow requirements of the core business.

Interest rate risks are presented by way of sensitivity analysis in accordance with IFRS 7: Financial Instrument: Disclosures.

These show the effects of changes in market interest rates on interest repayments, interest expenses, other income components and, if applicable, shareholders' equity. The time frame, over which the assessment is made, is 12 months due to the next reporting date being 30 June 2012. The analysis is based on the assumption that the prime interest rate has increased/decreased by 1% with all other variables held constant. There were no changes in the assumptions and methods used from the previous period.

The following table illustrates the sensitivity of the entity's and equity to interest rate risk if interest rates change with the following percentages:

	-1%	-1%
(Decrease)/Increase of comprehensive income for the year	(3,552)	(3,638)
Increase in comprehensive income for the year	(3,552)	(3,638)
	(7,105)	(7,277)
	1%	1%
Increase in comprehensive income for the year	3,011	3,409
Increase/(decrease) in equity	3,011	3,409
	6,023	6,819

Credit risk

The entity provides credit to customers. Current credit provided relates to the sale of water.

The entity's maximum exposure to credit risk is equal to the cost amount of the financial assets at balance sheet date and is summarised below:

Trade receivables	111,369	78,352
Impairment of trade receivables	(6,438)	(1,717)
Cash and cash equivalents	56,378	49,792
	161,309	126,427

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 30 June 2012

26. Financial instruments and risk management (continued)

Maximum exposure to credit risk:

The following table indicates the age analysis of trade receivables that are past due as at reporting date:

Trade and other receivables

Current and 30 days	69,636	50,500
60 days	6,971	6,942
90 days	2,584	3,777
>120 days	31,152	17,865
Impairment of receivables	(6,438)	(1,717)
	<u>103,905</u>	<u>77,367</u>

Liquidity risk

The entity monitors its risk to a shortage of funds using projected cash flows from operations. The entity's objective is to balance between actual and budgeted operating expenses.

The entity's maximum exposure to liquidity risk is equal to the amount of trade payables at balance sheet date and is summarised below.

Trade Payables age analysis

Current	25,684	25,466
60 days	-	6,046
	<u>25,684</u>	<u>31,512</u>

Capital risk management

The entity ensure that it maintains a healthy capital ratio and generate capital to its business objectives and maximise shareholder value.

The entity's retained earnings amounts to R1 068 195 (2011: R1 006 353) and there were no changes in either its policies or processes for managing capital, or in what it regards as capital, from the prior period.

27. Retirement benefits

Defined contribution plan

Contributions to a defined contribution plan in respect of service in a particular period are recognised as an expense in that period. The Board contributes towards Magalies Water Retirement Fund. This fund is registered and controlled in terms of the Pensions Fund Act 24 of 1956. The total contribution of R10 765 551 (2011: R10 594 190) comprises of 7.50% employee contributions amounting to R4 617 926 (2011: R4 542 962) and 10% employer contributions amounting to R6 147 625 (2011: R6 051 228).

The total contribution to the scheme	10,765	10,594
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28. Commitments

Authorised capital expenditure

Not yet contracted for but authorised by Board	132,686	-
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The entity is committed in respect of capital expenditure and the expenditure will be financed by existing cash resources and funds internally generated.

Operating lease commitments

Minimum lease payments due

- within one year	26	23
- in second to fifth year inclusive	-	26
	<u>26</u>	<u>49</u>

Operating lease payments represent rentals payable by the entity for leased premises. The lease period is three years subject to renewal period of three years under the same terms and conditions. No contingent rent is payable.

The supplementary information presented does not form part of the annual financial statement and is unaudited

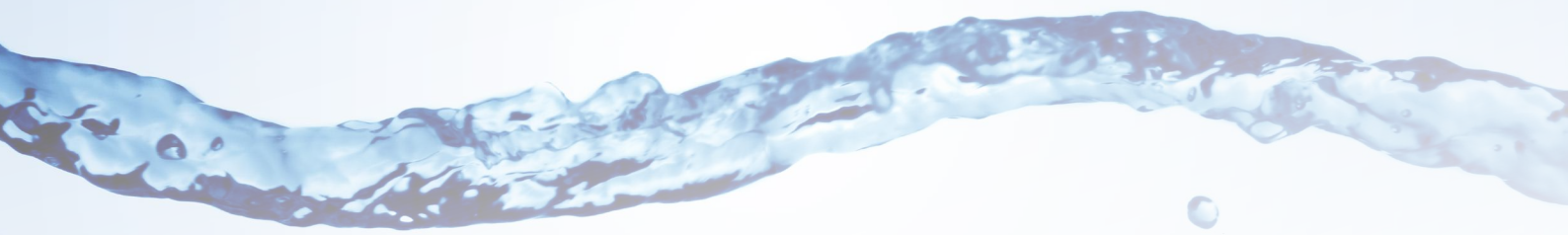
Detailed Income Statement

Revenue			
Sale of Water		272,000	234,310
Cost of sales			
Opening inventory		(366)	(350)
Purchases		(55,760)	(52,731)
Costs of production		(120,630)	(119,991)
Closing inventory		1,348	366
	13	(175,408)	(172,706)
Gross profit		96,592	61,604
Other income			
Administration and management fees received		18,936	4,933
Discount received		3	5
Other Income		5,279	8,144
Other Income		6,661	-
Finance Income	16	24,958	23,328
Fair value adjustments	17	728	1,085
		56,397	37,495
Expenses (Refer to page 32)		(91,224)	(71,319)
Operating profit (loss)	15	61,933	27,780
Finance costs	18	(91)	(59)
Profit (loss) for the year		61,842	27,721

The supplementary information presented does not form part of the annual financial statement and is unaudited

Operating expenses

Accident and excess costs	-	(9)
Advertising	(177)	(1,788)
Auditors remuneration	(2,420)	(1,270)
Bad debts	(4,721)	8,444
Bank charges	(135)	(178)
Computer expenses	(280)	(156)
Consulting and professional fees	(6,175)	(4,676)
Consumables	(1,831)	(1,277)
Depreciation, amortisation and impairments	(9,723)	(3,056)
Discount allowed	-	(2,493)
Employee costs	(44,817)	(44,404)
Entertainment	(273)	(1,341)
Licensing and certification	(1,219)	(899)
Administration overheads	(692)	(597)
Corporate social responsibility	(1,316)	(1,465)
Fines and penalties	-	(2)
Promotion and Publication	(1,850)	(8)
Hire	(72)	(339)
Insurance	(1,257)	(116)
Lease rentals on operating lease	(22)	(22)
Legal expenses	(1,021)	(1,105)
Magazines, books and periodicals	(69)	(7)
Medical expenses	-	(9)
Motor vehicle expenses	(16)	(109)
Petrol and oil	(28)	(274)
Postage	(56)	(172)
Printing and stationery	(446)	(728)
Recruitment costs	(337)	(457)
RDP expenses	-	(135)
Repairs and maintenance	(1,229)	(808)
Security	(2,381)	(2,962)
Telephone and fax	(2,311)	(3,119)
Training	(2,619)	(2,687)
Travel - local	(3,384)	(2,726)
Utilities	(347)	(369)
	(91,224)	(71,319)



SECTION 5

Water Quality Schedule

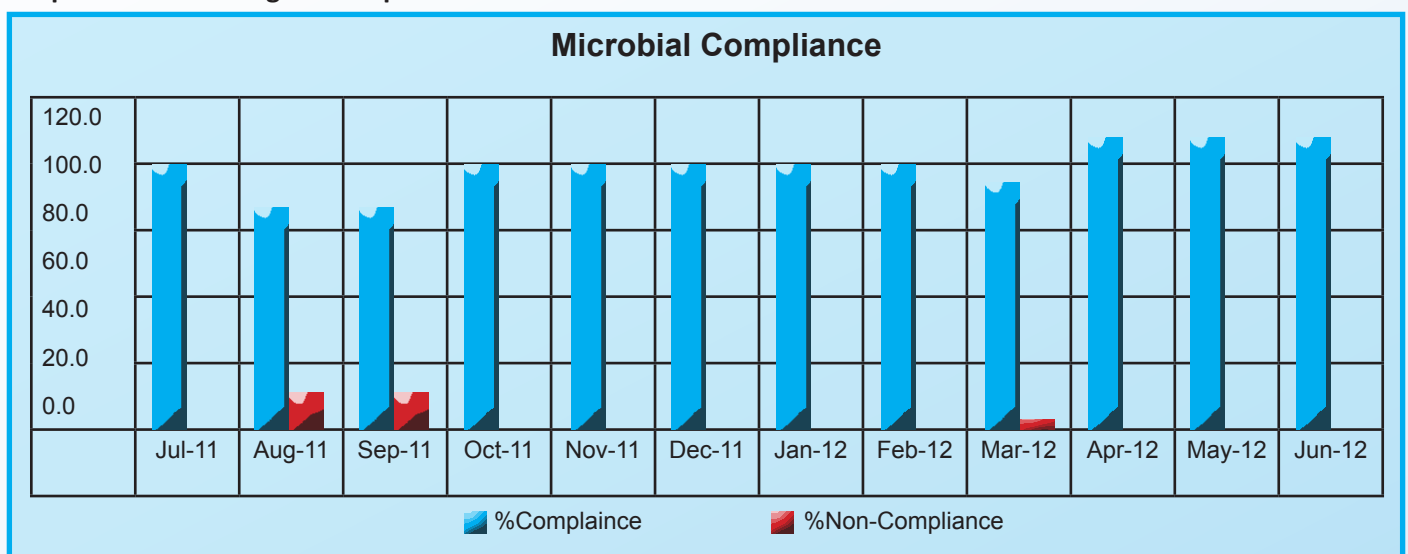
Water Quality Schedule

Potable, offsite reservoirs and the reticulation system were assessed against SANS 241: 2005, the national standard which specifies the quality of acceptable drinking water, defined in terms of microbiological, physical, organoleptic and chemical parameters at the point of delivery.

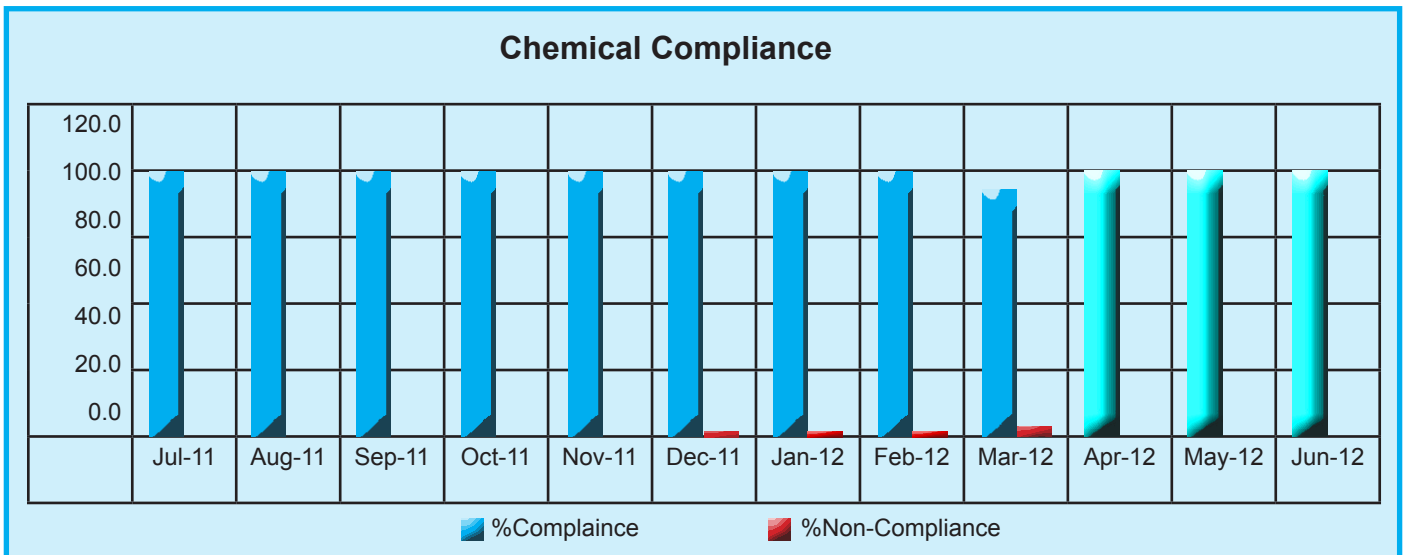
Potable water compliance

Final water produced by Magalies Water plants showed a 98% and 99% compliance with the microbiological and physical, organoleptic and chemical requirements of SANS 241 respectively, see graphs 18 and 19 below:

Graph 13: Microbiological Compliance



Graph 14: Chemical Compliance



Potable Water supplied from all Magalies Water owned Water Treatment Plants and those operated on by behalf of Municipalities poses no health threats to its consumers, and complied with SANS 241 drinking water specification Annexure 1 to 7 below:



Annexure 1: Cullinan WTP

Cullinan WTW Final Water - Water Quality Report							
Parameters and Units of Measurement		Recommended Operational Limits (Class I of SANS 241 specification)	Maximum allowable for limited duration (Class II of SANS 241 specification, unless otherwise st)	Total Samples Analyzed	Average Result	% Compliance SANS 241 Class I	% Compliance SANS 241 Class II
Parameters	Units	max.	max.				
pH Value	pH units	9.5	10	52	7.93	100.0%	100.0%
Conductivity	mS/m	150	370	52	33.8	100.0%	100.0%
Turbidity	NTU	1	5	52	0.46	96.2%	100.0%
Colour	mg/l Pt	20	50	52	7	92.3%	100.0%
Taste#*	Qualitative	3	4	52	3	100.0%	100.0%
Odour#*	Qualitative	3	4	52	3	100.0%	100.0%
Free A. Chlorine*	mg/l Cl2	Alert Level: <0.2		51	1.85		
E. Coli	count/100ml	-	1	52	0	100.0%	100.0%
Total coli.	count/100ml	Alert Level: >10		52	7		
Het. Plate count	count/ml	Alert Level: >5000		52	23.44		
Mycrocystin Toxins*	ppb	Alert Level: >1		7	0.036		
Pesticides*	ppm	Alert Level: >0.1		11	0		
Organic Carbon, Diss.	mg/l C	10	20	32	6.19	100.0%	100.0%
Iron	mg/l Fe	0.2	2	36	0.030	100.0%	100.0%
Manganese	mg/l Mn	0.1	1	37	0.016	97.3%	100.0%
Ammonium	mg/l N	1	2	52	0.068	100.0%	100.0%
Chromium	mg/l Cr	0.1	0.5	11	0.013	100.0%	100.0%
Cobalt	mg/l Co	0.5	1	10	0.014	100.0%	100.0%
Copper	mg/l Cu	1	2	11	0.014	100.0%	100.0%
Lead	mg/l Pb	0.02	0.05	8	0.013	100.0%	100.0%
Nickel	mg/l Ni	0.15	0.35	11	0.014	100.0%	100.0%
Zinc	mg/l Z	5	10	11	0.013	100.0%	100.0%
Temperature*	°C	Alert Level: >30		52	21.6		
Fluoride	mg/l F	1	1.5	49	0.25	100.0%	100.0%
Arsenic	mg/l As	0.01	0.05	24	0.006	100.0%	100.0%
Cyanide	mg/l CN-	0.05	0.07	6	0.02	100.0%	100.0%
Chloride	mg/l Cl	200	600	12	20.76	100.0%	100.0%
Nitrate	mg/l N	10	20	51	2.475	100.0%	100.0%
Nitrite*	mg/l N	Alert Level: >1		51	0.1		
Sulphate	mg/l SO4	400	600	10	34.2	100.0%	100.0%
Aluminium	mg/l Al	0.3	0.5	11	0.042	100.0%	100.0%
Antimony	mg/l Sb	0.01	0.05	5	0.01	100.0%	100.0%
Cadmium	mg/l Cd	0.005	0.01	10	0.003	100.0%	100.0%
Mercury	mg/l Hg	0.001	0.005	9	0.001	100.0%	100.0%
Selenium	mg/l Se	0.02	0.05	6	0.008	100.0%	100.0%
Vanadium	mg/l V	0.2	0.5	10	0.015	100.0%	100.0%
Silicon	mg/l Si			2	2.808		
Alkalinity, Tot.*	mg/l CaCO3	250	300	52	89.9		
Chlorophyll*	ug/l	1	2	29	0.019		
Calcium	mg/l Ca	150	300	39	25.7	100.0%	100.0%
Hardness*	mg/l CaCO3	250	300	34	121.3		
Magnesium	mg/l Mg	70	100	34	14.4	100.0%	100.0%
Phosphate, Ortho*	mg/l P	1	10	14	0.13		
Potassium	mg/l K	50	100	11	4.8	100.0%	100.0%
Prec. Potential*	mg/l CaCO3	5	20	30	-3.2		
Sodium	mg/l Na	200	400	11	19.0	100.0%	100.0%
Phenols	mg/l Phenol	0.01	0.07	2	0.01	100.0%	100.0%
THM	ug/l	200	300	23	75.87	100.0%	100.0%
2 MIB*	ng/l	Alert Level: >10		13	10		
Geosmin*	ng/l	Alert Level: >10		13	6		
Cryptosporidium	oocysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
Giardia	Cysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
Somatic coliphages	Count/10ml	Alert Level: >1		18	0	100.0%	100.0%
Enteric viruses	Count/10l	Alert Level: >1		2	0	100.0%	100.0%
* Recommended Internal criteria (NOT SANS SPECIFICATION)				1393		99.6%	100.0%

Annexure 2: Klipdrift WTP

Klipdrift WTW Final Water - Water Quality Report							
Parameter and Units of Measurement		Recommended Operational Limits (Class I of SANS 241 specification)	Maximum allowable for limited duration (Class II of SANS 241 specification, unless otherwise st)	Test Method	Sample Month	% Compliance SANS 241 Class I	% Compliance SANS 241 Class II
Parameter	Units	Max.	Max.				
pH Value	pH units	6.5	10	52	8.48	100%	100%
Conductivity	µS/cm	150	370	52	48.5	100%	100%
Turbidity	NTU	1	5	52	1.75	34.8%	94.2%
Colour	mgd Pt	20	50	52	14	82.7%	91.1%
Total Hardness	CaCO ₃	3	4	52	3	100%	100%
Calcium Hardness	CaCO ₃	3	4	52	3	100%	100%
Free A. Chlorine*	mgd Cl ₂	Alert Level: <0.2		51	1.24		
E. Coli	mpn/100ml	-	1	58	0.12	85%	100%
Total col.	mpn/100ml	Alert Level: >10		58	21		
FEC Plate count	mpn/100ml	Alert Level: >5000		58	21		
Microcystin Toxin†	µg/L	Alert Level: >1		1	0.02		
Perchlorate†	µg/L	Alert Level: >0.1		11	0		
Copper Content, Dec.	mgd Cu	10	20	37	0.115	100%	100%
Iron	mgd Fe	0.2	2	38	0.024	100%	100%
Manganese	mgd Mn	0.1	1	37	0.016	100%	100%
Ammonia	mgd N	1	2	52	0.12	100%	100%
Chlorine	mgd Cl ₂	0.1	0.5	11	0.013	100%	100%
Chlorate	mgd ClO ₃	0.5	1	18	0.017	100%	100%
Copper Lead	mgd Pb	1	2	11	0.014	100%	100%
Lead	mgd Pb	0.02	0.05	7	0.013	100%	100%
Nickel	mgd Ni	0.15	0.35	11	0.013	100%	100%
Zinc	mgd Zn	5	10	11	0.014	100%	100%
Fluoride†	µg	Alert Level: >30		52	21.8		
Fluoride	mgd F	1	1.5	48	0.28	100%	100%
Arsenic	mgd As	0.01	0.05	34	0.008	100%	100%
Cyanide	mgd CN-	0.05	0.07	1	0.002	100%	100%
Chloride	mgd Cl	200	600	12	48.8	100%	100%
Sulfate	mgd S	10	20	51	4.841	84.1%	100%
Sulfate†	mgd S	Alert Level: >1		51	0.1		
Ammonia	mgd NH ₃	400	600	18	3.8	100%	100%
Aluminium	mgd Al	0.3	0.5	11	0.08	100%	100%
Antimony	mgd Sb	0.01	0.05	5	0.01	100%	100%
Cadmium	mgd Cd	0.005	0.01	18	0.001	100%	100%
Mercury	mgd Hg	0.001	0.005	1	0.001	100%	100%
Selenium	mgd Se	0.02	0.05	1	0.008	100%	100%
Vanadium	mgd V	0.2	0.5	18	0.012	100%	100%
Strontium	mgd Sr			2	2.811		
Alkalinity, TAl†	mgd CaCO ₃	250	300	52	111.2		
Chlorophyll†	µg/L	1	2	38	0.388		
Calcium	mgd Ca	150	300	38	3.14	100%	100%
Hardness	mgd CaCO ₃	250	300	34	198.2		
Magnesium	mgd Mg	70	100	34	18.4	100%	100%
Phosphate, Ortho†	mgd P	1	10	51	0.28		
Potassium	mgd K	50	100	18	5.7	100%	100%
Proc. Potassium	mgd CaCO ₃	5	20	38	8.4		
Sulfur	mgd S	200	400	18	32.8	100%	100%
Microbi	mgd Phosol	0.01	0.07	2	0.01	100%	100%
NO ₃	µg/L	200	300	23	85	100%	100%
Zinc†	mg/L	Alert Level: >10		13	18		
Selenium†	mg/L	Alert Level: >10		13	0.451		
Cryptosporidium	mpn/100ml	Alert Level: >1		2	0	100%	100%
Giardia	mpn/100ml	Alert Level: >1		2	0	100%	100%
Parasitic coliforms	Count/100ml	Alert Level: >1		28	0	100%	100%
Enteric viruses	Count/100ml	Alert Level: >1		2	0	100%	100%
* Recommended Interval: 0.1 mg/L (0.1 mg/L) (0.1 mg/L)				14.8		100%	100%

Annexure 3: Wallmansthal WTP

Wallmansthal WTW Final Water - Water Quality Report									
Parameters and Units of Measurement		Recommended Operational Limits (Class I of SANS 241)	Maximum allowable for limited duration (Class II of SANS 241 specification, unless	Total Samples Analyzed	Average Result	% Compliance SANS 241 Class I	% Compliance SANS 241 Class II		
Parameters	Units	max.	max.						
Level 1	pH Value	pH units	9.5	10	49	8.13	100.0%	100.0%	
	Conductivity	mS/m	150	370	49	46.5	100.0%	100.0%	
	Turbidity	NTU	1	5	49	0.57	87.8%	100.0%	
	Colour	mg/l Pt	20	50	49	10	93.9%	100.0%	
	Taste#*	Qualitative	3	4	49	2.949	100.0%	100.0%	
	Odour#*	Qualitative	3	4	49	3	100.0%	100.0%	
Level 2	Free A. Chlorine*	mg/l Cl ₂	Alert Level: <0.2		49	1.71			
	E. Coli	count/100ml	-	1	48	0.021	97.9%	100.0%	
	Total coli.	count/100ml	Alert Level: >10		48	22			
	Het. Plate count	count/ml	Alert Level: >5000		48	345			
Level 3	Mycrocystin Toxins*	ppb	Alert Level: >1		6	0.04			
	Pesticides*	ppm	Alert Level: >0.1		12	0			
	Organic Carbon, Diss.	mg/l C	10	20	29	6.57	96.6%	100.0%	
	Iron	mg/l Fe	0.2	2	33	0.034	100.0%	100.0%	
	Manganese	mg/l Mn	0.1	1	33	0.023	100.0%	100.0%	
	Ammonium	mg/l N	1	2	49	0.129	100.0%	100.0%	
	Chromium	mg/l Cr	0.1	0.5	11	0.014	100.0%	100.0%	
	Cobalt	mg/l Co	0.5	1	10	0.016	100.0%	100.0%	
	Copper	mg/l Cu	1	2	11	0.014	100.0%	100.0%	
	Lead	mg/l Pb	0.02	0.05	9	0.013	100.0%	100.0%	
	Nickel	mg/l Ni	0.15	0.35	11	0.024	100.0%	100.0%	
	Zinc	mg/l Z	5	10	11	0.047	100.0%	100.0%	
	Temperature*	°C	Alert Level: >30		49	21.8			
	Fluoride	mg/l F	1	1.5	44	0.23	100.0%	100.0%	
	Arsenic	mg/l As	0.01	0.05	23	0.006	100.0%	100.0%	
	Cyanide	mg/l CN-	0.05	0.07	5	0.03	100.0%	100.0%	
	Chloride	mg/l Cl	200	600	12	43.7	100.0%	100.0%	
	Nitrate	mg/l N	10	20	47	4.394	97.9%	100.0%	
	Nitrite*	mg/l N	Alert Level: >1		47	0.1			
	Sulphate	mg/l SO ₄	400	600	11	37.4	100.0%	100.0%	
	Aluminium	mg/l Al	0.3	0.5	11	0.026	100.0%	100.0%	
	Antimony	mg/l Sb	0.01	0.05	4	0.01	100.0%	100.0%	
	Cadmium	mg/l Cd	0.005	0.01	10	0.003	100.0%	100.0%	
	Mercury	mg/l Hg	0.001	0.005	8	0.001	100.0%	100.0%	
	Selenium	mg/l Se	0.02	0.05	5	0.009	100.0%	100.0%	
	Vanadium	mg/l V	0.2	0.5	10	0.017	100.0%	100.0%	
	Silicon	mg/l Si			2	3.742			
	Alkalinity, Tot.*	mg/l CaCO ₃	250	300	47	106.4			
	Chlorophyll*	ug/l	1	2	31	0.095			
	Calcium	mg/l Ca	150	300	35	33.1	100.0%	100.0%	
	Hardness*	mg/l CaCO ₃	250	300	31	166.8			
	Magnesium	mg/l Mg	70	100	31	19.1	100.0%	100.0%	
	Phosphate, Ortho*	mg/l P	1	10	49	0.36			
	Potassium	mg/l K	50	100	10	6.0	100.0%	100.0%	
	Prec. Potential*	mg/l CaCO ₃	5	20	28	1.5			
	Sodium	mg/l Na	200	400	10	32.6	100.0%	100.0%	
	Phenols	mg/l Phenol	0.01	0.07	2	0.01	100.0%	100.0%	
	THM	ug/l	200	300	22	57.32	100.0%	100.0%	
	Level 4	2 MIB*	ng/l	Alert Level: >10		10	10		
		Geosmin*	ng/l	Alert Level: >10		10	8.28		
		Cryptosporidium	oocysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
		Giardia	Cysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
Somatic coliphages		Count/10ml	Alert Level: >1		20	0	100.0%	100.0%	
Enteric viruses		Count/10l	Alert Level: >1		1	0	100.0%	100.0%	
* Recommended Internal criteria (NOT SANS SPECIFICATION)				1341		99.3%	100.0%		

Annexure 2: Vaalkop 2 WTP

Vaalkop WTW 2 Final Water - Water Quality Report							
Parameters and Units of Measurement		Recommended Operational Limits (Class I of SANS 241 specification)	Maximum allowable for limited duration (Class II of SANS 241 specification, unless otherwise st)	Total Samples Analyzed	Average Result	% Compliance SANS 241 Class I	% Compliance SANS 241 Class II
Parameters	Units	max.	max.				
pH Value	pH units	9.5	10	52	8.12	100.0%	100.0%
Conductivity	mS/m	150	370	52	61.9	100.0%	100.0%
Turbidity	NTU	1	5	52	0.32	98.1%	100.0%
Colour	mg/l Pt	20	50	52	4	100.0%	100.0%
Taste#*	Qualitative	3	4	52	3	100.0%	100.0%
Odour#*	Qualitative	3	4	52	3	100.0%	100.0%
Tot. A. Chlorine*	mg/l Cl2	Alert Level: <0.5		52	1.92		
Free A. Chlorine*	mg/l Cl2	Alert Level: <0.2		52	0.82		
Monochloramines*	mg/l Cl2	Alert Level: <0.2		49	1.23		
E. Coli	count/100ml	-	1	52	0	100.0%	100.0%
Total coli.	count/100ml	Alert Level: >10		52	2		
Het. Plate count	count/ml	Alert Level: >5000		52	42.4		
Mycrocystin Toxins*	ppb	Alert Level: >1		8	0.03		
Pesticides*	ppm	Alert Level: >0.1		12	0.00		
Organic Carbon, Diss.	mg/l C	10	20	38	5.80	97.4%	100.0%
Iron	mg/l Fe	0.2	2	36	0.019	100.0%	100.0%
Manganese	mg/l Mn	0.1	1	37	0.015	100.0%	100.0%
Ammonium	mg/l N	1	2	52	0.358	96.2%	100.0%
Chromium	mg/l Cr	0.1	0.5	11	0.014	100.0%	100.0%
Cobalt	mg/l Co	0.5	1	10	0.017	100.0%	100.0%
Copper	mg/l Cu	1	2	11	0.015	100.0%	100.0%
Lead	mg/l Pb	0.02	0.05	8	0.013	100.0%	100.0%
Nickel	mg/l Ni	0.15	0.35	11	0.025	100.0%	100.0%
Zinc	mg/l Z	5	10	11	0.016	100.0%	100.0%
Temperature*	°C	Alert Level: >30		52	20.96		
Fluoride	mg/l F	1	1.5	48	0.3	100.0%	100.0%
Arsenic	mg/l As	0.01	0.05	23	0.006	100.0%	100.0%
Cyanide	mg/l CN-	0.05	0.07	5	0.03	100.0%	100.0%
Chloride	mg/l Cl	200	600	12	70.23	100.0%	100.0%
Nitrate	mg/l N	10	20	50	2.552	100.0%	100.0%
Nitrite*	mg/l N	Alert Level: >1		50	0.0		
Sulphate	mg/l SO4	400	600	11	78.4	100.0%	100.0%
Aluminium	mg/l Al	0.3	0.5	11	0.028	100.0%	100.0%
Antimony	mg/l Sb	0.01	0.05	4	0.01	100.0%	100.0%
Cadmium	mg/l Cd	0.005	0.01	10	0.003	100.0%	100.0%
Mercury	mg/l Hg	0.001	0.005	8	0.001	100.0%	100.0%
Selenium	mg/l Se	0.02	0.05	5	0.009	100.0%	100.0%
Vanadium	mg/l V	0.2	0.5	10	0.018	100.0%	100.0%
Silicon	mg/l Si			2	3.298		
Alkalinity, Tot.*	mg/l CaCO3	250	300	50	95.8		
Chlorophyll*	ug/l	1	2	35	0.04		
Calcium	mg/l Ca	150	300	37	36.6	100.0%	100.0%
Hardness*	mg/l CaCO3	250	300	34	187.0		
Magnesium	mg/l Mg	70	100	34	22.6	100.0%	100.0%
Phosphate, Ortho*	mg/l P	1	10	52	0.04		
Potassium	mg/l K	50	100	10	6.2	100.0%	100.0%
Prec. Potential*	mg/l CaCO3	5	20	30	3.0		
Sodium	mg/l Na	200	400	10	42.5	100.0%	100.0%
Phenols	mg/l Phenol	0.01	0.07	2	0.01	100.0%	100.0%
THM	ug/l	200	300	22	38	100.0%	100.0%
2 MIB*	ng/l	Alert Level: >10		2	25		
Geosmin*	ng/l	Alert Level: >10		13	7.285		
Cryptosporidium	oocysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
Giardia	Cysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
Somatic coliphages	Count/10ml	Alert Level: >1		19	0.211	89.5%	89.5%
Enteric viruses	Count/10l	Alert Level: >1		2	0	100.0%	100.0%
* Recommended Internal criteria (NOT SANS SPECIFICATION)				1523		99.5%	99.7%

Annexure 2: Vaalkop 3 WTP

Vaalkop WTW 3 Final Water - Water Quality Report							
Parameters and Units of Measurement		Recommended Operational Limits (Class I of SANS 241 specification)	Maximum allowable for limited duration (Class II of SANS 241 specification, unless otherwise st)	Total Samples Analyzed	Average Result	% Compliance SANS 241 Class I	% Compliance SANS 241 Class II
Parameters	Units	max.	max.				
pH Value	pH units	9.5	10	52	7.77	100.0%	100.0%
Conductivity	mS/m	150	370	52	61.7	100.0%	100.0%
Turbidity	NTU	1	5	52	0.33	100.0%	100.0%
Colour	mg/l Pt	20	50	52	4	100.0%	100.0%
Taste#*	Qualitative	3	4	52	3.0	100.0%	100.0%
Odour#*	Qualitative	3	4	52	3.0	100.0%	100.0%
Tot. A. Chlorine*	mg/l Cl2	Alert Level: <0.5		52	2.14		
Free A. Chlorine*	mg/l Cl2	Alert Level: <0.2		52	1.07		
Monochloramines*	mg/l Cl2	Alert Level: <0.2		49	1.23		
E. Coli	count/100ml	-	1	52	0	100.0%	100.0%
Total coli.	count/100ml	Alert Level: >10		52	4		
Het. Plate count	count/ml	Alert Level: >5000		52	100		
Mycrocystin Toxins*	ppb	Alert Level: >1		9	0.03		
Pesticides*	ppm	Alert Level: >0.1		12	0.00		
Organic Carbon, Diss.	mg/l C	10	20	38	6.13	97.4%	100.0%
Iron	mg/l Fe	0.2	2	36	0.0	100.0%	100.0%
Manganese	mg/l Mn	0.1	1	37	0.01	100.0%	100.0%
Ammonium	mg/l N	1	2	52	0.142	100.0%	100.0%
Chromium	mg/l Cr	0.1	0.5	11	0.013	100.0%	100.0%
Cobalt	mg/l Co	0.5	1	10	0.0	100.0%	100.0%
Copper	mg/l Cu	1	2	11	0.016	100.0%	100.0%
Lead	mg/l Pb	0.02	0.05	8	0.01	100.0%	100.0%
Nickel	mg/l Ni	0.15	0.35	11	0.02	100.0%	100.0%
Zinc	mg/l Z	5	10	11	0.0	100.0%	100.0%
Temperature*	°C	Alert Level: >30		52	21.16		
Fluoride	mg/l F	1	1.5	48	0.3	100.0%	100.0%
Arsenic	mg/l As	0.01	0.05	23	0.006	100.0%	100.0%
Cyanide	mg/l CN-	0.05	0.07	5	0.03	100.0%	100.0%
Chloride	mg/l Cl	200	600	12	71.98	100.0%	100.0%
Nitrate	mg/l N	10	20	50	2.794	100.0%	100.0%
Nitrite*	mg/l N	Alert Level: >1		50	0.0		
Sulphate	mg/l SO4	400	600	11	77	100.0%	100.0%
Aluminium	mg/l Al	0.3	0.5	11	0.0	100.0%	100.0%
Antimony	mg/l Sb	0.01	0.05	4	0.01	100.0%	100.0%
Cadmium	mg/l Cd	0.005	0.01	10	0.003	100.0%	100.0%
Mercury	mg/l Hg	0.001	0.005	8	0.001	100.0%	100.0%
Selenium	mg/l Se	0.02	0.05	6	0.01	100.0%	100.0%
Vanadium	mg/l V	0.2	0.5	10	0.0	100.0%	100.0%
Silicon	mg/l Si			2	3.3		
Alkalinity, Tot.*	mg/l CaCO3	250	300	49	92		
Chlorophyll*	ug/l	1	2	35	0.043		
Calcium	mg/l Ca	150	300	37	35	100.0%	100.0%
Hardness*	mg/l CaCO3	250	300	34	184		
Magnesium	mg/l Mg	70	100	34	23	100.0%	100.0%
Phosphate, Ortho*	mg/l P	1	10	52	0		
Potassium	mg/l K	50	100	10	6	100.0%	100.0%
Prec. Potential*	mg/l CaCO3	5	20	29	-3		
Sodium	mg/l Na	200	400	10	42	100.0%	100.0%
Phenols	mg/l Phenol	0.01	0.07	2	0.01	100.0%	100.0%
THM	ug/l	200	300	22	35.95	100.0%	100.0%
2 MIB*	ng/l	Alert Level: >10		2	60.5		
Geosmin*	ng/l	Alert Level: >10		12	7.442		
Cryptosporidium	oocysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
Giardia	Cysts count/10l	Alert Level: >1		2	0	100.0%	100.0%

Annexure 2: Temba 2 WTP

Temba WTW Final Water - Water Quality Report							
Parameters and Units of Measurement		Recommended Operational Limits (Class I of SANS 241 specification)	Maximum allowable for limited duration (Class II of SANS 241 specification, unless otherwise st)	Total Samples Analyzed	Average Result	% Compliance SANS 241 Class I	% Compliance SANS 241 Class II
		max.	max.				
Parameters	Units						
pH Value	pH units	9.5	10	52	7.74	100.0%	100.0%
Conductivity	mS/m	150	370	52	81.1	100.0%	100.0%
Turbidity	NTU	1	5	52	0.69	78.8%	100.0%
Colour	mg/l Pt	20	50	52	20	55.8%	100.0%
Taste#*	Qualitative	3	4	52	3.0	96.2%	100.0%
Odour#*	Qualitative	3	4	52	3.0	96.2%	100.0%
Free A. Chlorine*	mg/l Cl2	Alert Level: <0.2		51	1.19		
E. Coli	count/100ml	-	1	51	0.314	86.3%	90.2%
Total coli.	count/100ml	Alert Level: >10		51	22.12		
Het. Plate count	count/ml	Alert Level: >5000		51	125		
Mycrocystin Toxins*	ppb	Alert Level: >1		6	0.03		
Pesticides*	ppm	Alert Level: >0.1		12	0		
Organic Carbon, Diss.	mg/l C	10	20	32	8.8	78.1%	100.0%
Iron	mg/l Fe	0.2	2	35	0.042	100.0%	100.0%
Manganese	mg/l Mn	0.1	1	36	0.085	69.4%	100.0%
Ammonium	mg/l N	1	2	52	3.44	55.8%	63.5%
Chromium	mg/l Cr	0.1	0.5	11	0.013	100.0%	100.0%
Cobalt	mg/l Co	0.5	1	10	0.016	100.0%	100.0%
Copper	mg/l Cu	1	2	11	0.014	100.0%	100.0%
Lead	mg/l Pb	0.02	0.05	7	0.013	100.0%	100.0%
Nickel	mg/l Ni	0.15	0.35	11	0.020	100.0%	100.0%
Zinc	mg/l Z	5	10	11	0.023	100.0%	100.0%
Temperature*	°C	Alert Level: >30		50	21.8		
Fluoride	mg/l F	1	1.5	48	0.304	100.0%	100.0%
Arsenic	mg/l As	0.01	0.05	24	0.006	100.0%	100.0%
Cyanide	mg/l CN-	0.05	0.07	5	0.03	100.0%	100.0%
Chloride	mg/l Cl	200	600	12	75.0	100.0%	100.0%
Nitrate	mg/l N	10	20	50	16.1	58.0%	60.0%
Nitrite*	mg/l N	Alert Level: >1		50	1.90		
Sulphate	mg/l SO4	400	600	11	59.2	100.0%	100.0%
Aluminium	mg/l Al	0.3	0.5	11	0.026	100.0%	100.0%
Antimony	mg/l Sb	0.01	0.05	4	0.01	100.0%	100.0%
Cadmium	mg/l Cd	0.005	0.01	10	0.003	100.0%	100.0%
Mercury	mg/l Hg	0.001	0.005	8	0.001	100.0%	100.0%
Selenium	mg/l Se	0.02	0.05	5	0.009	100.0%	100.0%
Vanadium	mg/l V	0.2	0.5	10	0.015	100.0%	100.0%
Silicon	mg/l Si			2	5.645		
Alkalinity, Tot.*	mg/l CaCO3	250	300	50	173.7		
Chlorophyll*	ug/l	1	2	35	0.369		
Calcium	mg/l Ca	150	300	37	54.4	100.0%	100.0%
Hardness*	mg/l CaCO3	250	300	34	232.2		
Magnesium	mg/l Mg	70	100	34	22.3	100.0%	100.0%
Phosphate, Ortho*	mg/l P	1	10	52	1.7		
Potassium	mg/l K	50	100	10	12.0	100.0%	100.0%
Prec. Potential*	mg/l CaCO3	5	20	28	5.7		
Sodium	mg/l Na	200	400	10	66.1	100.0%	100.0%
Phenols	mg/l Phenol	0.01	0.07	2	0.01	100.0%	100.0%
THM	ug/l	200	300	23	17.87	100.0%	100.0%
2 MIB*	ng/l	Alert Level: >10		12	10		
Geosmin*	ng/l	Alert Level: >10		12	29.6		
Cryptosporidium	oocysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
Giardia	Cysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
Somatic coliphages	Count/10ml	Alert Level: >1		20	0	100.0%	100.0%
Enteric viruses	Count/10l	Alert Level: >1		2	0	100.0%	100.0%
* Recommended Internal criteria (NOT SANS SPECIFICATION)				1415		94.2%	97.8%

Annexure 2: Roodeplaat WTP

Roodeplaat WTW Final Water - Water Quality Report							
Parameters and Units of Measurement		Recommended Operational Limits (Class I of SANS 241 specification)	Maximum allowable for limited duration (Class II of SANS 241 specification, unless otherwise st)	Total Samples Analyzed	Average Result	% Compliance SANS 241 Class I	% Compliance SANS 241 Class II
Parameters	Units	max.	max.				
pH Value	pH units	9.5	10	51	8.37	96.1%	100.0%
Conductivity	mS/m	150	370	51	45.1	100.0%	100.0%
Turbidity	NTU	1	5	51	0.25	98.0%	100.0%
Colour	mg/l Pt	20	50	51	4	98.0%	100.0%
Taste#*	Qualitative	3	4	51	3	100.0%	100.0%
Odour#*	Qualitative	3	4	51	3	100.0%	100.0%
Tot. A. Chlorine*	mg/l Cl2	Alert Level: <0.5		49	1.60		
Free A. Chlorine*	mg/l Cl2	Alert Level: <0.2		50	0.79		
Monochloramines*	mg/l Cl2	Alert Level: <0.2		35	2.68		
E. Coli	count/100ml	-	1	50	0.06	98.0%	98.0%
Total coli.	count/100ml	Alert Level: >10		50	21		
Het. Plate count	count/ml	Alert Level: >5000		50	498		
Mycrocystin Toxins*	ppb	Alert Level: >1		6	0.14		
Pesticides*	ppm	Alert Level: >0.1		12	0.00		
Organic Carbon, Diss.	mg/l C	10	20	34	5.96	97.1%	100.0%
Iron	mg/l Fe	0.2	2	34	0.021	100.0%	100.0%
Manganese	mg/l Mn	0.1	1	35	0.023	100.0%	100.0%
Ammonium	mg/l N	1	2	51	0.55	90.2%	100.0%
Chromium	mg/l Cr	0.1	0.5	11	0.0141	100.0%	100.0%
Cobalt	mg/l Co	0.5	1	10	0.016	100.0%	100.0%
Copper	mg/l Cu	1	2	11	0.014	100.0%	100.0%
Lead	mg/l Pb	0.02	0.05	8	0.013	100.0%	100.0%
Nickel	mg/l Ni	0.15	0.35	11	0.021	100.0%	100.0%
Zinc	mg/l Z	5	10	11	0.037	100.0%	100.0%
Temperature*	C	Alert Level: >30		51	22.0		
Fluoride	mg/l F	1	1.5	48	0.2	100.0%	100.0%
Arsenic	mg/l As	0.01	0.05	21	0.0058	100.0%	100.0%
Cyanide	mg/l CN-	0.05	0.07	6	0.02	100.0%	100.0%
Chloride	mg/l Cl	200	600	12	38.3	100.0%	100.0%
Nitrate	mg/l N	10	20	49	3.27	100.0%	100.0%
Nitrite*	mg/l N	Alert Level: >1		50	0.2		
Sulphate	mg/l SO4	400	600	11	37.6	100.0%	100.0%
Aluminium	mg/l Al	0.3	0.5	11	0.018	100.0%	100.0%
Antimony	mg/l Sb	0.01	0.05	5	0.01	100.0%	100.0%
Cadmium	mg/l Cd	0.005	0.01	11	0.003	100.0%	100.0%
Mercury	mg/l Hg	0.001	0.005	9	0.001	100.0%	100.0%
Selenium	mg/l Se	0.02	0.05	6	0.008	100.0%	100.0%
Vanadium	mg/l V	0.2	0.5	10	0.017	100.0%	100.0%
Silicon	mg/l Si			2	4.328		
Alkalinity, Tot.*	mg/l CaCO3	250	300	50	110.2		
Chlorophyll*	ug/l	1	2	35	0.04		
Calcium	mg/l Ca	150	300	37	30.3	100.0%	100.0%
Hardness*	mg/l CaCO3	250	300	33	155.2		
Magnesium	mg/l Mg	70	100	33	18.8	100.0%	100.0%
Phosphate, Ortho*	mg/l P	1	10	51	0		
Potassium	mg/l K	50	100	10	6.1	100.0%	100.0%
Prec. Potential*	mg/l CaCO3	5	20	29	1.4		
Sodium	mg/l Na	200	400	10	32.9	100.0%	100.0%
Phenols	mg/l Phenol	0.01	0.07	2	0.01	100.0%	100.0%
THM	ug/l	200	300	22	5.0455	100.0%	100.0%
2 MIB*	ng/l	Alert Level: >10		12	10		
Geosmin*	ng/l	Alert Level: >10		12	6		
Cryptosporidium	oocysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
Giardia	Cysts count/10l	Alert Level: >1		2	0	100.0%	100.0%
Somatic coliphages	Count/10ml	Alert Level: >1		19	0	100.0%	100.0%
Enteric viruses	Count/10l	Alert Level: >1		2	0	100.0%	100.0%
* Recommended Internal criteria (NOT SANS SPECIFICATION)				1487		99.4%	99.9%