



# 2024 ANNUAL REPORT

Eswatini Water  
Services  
Corporation

# NAVIGATION

## ICONS

### Capitals



Stakeholders and Social Relationships



Financial



Human



Natural



Assets



Technology

### Reading reference

 For more information, see page 4

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# THE ORGANISATION

*"We do it through  
our people"*



*Accurate water meter reading is our lifeline.*

EWSC's role of focusing on urban and peri-urban areas as provided for in the legislation is growing to cover rural areas as well, due to the national demand for access to safe drinking water and sanitation services.



# ORGANISATIONAL BACKGROUND

## Who We Are

Eswatini Water Services Corporation (EWSC) is a body corporate duly established under the Water Services Corporation Act, No. 12 of 1992. The Corporation is a category 'A' Public Enterprise in terms of the Public Enterprise (Control and Monitoring) Act No.8 of 1989 and is wholly owned by Government.

## What We Do

The objects of the Corporation are to abstract, purify, store, transport, and supply water and collect, convey, treat and dispose sewage in the following areas as specified in the schedule of the Water Services Act: Croydon, Hlatikulu, Hluti, Kubuta, Kwaluseni, Lavumisa, Lobamba, Lomahasha, Lubuli, Malkerns, Mananga, Mankayane, Manzini, Matsapha, Mbabane, Ngwenya, Nhlangano, Nkoyoyo, Piggs Peak, Siphofaneni, Siteki and Vuvulane. The Corporation has also extended its services of providing water to the following areas:

## EWSC Additional Areas of Supply

North West	Central	South West	East	North
Ezulwini	Nhlambeni	Maseyisini	Hlane	Nginamadolo
Mpolonjeni	Mbikwakhe	Matsanjeni	Makhewu	
Mahangeni	Ludzeludze	Somntongo	Mhlumeni	
Nkoyoyo	Empholi	Siphumelele	Mayaluka	
Motshane	Elwandle	Sibetsamoya	Shoba	
	Sidzakeni	Nkwalini	Ngcina	
	Mabovini		Ndzangu	
			Mncitsini	
			Ngcamini	
			Skhuphe	
			Mlindazwe	
			Sithobela	
			Mkhweli	

With regard to the areas of supply, the Corporation is mandated to:

- ◆ Prepare schemes for the development of water resources and for the supply of water and construct, maintain and operate such schemes
- ◆ Keep under constant review the quality, reliability and availability of water supplies
- ◆ Control and regulate the production, treatment, storage, transmission, distribution and use of water for public purposes
- ◆ Design, construct, acquire, operate and maintain water works for the purpose of supplying water for public purposes
- ◆ Develop sewer systems for the treatment of wastewater and
- ◆ Inspect and advise on the management, collection, production, transmission, treatment, storage, supply and distribution of water.

## Social and Economic Considerations

The Corporation acknowledges that water is both a social and economic good. In terms of the Water Services Corporation Act No. 12 of 1992, the Corporation is expected to conduct its business on commercial principles so that revenue generated fully covers operating costs including capital costs. In terms of the legislation, the Corporation is empowered to provide quality potable and wastewater services in 22 urban and peri-urban areas countrywide. Most of the areas in which the Corporation supplies water and sewer services are financially non-viable but EWSC has a social obligation to reduce the number of people without access to water and proper sanitation irrespective of its commercial objective in line with the National Development Plan (NDP) and Sustainable Development Goals (SDGs). The Corporation is expected to play a bigger national role in advancing the attainment of targets for water and sanitation. EWSC's role of focusing on urban and peri-urban areas as provided for in the legislation is growing to cover rural areas as well due to the national demand for access to safe drinking water and sanitation services. The Corporation has an obligation to provide water and sewer services to stimulate economic development where there are socio-economic benefits; however due consideration should be given to the fact that financial losses may occur and as such shall be made good by Government as provided for in the Performance Agreement between EWSC and Government of Eswatini.

# THE ORGANISATION

## VISION, MISSION AND CORE VALUES

### Our Vision



"To delight our customers in the provision of potable water, wastewater disposal and other services."

### Our Mission Statement



"To provide quality water, wastewater disposal and other services, effectively meeting customer needs in a growing market through engaged people, sound management practices, and improving technology, whilst maintaining a safe and sustainable environment."

### Our Core Values



#### Good governance:



- ◆ We ensure that all our actions are morally and legally fair whilst treating all with respect.

#### Performance and continuous improvement:



- ◆ We continually look for better ways of doing things.

#### Ownership and accountability:



- ◆ We respect the business as if it were our own and deliver on our commitments.

#### Communication and transparency:



- ◆ We continuously communicate with and through our people in an honest and fair manner.

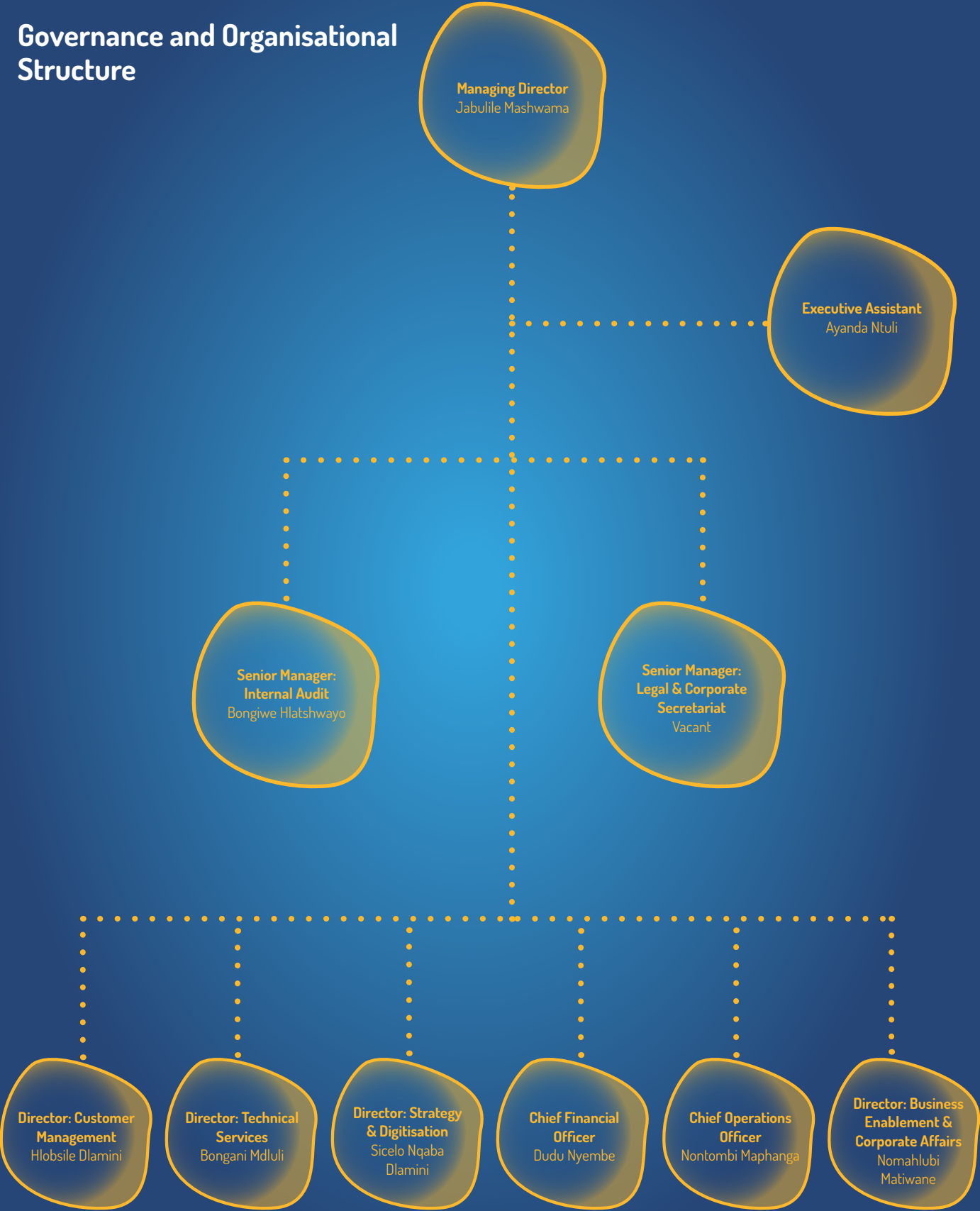


Ongoing works of the Manzini Integrated Water Supply Project in Masundwini, ensuring access to clean water for all.

### Our differentiating slogan:

"We do it through our people".

# Governance and Organisational Structure





# LEADERSHIP

# 02





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# LEADERSHIP



*"Building a sustainable future through innovative water and sanitation solutions"*

Mvuselelo Fakudze  
Chairman of the Board

# MESSAGE FROM OUR CHAIRMAN

**On behalf of the Eswatini Water Services Corporation (EWSC) Board, it is my pleasure to present the Corporation's Annual Report for the year 2023-2024. This year's Annual Report demonstrates the excellent and consistent record of EWSC as we continue to grow from strength to strength. Our mandate is to increase access to water and sanitation services, ensuring that water is safe and affordable as encapsulated in the Water Services Act of 1992, Sustainable Development Goals (SDGs) and National Development Plan (NDP) objectives. As EWSC continues to deliver potable water and sanitation services of a world-class standard to its customers, it is always looking at innovative ways to improve the supply of water services and enhance customer experience.**

The Board of EWSC subscribes to the principles of good Corporate Governance, at the centre of which is ownership and accountability that are in line with the Corporation's core values. In November 2023, the Board members went through a Corporate Governance training programme to ensure that members are abreast with current trends.

The past year has presented significant challenges for our business as the economy slowly recovers from global turmoil in the post-pandemic period. Challenging economic conditions have impacted our customers' ability to settle debts and further increased production input costs. As such, EWSC is greatly concerned by the escalating debts owed by its customers and failure to honour debt settlement agreements. To operate sustainably and efficiently, EWSC solely relies on funds collected from its customers, and does not receive any form of subvention from the national budget, despite its extended mandate to increase water and sanitation access to rural areas. Consequently, EWSC's financial sustainability and ability to fulfil its mandate heavily depends on customers paying for their water and sewer charges.

The Board continues to be accountable for the 2022-2025 Sitselekile Strategic Plan that was approved in 2022. To this end, the Board has exercised oversight over the implementation of EWSC's strategic goals for the past two years. This is in order to ensure the financial sustainability of EWSC, efficient infrastructure and systems and process optimisation through its people while enhancing customer experience. As we pursue our vision of delighting our customers in the provision of potable water, wastewater disposal and other services, we pride ourselves in the critical role we play in the achievement of SDGs and NDP goals. The Corporation's resilience, business operating model and resourceful and talented employees have enabled the business to make strides towards the achievement of strategic targets for the year 2023-2024, as part of the overall strategic plan objectives for 2022-2025.

This year has been one of transformation for the Corporation as the Organisational Development (OD) Project was implemented. This project sought to help EWSC achieve its strategic objectives through an effective structure that would enable the Corporation to improve processes, communication, collaboration, engagement and respond quickly to changes in the socio-economic environment, customer needs and technology. The project was implemented according to plan with a collaborative approach involving all stakeholders, and the output was a new structure aligned to the strategic plan for better performance and effectiveness in the meeting of strategic objectives.

Increasing water access for the country in line with SDGs and our statutory mandate means that more investments in supporting infrastructure need to happen. During the year, major capital

projects, funded by the World Bank, African Development Bank and the European Union through the Government of Eswatini, continued to be implemented. These projects are the Manzini Region Water and Sanitation Project (Total Cost: E924 million; Beneficiaries: 110 000), Eswatini Water Supply and Sanitation Project in the Shiselweni Region (Total Cost: E730 million; Beneficiaries: 18 500 for improved water supply and 38 000 for improved sanitation and Lomahasha/Namaacha Water Supply Project in the Lubombo Region (Total Cost: E273 million; Beneficiaries: 18 400 for Lomahasha and 23 000 for Namaacha). The projects are expected to be completed between 2025 and 2026.

The enrichment of customer experience remains our priority. We continued with our journey to improve customer services through enhanced digital platforms, enabling customers to make easy payments, manage their accounts through balance enquiries and improved customer query handling through an AI-driven chatbot solution: Temanti.

People remain at the heart of our business. By investing in people development and training, we create more value for our employees through skills development and career progression. Our people and culture strategic focus area drives our approach enabling us to recruit and retain the best crop of top talent. We are proud to have extended the Management Development Programme to our managers, which is expected to enhance skills in leadership, strategic decision making, emotional intelligence and effective communication.

Let me extend my sincere appreciation and gratitude to our outgoing Chairman, Mr Benedict Xaba, who served the Corporation diligently and made meaningful contributions to the Board's oversight and strategic role. I take this opportunity to wish him success in his future endeavours.

I would also like to extend my sincere gratitude to the Board, Management and Staff for the commitment, dedication and hard work during the year and for their invaluable contribution to the performance results achieved for the Financial Year 2023-2024. You have shown resilience at a time when EWSC was going through enormous organisational changes and economic pressures. I am confident that the transformation initiatives being implemented will yield significant value for the Corporation and its stakeholders. I look forward to the Corporation making additional strides in the achievement of corporate objectives as our 2022-2025 Strategic Plan approaches its final leg.



**Mvuselelo Fakudze**  
Chairman of the Board



# LEADERSHIP



*"Navigating challenges with resilience and innovation to enhance customer satisfaction and operational efficiency"*

Jabulile Mashwama  
Managing Director



# MESSAGE FROM OUR MANAGING DIRECTOR

**The 2023–24 financial year had challenges for the Corporation as the country traverses the COVID-19 aftermath and the effects of geopolitical tensions. At macro-level, despite the country's positive economic prospects for 2024, primarily due to higher Southern African Customs Union (SACU) revenues and anticipated increase in Government spending, economic recovery has been slower. Although real GDP growth is expected to continue to grow at 4.1% in 2024, global turmoil and a slowdown in the economy of our major trading partner (South Africa) is likely to dampen economic activity (World Bank in Eswatini Report August 2024). The uncertainty around energy supply and prices still remains a concern. Inflationary pressures and sluggish economic growth continue to squeeze business and household budgets, resulting in higher costs of inputs of production and increased debt arrears.**

## Introduction

For EWSC, this year was momentous as the “Blue Team” worked intentionally and collaboratively to accomplish milestones in the implementation of the strategic objectives and goals spelled out in our 2022-2025 Sitsilekile Strategic Plan. All the Corporation's activities were geared towards building a positive brand in order to increase value for the customers, thereby achieving better customer satisfaction and loyalty and to ensure EWSC retains a competitive advantage within the market in turn increasing market-share in a sustainable manner.

The period began with the Phase 1 implementation of the Organisational Development (OD) Project, which is an integral part of the 2022-2025 Strategic Plan. Key achievements included the development and adoption of employee placement guidelines through intensive consultative engagements with social partners (Management, Staff Association and Union representatives), mapping of new job profiles and placement of individual staff members to positions in the new organisational structure spelled out through the OD. New Departmental strategies were also concluded and KPIs were developed to meet the 2024/25 strategic targets.

The Corporation has remained steadfast in digital transformation journey, with the birth of a new department (Strategy and Digitisation) the Corporation continued to expand digital payment channels such as debit order payments through bank accounts and mobile wallets. Our efforts to modernise our information technology infrastructure are earnest as we are migrating from on-site premises to the cloud. This will ensure our IT systems are reliable and available while contributing towards their scalability and resilience in the event of cyber incidents. The ongoing implementation of SAGE X3 Enterprise Resource Planning System (ERP) will merge a number of isolated systems, thus making information flow between business units dynamic and real-time, improving usefulness and contributing towards data-driven decision making.

On systems security, employee awareness and training programmes were conducted aimed at enhancing the employee's knowledge and understanding of potential cybersecurity risks and to implement measures to protect themselves and the Corporation from cyber-attacks and data breaches.

Looking ahead, the Corporation is preparing to further strengthen its data protection measures and enhance privacy by registering as a data controller with the Eswatini Data Protection Authority, in alignment with the Data Protection Act of 2022. While this formal status will be realised in the upcoming financial year, the Corporation is already working towards ensuring that the personal data of our customers and employees is safeguarded with the highest standards of security and integrity. This initiative complements our broader efforts to modernise and secure our IT infrastructure, reinforcing our commitment to protecting the sensitive data we handle as we continue to embrace digital innovations.

In addition, the Corporation is set to participate in the International Benchmarking Network for Water and Sanitation (IBNET) for the first time in the next fiscal year, through the submission of our FY2022–23 data. This submission, covering Key Performance Indicators (KPIs) and Management Practices Indicators (MPIs), will be instrumental in benchmarking our performance against global standards. Through IBNET, in collaboration with the International Water Association (IWA), we will access valuable insights that will drive our efforts to optimise operational efficiency and ensure continuous improvement in service delivery. These strategic advancements will contribute to achieving excellence in water management as we align ourselves with internationally recognised best practices.

## Financial Overview

Despite the slow economic performance, we realised an operating revenue growth of 10% from E513.6 million last year to E567.7 million. Total operating expenses stood at E578.5 million (E517.4 in 2023) representing an increase of 11.8%. This resulted in an operating loss of E10.8 million and a net profit of E70.5 million, mainly attributed to grant amortisation and investment income.

Trade debtors remain a financial burden for the Corporation as recovering accumulated arrear amounts remains a hard task. Debtors remained high at E284.4 million relative to the operating revenue of E567.7 million. Socio-economic pressures continue to weigh heavily on consumers as the Corporation implements its debt collection strategies. Residential consumers form the bulk of outstanding billed amounts at E160.5 million, representing 56% of the total debt. The huge amount of funds tied in debtors continues to affect the Corporation's cashflow and the management of working capital.

# MESSAGE FROM OUR MANAGING DIRECTOR *(continued)*

## Our People

The Corporation believes that having a talented pool of employees is critical for the attainment of strategic objectives. We continued to provide a conducive and inclusive environment for growth so that every employee belongs to the “Blue Team”. To this end, the Corporation invested in human capital through providing training, workshops and benchmarking exercises to upskill employees whilst creating a results-driven performance culture. Cultivating requisite variety internally through empowerment training enabled our employees to deal with challenges posed by the rapidly changing environment whilst also enabling them to be fast learners and decision-makers.

The implementation of the OD project went according to plan during the reporting period. Placement conversations were held with employees, and the employees further received and discussed job profiles for their new roles. Recruitment to fill the positions that remained vacant after finalisation of the placement process are ongoing.

During the reporting period, EWSC Human Resource (HR) processes were audited by South African Board of People Practices (SABPP) and received full certification on all 13 National HR management standards. This is a significant milestone for the Corporation as the HR function is at the heart of the Corporation in ensuring the achievement of business goals. This certification is an assurance that our HR processes are designed and monitored appropriately. It also means that they are in line with industry standards set by reputable professional bodies.

Throughout the reporting period, EWSC maintained a sound employee relations climate. Following the OD exercise and associated placements, 15 appeals were lodged, heard, and closed as per the Selection & Placement Guidelines. Moreover, an Annual Labour Law Seminar was organised by Business Eswatini to which the Corporation funded attendance for members of Staff Association and the Union. The process of reviewing agreements with the social partners and aligning them with best practice and legislation was also concluded.

## Our Customers

Through the OD, a Customer Management Department was formed to focus on enhancing customer experience, relationships and billing. The #Phum'edezini campaign was extensively promoted, as part of the digital customer service wherein the aim is to eliminate queues at revenue centres and encourage customers to use self-service platforms.

We are proud to have introduced a chatbot named “Temanti” on our WhatsApp and web platforms where customers can enjoy instant responses from our digital agent for all their reporting needs. Temanti has also made it easy for customers to check their balances and extract their actual bill invoices, and of course, further settle their balances. At present, more than 2 000 customers use the platform on a monthly basis in an increasing trend; this will assist with reducing walk-ins to platforms that are handled by customer management officers.

During the year, the Corporation embarked on National Customer Satisfaction Survey and achieved an overall index of 78.1%. In terms of customer segments, non-residential customers score stood at 76.7% whilst residential customers recorded 78.6% satisfaction rate. Our aim is to continually enrich customer experience, which

in turn will boost customers’ willingness to pay and improve revenue collection. In the period we got an increase in the net promoter score from 48 the previous year to 62, which measures the likelihood of EWSC being promoted by customers, based on the quality of the experience they received from the various service points. This is a testament to improved customer service quality and professionalism delivered by our front-line employees.

## Development Projects

Infrastructure development plays a crucial part in the achievement of Sustainable Development Goals (SDGs) and objectives under the National Development Plan (NDP). The development of water and sanitation infrastructure benefits all social and economic pillars supporting SDGs and the NDP and is a driver of economic growth and social welfare. Progress was made in the implementation of key water projects during the period. For the Manzini Integrated Water Supply and Sanitation Project, an appointment letter for the contractor was issued for Lot 2 (construction of Logoba Reservoir and transmission mains of approximately 450km). The Eswatini Water Supply and Sanitation Project in the Shiselweni Region, the tender document for Package 2 (which entails the construction of the main pipeline from Nhlangano to Reservoir 1 in Zombodze) was issued and approved by all stakeholders and the contractor was duly appointed.

## Safety, Health and Environment

As part of our commitment to the core value of performance and continuous improvement, a number of initiatives have been implemented, focusing on safety, quality assurance, health and well-being and environmental management.

Through the Safety, Health, Environment and Quality (SHEQ) programme, the Corporation implements ISO management systems. EWSC is currently certified for Environmental, Occupational Health and Safety and Quality Systems (ISO 14001:2015, ISO 45001:2018 and ISO 9001:2015) respectively. Through the internally established system performance evaluation tools, the EWSC SHEQ management systems were found to be improving steadily.

This was further confirmed by the third-party audit conducted by the South African Certification and Auditing Services (SACAS) which was conducted and identified only two minor findings across the three management systems that EWSC is certified for. The Corporation was therefore recommended for continued certification.

## Key Challenges

In fulfilling its mandate of providing sustainable water and sanitation services, the Corporation faces some challenges, whose resolution forms the key focus of our Strategy. Key amongst these challenges are the following:

- Accumulated billed arrears (trade debtors) and collectability of amounts due.
- Old and ageing infrastructure.
- Increase in production input costs and impact on operational expenditure.
- Water loss through illegal connections, network vandalism, theft and tempering of meters.
- Customers’ non-compliance with environmental laws.
- Increased levies from regulatory bodies (such as EEA, ESPRA and CIC).

## Acknowledgement

We have made a lot of progress over the past few years, and there is much more to do to meet our strategic objectives. Our OD model emphasises decentralisation at regional level. Regions are expected to grow and improve on their performances whilst exuding agility, innovativeness and embracing a proactive culture that will meet customers' needs and expectations.

Our dedicated, engaged and values-driven employees are our key strength and their cooperation is invaluable through the transformational journey. As a result, the Corporation has shown great resilience in very challenging economic times. I am confident that we have the capabilities to create more value for our customers and shareholder and to enable the Corporation to fulfill its socio-economic agenda whilst remaining self-sustainable.



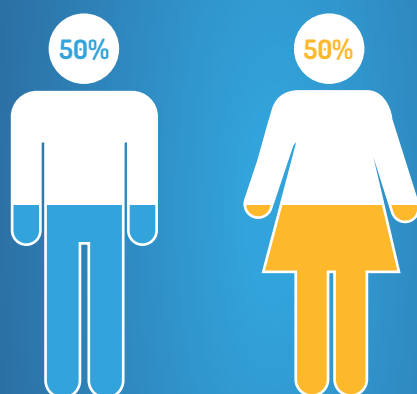
**Jabulile Mashwama**  
**Managing Director**



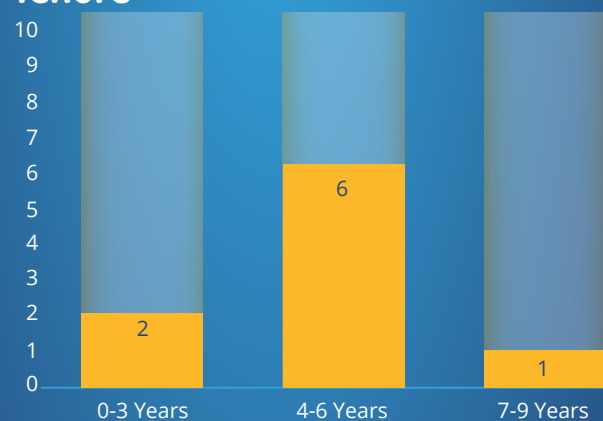
# LEADERSHIP

*"Effective corporate governance requires a clear understanding of the respective roles of the Board and Management and their relationship with employees, customers and stakeholders."*

## Gender diversity



## Tenure



## Expertise



**Mr Mvuselelo Fakudze**  
Chairman of the Board  
*BComm, PGDip; ACCA; CA(SD)*



**Ms Jabulile Mashwama**  
Managing Director  
*BSc; MBA*





**Ms Dorcas Dlamini**  
Non-executive member  
*BA (Social Science)*



**Mr Hilton Dlamini**  
Non-executive member  
*BA (Social Science)*



**Ms Zandile Nhleko**  
Non-executive member  
*MPH (Maternal & Child Health); BNSc (Community Health Nursing)*



**Ms Sindisiwe Mango**  
Non-executive member  
*BA (Law); LLB; Adv. Dip (Labour Law); Cert (HRM)*



**Dr Kenneth Msibi**  
Non-executive member  
*BSc, CDE, PGD (Hydrology); MSc (Water Resources Eng); PhD (Water Resources Eng)*



**Mr Sipho Dlamini**  
Non-executive member  
*Dip (Criminology/Police Studies)*

# BOARD OF DIRECTORS



**Mr Mvuselelo Fakudze: Chairman;** BComm; PGDip; ACCA; CA (SD)

Mr Fakudze joined the EWSC Board as a Non-executive member in May 2018. Mr Fakudze is currently the Chief Executive of Standard Bank of Eswatini, a position he took up in December 2016. Prior to that, Mr Fakudze spent 14 years at PricewaterhouseCoopers in Eswatini, six of which he was a partner and another four years at Absa/Barclays Africa where he was based in Johannesburg. Mr Fakudze qualified as a Chartered Accountant (through ACCA) in January 2001 after finishing his articles at PwC. He completed a postgraduate diploma in accounting at the University of Strathclyde in Glasgow. Mr Fakudze has served on various boards both in Eswatini and South Africa, including Tibiyo Taka Ngwane, Eswatini Charitable Trust, ALLPAY, and some securitisation vehicles whilst at Absa to name but a few.

**Ms Jabulile Mashwama: Managing Director;** BSc; MBA

Ms Mashwama joined EWSC as Managing Director in December 2018. She is an internationally recognised executive and a certified coach, with a particular interest in people development and driving high performance culture. She combines her rich private sector executive expertise with extensive public sector experience, having served as a Minister of Commerce, Industry & Trade as well as Minister of Natural Resources & Energy during her 10 years as Senator in the Parliament of the Kingdom of Eswatini. Prior to her efficacious political career, she worked for a leading global FMCG company as the Human Capital Development Director, where she was responsible for developing and implementing policies, strategies and tools for performance management and organisational culture improvement. She is a member of the Eswatini Parliamentary Service Board and she is an active member of several international bodies including the International Water Association (IWA), Sanitation and Water for All (SWA), African Water and Sanitation Association (AfWASA).



**Mr Hilton Dlamini: Non-executive member;** BA (Social Science)

Mr Dlamini joined the EWSC Board in August 2021 in an ex officio capacity (representing the Principal Secretary in the Ministry of Finance) as per section 4 (1) of the Water Services Corporation Act of 1992. Mr Dlamini is the Principal Finance Officer (Direct Tax Policy Section) at the Ministry of Finance, having previously held the position of Senior Finance Officer (Trade Policy and Regional Integration Section) in the same Ministry. He is also a representative member of the Ministry in the Eswatini Sports and Recreation Council Board and Chairman of the Audit Committee. Mr Dlamini has served as a member in Regional Committees including the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC) Tax Incentives Working Group.

**Ms Dorcas Dlamini: Non-executive member;** BA (Social Science)

Ms Dlamini joined the Board of EWSC in an ex officio capacity as Principal Secretary in the Ministry of Natural Resources and Energy, as per section 4 (1) of the Water Services Corporation Act of 1992. Prior to joining the Ministry, Ms Dlamini held the position of Undersecretary in the Ministry of National Defence and Security. In her career with the Government, she has also held the positions of Assistant Political Analyst with the Ministry of Foreign Affairs and Assistant Secretary at the Ministry of Defence and Security.



**Ms Zandile Nhleko: Non-executive member;** MPH (Maternal & Child Health); BNSc (Community Health Nursing)

Ms Nhleko has served as a Non-executive board member for the EWSC since May 2018. With over 15 years of experience in public health, she is a highly-skilled practitioner specialising in community-based health initiatives. She has worked with various local and international NGOs in health, and has supported the Ministry of Health in developing curricula for healthcare workers in pediatric HIV psychosocial support and adolescent sexual and reproductive health. She currently works with Imbeleko Foundation, a local NGO dedicated to empowering adolescent girls and young women.



**Mr Sipho Dlamini:** Non-executive member; Dip (Criminology/Police Studies)

Mr Dlamini joined the EWSC Board as a Non-executive member in May 2018. He is a retired police officer, his last rank being that of National Deputy Commissioner of the Royal Eswatini Police. During his tenure as a police officer, he served in a number of key strategic departments. Some of the ranks he held include Station Commander (various police stations), Commandant (Police Academy) and Officer In Charge in the faculty of Management and Leadership (Police Academy). Mr Dlamini has also worked with local, regional and international organisations such as the Southern African Regional Police Chiefs Cooperation Organisation (SARPCCO), Interpol and NGOs.

**Dr Kenneth Msibi:** Non-executive member; BSc; CDE; PGD (Hydrology); MSc (Water Resources Eng); PhD (Water Resources Eng)

Dr Msibi joined the EWSC Board as a Non-executive member in July 2020. He is currently an Independent Consultant and Managing Director for Solar Power Africa. Prior to that he served the SADC Secretariat as a Policy and Strategy Expert and the Ministry of Natural Resources and Energy as Acting Director, Water Affairs. He has also worked for Royal Eswatini Sugar Corporation as an Assistant Irrigation Engineer. At regional level, Dr Msibi has occupied the position of Chairman of the Global Water Partnership of Southern Africa (GWP-SA) and has also authored publications in the Water International Journal, Physics and Chemistry of the Earth Journal and SADC Publications to name but a few.



**Ms Sindisiwe Mango:** Non-executive member; BA (Law); LLB; Adv Dip (Labour Law); Cert (HRM)



Ms Mango joined the EWSC Board as a Non-executive member in August 2020. She is the General Manager, Corporate Services at the Eswatini National Provident Fund (ENPF). In the period 2012 to 2016, she was Manager, Corporate Support at the Komati Basin Water Authority (KOBWA) and prior to that she held the positions of Human Resources Manager, Industrial Relations Manager at Eswatini Water Services Corporation (EWSC) and Assistant Legal Advisor at Swazi Paper Mills. Ms Mango has also served on different Committees and Boards in positions including Chief Negotiator (EWSC), Principal Officer (EWSC and KOBWA Pension Funds). Ms Mango is a Board Member at the Institute of Development and Management (IDM) and Swazi Plaza Properties. At professional level, she is a member of the Institute of People Management (Eswatini and RSA) and the Southern African Institute of Directors.



Masibini Water Treatment Plants.



# EXECUTIVE MANAGEMENT



**Ms Jabulile Mashwama: Managing Director;** BSc; MBA.

(Refer to Board Profiles)

**Ms Duduzile Nyembe: Chief Financial Officer;** BCom; ACCA; CA(SD); MBA

Ms Nyembe joined EWSC as Finance Director in July 2023. Previously, she was the Chief Financial Officer of Swazimed, a position she held for five years. She was pivotal in the construction of the Ezulwini Private Hospital Project, having been appointed as Client representative in 2018. In her previous engagements she held position of Senior Manager Finance at Medscheme Eswatini (Pty) Ltd, a member of the Afrocentric Health group, a JSE-listed entity and Risk and Internal Audit Manager at ENPF. She began her career in 2004 with PricewaterhouseCoopers (PwC) as a Trainee Accountant. She is a member of the Eswatini Institute of Accountants and Association of Chartered Certified Accountants (ACCA). She has served as a Board member for Eswatini Electricity Company and Kwakha Indvodza, an NGO. She currently serves as a Chairperson of Eswatini Tourism Authority Board and is a member of the Stanlib Eswatini Board.



**Ms Nontombi Maphanga: Chief Operating Officer;** BSc; BSc (Civil Eng); GDE (Civil Eng); MBA

Ms Maphanga joined EWSC as Hydraulics Engineer in April 2006 and was appointed a member of the EWSC Strategy Implementation Team thereafter. In November 2008 she was appointed to the EWSC Executive Management Team as Technical Services Director. In her previous engagements she has held the posts of Chemist (Quality Assurance) at Coca-Cola Eswatini and Project Coordinator for a water and sanitation NGO. She is a member of the Eswatini Association of Architects, Engineers and Surveyors and the International Water Association (IWA). She has served as a Board member for Lidwala Insurance Company, the Town Planning Board under the MHUD and the National telecommunications company. She currently serves as a Non-executive Director of a Financial institution and the Eswatini National Housing Board.

**Mr Sicelo Dlamini: Director: Strategy and Digitisation;** BSc (Mechanical Eng); MBA.

Mr Dlamini joined EWSC as Strategic Services Director in October 2021. Prior to this role at EWSC his career spans in several multinational companies such as Eswatini Beverage, Royal Eswatini Sugar, Mondelez International and MTN where he served in Engineering, Operations, Project Management and Strategy. He currently serves as a Board member in an NGO-Women in Trade and Development (WITAD).



**Ms Nomahlubi Matiwane: Director: Business Enablement & Corporate Affairs;** BSocSc (Media & Communications); PgDip (Strategic HR); MBA.

Ms Matiwane joined EWSC as Public Affairs Manager in December 2011. Her career has spanned various management roles at EWSC including Customer Experience and Human Resources. She has also served as Chairperson of the EWSC Strategy Implementation Team and served in a team of consultants funded by UN-Habitat working with water utilities in Africa to develop Performance Improvement Plans and Corporate Strategies. Prior to joining EWSC, Ms Matiwane worked for the United Nations Population Fund as a Communications Analyst. She has served as Board Member for Eswatini National Youth Council and Southern Africa HIV and AIDS Information Dissemination Service (SAfAIDS).





**Ms Hlobisile Dlamini:** Director: Customer Management; BComm; MDP; ACCA; CA (SD)

Ms Dlamini joined EWSC as Internal Audit Manager in January 2015, a position she held for five years. She then moved to be the Finance Manager in February 2020 up until November 2023. She was then appointed as the Director Customer Management in December 2023. She began her career in 2005 with Eswatini Bank as a teller and later moved to join the Internal Audit Department as an audit trainee. In June 2010, she joined PricewaterhouseCoopers (PwC) as a Trainee Accountant. She is a member of the Eswatini Institute of Accountants and Association of Chartered Certified Accountants (ACCA).

**Mr Bongani Mdluli:** Director: Technical Services; Dip in Civil Eng; B-Tech Civil Eng; Adv Dip in Project Mngt; MDP.

Mr Mdluli joined EWSC as Director Technical Services in January 2024. His career spans from being an Engineer who has been involved in design office, site supervision, management role, executive role, to working with local and internationally funded projects. Previously he had worked for civil engineering consultants both in Eswatini and South Africa in design office and site supervision as Engineer Representative on water and wastewater projects. He has previously worked for EWSC as Project Engineer and also as the Project Manager between 2010 and 2019, where his responsibilities included preparing project proposals for funding from various organisations such as European Union, African Development Bank and World Bank. He then worked for Ubombo Sugar Limited, an Illovo operation, in Eswatini, as Estate Manager responsible for the upkeep of the sugar estate. He was then appointed as Estate Support Services Head, an executive position, before rejoining EWSC in 2024 as Director Technical Services.



*An overview of the Masibini Water Treatment Plant that supplies the Nhlangano Town and surrounding areas.*

# SENIOR MANAGEMENT

## Finance and Supply Chain Management

- ◆ Noncedo Dlamini – Senior Manager, Management Accounting and Reporting: *BComm; Adv Dip Acc Sc; RA (SD); ACCA (Affiliate)*.
- ◆ Bernard Dube – Senior Manager Financial Accounting: *BComm; MBA; FCIS; Certified Utility Mngt Specialist*.
- ◆ Sifiso Dlamini – Senior Manager Supply Chain Management: *BA; Adv Dip (Procurement)*.

## Technical Services

- ◆ Mangaliso Mavuso – Senior Manager Water Quality: *BTech; BComm; MDP*.
- ◆ Sibonginkhosi Mamba – Senior Manager SHEQ: *BSc; MDivinity; MDP*.
- ◆ Mlungisi Simelane – Acting Senior Manager Projects: *BSc; BSc (Civil Eng); MBA; PrEng; PrPCM*.
- ◆ Velile Dlamini – Acting Mechanical and Electrical Engineer: *BEng (Electrical); GCC*.

## Operations

- ◆ Thobile Simelane – Regional Manager – North West: *BComm; RA (SD); MDP*.
- ◆ Nomfanelo Dlamini – Regional Manager – Central: *BSc (Eng); MSc (Eng); MDP; Cert Proj Mngt*.
- ◆ Aubrey Mkhonta – Regional Manager – South West: *Dip (Water Tech); HND (Civil Eng); MBA; Adv Dip (Project Mngt)*.
- ◆ Mbongiseni Manyathi – Acting Regional Manager – East: *Dip (Chemical Eng); BTech (Chemical Eng); PGD (Project Mngt); MDP*.

## Business Enablement and Corporate Affairs

- ◆ Angeline Matsenjwa – Senior Manager Human Resources: *BSc; MBA; Cert. HRM; MDP; Cert. Advanced Labour Law*.
- ◆ Abraham Dlamini – Corporate and Facilities Manager: *Dip (Mechanical Eng); MDP*.

## Strategy and Digitisation

- ◆ Innocent Mkhombe – Senior Manager Information and Communication Technology: *BSc (Computer Science); Cisco Certified Networking Associate (CCNA); MDP*.

## Customer Management

- ◆ Zanele Dlamini – Commercial Manager: *ACIS; MDP; MBA*.

## Internal Audit

- ◆ Bongiwe Hlatshwayo – Senior Internal Audit Manager: *BComm; ACCA; CA*.



*EWSC Management Team.*



# CREATING VALUE

# 03



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# OPERATING ENVIRONMENT

## Legal and Regulatory Environment

EWSC gained full autonomy through Corporatisation in 1994. The Corporation is a public enterprise, established by an Act of Parliament, the Water Services Act No. 12 of 1992. The Ministry of Natural Resources and Energy (MNRE) is responsible for water affairs including EWSC. The Corporation is regulated through the Public Enterprises (Control and Monitoring) Act no.8 of 1989. The supervisory body is the Public Enterprises Unit (PEU), in the Ministry of Finance, which monitors the business and performance of public enterprises. EWSC submits performance reports to the PEU on a quarterly basis as required by statute.

The Corporation plays a pivotal role in the Government of Eswatini's NDP and SDGs with regard to increasing access to safe water and sanitation. Annual and quarterly reports on performance and targets for water and sanitation are submitted by EWSC to the Government and Parliament through MNRE. Tariffs are regulated by Government and have to be approved by both Government (Section 10 (1) (a) of the Public Enterprises Control and Monitoring Act of 1989) and Parliament (Section 253 (2) of the Constitution of the Kingdom of Eswatini) before implementation. EWSC entered into a five-year performance agreement with the Government running from April 2020 to March 2025. The performance agreement sets out the relationship, duties and responsibilities of both parties as well as performance targets (financial and non-financial) to be achieved by EWSC.

## Economic and Physical Environment

The country's economic prospects for 2024 remain positive, primarily due to higher SACU revenues, projected increment in Government expenditure, and the external funding of major capital projects such as the Mkhondvo-Ngwavuma dam, which all are anticipated to boost economic activity and result in positive externalities for other sectors of the Eswatini economy (*World Bank, 01 April 2024*).

Economic activity based on the quarterly gross domestic product grew by a slower 7.7% year-on-year (seasonally adjusted) in the third quarter of 2023, down from a revised growth of 8.2% in the second quarter. The observed performance largely stems from a resilient tertiary sector which realised double-digit growth whilst the primary and secondary sectors recorded slower increases (on a year-on-year basis) in the quarter ending March 2024. On a quarter-on-quarter basis, economic activity grew by 3.0% (seasonally adjusted) in the quarter ending March 2024, (*Central Bank of Eswatini, Monetary Policy Statement, 28 March 2024*). Annual headline inflation lowered to 4.1% in March 2024 compared to 5.6% in March 2023. The decrease can be attributable to a slowdown in prices for food, transport, clothing and footwear, and recreation and culture. The improvement in economic performance is expected to have positive spin-offs such as job creation and reduction in poverty. For EWSC, reduction in billed arrears is expected as businesses and entities benefit from economic growth.

Despite the continued growth in real GDP and a somewhat favourable economic outlook, the agricultural sector declined by 2.5% largely due to drier than normal conditions and weather-related challenges associated with worsening climate change. The economy remains vulnerable to the impacts of the on-going and intensifying geopolitical tensions at the global level.





*Extension works of the Matsapha Water Treatment Plant.*

# VALUE CREATION

Value creation is based on our vision of delighting customers in the provision of water and sanitation services. Our value creation chain begins with creating value for the business and then extends to our stakeholders. The Corporation creates value for itself through revenue receipts from the supply of potable water and the provision of sanitation services, value for employees through remuneration, training and development and job security, value for customers through the provision of safe and reliable water and sanitation services whilst value for other stakeholders is through trade and social relationships. The provision of water and sanitation affects all economic and social sectors and supports economic development and growth whilst improving the quality of life and promoting a cleaner environment. The Corporation's main stakeholders include Government (shareholder); Employees; Customers; Suppliers; Financiers (e.g. commercial banks; multi-lateral development agencies) and Corporate Social Responsibility partners (communities and institutions).

## EWSC BUSINESS MODEL

### Stakeholders and Social Relationships

- Meeting customer expectations
- Management of stakeholder relationships to deliver services
- Value creation

### Financial

- Budget linked to strategy
- Capital/Funds generated invested in infrastructure, technology, people
- Corporate Social Investment for value creation

### Human

- Train and develop people to reach their full potential
- Promote workplace health and well-being
- Performance incentives, recognition and retention

### Natural

- Abstract and treat water
- Collect and treat wastewater
- Promote recycling
- Efficient use of natural resources (energy, water)

### Assets

- Capital investment programme
- Optimising efficiency to reduce real water losses
- Maintenance of plant and equipment

### Technology

- IT infrastructure
- Remote operation and real-time systems (telemetry, AMR)
- Decision support systems (business intelligence and data warehouse)
- Administration and transaction processing systems (HR system, billing, finance & accounting)

Inputs

Business Activities

Abstract, treat and supply water

Collect, treat and dispose sewage

Design, construct, acquire, operate and maintain water works

Develop sewer systems for the treatment of wastewater

Laboratory services (quality assurance)

Consultancy and engineering solutions

Management consultancy



## Outcomes

### Stakeholders and Social Relationships

- ◆ Customer satisfaction
- ◆ Strategic partnerships with business and social institutions
- ◆ Cultural, Educational and Environmental programmes

### Financial

- ◆ Increased assets value
- ◆ Financial benefits for stakeholders

### Human

- ◆ Competent staff
- ◆ Motivated employees
- ◆ Safe and healthy workplace
- ◆ Employee wellness

### Natural

- ◆ Potable water
- ◆ Treated wastewater
- ◆ Cleaner environment

### Assets

- ◆ Treatment plants with increased production capacities
- ◆ Efficient and reliable treatment plants
- ◆ Property

### Technology

- ◆ Improved communication
- ◆ Improved operational efficiencies
- ◆ Improved service delivery
- ◆ Informed decision making

## Outputs



# VALUE CREATION *(continued)*

## EWSC VALUE CREATION FRAMEWORK



Water and sewer service sales  
Business growth  
Stakeholder relations  
Business reputation



Access to clean water  
Proper sewer disposal  
Excellent customer service



Trade and relationship  
Value chain



Return on capital



Remuneration  
Skills development  
Training  
Job security  
Motivated employees



Improved quality of life  
Corporate social responsibility  
Cleaner environment



Clean water and proper sanitation  
promote socio-economic development  
and health



Contribution to NDP and SDGs  
Appropriate return on investment

# STRATEGY AND RESOURCE ALLOCATION

Our strategic goals supporting our vision are mapped into short-to medium-term business objectives. The budget to support the strategy is determined by annual goals under the business scorecard. The business scorecard framework allows us to measure how our strategic focus areas create value for business and stakeholders particularly and most importantly

our employees and customers. This translates into measurable milestones towards the achievement of performance targets under the strategic plan and the performance agreement with the Government. The diagram below summarises our 2022-2025 strategy framework.

## EWSC Strategy Framework 2022 to 2025

	Strategic Focus Area	Strategic Objectives
1.	Business Optimisation	1.1 Review and finalise operating model 1.2 Establish an organisational planning function 1.3 Optimise IT systems 1.4 Improve business processes
2.	People and Culture	2.1 Effective employee development 2.2 Establish an enabling culture 2.3 Implement talent management 2.4 Revise and implement a strong Employee Value Proposition (EVP)
3.	Efficient Infrastructure and Systems	3.1 Fully implement Strategic Asset Management 3.2 Improve the planning and execution of Capital Projects 3.3 Develop and implement a Rural Areas Service Model 3.4 Increase water storage capability
4.	Enhanced Customer Experience	4.1 Ensure product quality 4.2 Address gaps in service delivery 4.3 Improve customer service quality 4.4 Develop differentiated urban and rural areas operating model
5.	Financial Sustainability	5.1 Improve revenue collection 5.2 Eradicate debtors 5.3 Improve the management of Non-Revenue Water 5.4 Investigate and implement innovative service delivery methods
6.	Financial Performance	6.1 To efficiently manage resources in order to remain viable

Performance against targets is measured quarterly and ultimately annually using the balanced scorecard measures of success. The milestones are then compared with the overall objectives of the strategic plan so that targets that have not

been achieved may be carried forward to the following year's scorecard until they are achieved within the strategic plan period.

# PERFORMANCE

## Operations South West Region

### Raw Water

Throughout the year, most water sources remained stable across all service areas, namely Nhlanguano, Hlathikhulu, Lavumisa, and Hluthi. The Mkhondvo River, which supplies the Nhlanguano Water Treatment Plant (WTP), consistently provided adequate supply, while the Hlathikhulu Dam remained stable and reached full capacity. Similarly, the Ngwempisi River, responsible for the Mankayane WTP, maintained adequate supply throughout the reporting period. The South West region received sufficient rainfall during this time, supporting water availability. The Lavumisa balancing dam also ensured adequate supply throughout the reporting period. However, intermittent pumping issues persist at Pongolapoort due to ongoing load-shedding implemented by ESKOM. During the period under review, there were 62 days without pumping, marking a notable 51% improvement compared to the previous year's 127 days.

During the period, a total volume of 2.13 million m<sup>3</sup> was produced, reflecting a 9% decrease from the previous period and coming 2% below the annual projection of 2.18 million m<sup>3</sup>. This reduction in production volume can be attributed to enhanced demand management efforts in the Nhlanguano WTP supply area.

### Growth

The water network extension projects in Masibini, Sigwe, Lavumisa, Mazombizwe, and Mhlabayaduma areas facilitated a total of 1 215 new water connections, benefiting an estimated population of over 4 500 individuals. This achievement surpassed the region's target of 700 new connections by 74%. Looking ahead, additional growth in water connections is anticipated for the next year, driven by planned network extension initiatives, including the upcoming commissioning of the Ekuphumuleni water supply project in the second quarter.

During the year, 11 new sewer connections were installed, which represented a shortfall of 84% compared to the target of 70 connections. With the new Wastewater Treatment Plant (WWTP), the region will focus on sewer extension growth initiatives to drive this trailing part of the business.

### Revenue

The South West region achieved total revenue of E65.3 million for the year, surpassing the annual target by 6% (E61.7 million). This revenue growth can be credited to expanding water supply in new areas like Mazombizwe, Khiza, and Jojo, as well as the sustained presence of a vibrant textile industry within the region. Moving forward, the region remains committed to improving billing accuracy through advanced metering technology, meticulous data management and proactive customer engagement, thereby ensuring equitable and dependable billing processes.

### Debt

As of March 2024, the closing balance of outstanding debt was E23.6 million. The largest portion of this debt, totalling E8.1 million (35%), is attributed to Government accounts, followed by residential customers at E7.5 million (32%). Commercial debtors accounted for E3.9 million (17%), while corporate debtors totalled E0.37 million (2%). Accounts classified as terminated represent the remaining E3.6 million (15%).

As of March 2024, the collection ratio stood at 92%, falling short of the target of 115%. Debtor days also increased from 114 days to 135 days by March 2024. This decline in performance can be attributed to cash flow challenges affecting Government accounts during the final quarter of the reporting period.

Despite the region's intensified disconnection efforts, there is a noticeable trend of increasing residential debtors, possibly reflecting economic pressures. To address this, the region is exploring alternative recovery methods and maintaining ongoing engagement with these customers to facilitate settlement of their outstanding bills. Additionally, the region is promoting the use of digital platforms to streamline the payment process, offering customers convenient options for bill settlement.

### Quality Compliance

The overall compliance with potable water quality in the region reached 97.3%, slightly below our target of 98%, but showing a 3% improvement from the previous year's 94.3%. Specifically, treatment plant compliance stood at 98.1%, while distribution compliance was 96.6%. The primary factor affecting compliance was residual chlorine levels, prompting increased monitoring and adjustment at Mbukwane and Somtongo reservoirs to meet set standards. Potable water turbidity compliance remained at 100% across all treatment plants.

Effluent quality compliance improved significantly to 83%, marking an 8% increase from the previous year, yet slightly below our annual target of 85%. This improvement is largely attributed to the commissioning of the new Nhlanguano WWTP in October 2023, which maintained consistent effluent quality compliance of 86% throughout the reporting period. Additionally, the Hlathikhulu WWTP achieved an average effluent compliance performance of 90%. Looking ahead, the region anticipates further enhancements in compliance with the full operation of the Nhlanguano WWTP in the upcoming year.

### Human Capital

As of the reporting period, the total staff complement in the region was 62 employees. Anticipated organisational development initiatives are projected to lead to an increase in staff numbers in the upcoming year.

### Safety, Risks and Health

The region recorded a total of 38 incidents during the period under review:

◆ Motor vehicle incidents	- 2
◆ Environmental incidents	- 24
◆ Property theft/damage incidents	- 6
◆ Injuries on duty (IOD) incidents	- 4
◆ Other incidents	- 2

Environmental incidents, primarily sewer spillages are generally caused by blockages in the sewer pipe network system which is caused by customer actions and pipe capacities. The region has intensified its focus on system flushing exercises to mitigate blockages and reduce spillage incidents. Additionally, to address IOD incidents, the region remains committed to prioritising employee and public safety, aiming to foster a strong safety culture in the workplace. There were no fatalities recorded during the reporting period.



## Operations

### North West Region

#### Raw Water

In the 2023/24 financial year, raw water sources were adequate due to sufficient rains that were received in the rainy season. The Hawane dam level was 100% and overflowing, while the Maguga Dam was 99.6% as at March 2024.

As part of the drought mitigation plan, construction works are ongoing at the Mbabane Central Business District (CBD) Water supply project and Luphohlo WTP. There was a desilting project at Mbuluzi raw water intake to maximise the facility storage capacity. The complementary system at Lamgabhi/Mdzimba WTP was operated intermittently due to maintenance works of the reservoir and base/platform as part of the drought readiness measures. The 15ML reservoir at Ezulwini-Mantenga was successfully tested and commissioned and is now operational and supplies the Ezulwini area.

#### Growth

The region grew by a total of 1 085 new water connections during the year 2023-2024. This represents 120% of the target which was 900 water connections. The Vulimpompi Water Supply Project was commissioned in March 2023 and approximately 500 homesteads (out of a population of 2 500) household connections were installed during the reporting period. There were 93 new sewer connections installed against a target of 110 connections as of 31 March 2024. The region will focus on improving service uptake in the new year by increasing coverage.

#### Revenue

The region recorded a total revenue of E173.6 million which translates to 100% achievement of the E173 million budgeted figure. This is largely due to smooth operations during the financial year as there was a peaceful and stable political environment. The region also improved efficiencies in terms of meter reading performances, following implementation of the Meter Reading Performance Recognition Award. The region's growth in new water connections of 1 085 also enhanced the revenue.

There were 608 smart meters installed at Woodlands, Mbangweni and Thembelihle, and the exercise is on-going. This is a drive to improve billing efficiencies and enhance customer experience. The meters will provide real-time data on water usage, promote water conservation as customers will be able to monitor and control their water consumptions and thus identify and fix leaks on time to avoid bill shocks due to high bills which results in the increasing debt book.

#### Debt Management

The total debtors at the end of the year stood at E75.6 million. The collection ratio averaged 100% and the debtor days were recorded at 164 days. Debt reduction strategies were implemented to manage the debts and included the following:

- ◆ The Buya Mali Debt Reduction Campaign, which ran from October 2023 to December 2023, saw the region being assigned five meter walk routes to focus on and reduce debts. Debt management strategies included disconnections after notice for non-paying customers, door to door visits,

educational awareness/roadshows, uprooting, investigation of illegal connections and disconnection for sewer services for long-disconnected accounts.

- ◆ Uprooting long-discontinued properties which have been dormant for more than six months commenced and is an ongoing exercise.

In an effort to improve collection of overdue debts and compliance to debt management policy, the Corporation now uses a credit bureau (ITC) to manage delinquent customers. The Corporation further introduced Debit Order facility, and this facility is mandatory for customers who request payment arrangements.

#### Quality Compliance

The overall potable quality compliance for the financial year averaged 97.2%, being Water works 98.5% and Distribution 96.6%. Process upgrades at Woodlands WTP, Ngwenya WTP, Maguga WTP and Phophonyane WTP are ongoing, and expected to further improve the quality compliance for these plants. Ngwenya WTP upgrade was completed, and the filter system was put online which greatly improved the quality. This also improved the levels in our storage facilities as the demand is high compared to our production output.

Pipe replacement for the 200 AC Phophonyane delivery line to PVC is ongoing and a distance of 2.5km was completed out of 2.8km for this scope of the project. This will reduce the frequent pipe bursts which also compromised quality on the distribution lines.

The effluent quality compliance improved from 73% reported last financial year to 79% during the financial year 2023-2024. This is due to partial completion of the ongoing rehabilitation works at Ezulwini WWTP and Ngwenya WWTP which are meant to improve the treatment plants processes.

#### Human Capital

The region closed the year with a staff complement of 126 employees against an establishment of 140. The region unfortunately lost three employees due to death during the financial year. There were 14 vacancies at the end of March 2024 which are to be filled as part of the OD Project.

#### Safety/Incidents

There was a reduction in recorded IOD incidents from 17 in the previous financial year to seven, and none were fatal. The region continues to implement preventive and mitigation measures as the safety for employees, customers, public, property and environment remains a top priority.

#### Stolen Meters and Damaged Meters

There has been a significant reduction in meter theft during the reporting period, where a total of 43m were stolen compared to 261m stolen in the previous year. The highest number of incidents recorded occurred at Mahwalala, Ezulwini, Mpolonjeni and Sidwashini. The region continued to make efforts to address this issue in collaboration with other internal and external stakeholders, including law enforcement agencies and communities. In addition, the brass meters which are high risk are now replaced with plastic meters.

# PERFORMANCE *(continued)*

## Operations *(continued)*

### Central Region

#### Raw Water

A total volume of 10.65 million m<sup>3</sup> was abstracted from the Lusushwana, Black Mbuluzi, Great Usuthu and Mhlathuze rivers during the financial year. The region had stable raw water supply from all rivers during the year and there were no raw water shortages. The predicted drought was muted, and it did not affect service provision in November 2023 as expected. The Matsapha Raw Water canal was commissioned in May 2023, and this resulted in improved raw water pumping due to stable volumes.

The region experienced limited water supply interruptions to customers due to the routine planned maintenance of the Malkerns water canal. Customers were provided with tankered water in the month of June 2023.

#### Growth

The Central Region continued to grow water and wastewater connections within the existing EWSC infrastructure. A total number of 1 263 new water connections were installed during the year. The region surpassed its target of 1 000 new water connections for the year. The Manzini Integrated Water Supply Project Lot 1 and Lot 2 commenced in December 2023, and it is expected that when the project is completed, the region will realise a significant growth in the number of new water connections.

A total number of 163 new sewer connections were installed during the year.

The region has an approved capital expenditure budget for new sewer connections in Ngwane Park for the year.

#### Revenue

The total revenue generated by the region for the year stood at E270.3 million against a budget of E271 million. This reflects a 10% increment compared to E244.6 million revenue recorded in 2022/2023.

#### Debt Management

The region's debtor book value was E132.3 million at the end of the financial year. This shows an increase of E27.2 million compared to E105.1 million in the previous year. The regional debt comprises Government E38.4 million, Corporate E15.3 million, Commercial E12.9 million, Residential E32.2 million and Terminated E33.4 million. The collection ratio was 91%.

The region implemented a number of debt management initiatives including the Buya Mali campaign, disconnection of customer accounts which are more than 30 days in arrears as per policy, investigation of long-disconnected accounts, performing meter disconnection audits and the use of a credit bureau to force customers to settle their debt. The region is continuously engaging customers to settle their outstanding bills, upselling the use of digital platforms to streamline the payment process and provide customers with convenient options for settling their bills. In addition, the adoption of the use of a credit bureau and debit orders has started showing marginal rewards. The region seeks to improve collections as a profit-making region to be in line with the Corporation's objective of financial sustainability.

## Quality Compliance

The overall potable water quality compliance for the year was 94.4% against a target of 98%. The Matsapha WTP recorded 100% on turbidity in the third and fourth quarters. The region's potable water quality performance was negatively affected by high turbidity and disinfection challenges in the distribution network. In a bid to improve distribution quality, the region performed reservoir cleaning of both Airport reservoirs and Nazarene reservoir in February and March 2024.

The effluent quality compliance was 68% at year end. Effluent quality compliance is still a challenge for the region, however Nhlambeni WWTP is undergoing rehabilitation, and compliance is expected to improve upon project completion.

## Human Capital

The region closed the year with a total staff complement of 145 employees. There were three exits, two of which were mandatory retirement and one was due to death. The region implemented the OD Project and employee placements were finalised in the fourth quarter. The region participated in the routine health surveillance checks conducted by the Corporation to monitor and improve employee wellness.

## Safety/Incidents

The region recorded the following incidents during the reporting year:

Environmental	- 6
Fleet (Vehicle and Plant)	- 3
Human (IODs and near misses)	- 14
Property damage	- 1

The region was challenged with a high number of motorbike accidents. Out of the 14 IODs, nine were motorbike incidents. The region continues to implement mitigation and preventive actions to ensure safety of employees, customers, property and the environment.

## Meter Theft

The region suffered an increase in the theft of domestic meters during the financial year. A total number of 2 078m were stolen compared to 845m in the previous year. Meter theft increased in the third and fourth quarters. The hot spots were Ngwane Park Township, Makholweni, Mpholi, Ndzevane, Mbikwakhe, Mbhuleni and Madonsa Village. The region continues to make efforts to address the issue of meter theft with internal and external stakeholders, including engagement with the Royal Eswatini Police, Manzini Community Police, Manzini City Council and scrapyard owners.

## East Region

### Raw Water

The region's main raw water source is the Mbuluzi River downstream of the Mnjoli dam. Other raw water sources are the Great Usuthu River which supplies Siphofaneni, the Mhlathuze river which supplies Sithobela WTP, and the Ngwavuma River which feeds into the Lubulini WTP. There were no raw water supply challenges experienced due to the consistent rainfall received during the rainy season in the reporting year. The region abstracted a total volume of 2.87 million m<sup>3</sup> of raw water, showing a 4.3% increase when compared to last year's 2.75 million m<sup>3</sup>. Production volume was 2.6 million m<sup>3</sup> during the year showing a reduction from the previous year produced volume of 2.7 million m<sup>3</sup> by 3.7%.



## Growth

The region continued to witness growth in water service connections. The region installed 535 water connections compared to 582 in the previous period, showing an 8.5% decrease. The annual target was met and exceeded by 25%. Most of the new water connections were installed at Malindza, Shoba and Mpolonjeni. There were 14 new sewer connections installed during the year against a target of 70. This is due to the lack of new sewer extension projects during the period.

## Revenue

The region recorded a total revenue of E54.9 million showing a 24.4% increase from the revenue of E44.1 million recorded in the last financial year. The major increase was a result of the transition of Siphofaneni and Sithobela to East region after the OD implementation in December 2023. The region is endeavoring to improve consistency in the increase of sales revenues by tracking all zero consumptions, replacing stuck meters and improving water supply reliability.

## Debt Management

The region's debtors book value showed a 29% increase from 34.6 million to 44.7 million at the end of March 2024. The increase was also caused by the trade debtors of Siphofaneni and Sithobela which were transferred to the region after the implementation of the OD in December 2023. The region noticed an increase in residential debt from E25 million to E30.7 million at the end of the financial period. The region has intensified its disconnection initiatives and plugging off long-time disconnected customers. It has also directed its debt reduction strategies to the residential category, which is the highest at E30.7 million whilst the Government was at E3.8 million, Corporate at E2 million, Commercial at E3 million and terminated at E5.1 million.

## Quality Compliance

The potable water overall quality compliance for the year was at 93.5 %, showing a 0.5% decrease from the previous year's value of 94%, and was 4% short of the target of 98%. The effluent quality compliance stood at 86.7% showing an improvement from 76% in the previous period, however it was below the target of 85%. Siteki and Sikhuphe WWTPs were performing above 88% from May 2023 to March 2024 due to some repairs that were conducted during the period. The rehabilitation of Sikhuphe WWTP is ongoing and improved compliance to the quality standards is expected in the financial year 2024-2025.

## Human Capital

The total staff complement at the end of the year was 62 with four employees exiting due to mandatory retirement, and one due to disciplinary processes. Filling of vacant positions in line with the OD implementation is in progress.

## Safety/Incidents

The Region recorded the following incidents during the period, none of which were fatal:

Fleet (Vehicles and Plant)	- 6
Environmental	- 3 (sewer blockages)
Property Damage	- 6
Human (IODs, near misses)	- 4 IODs and 1 near miss

All IODs were minor, treatable cases and employees recovered. Lost time hours were 224, showing an increase from the 96 hours recorded during the previous period. The region is focused on incident management initiatives to reduce the incidence and severity of employee injuries.

## Quality Assurance Water Quality Management

EWSC ensures that the drinking water quality produced in its water treatment plants is safe for human consumption. To achieve this, a comprehensive water quality management programme led by the laboratory is implemented throughout all EWSC service areas. Through this programme, EWSC monitors over 200 sampling points, evaluates treatment effectiveness at all waterworks, performs system audits, coordinates the reservoir cleansing programme, and implements water safety plans (WSPs) embracing the source to customer concept.

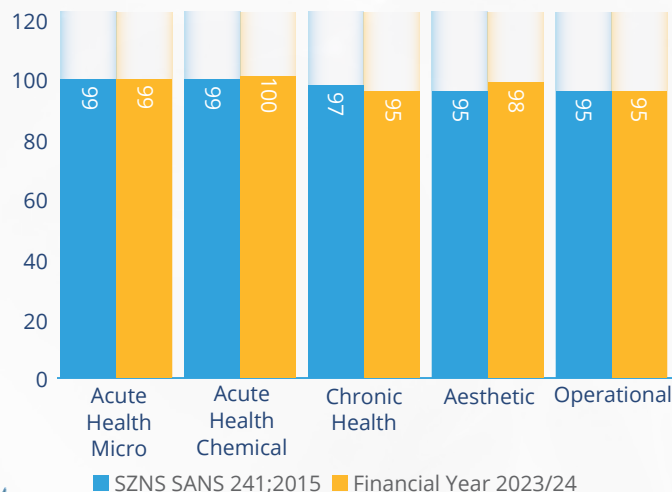
EWSC laboratory services, situated in Mbabane, provide world-class services to internal and external clients through its state-of-the-art facility. The laboratory consists of the potable water, wastewater and microbiology sections, which are ISO/IEC 17025 accredited. This demonstrates that the laboratory operates competently and generates valid and credible results.

## Potable Water Quality Compliance

The Eswatini National Standard for drinking water, (SZNS SANS 241-1;2015 & 241-2;2015) specifies the quality of acceptable drinking water, defined in terms of microbiological, physical, aesthetic and chemical determinants. EWSC has adopted the national standard to ensure delivery of safe drinking water to customers. The quality performance is reported as per the defined SZNS SANS 241 risk categories, and these are as per below:

- ◆ Acute Health refers to determinands that pose an immediate unacceptable health risk, if present, at concentration values exceeding the numerical limits specified in this part of SZNS SANS 241.
- ◆ Chronic Health refers to determinands that pose an unacceptable health risk if ingested over an extended period if present at concentration values exceeding the numerical limits specified in SZNS SANS 241.
- ◆ Aesthetic refers to determinands that taints water with respect to taste, odour and colour and that do not pose an unacceptable health risk if present at concentration values exceeding the numerical limits specified in SZNS SANS 241.
- ◆ Operational refers to determinands that are essential for assessing the efficient operation of treatment systems and risks to infrastructure.

Water Quality Compliance to SZNS SANS 241:2015





# PERFORMANCE *(continued)*

## Quality Assurance *(continued)* Potable Water Quality Compliance *(continued)*

The good performance achieved is attributed to comprehensive improvement action plans that were developed and included a process and plant rehabilitation plan. This plan detailed treatment facilities that needed maintenance, structural rehabilitations and treatment process optimisation. The laboratory's proficiency to accurately and timeously report on water quality deviations is also attributed to the good performance, since operational decisions are taken and implemented in the supply systems.

Furthermore, a memorandum of understanding entered with the University of Eswatini (UNESWA) to collaborate on water quality research aimed at improving the Corporation's information and knowledge hub is earmarked to play a vital role in future water quality improvements.

### ESWC Drinking Water Compliance Summary Report 2023-2024

Determinand	Units	Limit	Risk	Compliance Target %	Compliance Achieved %	Number of Tests	Number of Non-Compliant
<b>Microbiological Determinand</b>							
Ecoli	Count/100mL	Not Detected	Acute Health	98	98.2	3 753	69
Total coliforms	Count/100mL	≤10.00	Operational	98	94.1	3 753	220
Enterococci	Count/100mL	Not Detected	Acute Health	98	99.4	489	3
<b>Chemical &amp; physical properties</b>							
Colour	HZ	≤15	Aesthetic	98	94.4	3 749	210
Conductivity at 25°C	mS/m	≤150	Aesthetic	98	100	3 749	0
Turbidity - WTP	NTU	≤5	Operational	92	92.7	490	36
Turbidity - DST	NTU	≤5	Operational	92	90.7	3 261	303
pH at 25°C	-	5.0-9.5	Operational	98	99.7	3 749	10
Alkalinity	mg/L	<400		98	100	3 449	0
Total Hardness	mg/L	<400		98	100	874	0
Suspended Solids	mg/L	≤25	Acute Health	98	99.6	500	2
Dissolved Solids	-	≤500	Aesthetic	98	100	3 749	0
<b>Chemical Requirements - Macro Determinands</b>							
Free Chlorine - WTP	mg/L	1.0 – 2.0	Chronic Health	98	71.7	491	131
Free Chlorine - DST	mg/L	0.2 - 1.0	Chronic Health	98	71.6	3 248	924
Total Chlorine	mg/L	≤5	Chronic Health	98	100	1 936	0
Nitrate	mg/L	≤10	Acute Health	98	99	500	5
Nitrite	mg/L	≤0.9	Acute Health	98	100	339	0
Sulphate	mg/L	≤500	Acute Health	98	100	500	0
Fluoride	mg/L	≤1.5	Chronic Health	98	100	500	0
Ammonia	mg/L	≤1.5	Aesthetic	98	98.2	220	4
Chloride	mg/L	≤200	Aesthetic	98	100	500	0
Phosphate	mg/L	≤1.00		98	100	381	0
Zinc	mg/L	≤5	Aesthetic	98	100	233	0
Sodium	mg/L	≤200	Aesthetic	98	100	233	0
<b>Chemical Requirements - Organic Determinands</b>							
Phenols	µg/l	≤10	Aesthetic	98	100	80	0

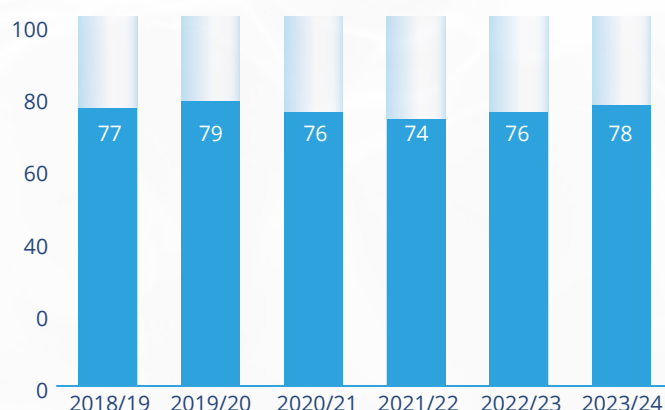


Determinand	Units	Limit	Risk	Compliance Target %	Compliance Achieved %	Number of Tests	Number of Non-Compliant
<b>Chemical Requirements - Micro Determinands</b>							
Aluminium	µg/L	≤ 300	Operational	98	84.5	233	36
Antimony	µg/L	≤ 20	Chronic Health	98	100	233	0
Arsenic	µg/L	≤ 10	Chronic Health	98	85.4	233	34
Barium	µg/L	≤ 700	Chronic Health	98	100	233	0
Boron	µg/L	≤ 2 400	Chronic Health	98	100	233	0
Cadmium	µg/L	≤ 3	Chronic Health	98	100	233	0
Total chromium	µg/L	≤ 50	Chronic Health	98	100	233	0
Copper	µg/L	≤ 2 000	Chronic Health	98	100	233	0
Cyanide	µg/L	≤ 200	Acute Health	98	100	203	0
Iron	µg/L	≤ 300	Aesthetic	98	96.6	233	8
Lead	µg/L	≤ 10	Chronic Health	98	100	233	0
Manganese	µg/L	≤ 400	Chronic Health	98	100	233	0
Nickel	µg/L	≤ 70	Chronic Health	98	100	233	0
Selenium	µg/L	≤ 40	Chronic Health	98	100	233	0
Uranium	µg/L	≤ 30	Chronic Health	98	100	233	0

## Wastewater Quality Performance

Overall, the wastewater effluent quality compliance increased to 78% from 75.9% in the previous year when assessed against the Water Pollution Control Regulation of 2010 (WPCR 2010). The phased approach in infrastructure upgrades in wastewater treatment plants which was supported by the 2023/24 capital projects budget had a key role in improving the wastewater quality compliance. The commissioning of the new Nhlanguano WWTP, and part commissioning of upgrades at Ezulwini, Siteki, Ngwenya and process optimisations at various WWTPs also had a role in the improved performance.

Financial Year 2018/19 to 2023/24 Wastewater Quality Compliance to WPCR 2010



### Wastewater Quality Compliance per Treatment Plant

Wastewater Treatment Plant		Percentage Compliance			
		2021/22	2022/23	2023/24	Target
1	Piggs Peak	83	71	79	>85%
2	Ngwenya	78	76	79	>85%
3	Gobholo	79	74	81	>85%
4	Ezulwini	64	77	77	>85%
5	Matsapha	73	49	60	>85%
6	Nhlambeni	75	74	73	>85%
7	Hlathikhulu	71	82	91	>85%
8	Nhlanguano	77	67	76	>85%
9	Siteki	85	79	87	>85%
10	Sikhuphe	85	72	83	>85%
11	Vuvulane	86	X	91	>85%

# PERFORMANCE *(continued)*

## Quality Assurance *(continued)* Wastewater Quality Performance *(continued)*

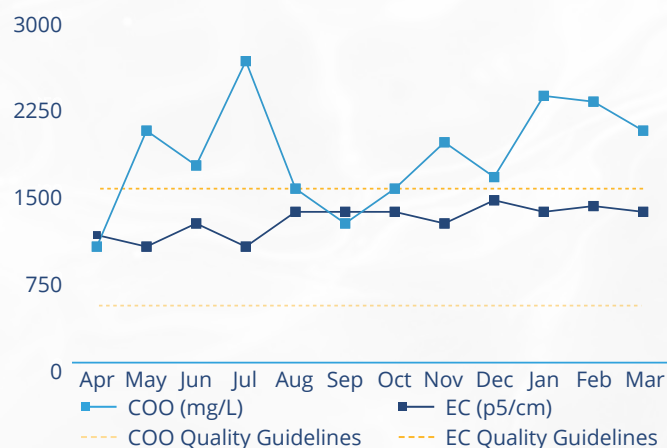
The EWSC Laboratory Services collected and analysed a total of 790 wastewater samples, resulting in 30 990 tests conducted in the financial year. The tests range from microbiological to physico-chemical parameters (including organic pollutants and trace metals), as detailed in the Water Pollution Control Regulations (WPCR 2010). These are used to evaluate the efficiency of WWTPs and the quality of the treated effluent before it is released to receiving water bodies such as rivers and streams.

The WWTPs in heavy industrial areas continue to have their performance constrained by industrial effluent. Through the laboratory, the Corporation monitors industry compliance through the Industrial Effluent Monitoring Program (IEMP), where a total of 1 290 samples were collected, resulting in 6 830 tests being conducted. Out of the industrial effluent samples collected, 41% and 27% samples exhibited excessive Chemical Oxygen Demand (COD) load (>500 mg/L), and Electrical Conductivity (EC) content (>1 600 µS/cm) respectively.

A review of the industrial effluent billing formula was done during the year. This was necessitated by the continued incidents of unauthorised discharge and dumping into EWSC sewers and the limitation of the two approved parameters. Other parameters in the WPCR were reviewed with intention to include them in the billing formula in the coming tariff cycle. The objective is to add more industries in the IEMP programme, which will in turn help improve upstream pre-treatment by industries.

The table below depicts the average industrial effluent parameters (COD & EC) between April 2023 and March 2024.

Trade Effluent Average COD & EC (April 2023–March 2024)



## Non-Revenue Water

Non-revenue Water (NRW) continues to receive focus in the organisation. Following the restructuring process occasioned by the OD project, two additional roles per region have been incorporated in the organisation to actively drive the reduction of water lost.

Due to changes implemented during the OD process, the assessment of NRW has received attention with new initiatives adopted to ensure uniform processing of NRW data across all regions. This has required the recalibration of the baselines in the different regions. The baselines were under re-evaluation and development at year end however the target of 28% has been maintained in the medium-term.

An investment of E18.9 million was made towards the pipe replacement programme in the different regions. The table below summarises the investment costs and benefits of the project:

Region	Project	Budget Amount (E)	Total Kilometres (Km)	Motivation	Expected Impact After Completion
Central	Pipe Replacement - Sihlahleni DMA	2 500 000.00	11.00	108 bursts per 100km.	Reduction of pipe bursts to less 75 per 100km.
	Pipe Replacement - Ludwala DMA Delivery Main	1 800 000.00	2.70	To address water supply challenges and ensure consistent supply of water.	Stable water supply to improve customer experience.
East	Pipe Replacement -Malindza to Mpaka (Ntabamhlophe, Lubhuku, Lubibini, Mfelafutsi)	600 000.00	8.00	Poor pipe class. Class 9, to replace with Class 16 and reduce frequent water losses.	Reduction of water leakages.
	Pipe Replacement - Lukhula to kaLanga (Mncitsini, Ngcina, Magugu, Tinkhukhwini)	1 000 000.00	9.00	62% NRW.	Reduction of NRW to 28%.
	Pipe Replacement - Mzilikazi to Siteki ( Lugongolweni Kamdodi, Flame tree park, Ntokozweni, Mtalabane, St Boniface/Matjeni)	900 000.00	7.00	Poor pipe class. Class 9, to replace with Class 16 and reduce frequent water losses.	Reduction of water leakages.



Region	Project	Budget Amount (E)	Total Kilometres (Km)	Motivation	Expected Impact After Completion
East	Pipe Replacement - Maphatsindvuku to Matsetsa (Lonhlupheko, Mvutjini, Luhhahhweni)	700 000.00	6.00	Inherited poor pipe class	Reduction of water leakages
	Pipe Replacement - Lubulini DMA	1 000 000.00	3.00	64% NRW	Reduction of NRW to 28%
	Pipe Replacement - Simunye Booster	3 200 000.00	2.50	Pipeline rehabilitation to replace GRP with ductile iron pipe due to frequent pipe bursts	Reduction of pipe bursts to less 75 per 100km
South West	Pipe Replacement - Nhlangano Town DMA	2 750 000.00	6.40	Aged AC Pipes > 30 years. Pipe material no longer complies with standard.	Reduction of NRW to 20%
	Pipe Replacement - Mathendele DMA	943 672.75	3.40	Aged AC Pipes > 30 years. Pipe material no longer complies with standard.	Reduction of NRW to 20%
North West	Kent Rock DMA	2 100 000.00	5.20	Aged AC pipes > 35 years	Reduction of pipe bursts to less 75 per 100km

## Survey Engineering

The Survey Office is the custodian of immovable asset data in the Corporation. In the reporting period, the section scrutinised a total of 525 building applications coming from Matsapha (118), Mbabane (250) Ministry of Housing and Urban Development (140), Piggs Peak (10) and Ezulwini (7) compared to 677 in 2023 with a processing rate of 1.3 days per application (compared to 2.69 days in 2022/23) and a 91.9% adherence to service level agreements with Municipalities.

No Human Settlement applications were evaluated for sewer and water services compared to five in the previous year. Network information on Computer Aided Design (CAD) and GIS increased from 2 541km to 3 052km (20% compared to 18% growth in the previous year) for clear water and increased by 0.2% (compared to 4.3% in the previous year) for wastewater in terms of pipe length. Water network accuracy of GIS is at 81.1% compared to 70% in the previous year, whilst sewer network accuracy of GIS is at 90% (same as in previous year).

New and existing DMAs surveyed to increase water network information include Caltex, Ebhodweni, Eteteni, Kush, Kwaluseni, Logoba, Madonsa Community, Mbikwakhe, Mhobodleni, Mkhweli,

Old Mphakatsi, Police, Rail Bridge, Railway, Siphofaneni Addition, Sithobela, Summerfield, Ticantfwin 1, Ticantfwin 2, To Town, Town and Vovovo for Central region. East region included Elawini, Intamakuphila, Jezi, Lubibini, Lubilweni, Lubhuku 1, Lubhuku 2, Lukhula, Macocoma, Makhewu, Malayinini, Malayinini 1, Maphatsindvuku, Masotjeni, Mfelafutsi, Mpaka, Mzilikazi, Ndzangu, Nsulutane, Tioze and Town 2. North West region included Gelekececi, Lower Checkers, Mapulazini, Mbabane, Motjane extension, Mountain Drive, Msunduzi, Qobonga Sandla update, Selection Park, Vulimpompi, and Woodlands areas. South West region included Ejikeni, Entandweni, Gelekececi, Gilumkhuba, Government Flats, Khiza, Mabovini, Mahamba, Maseyisini, Maseyisini Inkhundla, Mazombizwe, Mbangweni 2, Mhlabuyaduma, Nkwadini, Offices, Sibetsamoya, Sigwe, Town and Vusweni. Sewer network updates and surveys were conducted for Matsapha Lifestyle sewer connection.

Twenty survey exercises (compared to 23 in the previous year) were carried out as built networks, encroachment investigations, sewer pipeline extensions, pipeline setting out and pipeline relocations. Fifty-five other works included CAD and map production covering a number of projects and exercises in the Corporation.

# PERFORMANCE *(continued)*

## Mechanical and Electrical Unit Mechanical and Electrical Unit

The Mechanical and Electrical Unit is charged with the responsibility of ensuring sustainability and efficiency of mechanical, electrical and instrumentation assets. This is achieved through maintenance efforts that are differentiated into breakdown work, corrective work, preventive maintenance work and project work. The section comprises of 30 employees, split into three disciplines, and located in two workshops (Mbabane and Manzini).

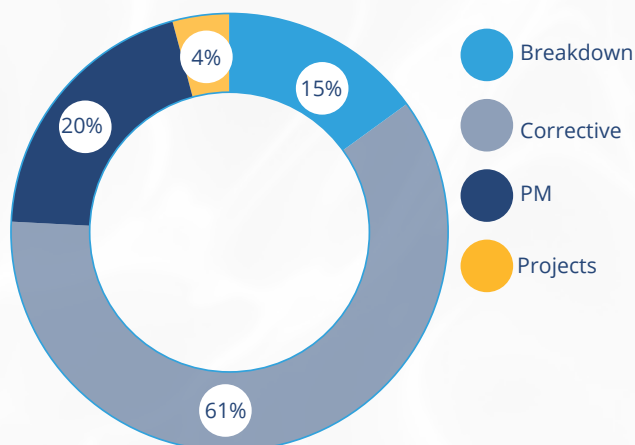
### Work Order Distribution

The Preventive Maintenance/Breakdown ratio was monitored against the target of 70/30 ratio. The final year ratio achieved was 66/34 as there were more corrective and breakdown work orders attended than the planned preventive work. The underperformance in planned work was heightened by lack of maintenance spares due to supplier delivery challenges. The planned vs breakdown ratio per region was:

Central Region 59/41  
North West Region 69/29  
South West Region 69/31  
East Region 67/35

Maintenance plans are continually being reviewed and added for scheduling in a bid to improve systems reliability.

#### Work Order Distribution by Type - Combined M & E



The Central Region continues to have more maintenance activities and the areas with pronounced activity being the Matsapha Plants mostly due to their criticality and capacity. For the North West Region, sites with high maintenance activity continue to be Woodlands WTP, Mqolo Pre-Treatment, Ezulwini WWTP, Ngwenya WWTP and Maguga Booster stations.

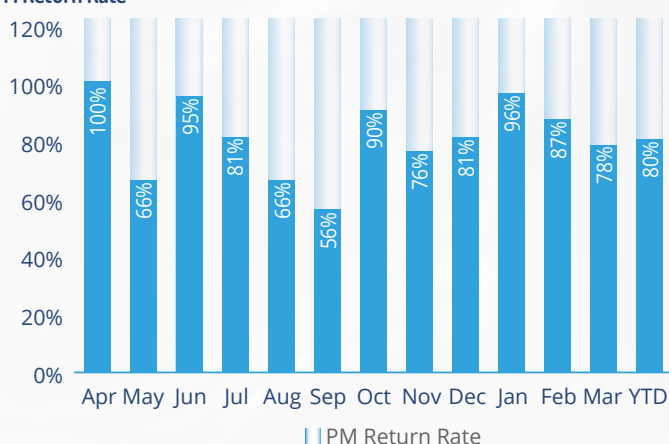
The East Region activity was mostly centred around Simunye Water Treatment Works, Lonhlopheko and Lukhula Booster Stations with ongoing telemetry works and pump overhauls. There has been an increase in the South West region service requests due to the Nhlanguano WWTP which commenced operations after commissioning.

## Work Order Reporting

### Preventative Maintenance

Preventative maintenance (PM) work order return was 80% in comparison with the targeted 90%. The division of the M&E section into two units has seen increased focus in areas of responsibility, achieving a higher monthly return rate than previous year.

PM Return Rate



The Corporation has identified the need for focused strategic asset management which the OD project is pursuing. This is expected to fasttrack the asset management programme, especially the asset maintenance planning aspect, and thus improve the quality of service provided.

## Equipment Status

Equipment availability in the Central Region was at 68% for the period mainly because of pump breakdowns at critical pumping sites. Other major contributing factors were:

- ◆ Nhlambeni and Matsapha WWTPs rehabilitation projects whose completion will render most equipment functional.
- ◆ The frequent failures of the chemical dry feeders for Matsapha WTP whose replacement project was approved and stood at 90% completion at year end.

Equipment availability in the North West Region was at 78% for the period attributed to the following:

- ◆ Woodlands treatment plant clarifier rehabilitation
- ◆ Ngwenya wastewater rehabilitation
- ◆ Ezulwini wastewater rehabilitation which is ongoing, has brought some equipment offline.

In the East Region, the Lonhlopheko pump station control valves failures and Simunye WTP intake pump inefficiencies and failures were the areas impairing equipment availability.

Equipment availability in the South West Region was at 88% with breakdowns at the intake raw pumps at Mankayane WTP due to clogging of the intake works.

## Strategic Asset Management

The overall progress based on the year 2023/2024 action plan was at 70% as per activity update below. The project was earmarked for completion in September 2024.

## Meter Testing Facility

The EWSC Meter Verification Laboratory (Test Bench) is SANS 17025:2017 accredited under the scope of "Volume Measuring Instruments". An on-site assessment by SADCAS was conducted in May 2023 and the facility was recommended for continued accreditation pending closure of raised non-conformities. The re-certification audit was scheduled for September 2024.

## SHE Audits

The Mbabane workshop rehabilitation was completed and the SHE Audit score improved to 99%. The Matsapha workshop SHE Audit score was also maintained at 99%, ensuring that both workshops comply with the 95% compliance target.

## SHE Incidents

The Department reported 4 IODs for the year, which resulted in 112 hours lost. Incident Investigation reports were closed out with prevention actions and continual behavioural change management being enforced. Five minor vehicle incidents were reported for the period.

## M&E Projects

The Department undertook several projects aimed at improving efficiencies and reliability of services. These include telemetry optimisation, pump replacement, M&E asset replacement and bulk flow meter replacement to name but a few.

## Contracts

Two contracts were in place, these being the Generator Maintenance and the UPS Maintenance Contract.

## Energy Management

Electricity continues to be one of the highest cost drivers, accounting for about 13% of our OPEX. Effective use of energy intensive assets requires an Energy Management System to improve operational efficiencies. The Corporation has aligned with the ISO 55000 standard requirements.

The Corporation's electricity costs for the year 2023/24 stood at E75.7 million (E66.5 million in the previous year) which translates to an increase of 13.8%. This is mainly attributable to the approved tariff increase of 10.14%. The commencement of operations in the Nhlanguano WWTP also contributed to the increased costs.

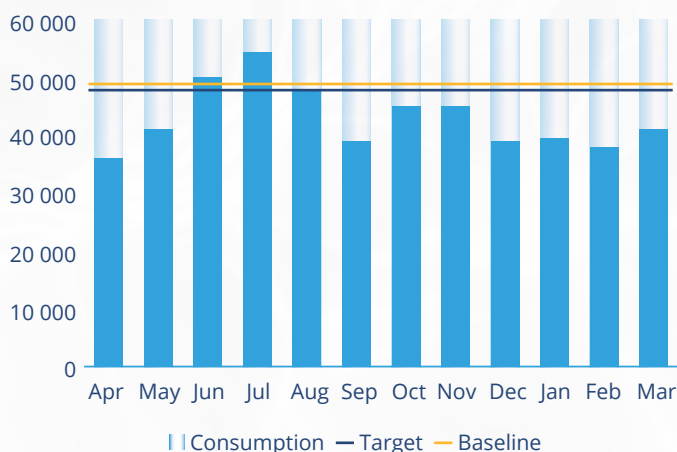
The Corporation continues to seek assistance from the new Empower Southern Africa Programme (ESA) on the commencement of the desktop solar feasibility study and other initiatives aimed at improving energy efficiencies. Energy Initiatives identified through the energy audit continued to

be implemented, which were power factor correction, VSD installations, energy efficient lighting, solar lighting, demand side management, time-of-use optimisation and energy metering.

Water supply systems are monitored for efficiency (measured in kWh/m<sup>3</sup>). Based on the baseline established in the previous financial year, systems are expected to improve by at least 5% each year. As per the Energy Management System strategy, the focus is on the top 17 key sites that contribute to about 80% of the total energy consumption.

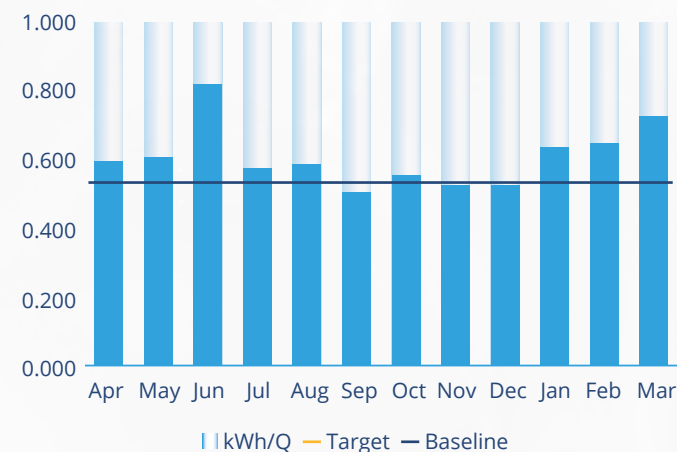
For non-pumping facilities the annual reduction in energy consumption was 14%. Behavioural change patterns continue to be encouraged especially on the use of heating and cooling systems, switching off non-essential appliances and office energy monitoring through energy ambassadors.

Offices



There was a 14% overall annual increase for pumping facilities. The significant contributor to the increase is from M&E equipment failures which negatively affect efficiencies and drought mitigation measures. The pump replacement programme and focus on behavioural change are expected to improve the indicator in the medium-term.

Pumping





# PERFORMANCE *(continued)*

## Geographic Information Systems

### Data Sharing

The Corporation has standing data sharing protocols which address data sharing applications by external stakeholders, such as consultants, municipalities, and Government agents for either water or wastewater infrastructure. There was a total of five data requests that were received during the 2023-2024 financial year, two of which were received in the second quarter and three in the last quarter. All the above-mentioned requests were accordingly attended to.

## Water Coverage and Access Statistics

### Urban Boundary

This evaluates the extent of EWSC's service provision within Eswatini's defined urban boundaries, which are distinguishable by town boards/ municipal councils. They are as follows: Ezulwini, Hlathikhulu, Malkerns, Mankayane, Lavumisa, Manzini, Matsapha, Mbabane, Ngwenya, Nhlangano, Piggs Peak, Vuvulane, and Buhleni.

For the total existing 31 079 homesteads mapped within this boundary, 22 310 homesteads have access to EWSC water supply, representing a 71.8% access rate. Coverage on the other hand, represents all homesteads within a radius of 200m from a supply point and is higher at 27 838 homesteads, representing 89.6% of urban connections.

### Within the EWSC Scheduled Areas

This measures the extent of EWSC's services penetration within the service areas as listed in the Water Services Corporation Act of 1992 schedule. They are 22 in number and are as follows: Croydon, Hlathikhulu, Hluti, Kubuta, Kwaluseni, Lavumisa, Lobamba, Lomahasha, Lubuli, Malkerns, Mananga, Mankayane, Manzini, Matsapha, Mbabane, Ngwenya, Nhlangano, Nkoyoyo, Piggs Peak, Siphofaneni, Siteki and Vuvulane.

There are currently 41 190 homesteads falling within this boundary. Out of the 41 190 homesteads, 30 145 of these have access to EWSC services whilst the total covered are 35 624. This represents a 73.2% access, and 86.5% coverage within the EWSC Scheduled Areas boundary as at the end of March 2024.

### Within EWSC Actual Service Boundary

At the beginning of each financial year the boundary path where EWSC services are found is determined. When this path was created in April 2023, a total of 61 646 homesteads were deemed as accessing at least EWSC water services.

After a 12-month period, and due to continued requests for service extensions and growth, there has been a gradual shift to the boundary, as the actual on-the-ground EWSC infrastructure and customer connections reflect the change mainly due to growth.

The current EWSC Actual Service Path boundary has a total of 88 181 homesteads and 61 754 of these have access of EWSC services whilst the total covered are now 87 653. This represents a 70% access, and 99.4% coverage within this service boundary as at the end of the year.

## EWSC Sewerage Coverage and Access Statistics

Out of the total 61 754 homesteads currently being serviced by EWSC countrywide, 14 239 have access to both water and sewer as at the end of March 2024. A spatial analysis of the current wastewater infrastructure deployment indicates an estimate of 30 636 homesteads is potentially covered for both water and sewer services throughout the country as at the end of 2023/24. This translates to a 23.1% access for sewer and 49.7% coverage for sewer.

The Corporation currently has three major ongoing projects which are expected to significantly improve national coverage and enhance compliance to the SDG6 aspirations in the three-year horizon.

## Ecowater Business Unit

Reflecting on the past year, Ecowater has made significant strides in consolidating its position as a major player in the bottled water industry in Eswatini. Ecowater continues to be a trusted brand offering naturally tasting bottled water to the nation. Despite the challenges posed by fluctuating market conditions and supply chain disruptions, a remarkable 30% increase in production output was achieved, driven by unwavering commitment to enhancing operational efficiencies and sustainable practices. This commitment to sustainability is not just a business strategy, but a reflection of corporate values and responsibility towards the environment. During the financial year, an increase of 18% was attained in sales, achieving revenue sales of E5.4 million. The Corporation's strategic marketing initiatives have also expanded the product's market presence, attracting a new customer base and cultivating brand loyalty. Looking ahead, there are opportunities that lie ahead for Ecowater. Plans include expanding market reach into unexplored territories and tailoring products to align with evolving consumer preferences and health-conscious trends.



# PROJECTS

Universal access to safe water and sanitation is part of the Eswatini National Development Plan (NDP) and SDGs. Water and sanitation projects promote socio-economic development and economic growth, positively affecting the pillars of poverty reduction, local and foreign direct investment (resulting in job creation), quality of life and environment. The Corporation is currently implementing some key projects to support the NDP and SDGs as shown in the following project summaries:

## Ezulwini Sustainable Water Supply and Sanitation Delivery Services Project - Package A (15ml Reservoir)

Scope	Progress	Risks	Current action
Construction of a 15ml reinforced concrete reservoir, break pressure tank and delivery mains.	A new contractor was engaged, and the construction of the reservoir has been completed. The pipelines have been tested and commissioned successfully. The reservoir has been filled with water. The project has been completed and closed.		Monitoring of defects.

## Nhlangano Wastewater Treatment Works and Outfall Sewer Line

Scope	Progress	Risks	Action required
Construction of the Nhlangano Water Supply Scheme and the construction of the Nhlangano Sewerage Works, whose components include a sewer treatment plant, outfall sewer pipeline, potable water pipeline and staff housing.	The construction works for the sewer plant resumed in September 2021 following a protracted suspension caused by funding limitations. The project reached practical completion. Defects were observed on the plant and the contractor has been instructed to remedy the defects.	Failure of mechanical and electrical components because of being on site for an extended time while not being in use.	Construction monitoring.

## Luphohlo Water Supply Works

Scope	Progress	Risks	Action required
Construction of a 20ml/day water treatment plant, construction of a 7.5km 500mm diameter pipeline, including a 3ml pressed steel tank.	The project resumed and was scheduled for completion in December 2023. However the reservoir had to be relocated, which resulted in delays. An extension of the 500mm pumping main has to be constructed to the new reservoir location. Construction resumed in 2024 and progress to completion is at 80%. It is anticipated that the project will be completed in October 2024.	Putting the works in abeyance for a long time resulted in re-work, especially the mechanical components. Cost escalations have also come about because of the suspension of the works.	Complete the full scope of the works.

# PROJECTS *(continued)*

## Manzini Integrated Water Supply and Sanitation Project (Water Component)

Scope	Progress	Risks	Action required
Provision of water supply to the Manzini North, Manzini South, Mtfongwaneni, Mafutseni and Nhlambeni Tinkhundla. This entails the construction of a new water treatment plant in Matsapha, pumping and delivery mains and reinforced concrete reservoirs at Logoba and Manzini.	<p>The project is divided into 2 lots. Lot 1 appointment was withdrawn due to contractor's failure to fulfill contractual obligations. Appointment for Lot 2 was cancelled due to funding limitations. The scope was then re-defined to fit within the available budget and procurement documents were prepared.</p> <p>AfDB's No Objection for the appointment of a contractor for Lot 1 was received and the contractor was appointed. The works have commenced on the construction site.</p> <p>A tender evaluation report for Lot 2 was submitted for the AfDB's No Objection. A No Objection to appoint the recommended bidder was received from the AfDB, subject to the finalisation of financing arrangements for the funding shortfall. The Ministry of Finance issued a commitment to the Ministry of Natural Resources to cover the shortfall. An appointment letter for the contractor was issued. Conditions precedent to the commencement of works were being finalized.</p>	Failure to perform by the Supervision Team. Increased professional fees due to the project being divided into two lots. Failed land negotiations with private property owners. Forex volatility that is corroding the local currency denominated loan.	Construction monitoring for both lots.

## Manzini Integrated Water Supply and Sanitation Project (Sanitation Component)

Scope	Progress	Risks	Action required
Construction of a sewer reticulation network and wastewater treatment works at Sidvokodvo.	The project reached contractor procurement stage and was then suspended. The funding was allocated to the water supply component of the project.	Budgetary constraints.	Source funding to carry out construction works.

## Maseyisini Water Supply Extension Phase 6

Scope	Progress	Budget	Action required
Construction of water supply network system for the Maseyisini Inkhundla.	Contractor for Phase 6 was appointed and construction has been completed.	Funding for all components except for professional services is provided by World Vision.	Monitoring of defects.





## Nsongweni Water Supply Extension Phase 2 and 3

Scope	Progress	Budget	Action required
Construction of water supply network system for the Nsongweni Mbangweni communities.	Phase 3 was completed; Phase 4 has also been completed and the project has been closed successfully.	Funding for all components except for professional services is provided by World Vision.	Monitoring of defects.

## Eswatini Water Supply and Sanitation Access Project.

Scope	Progress	Risks	Action required
Construction of new water reservoirs, pump station, pumping main, delivery mains and water reticulation within supply area.	Contractor for Package 1 was appointed, and construction is ongoing on site. Construction progress has reached 93% completion. The construction of the reservoirs has been completed. Filling of the reservoir with water is ongoing. The tender document for Package 2 (which entails the construction of the main pipeline from Nhlangano to Reservoir 1 in Zombodze) was issued. A Tender evaluation report was approved by the Tender Board. A No Objection to appoint a contractor was received from the World Bank. A contractor was appointed, and construction has commenced on site. The Government of the Kingdom of Eswatini has committed to provide funding for Package 3 of the project. A tender was issued, and the evaluation report was approved by the Entity Tender Board.	Budgetary constraints. Failed land negotiations with private owners. Insufficient volume of water at the abstraction point.	Complete Package 1. Construction monitoring for Package 2. Appoint contractor for Lot 3 and monitor construction.

## EWSC Head Office Building Project

Scope	Progress	Risks	Action required
Upgrade of the existing building and construction of an extension to the building.	Financing arrangements were finalised. The works are ongoing on site. The rehabilitation of some sections of the existing building has been completed and these sections are already in use.	Failure to perform by the contractor. Stringent financing conditions may result in default interests due to the contractor.	Monitor construction and complete the project.

## Lomahasha/Namaacha (LoNa) Water Supply

Scope	Progress	Risks	Action required
The LoNa Phase 1 Water Supply Project covers the upgrade of existing water supply infrastructure comprising intake works, treatment, storage, pumping mains and distributions. The available funding is USD 13.7 million.	The project is in the procurement stage. The tender documents were issued to shortlisted bidders. Tender evaluation was completed. A No Objection to appoint the contractor is awaited from the DBSA.	The project remains insufficiently funded.	Appoint contractor and commence construction.

# SAFETY, HEALTH AND ENVIRONMENT

## ISO Management Systems

The Corporation strives to implement effective occupational health, safety and environmental programmes aligned with best practice and ISO standards. It is currently certified for Environmental, Occupational Health and Safety and Quality Systems (ISO 14001:2015, ISO 45001:2018 and ISO 9001:2015) respectively. All three certifications are aligned and commenced in July 2023 and are due for renewal in July 2026 where a recertification audit will be conducted by SACAS.

An external surveillance audit was conducted during the month of March 2024 where two non-conformities were raised across all three systems on the sampled sites. Both non-conformities raised were minor and the Corporation took the initiative to timely and effectively close those non-conformities.

Two management review meetings were successfully held in the financial year to evaluate the effectiveness, continued suitability and adequacy of the management systems. The implementation of decisions and actions from the meetings were implemented and continue to be monitored.

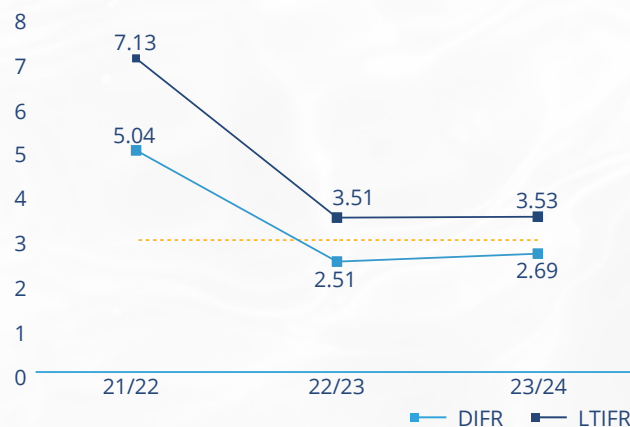
## SHEQ Compliance

To ensure Health, Safety and Environmental compliance in all EWSC sites, continual audits are conducted. A 360-degree SHEQ Audit tool is used to measure the performance of all EWSC sites. The overall performance was at 95.6% when compared against 94.5% at year-end 2022-2023, showing an improvement of 1.1% year-on-year and complying with the organisational strategic goal of 95%. Compliance for all EWSC sites was above 85%. The SHEQ strategy's year one initiatives can be attributed to the improvement of SHEQ performance for the Corporation.

## Occupational Health and Safety Incidents

Thirty-three OHS incidents were recorded in the reporting period, which is the same figure as last year, resulting in the Lost Time Frequency Rate (LTFR) and Disabling Injury Frequency rate of 2.69 and 3.53 respectively when compared against a target of three. There were no fatalities recorded during the financial year. The incidents frequency rates over the last three years are detailed in the following graph.

Yearly Frequency Rates



Achieving the security and sustenance of water supply requires sizeable investments in water and sanitation infrastructure. The following projects have been identified as crucial for maintaining reliability of water supply and social and economic development.

## Nondvo Dam

The Department of Water Affairs with the assistance of Eswatini Water and Agricultural Development Enterprise (EWADE) is undertaking a review of the Nondvo Dam's Environmental and Social Impact Assessment (ESIA). The Nondvo Dam ESIA has a number of outstanding social issues which need to be addressed before the document is taken for consideration for clearance by the Eswatini Environment Authority. The stakeholder consultations with the two imiphakatsi traditional authorities have been initiated. The ESIA team now need to engage the community members and, more intensely, the project-affected people, and then develop a resettlement Action Plan.



Water quality testing at the EWSC laboratory.

# ISSUES FOR CONSIDERATION IN THE SHORT-TO MEDIUM-TERM

## Manzini City Wide Water Supply

The water treatment supply system for Manzini and Matsapha industrial estates and surrounding areas needs to be upgraded to increase security of service provision to meet current and future demand. The plant is currently operating at approximately 98% of its capacity; hence additional water demand is unlikely to be met. In addition, the Corporation abstracts directly from the Usushwana river and fluctuations in flows may cause disruptions in supply. The Nondvo dam solution has to be implemented for the long-term stability of supply.

The following work components also need to be undertaken to improve the capacity of the system:

### (a) Raw Water Intake Works

A new intake structure needs to be constructed on the Lusushwana river to improve extraction efficiency of the WTP. The existing canal intake structure would be rehabilitated and maintained as a standby facility.

### (b) Matsapha Treatment Plant Extensions

Further extensions of the plant are required by constructing additional clarifiers and filters on the present site. These extensions would raise the production capacity of the plant from the present 400 litres per second to 800 litres per second to align with long-term growth prospects of the country.

### (c) Treated Water Pump Station

A new treated water pump station would need to be constructed or the existing one upgraded to lift the additional production to the airport reservoirs.

### (d) Duplicate Pipeline from Matsapha to Nazarene Reservoir

Manzini is totally dependent for its water supply on a single 375mm diameter pipeline, 3.3km in length that transfers water to the Nazarene reservoir by gravity from the Airport reservoirs. With the ever-increasing water demand in Manzini, the capacity of this pipeline is soon to be exceeded if not already. To meet increased demand, it is proposed to duplicate this pipeline. Importantly the additional pipeline would provide security of supply to Manzini in the event of problems arising with the existing aging 375mm pipeline, which as a single link means Manzini is highly vulnerable should the main have to be shut off for any period.

### (e) Storage Reservoirs

Additional storage is required and reservoirs are envisaged at suitably high points at Logoba, Nhlambeni, Lozitha, Sidvokodvo etc. The Corporation at present cannot meet its standard buffer required for servicing reservoirs.

The estimated total cost for this project is **E1 billion**.



One of the key features of the Masibini Water Treatment Plant.



# GOVERNANCE

# 04



**CORPORATE SUSTAINABILITY  
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**CORPORATE GOVERNANCE  
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**CORPORATE SOCIAL  
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# CORPORATE SUSTAINABILITY STATEMENT

## People

Our business model puts emphasis on value creation for stakeholders (including employees, customers, shareholders, suppliers, financiers) and the environment. Enforcing mutual beneficial relationships with employees, customers and the community is part of our business. We support cultural, educational and environmental programmes and initiatives that meet stakeholder needs and benefit society. We treat our employees and the communities we operate in with fairness and respect. Human capital is a key factor in our business as our slogan goes "We do it through our people". We invest in skills development and training so that our employees are better equipped to meet stakeholder expectations and stay innovative. Attracting and retaining competent people with the right talent adds value to EWSC by enhancing business reputation and brand recognition. EWSC will continue to build strategic partnerships with social institutions such as the University of Eswatini (UNESWA) to transform lives and prepare future generations for sustainable development.

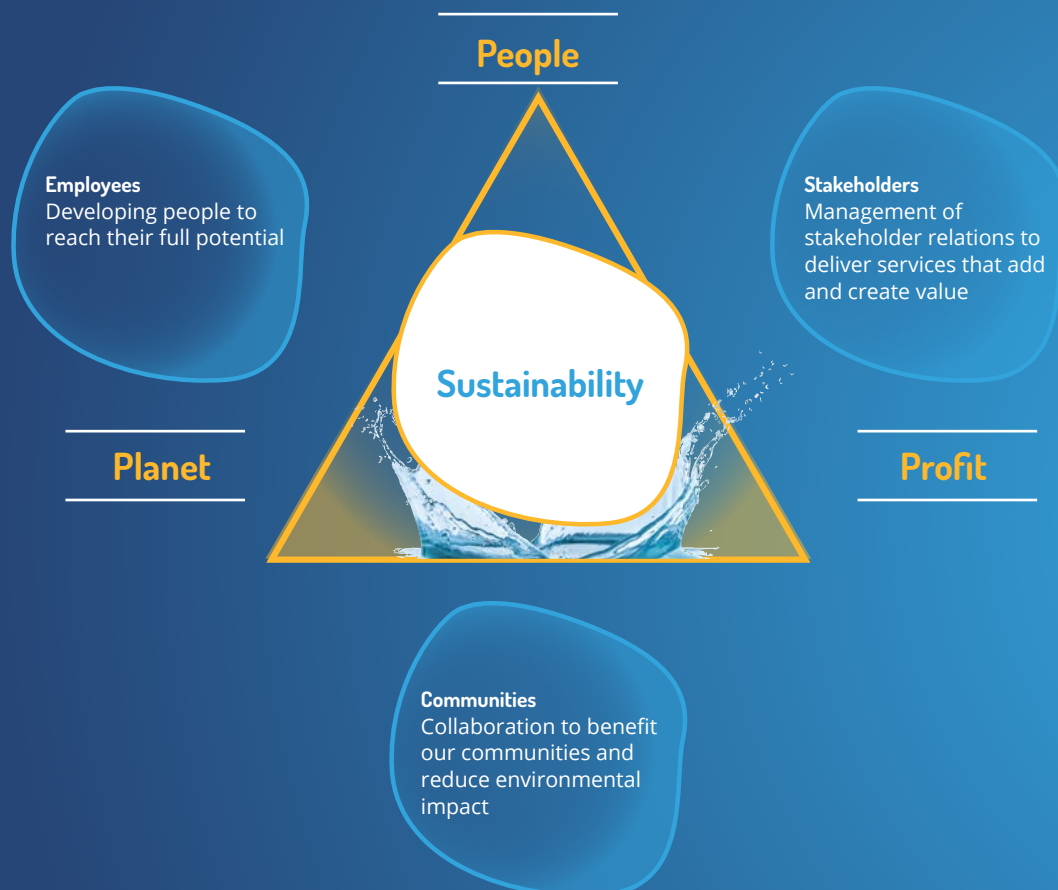
## Planet

EWSC recognises that a sustainable business embraces an environmentally friendly approach in executing its activities to ensure that all processes and products adequately address current environmental concerns while maintaining a fair return on investment. Our commitment is demonstrated by the continuous development and implementation of practical and effective corporate policies and programmes that support the more efficient use of natural resources and reduce the impact of our business on the environment. Designing sustainable infrastructure, operating plants efficiently, reducing energy usage, minimising water losses and reducing waste contribute to effective environmental sustainability. Our philosophy is to continuously explore ways to minimise environmental degradation by reducing, reusing or recycling the natural resources we consume.

## Profit

The Corporation thrives to contribute to the prosperity of the organisation's employees, customers and stakeholders. Our activities, interactions and relationships with stakeholders maximise value for all. Delivering a stellar customer experience and making a difference in the communities we operate in enables us to create a better world for tomorrow.

## EWSC Sustainability Framework





# CORPORATE GOVERNANCE STATEMENT

## Introduction

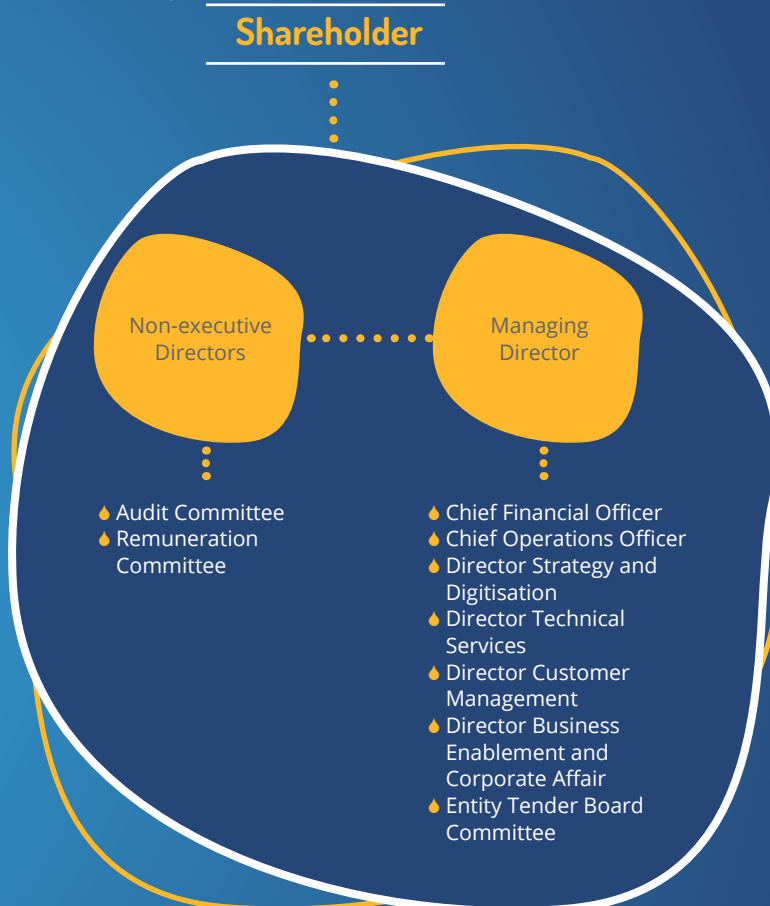
Eswatini Water Services Corporation (EWSC) is a public enterprise mandated by the Water Services Corporation Act No. 12 of 1992 to provide water and sanitation services in urban and peri-urban areas. The Corporation's participation in the country's social and development agendas has resulted in the water and sanitation services being extended to areas outside the designated urban and peri-urban boundaries. EWSC is regulated by the Government of Eswatini through the Ministry of Natural Resources and Energy (MNRE) and the Public Enterprises Unit (PEU) under the Ministry of Finance. The Corporation is committed to complying with best practice in Corporate Governance as prescribed by King IV and other international codes of conduct. EWSC fully complies with the requirements of the Public Enterprises (Control and Monitoring) Act No. 8 of 1989 and the Water Services Act No. 12 of 1992. The Board is conscious that there are continuous changes in the political, economic, social, technological and legal environments which may cause corporate governance practices to evolve and therefore undertakes to respond accordingly to such changes.

## The Roles and Responsibilities of the Board

The Board has adopted a formal Board Charter that sets out its roles and responsibilities. The Board is committed to the highest standards of corporate governance throughout the Corporation. Effective corporate governance requires a clear understanding of the respective roles of the Board and Management and their relationship with employees, customers and stakeholders. It also requires a proactive, focused state of mind on the part of Directors, the Managing Director and Management, who all must be committed to business success through maintenance of the highest standards of responsibility and ethics. The Board of Directors have the overall responsibility of driving the Corporation's strategic plan; reviewing annual operating plans, budgets, annual financial reports and managing strategic risk.

The Corporation's Senior Management under the direction of the Managing Director, is responsible for the operations of the Corporation, implementation of the strategic, financial, operational and management plans of the Corporation; preparation of financial statements, annual reports, statutory reports, management accounts and other reports that accurately reflect requisite information about the Corporation and timely reports which inform the Board about foregoing matters. The diagram below depicts a summary of the Corporation's governance framework.

### EWSC Corporate Governance Framework



# CORPORATE GOVERNANCE STATEMENT *(continued)*

## Board Appointment and Term of Office

The Minister for Natural Resources and Energy appoints the Board of Directors of the Corporation in terms of section 6 of the Public Enterprises (Control and Monitoring) Act No.8 of 1989 and section 4(1) of the Water Services Corporation Act No.12 of 1992 for a three-year term.

## Structure and Composition of the Board

The Corporation has eight Board members, which complies with the provision of the Public Enterprises (Control and Monitoring) Act No.8 of 1989 and the Water Services Corporation Act No.12 of 1992, both which prescribe a maximum of nine members. The Board is unitary and is made up of an Independent Non-Executive Chairman, the Managing Director, two representatives from Government (Ministry of Natural Resources and Energy and Ministry of Finance) and four Non-executive Directors.

## Board Committees

To carry out its duties effectively, the Board operates two Committees which are the Audit Committee and the Remunerations Committee. The Committees assist the Board in performing its duties. Each Committee reports to the Board on the results of each Committee meeting.

## Internal Audit

EWSC has an internal audit function whose purpose is to evaluate and improve the effectiveness of risk management, control and governance processes through ensuring that internal control systems are operating effectively; ensuring compliance with policies, procedures, laws and regulations and that the policies in place adequately safeguard the Corporation's assets. The internal audit function coordinates with the Corporation's external auditors to ensure proper coverage of financial, operational and compliance controls.

## Risk Management

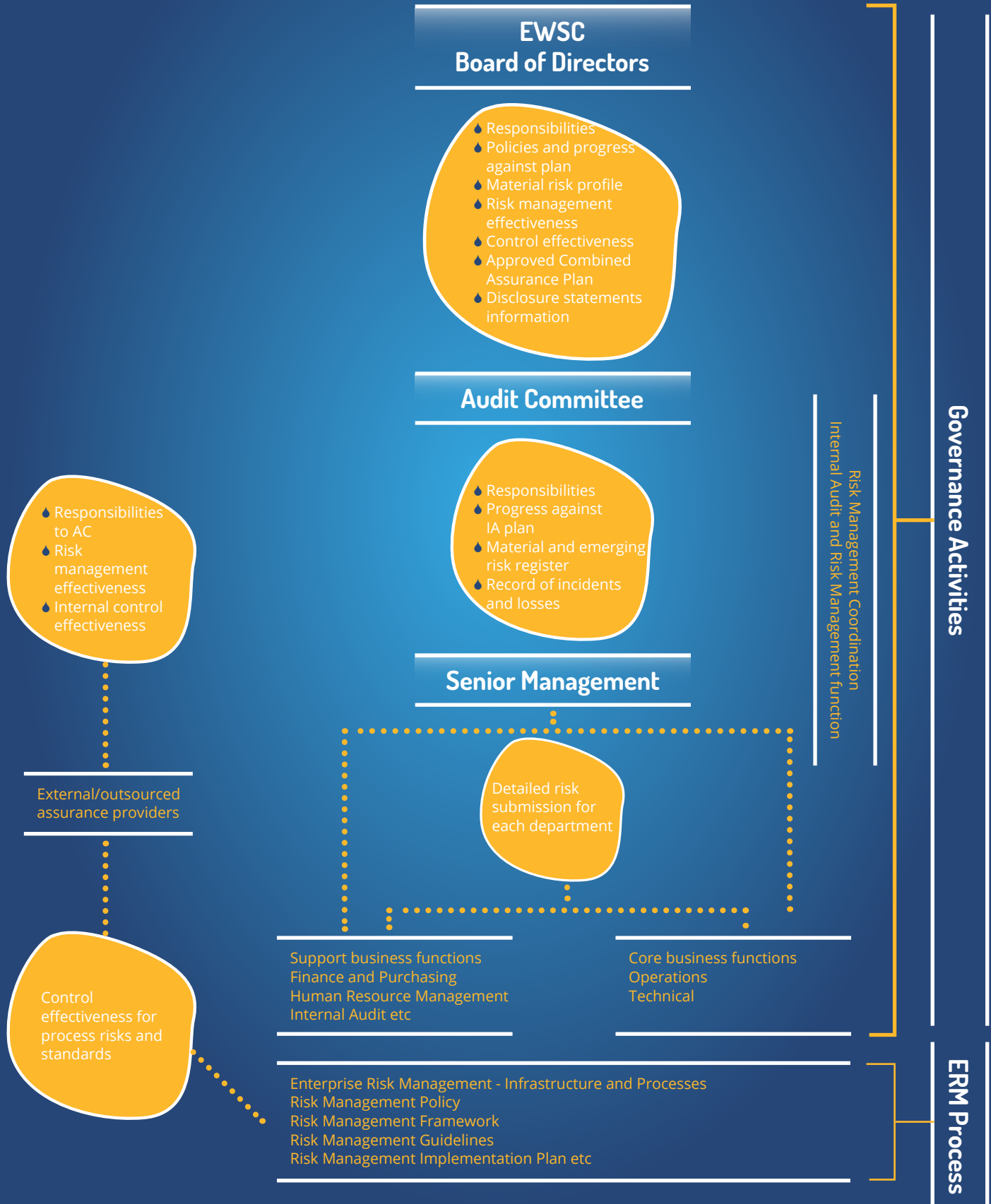
The Board has overall responsibility over risk management and Management is accountable to the Board for developing, implementing and monitoring risk management processes. The Internal Audit Department carries out an independent review of the internal control systems. The Corporation performs a risk assessment exercise every three years.



EWSC Board of Directors.

# CORPORATE GOVERNANCE STATEMENT

## EWSC RISK MANAGEMENT STRATEGY





# CORPORATE GOVERNANCE STATEMENT *(continued)*

## Reporting

The Corporation has a statutory obligation to report to its shareholder, the Government of Eswatini. Section 7(1) of the Public Enterprise (Control and Monitoring) Act No.8 of 1989 requires the Corporation to submit on an annual basis a report on its operations together with annual audited financial statements to the Standing Committee on Public Enterprises (SCOPE), the Minister for Finance, the Minister responsible and the Public Enterprises Unit (PEU). Section 7(2) of the same act requires EWSC to submit annual audited accounts for tabling in Parliament by the Minister for Natural Resources and Energy whilst section 7(4) requires the Corporation to submit a statement of financial and operational performance on a quarterly basis.

## Board Meeting Attendance

The Board held three ordinary meetings during the year and extraordinary meetings were held as and when required. The table below shows the number of scheduled meetings attended by each member of the Board for the year ended 31 March 2023.

## Compliance Statement

The Board and Management shall endeavour to uphold the rules and practices of good corporate governance and respond quickly to changing circumstances within a framework of solid corporate values to the benefit of all stakeholders.

Board Meeting Attendance Register

	Title	Board scheduled	Board attended	Audit scheduled	Audit attended	REMCO scheduled	REMCO attended
Mr Benedict Xaba	Chairman resigned 30 June 2023	4	1				
Mr Mvuselelo Fakudze	Chairman appointed 30 June 2023	4	4	5	1	3	1
Mr Hilton Dlamini	Member	4	4	5	5		
Ms Dorcas Dlamini	Member	4	4	5	3		
Mr Sipho Dlamini	Member	4	2			3	1
Ms Zandile Nhleko	Member	4	4			3	3
Ms Sindisiwe Mango	Member	4	4			3	2
Dr Kenneth Msibi	Member	4	3	5	5		
Ms Jabulile Mashwama	Managing Director	4	4	5	4	3	3

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT

EWSC recognises the importance of Corporate Social Responsibility (CSR) and is committed to fully implementing its CSR policy in the best interest of its stakeholders. Our policy applies to activities undertaken by or on behalf of EWSC. We strive to maintain a productive and open dialogue with all parties who may have an interest in our activities including shareholders, customers, suppliers and employees. EWSC management ensures that appropriate organisational structures are in place to effectively identify, monitor and manage CSR issues relevant to our business. The Board takes full responsibility for CSR and is committed to developing and implementing policies that will maximise shareholder value.

## Community Investment

EWSC stresses collaborative, consultative and partnership approaches in its community investment and social responsibility programs.

EWSC will integrate community investment considerations into decision-making processes and business practices and will assist in local capacity building to develop mutually beneficial relationships with communities.

EWSC undertakes to contribute to the communities' quality of life by supporting innovative programs in health, HIV/Aids, education, social services and the environment, as well as youth, cultural and civic projects.

EWSC will strive to provide employment and economic opportunities in communities within its operating environment.



*Donation of tankered water...during spread love campaign*

# FINANCIAL AND OPERATING STATISTICS

# 05

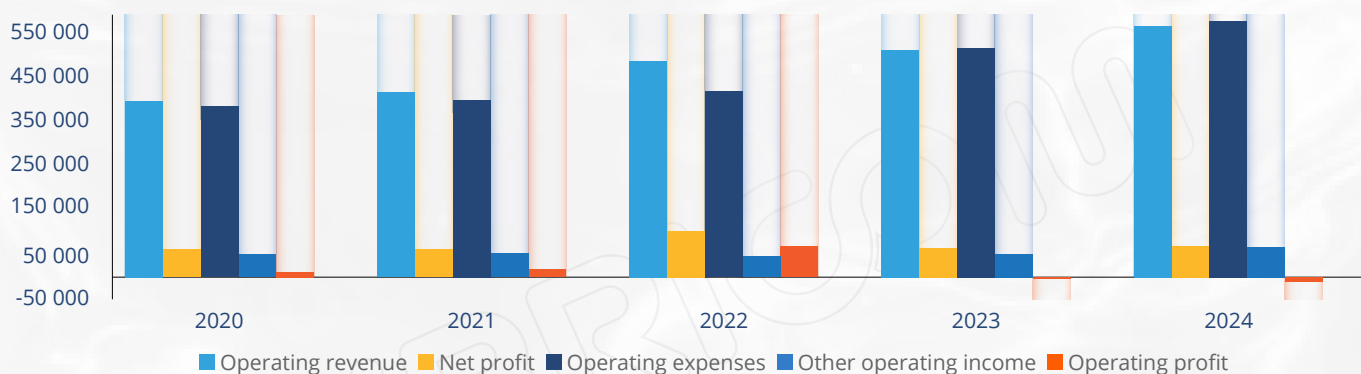




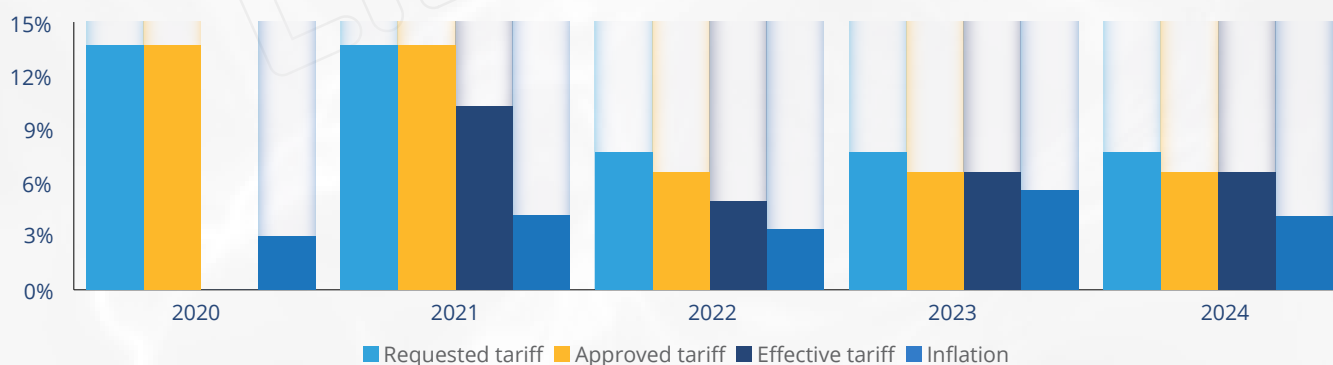


# FINANCIAL AND OPERATING STATISTICS

## Five-year Performance at a Glance (E000)



## Requested Tariff, Approved Tariff, Effective Tariff and Inflation for the Last Five Years



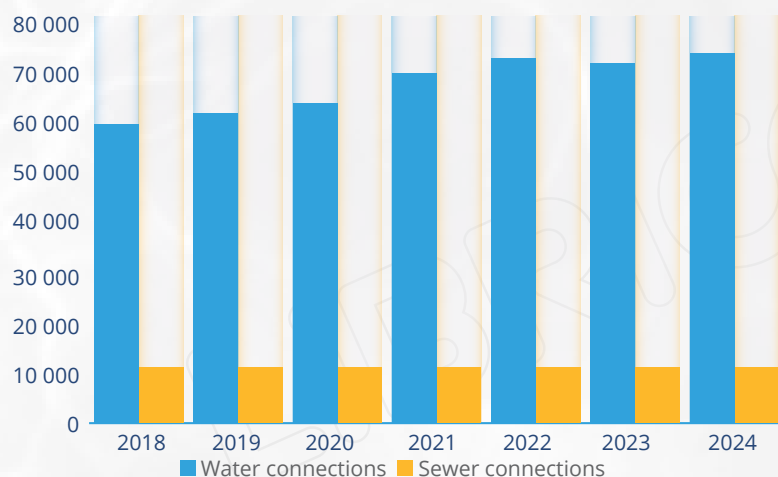
### Notes

The effective tariff refers to the approved tariff after adjusting for the number of months of effective implementation for the financial year.



Newly expanded HQ building.

## Number of Connections



## Number of Connections and Water Consumption

	2020	2021	2022	2023	2024
Water connections	63 352	69 313	73 335	72 486	75 651
Sewer connections	12 885	14 159	15 095	14 386	14 714
Total water consumption	14 360 249	13 861 132	13 958 274	14 586 513	14 795 209

## Employee Productivity

	2020	2021	2022	2023	2024
Number of employees	546	550	571	583	550
Operating revenue per employee	728 418	758 441	854 821	880 910	1 032 137
Net profit per employee	116	112	182	113	128
Average cost per employee	716	728	734	888	1 052
Employees per 1 000 connections	9	8	8	8	7

	2015	2017	2018	2019	2020	2021	2022	2023	2024
Operating revenue	282 586	298 707	335 115	381 378	397 716	417 142	488 103	513 571	567 675
Net profit	44 746	36 057	25 766	26 761	63 262	61 867	104 104	65 817	70 466
Operating expenses	254 314	296 325	354 916	392 523	390 999	400 399	418 829	517 432	578 467
Other operating income	36 207	39 225	38 295	53 949	51 601	53 698	46 176	52 289	68 179



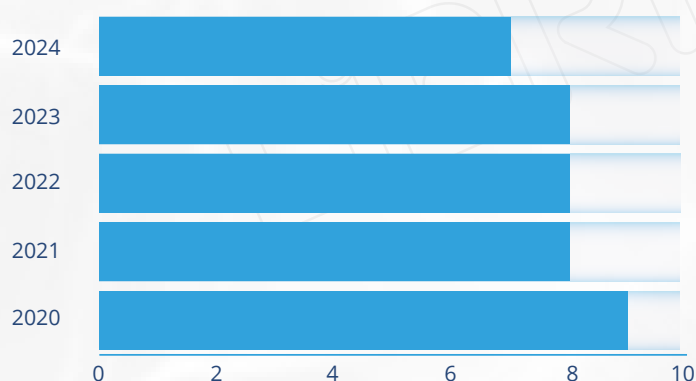
# FINANCIAL AND OPERATING STATISTICS

## Employee Productivity *(continued)*

	2024	2023	2022	2021	2020
Revenue	567 675 444	513 570 628	488 103 035	417 142 484	397 716 352
Non-operating income	68 179 078	52 288 876	46 176 687	46 497 354	46 165 268
Employees	550	583	571	550	546
Revenue to employees	1 032 137	880 910	854 821	758 441	728 418
Net profit to employees	128 121	112 895	182 319	112 487	96 820
Average cost per employee	(1 051 759)	(887 533)	(733 501 )	(727 998)	(716 117)
Employee per 1000 connections					
Cost of sales	(175 734 700)	(142 405 983)	(131 954 834)	(128 572 318)	(117 372 521)
Salaries/payroll expense	(166 886 317)	(158 406 045)	(153 611 000)	(144 830 844)	(138 258 889)
Depreciation expense	(81 725 767)	(68 100 394)	(64 258 239)	(62 197 307)	(60 048 827)
Operating expenses	(154 120 561)	(148 519 225)	(69 005 261)	(64 798 627)	(75 319 444)
Expenditure excl. finance charges	(578 467 345)	(517 431 647)	(418 829 334)	(400 399 096)	(390 999 681)
<b>Operating (loss)/profit</b>	<b>(10 791 901)</b>	<b>(3 861 019)</b>	<b>69 273 701</b>	<b>16 743 388</b>	<b>6 716 671</b>
<b>Margin</b>	<b>(2%)</b>	<b>(1%)</b>	<b>14%</b>	<b>4%</b>	<b>2%</b>
Finance costs - net	35 252 104	28 046 917	13 627 259	7 201 459	5 436 236
Investment income	45 942 769	32 618 956	18 249 280	12 545 709	12 295 924
Interest expense	10 690 665	(4 572 039)	(4 622 021)	(5 344 250)	(6 859 688)
<b>Profit before tax</b>	<b>92 639 281</b>	<b>76 474 774</b>	<b>129 077 647</b>	<b>70 442 201</b>	<b>58 318 175</b>
Income tax expense	22 172 997	(10 656 784)	(24 973 572)	(8 574 547)	(5 454 416)
Profit for the year	70 466 284	65 817 990	104 104 075	61 867 654	52 863 759
<b>TRADE ACCOUNTS RECEIVABLE</b>	<b>293 565 447</b>	<b>247 424 381</b>	<b>280 780 764</b>	<b>213 423 667</b>	<b>205 738 619</b>
<b>DEBTORS TO REVENUE RATIO</b>	<b>52%</b>	<b>48%</b>	<b>58%</b>	<b>51%</b>	<b>52%</b>

	2020	2021	2022	2023	2024
Connections per 1000 employees	9	8	8	8	7

## Connections per 1 000 Employees





*an aerial view of the Zombodze water reservoir*



# FINANCIAL STATEMENTS

# 06





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# STATEMENT OF DIRECTORS' RESPONSIBILITY

for the year ended 31 March 2024

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and the related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Water Services Corporation Act No.12 of 1992.

The Directors are also responsible for the Corporation's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The Directors have no reason to believe that the Corporation will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Corporation.

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of the Board of Directors and Committees of the Board. The Directors believe that all representations made to the independent auditors during their audit are valid and appropriate. PricewaterhouseCoopers' audit report is presented on page 61 to 62.

The annual financial statements which appear on pages 65 to 105 have been approved by the Board of Directors on 18/07/2024 and are signed on its behalf by:



CHAIRMAN



MANAGING DIRECTOR

18/07/2024  
DATE

18/07/2024  
DATE

# INDEPENDENT AUDITOR'S REPORT

for the year ended 31 March 2024

To the Shareholder of Eswatini Water Services Corporation

## Our Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eswatini Water Services Corporation (the Corporation) as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

## What We Have Audited

Eswatini Water Services Corporation's financial statements set out on pages 65 to 105 comprise:

- ◆ the statement of financial position as at 31 March 2024;
- ◆ the statement of comprehensive income for the year then ended;
- ◆ the statement of changes in equity for the year then ended;
- ◆ the statement of cash flows for the year then ended; and
- ◆ the notes to the financial statements, including material accounting policy information.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Corporation in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Eswatini.

## Other Information

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Eswatini Water Services Corporation Financial Statements for the year ended 31 March 2024". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Partner in charge M Mhlanga

Resident partner T Mason

PricewaterhouseCoopers, Rhus Office Park, Kal Grant Street, Mbabane, Eswatini

PO Box 569, Mbabane H100, Eswatini Telephone +268 2404 2861/3 or 2404 3143, Facsimile +268 2404 5015, [www.pwc.com](http://www.pwc.com)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.



# INDEPENDENT

## AUDITOR'S REPORT *(continued)*

for the year ended 31 March 2024

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- ◆ Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers  
Partner: Makhosazana Mhlanga  
Registered Auditor  
P O Box 569  
Mbabane  
Date: 29 July 2024



# DIRECTORS' REPORT

for the year ended 31 March 2024

The Directors present their report, which forms part of the audited financial statements of the Corporation for the year ended 31 March 2024.

## Nature of the Corporation's Business

The Corporation is domicile in Eswatini and was incorporated in the Kingdom. It is wholly owned by the government of the Eswatini. The Corporation is engaged in the supply of water and sewerage services in designated areas around Eswatini. The nature of the Corporation's business has not changed during the year under review.

## Operating and Financial Review

Key statistics to the financial position and profit and loss for the period are set out in the table below:

### Financial Position

	2024 E'000	2023 E'000
Total assets	3 869 059	3 559 463
Total liabilities	2 970 378	2 731 248
<b>Operating results</b>		
Revenue	567 675	513 571
<b>Profit for the year</b>	<b>70 466</b>	65 818

## Directors

The following were Directors of the Corporation during the year under review.

M. Fakudze	- (Chairman) Appointed 30/06/2023.
B.N Xaba	- (Chairman) Resigned 30/06/2023.
H. Dlamini	- (Representative of the Ministry of Finance & member)
D. Dlamini	- (Representative of the Ministry of Natural Resources & Member)
S. Dlamini	- (Member)
Z. Nhleko	- (Member)
S. Mango	- (Member)
Dr K. Msibi	- (Member)
J. Mashwama	- (Managing Director and Secretary to the Board)

**Secretary:** J. Mashwama  
P O Box 20  
Mbabane  
Eswatini

**Auditor:** PricewaterhouseCoopers  
Rhus Office Park  
Kal Grant Street  
P O Box 569  
Mbabane  
Eswatini

**Bankers and investees:** First National Bank of Eswatini Limited  
Nedbank Swaziland Limited  
Standard Bank Eswatini Limited  
Swaziland Building Society  
Eswatini Development and Savings Bank

**Investment managers:** African Alliance Swaziland  
Stanlib Eswatini Limited



# DIRECTORS'

## REPORT *(continued)*

for the year ended 31 March 2024

### Directors *(continued)*

Registered office:

Emtfonjeni Building  
Below Gables Shopping Complex  
Above Usushwana Bridge (MR103)  
Ezulwini  
Eswatini

### Subsequent Events

The Directors did an assessment of matters that happened after the reporting period. These included both adjusting event and none-adjusting events. From the assessment, the Directors did not find any subsequent events in the current period.

### Going Concern

The Directors believe that the Corporation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Corporation is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the Corporation. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Corporation.





# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2024

	Notes	2024 E	2023 E
Revenue	2	567 675 444	513 570 628
Other income	6	68 179 078	52 288 876
Raw materials and consumables used	21	(175 734 700)	(142 405 983)
Employee benefits expense	4	(166 886 317)	(158 406 045)
Depreciation expense	7.1, 7.2	(81 725 767)	(68 100 394)
Other expenses	1	(135 762 121)	(82 847 556)
Impairment losses on financial assets	1	(18 358 440)	(65 674 555)
Finance income	3	45 942 769	32 618 956
Finance costs	3	(10 690 665)	(4 572 039)
<b>Profit before income tax</b>		<b>92 639 281</b>	<b>76 471 888</b>
Income tax expense	5	(22 172 997)	(10 653 898)
<b>Profit for the year</b>		<b>70 466 284</b>	<b>65 817 990</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>70 466 284</b>	<b>65 817 990</b>

# STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2024

	Notes	2024 E	2023 E
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	7.1	3 004 574 771	2 791 410 954
Right-of-use asset	7.2	2 734 802	1 405 161
Financial assets	9.2	54 794 416	49 460 273
		<b>3 062 103 989</b>	2 842 276 388
<b>Current assets</b>			
Inventories	10	15 027 980	10 481 539
Trade and other receivables	9.1	284 409 249	161 034 065
Financial assets	9.2	125 940 621	114 534 109
Cash and cash equivalents	9.3	381 576 835	431 136 759
		<b>806 954 685</b>	717 186 472
<b>Total assets</b>		<b>3 869 058 674</b>	3 559 462 860
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	11	30 222 580	30 222 580
Retained earnings		868 458 325	797 992 041
		<b>898 680 905</b>	828 214 621
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liability	7.2	1 283 509	786 032
Deferred grants	13	2 482 513 188	2 379 734 644
Deferred income tax liability	14	79 301 654	61 844 848
Borrowings	9.5	145 248 823	37 334 459
		<b>2 708 347 174</b>	2 479 699 983
<b>Current liabilities</b>			
Trade and other payables	9.4	227 167 168	228 743 293
Current tax liability		4 716 191	—
Borrowings	9.5	23 789 624	18 224 963
Provisions	12	4 054 873	3 453 700
Lease liability	7.2	2 302 739	1 126 300
		<b>262 030 595</b>	251 548 256
<b>Total liabilities</b>		<b>2 970 377 769</b>	2 731 248 239
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 869 058 674</b>	3 559 462 860

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Share Capital E	Retained Earnings E	Total E
<b>Balance at 1 April 2023</b>	<b>30 222 580</b>	<b>797 992 041</b>	<b>828 214 621</b>
Net profit for the year	—	70 466 284	70 466 284
<b>Balance at 31 March 2024</b>	<b>30 222 580</b>	<b>868 458 325</b>	<b>898 680 905</b>
<b>Balance at 1 April 2022</b>	30 222 580	732 174 051	762 396 631
Net profit for the year	—	65 817 990	65 817 990
<b>Balance at 31 March 2023</b>	<b>30 222 580</b>	<b>797 992 041</b>	<b>828 214 621</b>



# STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	Notes	2024 E	2023 E
<b>Cash flows from operating activities</b>			
Cash (utilized)/generated from operations	15.1	(4 345 156)	150 999 820
Interest received	15.4	26 777 249	23 204 839
Interest paid	3	(10 690 665)	(4 572 039)
<b>Net cash generated from operating activities</b>		<b>11 741 428</b>	<b>169 632 620</b>
<b>Cash flows from investing activities</b>			
Proceeds on disposal of property, plant, and equipment		6 599 420	—
Acquisition of property, plant, and equipment	15.5	(364 102 919)	(277 453 857)
Acquisition of investments	15.6	—	(60 000 000)
<b>Net cash utilised in investing activities</b>		<b>(357 503 499)</b>	<b>(337 453 857)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	15.2	150 934 981	13 047 435
Repayment of borrowings	15.2	(37 455 866)	(22 711 971)
Repayment of lease liability	7.2	(1 648 126)	(1 720 072)
Capital grants received	15.3	184 371 158	112 490 203
<b>Net cash generated from financing activities</b>		<b>296 202 147</b>	<b>101 105 595</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(49 559 924)</b>	<b>(66 715 642)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>431 136 759</b>	<b>497 852 401</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	9.3	<b>381 576 835</b>	<b>431 136 759</b>

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2024

## 1. Basis of Preparation

The Eswatini Water Services Corporation (EWSC) is a body corporate duly established under the Water Services Corporation Act No.12 of 1992 as the sole provider of water services in the urban areas (water supply, and sewage treatment and disposal) and to control the abstraction of raw water from boreholes in those areas for which it is responsible. EWSC is a category 'A' Public Enterprise in terms of the Public Enterprise (Control and Monitoring) Act No.8 of 1989 and therefore it is wholly owned by Government of Eswatini.

The financial statements of EWSC have been prepared in accordance with IFRS® Accounting Standards. They have been prepared under the historical cost convention with the exception of certain investments that have been disclosed at a fair value basis in line with the requirements of IFRS 9.

The preparation of financial statements in conformity with IFRS® Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies.

Amounts are not rounded, except for where indicated otherwise.

Presentation currency is Emalangeni ("E"), which is the Corporation's functional currency.

The financial statements have been approved and authorised for issue by the Board of Directors of the Corporation.

### (a) New Standards, Amendments and Interpretations Adopted by the Corporation

The following new and revised standards and interpretations have been issued by the IASB and are effective for the current financial year. The standards were implemented and did not have a material impact.

Number	Effective date	Executive summary
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.
Amendments to IAS 12 International Tax Reform—Pillar Two Model Rules	The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. (Published May 2023)	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

### b) New Standards and Interpretations Not Yet Adopted by Corporation

A number of new standards and amendments to standards and interpretations issued but not yet effective for 31 March 2024 year end and have not been applied in preparing these financial statements. The Corporation intends to adopt and apply these standards on their respective effective dates. The standards are not anticipated to have a material impact on the Corporation; however, management is still assessing the impact of this new standards to financial statements. The standards that are not yet effective are as follows:

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

## 1. Basis of Preparation *(continued)*

### b) New Standards and Interpretations Not Yet Adopted by Corporation *(continued)*

Number	Effective date	Executive summary
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to <i>IFRS 16</i> – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in <i>IFRS 16</i> to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.  An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	

## 2. Property, Plant, and Equipment

All property, plant and equipment, are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Capital work in progress are assets under construction, that do not yet meet the capitalization criteria. Once assets included in capital work in progress are in a state ready for use as intended by management, they are capitalised into the different asset classes as appropriate.

Land and Capital Work in Progress is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	5 – 50 Years
Dams and reservoirs	40 – 60 Years
Treatment works	40 – 60 Years
Mains and reticulation	5 – 40 Years
Mechanical, electrical plant and systems	20 – 25 Years
Furniture and equipment	5 – 20 Years
Motor vehicles and mobile plant	3 – 15 Years





## 2. Property, Plant, and Equipment *(continued)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income.

## 3. Impairment of Non-financial Assets

Assets that have an indefinite useful life, are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## 4. Financial Assets

Financial assets include:

- ◆ Financial investments;
- ◆ Cash and cash equivalents; and
- ◆ Trade and other receivables.

The Corporation classifies its financial assets in the following categories: at amortized cost, fair value through profit or loss, or fair value through other comprehensive income. The classification depends on the basis of the Corporation's business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets carried in the statement of financial position are classified as follows:

(a) Financial assets at amortized cost

Financial assets shall be carried at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through profit or loss

Financial assets shall be carried at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. No financial assets are designated at fair value through profit or loss at initial recognition.

### Initial Measurement

At initial recognition, the Corporation measures all financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

### Subsequent Measurement

(a) Financial assets at amortized cost

These financial assets are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(b) Financial assets at fair value through profit or loss

These financial instruments are subsequently measured at fair value with changes in fair value recognised in profit or loss. The Corporation subsequently measures all equity instrument investments at fair value.

### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

## 4. Financial Assets *(continued)*

### Impairment of Financial Assets

The Corporation calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive). The three-stage ECL model was applied for investments at amortised cost, where 12 month or lifetime ECL is recognised depending on the assessment of the credit risk of the investment.

To calculate ECLs the Corporation segments/groups trade receivables by customer type i.e. government, corporate and individual. The Corporation applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime expected credit losses for trade receivables. ECLs for trade receivables is calculated using a provision matrix.

Provision Matrix – ECLs are calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic/proxy write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs management used a proxy write-off. Trade receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward-looking information to determine the ECL for the portfolio of trade receivables at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL.

The Corporation used 12 months sales data to determine the payment profile of the sales. Where the Corporation has information about actual historical write-offs, actual write-offs have been used to determine a historic loss ratio. Alternatively, management has used the proxy write-off based on management's best estimated. The Corporation has considered quantitative forward-looking information such as core inflation rate. Qualitative assessments have also been performed, of which the impact was found to be immaterial. For parastatal and government customers management rebutted the presumption that a customer is in default when 90 days past due and have determined default as 150 days past due. For individuals, the 90-day rule was maintained.

## 5. Leases

### Corporation as a Lessee

The Corporation recognises both a right-of-use asset and a lease liability as at the lease commencement date. The right-of-use asset is initially measured at cost, which represents the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or to restore the site on which it is located (if applicable), less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that have not yet been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Corporation's incremental borrowing rate.

The lease liability is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation presents right-of-use assets and the related lease liabilities in a separate line in the statement of financial position. The right-of-use is recognized at cost less accumulated depreciation.

### Short-term Leases and Leases of Low-value Assets

As permitted under the standard, the Corporation does not recognise right-of-use assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Corporation recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

### Amortisation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets is between 3–10 years in line with the lease term.



## 5. Leases *(continued)*

### Impairment

The right-of-use assets are periodically reduced by the amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

### Corporation as a Lessor

The Corporation's accounting policy under *IFRS 16* has not changed from the comparative period. As a lessor the Corporation classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Lease income where the Corporation is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Corporation did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

## 6. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in-first-out (FIFO) method. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

## 7. Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

## 8. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## 9. Share Capital

Ordinary shares and non-redeemable preferred shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 10. Government Grants Relating to Purchase of Property, Plant, and Equipment

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Corporation will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

## 11. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

## 12. Trade and Other Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 13. Employee Benefits

### (a) Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

### (b) Defined contribution plans

The Corporation operates a defined contribution plan and pay contributions to a publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Corporation has got no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

## 14. Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Corporation expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Corporation recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Restructuring provisions comprise lease termination penalties and employee termination payments and are recognised in the period in which the Corporation becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Corporation are not provided in advance.

## 15. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Corporation's activities. The Corporation used the practical expedient described in paragraph 63 of IFRS 15 and did not adjust the promised amount of consideration for the effects of a significant financing component because it has assessed that for most of the contracts the period between when the Corporation transfers the goods and services to the customer and when the customer pays for the consideration is one year or less. Revenue from the sale of potable water is recognised over time at the metering point, this is the point where the units of water supplied to the customer for a specific period is read for billing purposes and recognised as revenue. This is performed at an agreed point in time during a calendar month period. The Corporation thereafter recognises other services and goods sold at a point in time when (or as) it satisfies a performance obligation by transferring a promised good or service (that is, an asset) to the customer.

The Corporation recognises revenue when the performance obligation stipulated in the contract with the customer is satisfied, when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Corporation's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Corporation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The specific accounting policies for the Corporation's main types of revenue are explained in Note 2.

## 16. Dividend Distribution

Dividend distribution to the Corporation's shareholder is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholder.



## 17. Financial Risk Management

### 17.1 Financial Risk Factors

The Corporation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk, cash flow interest-rate risk and price risk), credit risk, and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance. The Corporation currently does not use derivative financial instruments to hedge certain risk exposures.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Emalangeni.	Cash flow forecasting Sensitivity analysis	None. Corporation has no exposure to any foreign exchange risk
Market risk – interest rate	Long-term borrowings at variable rates Investments in bonds	Sensitivity analysis	No formal mechanism for borrowings Bond investments are at a fixed rate
Market risk – security prices	Investments at FVPL	Sensitivity analysis	Portfolio diversion
Credit risk	Cash and cash equivalents Trade receivables, and Held-to-maturity investments	Aging analysis Credit ratings	Diversification of bank deposits Credit limits and letters of credit Investment guidelines for held-to-maturity investments
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

#### (a) Market Risk

##### (i) Foreign Exchange Risk

From time to time the Corporation is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

As at 31 March 2024, the Corporation was not exposed to any foreign currency exchange risk.

##### (ii) Price Risk

The Corporation is exposed to securities price risk because of investments held by the Corporation and classified on the statement of financial position as at fair value through profit or loss financial assets. These assets are investments in African Alliance Eswatini Managed Fund unit trusts and Stanlib Eswatini unit trusts. Refer to note 9.6 for the fair value of this investments.

The table below summarises the impact of increases/decreases in the African Alliance Eswatini Managed Fund unit trusts and Stanlib Eswatini unit trusts prices on the Corporation's post-tax profit for the year. The analysis assumes that the unit trust price had changed by 5% with all other variables held constant:

	Impact on post-tax profit	
	2024 E	2023 E
Increase of 5% in unit prices	4 565 348	4 282 904
Decrease of 5% in unit prices	(4 565 348)	(4 282 904)

##### (iii) Cash Flow and Fair Value Interest Rate Risk

The Corporation's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Corporation to fair value interest-rate risk. The Corporation is not exposed to fair value interest rate risk because all the Corporation's borrowings (note 9.5) are at variable rates. The Corporation does not consider the exposure to cash flow interest rate risk as significant to the Corporation. Therefore, the Corporation currently does not have formal mechanisms to mitigate this risk.

The prevailing prime borrowing rate that the Corporation's borrowings are linked to was 11% as at 31 March 2024 (2023: 10.75%). The ranges of the borrowings are as follow, per category:

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

## 17. Financial Risk Management *(continued)*

### 17.1 Financial Risk Factors *(continued)*

#### (a) Market Risk *(continued)*

##### (iii) Cash Flow and Fair Value Interest Rate Risk *(continued)*

	Range %	2024 E	2023 E
Bank loans	Prime less 0.5%-1.55%	131 071 413	31 323 593
Finance lease	Prime plus 1%	36 263 905	20 981 908
Eswatini government	2% above inflation	1 703 129	3 253 921

The Eswatini government loan is repriced semi-annually in January and July of each year.

The table below summarises the impact of increases/ decreases in interest rates on the Corporation's post-tax profit for the year, impacting cash and cash equivalents and borrowings. The analysis assumes that interest rates would change by 25 basis points with all other variables held constant:

	Impact on post-tax profit	
	2024 E	2023 E
Interest rates – increase by 25 basis points	178 231	138 899
Interest rates – decrease by 25 basis points	(178 231)	(138 899)

#### (b) Credit Risk

Credit risk arises from cash and cash equivalents, held-to-maturity investments, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

##### (i) Risk Management

For banks and financial institutions, only high credit quality parties are accepted.

The Corporation does not do credit vetting for new customers since it is an essential service. Overdue accounts are disconnected for non-payment after 30 days from the statement due date as per the policies and procedures. No securities are held in relation to outstanding receivables.

Investments at amortized cost consist of African Alliance promissory notes which are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration. The credit rating for the promissory notes is currently B- measured at a proxy of one notch less than the Government of Eswatini's credit rating.

##### (ii) Credit Quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the credit rating about the counterparty. Where the counterparties do not have external credit ratings, the Corporation uses internal risk rating as described:





## 17. Financial Risk Management *(continued)*

### 17.1 Financial Risk Factors *(continued)*

#### (b) Credit Risk *(continued)*

#### (ii) Credit Quality *(continued)*

	2024 E	2023 E
<b>Trade receivables</b>		
<b>Counterparties without external credit ratings</b>		
- Low risk: Government accounts	77 098 062	53 129 578
- Medium risk: Corporate clients and companies	20 965 523	8 732 104
- High risk: Mainly individual accounts	195 501 862	185 562 699
<b>Total trade receivables</b>	<b>293 565 447</b>	<b>247 424 381</b>
<b>Cash at bank and short-term bank deposits</b>		
Cash on hand	17 880	8 644
Standard Bank Eswatini Limited	38 719 841	100 594 719
Nedbank Swaziland Limited	61 538 350	79 972 776
First National Bank of Eswatini Limited	26 570 049	7 365 030
Eswatini Savings and Development Bank	196 642 176	192 548 718
Swaziland Building Society	58 088 539	50 646 872
	<b>381 576 835</b>	<b>431 136 759</b>
<b>Investments at amortized cost</b>		
Counterparties without external credit ratings:		
- African Alliance promissory notes	51 179 439	45 845 296

#### (iii) Impairment of Financial Assets

The Corporation has the following type of financial asset that is subject to the expected credit loss model:

- ◆ Trade receivables; and
- ◆ Investment in promissory notes.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Corporation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Corporation has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 March 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Corporation considers that there is evidence of impairment if any of the following indicators are present:

- ◆ significant financial difficulties of the debtor;
- ◆ probability that the debtor will enter bankruptcy or financial reorganisation; and
- ◆ default or delinquency in payments (more than 150 days overdue).

All of the Corporation's debt investments at amortized cost are considered to have low credit risk and there has been no significant increase in credit risk, the loss allowance recognized during the period was therefore limited to 12 months expected losses.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

## 17. Financial Risk Management *(continued)*

### 17.1 Financial Risk Factors *(continued)*

#### (c) Credit Risk *(continued)*

##### (iii) Impairment of Financial Assets *(continued)*

The provision for impairment as at 31 March 2024 and 31 March 2023 was determined as follows for the trade receivables:

31 March 2024	Current	30 days	60 days	Over 90 days	Total
Expected loss rate	2.5%	1.9%	1.6%	93.9%	
Government	263 227	207 753	259 583	734 300	1 464 863
Corporate	162 620	82 709	39 191	113 825	398 345
Individuals	2 630 094	2 049 498	1 631 124	113 030 432	119 341 148
Provision for impairment	3 055 941	2 339 960	1 929 898	113 878 557	121 204 356
31 March 2023					
Expected loss rate	2.4%	2.2%	1.9%	93.5%	
Government	206 413	206 991	155 387	440 671	1 009 462
Corporate	97 823	40 008	11 782	16 297	165 910
Individuals	2 227 070	2 148 838	1 920 081	99 659 301	105 955 290
Provision for impairment	2 531 306	2 395 837	2 087 250	100 116 269	107 130 662

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	2024 E	2023 E
Opening balance	107 130 662	51 543 492
Provision for impairment raised	18 358 440	65 674 555
Provision utilised	(4 284 746)	(10 087 385)
<b>CLOSING BALANCE</b>	<b>121 204 356</b>	<b>107 130 662</b>

The creation and release of provision for impaired receivables have been included in 'other expenses' in the statement of comprehensive income. The other classes other than trade and other receivables that are subject to credit risk and have an impairment recognised are:

- ◆ Other financial assets at amortised cost: promissory notes

The loss allowance for other financial assets at amortised cost as at 31 March 2024 is E543 421.

#### (d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Corporation Management aims to maintain flexibility in funding by keeping committed credit lines available.

#### (i) Maturity Analysis

The following table analyses the Corporation's financial liabilities into relevant maturity rationings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

## 17. Financial Risk Management *(continued)*

### 17.1 Financial Risk Factors *(continued)*

#### (d) Liquidity Risk *(continued)*

##### (i) Maturity Analysis *(continued)*

At 31 March 2024	Less than 1 year E	Between 1 and 5 Years E	Over 5 years E	Total E	Carrying amount E
Borrowings	48 785 863	177 366 601	—	226 152 464	169 038 447
Trade payables	227 167 168	—	—	227 167 168	227 167 168
	275 953 031	177 366 601	—	453 319 632	396 205 615
<b>31 March 2023</b>					
Borrowings	23 013 064	43 917 643	—	66 930 707	55 559 422
Trade payables	228 743 293	—	—	228 743 293	228 743 293
	251 756 357	43 917 643	—	295 674 000	284 302 715

##### (ii) Financing Arrangements

The Corporation had access to the following undrawn facilities at the end of the reporting period:

	2024 E	2023 E
<b>Floating rate</b>		
Letters of guarantee facility	8 000 000	8 000 000
Forward exchange contracts	2 000 000	2 000 000
Revolving credit facility	20 000 000	20 000 000
Multi optional facility	2 000 000	2 000 000
Rural home loan scheme	8 000 000	—
Urban home loan scheme	3 000 000	—

### 17.2 Capital Risk Management

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 March 2024 and 2023 were as follows:

	2024 E	2023 E
<b>Total borrowings (note 9.5)</b>	169 038 447	55 559 422
Less: cash and cash equivalents (note 9.3)	(381 576 835)	(431 136 759)
Net debt	(212 538 388)	(375 577 337)
<b>Total equity</b>	898 680 905	828 214 621
<b>TOTAL CAPITAL</b>	686 142 517	452 637 284
<b>Gearing ratio</b>	0%	0%



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

## 17. Financial Risk Management *(continued)*

### 17.2 Capital Risk Management *(continued)*

#### Loan covenants

Under the terms of the major borrowing facilities, the Corporation is required to comply with the following financial covenants:

- ◆ Interest cover ratio of not less than three times calculated as EBITDA/interest expense.
- ◆ Debt to equity ratio of not more than 1.25 times.
- ◆ Debt service cover ratio (DSCR) of no less than 1.0 times.

The Corporation has complied with these covenants throughout the reporting period.

## 18. Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

## 19. Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

## 20. Critical Accounting Estimates and Assumptions

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

### (a) Provision for Impairment of Trade Receivables

The Corporation considers all trade receivable balances that have been outstanding for over 90 days as impaired. The Corporation applies this policy consistently and the Corporation's management is of the view that, even though this is an accounting estimate, it is the best estimate of the amount that may not be recovered from the Corporation's customers. Refer to note 9.1 for disclosure on the provision for impairment of trade receivables.

### (b) Review of Useful Lives

The Corporation depreciates items of property, plant and equipment based on the useful lives of these items. The useful lives of the items are management's best estimates. The useful lives are disclosed in accounting policy 2 and they are reasonable in management's view. These useful lives determine the amount of depreciation recognized in the statement of comprehensive income each year (refer to note 7).



## 20. Critical Accounting Estimates and Assumptions *(continued)*

### (c) Income Taxes

Judgement is required in determining whether the Corporation is liable for tax or not. There may be transactions and calculations for which the ultimate tax determination may be uncertain. The Corporation recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

### (d) Lease Liability

Judgement is required in determining the amount which the Corporation is liable to pay on its leased assets in the future. The rate implicit on the lease may be determined as the most reliable estimate based on available information as at the end of each financial period when the liability is re-assessed. Normally, the going prime lending rate is the rate available to the Corporation as an estimate of the incremental borrowing rate that may be used as the rate implicit on the lease.

### (e) Net Realisable Value of Inventory

Judgement is required in determining the amount which the Corporation considers as the best estimate for net realizable value on its inventory. The Corporation does not sell its inventory but rather issues it for use. The Corporation therefore considers value in use as the net realizable value for its inventory. Judgement is applied in the consideration of usability of stock within the warehouses of the Corporation.

### (f) Impairment of Non-financial Assets

Valuation was performed on Eco Water cash generating unit (CGU) in the current financial year. There was an indication that the cash generating unit was impaired in the current year. Recoverable amount of the cash generating unit was based on value in use. The Discounted Cashflow method was used to estimate the value in use. The estimate of the free cashflows determined are discounted at an appropriate rate. The cashflow are based on future cashflows that can be generated. The cashflow exclude any inflow or outflow from future restructuring, improvement and enhancing value of the asset. The cashflow forecast is for eight years. The below assumptions were used on the value in use calculation:

Assumption	Approach Used to Determine Values
<b>Cashflows</b>	
Revenue growth of 30% per annum	Expected cash costs in the CGUs. This is based on the historical experience of management.
Expenses increase by 11% year on year	Expected cash costs in the CGUs. This is based on the historical experience of management.
Maintenance capital of 0.5% of revenue	Expected cash costs in the CGUs. This is based on the historical experience of management.
Terminal growth rate of 4.4%	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts.
<b>Discount rate</b>	
Discount rate; weighted average cost of capital (WACC) – 21.4% - 24.4%	Reflect specific risks relating to the industry entity operate in as well as the country specific risk.
<b>Components of WACC</b>	
Risk free rate – 3.5%	Risk free rate based on the US treasury bond rate provided by S&P Capital IQ plus a sovereign risk.
Country risk premium – 8%	Country risk rating provided by Damodaran.
Market risk premium – 6%	Market risk premium is as per Stern Stewart and Co market risk premium research.
Beta – 0.28	Beta of comparable companies in the similar industry.
Small stock premium – 3.5% - 5.2%	Market capitalization of the Eco water cash generating unit.
Alpha (Specific risk) – 6% - 7.5%	Corporation specific risk.
Capital Structure – 7.9% debt and 92.1% equity	Capital of the Corporation. Percentage of debt and equity per the financial statements.
Pre-tax cost of debt – 10.3%	Prime rate in Eswatini as at 31 March 2023.
Incremental borrowing rate – N/A	
Tax rate – 27.5%	Current tax on companies per tax legislation.

## 21. Comparatives

No changes were noted that may require adjustment of comparable figures in the current year. Comparable figures are in line with prior period signed financial statements figures.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

## 1. Material Other Expense Items

	2024 E	2023 E
The Corporation has identified the items below needing separate disclosure for better understanding of the performance of the Corporation. These items are included in "other expenses" on the statement of comprehensive income.		
Auditors' remuneration		
- Audit fees	1 218 630	1 668 559
Impairment loss raised on non-financial assets	33 033 901	—
Impairment loss raised on financial assets	18 358 440	65 674 555
Fees for services	31 062 845	20 664 084
- Public Enterprise Unit management fees	16 126 018	7 128 780
- Other services	14 936 827	13 535 304
Directors' emoluments for services as Directors	331 393	264 863
Staff-related expenses	16 126 018	13 120 527
Printing and stationery costs	3 095 444	2 615 145
(Profit)/Loss on disposal of property, plant, and equipment	(4 208 251)	40 122
Repairs and maintenance expenditure		
- Property, plant and equipment	12 400 599	5 410 727
<b>2. Revenue</b>		
Water charges	356 904 508	318 676 446
Sewer charges	98 544 946	87 171 563
Basic charges	92 650 762	85 823 639
Penalty charges	6 089 121	1 674 037
Miscellaneous water supply services	1 933 057	8 700 986
Connection charges – new customers	3 738 378	3 334 286
Trade effluent charges	7 814 672	8 189 671
	567 675 444	513 570 628

Revenue is recognised for the major business activities using the methods outlined below:

### Water, Sewer and Basic Charges – Residential and Commercial

**Timing of recognition:** The Corporation supplies water to both commercial and residential customers and provides sewage disposal services to the same. Revenue from water and sewer services is recognised based on usage of water by customers. Basic charges are charged per customer with an active connection without regard to usage on a monthly basis.

**Measurement of revenue:** Water and sewer usage charges are charged per gazetted rates on the usage of customers. Basic charges are also based on a flat rate gazetted charge per type of connection. Revenue is measured at the fair value receivable from the customers at time of billing.

### Connection Charges

**Timing of recognition:** Customers are charged a fee for new connections and reconnections to receive water and sewer services from the Corporation. Revenue is recognised when the connection fee is payable by the customer (fees are usually payable when the service – connection – is rendered).

**Measurement of revenue:** The revenue is measured at the fair value receivable from the customer when the service is rendered.



## 2. Revenue *(continued)*

### Penalty Charges

**Timing of recognition:** Penalties are charged to customers who have had their water and sewer services disconnected. The revenue is recognised when the customer pays the penalty for disconnection.

**Measurement of revenue:** The revenue is measured at the amount received from the customer when paying the penalty.

### Trade Effluent Charges

**Timing of recognition:** Trade effluent disposal services are offered to commercial industrial customers that produce liquid waste from their processes. The charges are billed to customers based on amount of effluent disposed, and revenue is recognised when the service is rendered based on volumes of trade effluent disposed.

**Measurement of revenue:** The Corporation measures revenue at the fair value receivable from the customer at the time of rendering of the trade effluent disposal services.

### Miscellaneous Water Supply Services

**Timing of recognition:** Other water supply services revenue is recognised when the Corporation is entitled to receive payment from the rendering of those miscellaneous services, or the supply of miscellaneous water related goods. This is when all rights and rewards related to the goods/services have been transferred to the customer.

**Measurement of revenue:** The Corporation measures revenue at the fair value receivable from the customer at the time of supply of the goods and/or services.

## 3. Finance Income and Costs

	2024 E	2023 E
<b>Finance income</b>	<b>45 942 769</b>	32 618 956
Interest from financial assets at amortised cost	<b>34 536 258</b>	27 355 950
Fair value changes in financial assets held at fair value	<b>11 406 511</b>	5 263 006
<b>Finance costs</b>	<b>(10 690 665)</b>	(4 572 039)
Interest expense on financial borrowings	<b>(10 224 798)</b>	(4 323 587)
Interest expense – lease liability	<b>(465 867)</b>	(248 452)
<b>NET FINANCE INCOME</b>	<b>35 252 104</b>	28 046 917

### Finance income

It is the Corporation's policy to include fair value changes in financial assets measured at fair value through profit and loss, interest income from financial assets at amortised cost, interest earned from financial assets that are held for cash management purposes as finance income.

### Finance costs

Finance costs is interest charged on borrowings and interest of lease liability.

## 4. Employee Benefits Expenses

	2024 E	2023 E
<b>Salaries, wages, and allowances</b>	<b>143 945 014</b>	136 487 858
Provident fund contribution	<b>1 234 882</b>	1 195 340
Medical aid contribution	<b>8 676 474</b>	7 994 177
Retirement benefits	<b>13 029 947</b>	12 728 670
	<b>166 886 317</b>	158 406 045

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

## 5. Income Tax Expense

	2024 E	2023 E
The Corporation's income tax expense is as follows:		
- Current tax	4 716 191	—
- Deferred tax charge (Note 14)	17 456 806	10 653 898
	22 172 997	10 653 898
<b>Numerical reconciliation of income tax expense</b>		
Profit before income tax	92 639 281	76 471 888
Tax calculated at statutory tax rate (27.5%)	25 475 802	21 029 769
<b>Tax effects of:</b>		
Expenses not deductible for tax purposes	9 702 648	295 742
Income not taxable	(13 109 777)	(10 671 613)
Prior period deferred tax adjustment	104 324	—
Income tax expenses	22 172 997	10 653 898

## 6. Other Income

Ecowater sales	4 874 883	4 217 244
Amortisation of deferred grant income	47 671 918	38 805 864
Rental income	3 853 526	4 187 973
Sundry income	11 778 751	5 077 795
<b>TOTAL</b>	<b>68 179 078</b>	<b>52 288 876</b>

Other income to the Corporation is classified as such on the following bases:

### Ecowater Sales

Sales of Ecowater bottled water is classified as other income by the Corporation.

### Rental Income

Rent payable to the Corporation by tenants renting out land and office space from the Corporation. The office space rented out is insignificant to classify it as investment property in terms of IAS 40 – Investment Property.

### Government Grant Amortisation

Government grants amortised relate to developmental projects funded by the government and other funders through the government. There are no unfulfilled conditions or other contingencies attaching to these grants. The Corporation has not benefitted directly from any other forms of government assistance other than the funding of water development projects.

**Deferral and Presentation of Grants:** grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### Sundry Income

Sundry income includes other incidental income not in the main business activities of the Corporation.



## 7.1. Property, Plant and Equipment

Year ended 31 March 2024	Opening net Carrying amount E	Additions E	Disposals E	Transfers from Capital projects E	Depreciation Charge E	Reclassifica- tion E	Impairment Charged E	Closing net Carrying amount E
Land and buildings	319 224 619	48 208 205	—	535 147	(5 948 436)	(83 342 489)	(7 223 435)	271 453 611
Dams and reservoirs	112 317 834	524 250	—	13 913 096	(4 037 139)	—	(322 130)	122 395 911
Treatment works	384 486 942	—	—	833 095	(7 913 066)	4 541	(157 772)	377 253 740
Mains and reticulation	821 674 775	—	(1 934)	34 590 283	(27 736 385)	28 166	(439 139)	828 115 766
Mechanical electrical plant and systems	266 822 188	—	(152 001)	10 877 414	(19 791 223)	—	(23 686 029)	234 070 349
Furniture and equipment	23 331 784	—	(264 123)	5 280 218	(5 431 604)	19 607	(132 935)	22 802 947
Motor vehicles and mobile plant	36 665 369	—	(2 182 140)	26 088 960	(8 875 513)	(13)	(1 072 461)	50 624 202
Capital work in progress (note 8)	826 887 443	364 102 919	—	(92 137 820)	—	(994 297)	—	1 097 858 245
<b>TOTAL</b>	<b>2 791 410 954</b>	<b>412 835 374</b>	<b>(2 600 198)</b>	<b>(19 607)</b>	<b>(79 733 366)</b>	<b>(84 284 485)</b>	<b>(33 033 901)</b>	<b>3 004 574 771</b>

At 31 March 2024	Cost E	Accumulated Depreciation E	2024 Net carrying Amount E	2023 Net carrying Amount E
Land and buildings	345 177 563	(73 723 952)	271 453 611	319 224 619
Dams and reservoirs	170 419 035	(48 023 124)	122 395 911	112 317 834
Treatment works	469 301 713	(92 047 973)	377 253 740	384 486 942
Mains and reticulation	1 079 149 597	(251 033 831)	828 115 766	821 674 775
Mechanical electrical plant and systems	398 790 984	(164 720 635)	234 070 349	266 822 188
Furniture and equipment	67 413 614	(44 610 667)	22 802 947	23 331 784
Motor vehicles and mobile plant	95 779 402	(45 155 200)	50 624 202	36 665 369
Capital work in progress	1 097 858 245	—	1 097 858 245	826 887 443
<b>TOTAL</b>	<b>3 723 890 153</b>	<b>(719 315 382)</b>	<b>3 004 574 771</b>	<b>2 791 410 954</b>

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

## 7.1. Property, Plant and Equipment *(continued)*

Year ended 31 March 2023	Opening net Carrying amount E	Additions E	Disposals E	Transfers from Capital projects E	Depreciation Charge E	Closing net Carrying amount E
Land and buildings	226 093 430	87 338 050	—	11 507 625	(5 714 486)	319 224 619
Dams and reservoirs	105 312 879	—	—	10 544 173	(3 539 218)	112 317 834
Treatment works	377 555 316	—	—	14 580 832	(7 649 206)	384 486 942
Mains and reticulation	679 858 210	—	—	165 014 553	(23 197 988)	821 674 775
Mechanical electrical plant and systems	185 414 747	—	—	95 961 590	(14 554 149)	266 822 188
Furniture and equipment	24 179 916	—	(38 858)	4 291 465	(5 100 739)	23 331 784
Motor vehicles and mobile plant	42 562 257	—	—	810 873	(6 707 761)	36 665 369
Capital work in progress (note 8)	854 652 225	277 453 857	(2 507 528)	(302 711 111)	—	826 887 443
<b>TOTAL</b>	<b>2 495 628 980</b>	<b>364 791 907</b>	<b>(2 546 386)</b>	<b>—</b>	<b>(66 463 547)</b>	<b>2 791 410 954</b>

At 31 March 2023	Cost E	Accumulated Depreciation E	2023 Net carrying Amount E	2022 Net carrying Amount E
Land and buildings	380 312 794	(61 088 175)	319 224 619	226 093 430
Dams and reservoirs	155 981 688	(43 663 854)	112 317 834	105 312 879
Treatment works	468 468 618	(83 981 676)	384 486 942	377 555 316
Mains and reticulation	1 044 564 784	(222 890 009)	821 674 775	679 858 210
Mechanical electrical plant and systems	388 363 088	(121 540 900)	266 822 188	185 414 747
Furniture and equipment	64 427 386	(41 095 602)	23 331 784	24 179 916
Motor vehicles and mobile plant	80 295 642	(43 630 273)	36 665 369	42 562 257
Capital work in progress	826 887 443	—	826 887 443	854 652 225
<b>TOTAL</b>	<b>3 409 301 443</b>	<b>(617 890 489)</b>	<b>2 791 410 954</b>	<b>2 495 628 980</b>



## 7.1. Property, Plant and Equipment *(continued)*

	2024 E	2023 E
Leased assets (motor vehicles and trailers) included in property plant and equipment are as follows:		
Cost	162 065 491	121 981 775
Accumulated depreciation	(29 362 864)	(20 618 446)
<b>NET CARRYING AMOUNT</b>	<b>132 702 627</b>	<b>101 363 329</b>
Land and building owned by the Corporation are as follows:		
Land purchased at Shiselweni Forest (Nkawini T/Works)	3 500	3 500
Portion 457 of farm No. 2 Hhohho District	110 000	110 000
Lot No. 585 Extension 3 - Checkers, Hhohho	180 000	180 000
Portion 1165 of farm 188	195 000	195 000
Portion 1259 of farm Dalriach No. 188	280 000	280 000
Portion 8 of farm No. 1194 Hhohho District	290 000	290 000
Erf No4 - Second street Nhlango	550 000	550 000
Portion 1016 of farm2 Mbabane	650 000	650 000
Portion 79 - Land adjacent to Ezulwini Headquarters	820 000	820 000
Portion 61 (a Portion of Portion 61) of Farm 51, Hhohho	950 001	950 001
Portion 78 (a Portion of Portion 61) of Farm 51, Hhohho	500 000	500 000
Lot 237 Matsapha	1 558 800	1 558 800
Lot No. 2437 Extension 23 - Golf Course, Hhohho	1 760 000	1 760 000
Portion 387 (a Portion of Portion 300) of Dalriach No. 188	2 150 000	2 150 000
Portion 95 (a Portion of Portion 61) of farm 51 Ezulwini	4 500 000	4 500 000
Portion 95 (a Portion of Portion 15) of farm 51 No. 300 Matsapha	10 046 288	10 046 288
Portion 56(a Portion of Portion 46) of farm no.51 situated in the Hhohho district of Eswatini	8 575 503	8 575 503
Portion 124 (of Portion 49) of farm 57, Hhohho	4 850 000	4 850 000
Lot 618 Nhlango extension 4-Nhlango staff housing	—	790 000
Lot 619 Nhlango extension4-Nhlango staff housing	130 000	130 000
Lot 620 Nhlango extension4-Nhlango staff housing	—	390 000
Lot 621 Nhlango extension4-Nhlango staff housing	—	770 000
Lot 189 Hlathikhulu-Hlathikhulu reservoir 2	—	2 180 000
Lot 301 Hlathikhulu extension4-Hlathikhulu supervisor houses	—	660 000
Lot 302 Hlathikhulu extension4-Hlathikhulu staff houses	—	970 000
Portion 20 of farm 1170 Lavumisa township-Lavumisa treatment plant	—	4 270 000
Lot 41 of Lavumisa township-Lavumisa vacant land	90 000	90 000
Lot 42 of Lavumisa township-Lavumisa staff houses - plumber	—	225 000
Lot 39 of extension 2 mankayane-old reservoirs	—	1 530 000
Lot 44 of extension 2 mankayane-old dam and treatment plant	3 150 000	3 150 000
Portion 1 of Lot 273 Manzini-old sewer ponds	440 000	440 000
Portion 1 of Lot 868 Manzini-vacant land along mzimnene	1 200 000	1 200 000
Portion 2 of Lot 1139 Manzini-kelly booster pump	—	895 000
Lot 844 of ngwane park Manzini-ngwane park reservoir	—	3 890 000
Remainder of Lot 188 of Matsapha township -Matsapha raw water pumphouse	—	6 600 000
Lot 546 of Pigg's peak township-piggs peak ewsc revenue offices	—	6 090 000
Lot 1760 of Msunduza extension 4 Mbabane-old house at gobhola	—	310 000

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

## 7.1. Property, Plant and Equipment *(continued)*

	2024 E	2023 E
Land and building owned by the Corporation are as follows: <i>(continued)</i>		
Lot 1957 of Msunduzu extension 4 -Mbabane working house at gobholo	—	215 000
Lot 1759 of Msunduzu extension 4 Mbabane-gobholo sewer ponds intake works	—	9 350 000
Remainder of Portion 5 of farm 188 Mbabane-sidwashini old plant and reservoirs	—	320 000
Portion 1186 of farm 2 Mbabane-new ewsc checkers staff houses	—	12 320 000
Portion 1187 of farm 2 Mbabane-checkers old staff houses	—	12 030 000
Portion 1193 of farm 2 Mbabane-upper fonteyn reservoir	—	5 900 000
Lot 357 of Woodlands township ext 2 Mbabane-Woodlands township sewer pump and sump	<b>392 850</b>	392 850
Lot 358 of Woodlands township ext 2 Mbabane-proposed Woodlands staff housing	<b>392 850</b>	392 850
Lot 31 of Mabuya township Mbabane-Mabuya township sewer pump and sump	<b>226 350</b>	226 350
Portion 5 of farm 1209 Ngwenya-Ngwenya ewsc staff houses	—	2 080 000
Lot 309 of Siteki-Siteki senior staff housing	—	960 000
Lot 310 of Siteki-Siteki senior staff housing	—	965 000
Lot 311 of Siteki-Siteki senior staff housing	—	950 000
Lot 312 of Siteki-Siteki senior staff housing	—	966 000
Lot 325 of Siteki-Siteki regional and revenue offices	—	3 600 000
Farm 328 (Bham Bham) Lubombo	<b>1 367 756</b>	1 367 756
99 year lease of Lot 337 at Mhobodleni measuring 3 759M	<b>131 565</b>	131 565
Woodlands Township Lot 523,5094SQM	<b>78 246</b>	78 246
Portion 1187 of Farm 2 Mbabane-Checkers Old Staffhouses	<b>1 353 821</b>	—
Portion 1186 of Farm 2 Mabane EWSC New Checkers Staff Houses	<b>1 987 949</b>	—
Lot 618 Nhlangu Extension 4 Nhlangu Staff Housing	<b>127 440</b>	—
Lot 189 Hlathikhulu – Hlathikhulu Reservior 2	<b>378 840</b>	—
Lot 301 Hlathikhulu Extension 4 – Hlathikhulu Supervisor Houses	<b>276 720</b>	—
Lot 302 Hlathikhulu Extension 4 – Hlathikhulu Staff Houses	<b>276 720</b>	—
Portion 20 of Farm 1170 Lavumisa Township – Lavumisa Treatment Plant	<b>1 059 200</b>	—
Lot 42 of Lavumisa Township – Lavumisa Staff Houses	<b>91 636</b>	—
Lot 39 of Extension 2 Mankayane – Old Reserviors	<b>341 840</b>	—
Lot 844 of Ngwane Park Manzini – Ngwane Park Reservior	<b>274 720</b>	—
Portion 2 of Lot 1139 Manzini – Kelly Booster Pump	<b>712 000</b>	—
Portion 1193 of Farm 1209 Ngwenya-Upper Fonteyn Reservior	<b>451 440</b>	—
Remainder of Lot 188 of Matsapha Township – Matsapha Raw Water Pumphouse	<b>7 200 000</b>	—
Portion 5 of Farm 1209 Ngwenya-Ngwenya EWSC Staff Houses	<b>1 300 000</b>	—
Lot 1759 of Msunduzu Extension 4 Mbabane – Gobholo Sewer Ponds	<b>236 670</b>	—
Lot 1760 of Msunduzu Extension 4 Mbabane – Old Gobholo Staff Houses	<b>93 345</b>	—
Lot 1958 of Msunduzu Extension 4 Mbabane – Staff Housing No.2 at Gobholo	<b>69 520</b>	—
Remainder of Portion 5 of farm 188 Mbabane – Staff Housing No.2 at Gobholo	<b>1 616 900</b>	—
Lot 620 Nhlangu Extension 4 – Nhlangu Staff Housing	<b>119 880</b>	—
Lot 621 Nhlangu Extension 4 – Nhlangu Staff Housing	<b>119 880</b>	—
Lot 546 of Pigg's Peak Township – Piggs Peak EWSC Revenue Offices	<b>287 000</b>	—
Lot 325 of Siteki Regional and Revenue Offices	<b>383 000</b>	—
Lot 343 of Siteki EWSC Siteki Old Plant and Yard	<b>690 240</b>	2 090 000



## 7.1. Property, Plant and Equipment *(continued)*

	2024 E	2023 E
Lot 309 of Siteki – Siteki Senior Staff Housing	272 030	—
Lot 310 of Siteki – Siteki Senior Staff Housing	238 150	—
Lot 311 of Siteki – Siteki Senior Staff Housing	214 060	—
Lot 312 of Siteki – Siteki Senior Staff Housing	208 560	—
Building at depreciated cost	205 503 341	192 339 910
	<b>271 453 611</b>	<b>319 224 619</b>
The cost of assets which are fully depreciated but still in use are as follows:		
Fencing	1 559 665	1 115 578
Mains reticulation and meters	6 029 109	108 931
Motor vehicles	2 431 660	254 447
Laboratory equipment	2 741 436	—
Heavy duty vehicles	742 375	—
Furniture & equipment	1 778 862	1 342 835
Office equipment	4 014 519	—
Mobile plant	343 739	—
IT hardware and systems	1 894 253	—
Water tanker and trailer	56 182	—
Plant and machinery	1 262 803	—
Motorcycles	278 630	—
	<b>23 133 233</b>	<b>2 821 791</b>

## 7.2. Right-of-use of Assets and Lease Liabilities

Acquisition cost	9 251 162	5 929 120
Accumulated depreciation	(6 516 360)	(4 523 959)
<b>Net value</b>	<b>2 734 802</b>	<b>1 405 161</b>
Opening balance	1 405 161	3 042 008
Additions	3 322 042	—
Depreciation	(1 992 401)	(1 636 847)
<b>Balance as at year end</b>	<b>2 734 802</b>	<b>1 405 161</b>
<b>Lease liabilities</b>	<b>3 586 248</b>	<b>1 912 332</b>
Current	2 302 739	1 126 300
Non-current	1 283 509	786 032
<b>Maturity analysis of lease liabilities</b>		
Less than one year	1 283 509	1 240 946
One year to five years	3 705 316	826 883
	<b>4 988 825</b>	<b>2 067 829</b>
Less future finance charges	(1 402 577)	(155 497)
	<b>3 586 248</b>	<b>1 912 332</b>

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

## 7.2. Right-of-use of Assets and Lease Liabilities *(continued)*

	2024 E	2023 E
Reconciliation of lease liability		
Opening balance	1 912 332	3 632 404
Interest expense capitalized for the period	465 867	248 452
Additions	3 322 042	—
Lease payments – capital	(1 648 126)	(1 720 072)
Lease payments – interest	(465 867)	(248 452)
<b>Balance at year end</b>	<b>3 586 248</b>	<b>1 912 332</b>
The statement of profit or loss shows the following amounts relating to leases		
Expense relating to short-term leases	177 216	112 168
<b>Interest expense (included in finance cost)</b>	<b>(465 867)</b>	<b>(248 452)</b>

## 8. Capital Projects in Progress

Internal projects (Note 8.1)	213 195 920	168 059 548
Government Funded Projects (Note 8.2)	420 606 908	385 241 725
African Development Bank funded projects (Note 8.3)	230 104 020	202 247 573
External loan and grant funded projects (Note 8.4)	233 951 397	71 338 597
<b>Total capital work in progress (Note 7.1)</b>	<b>1 097 858 245</b>	<b>826 887 443</b>

The movement in the capital projects in progress during the year is as follows:

### 8.1. Internal Projects

Opening net carrying amount	168 059 548	152 848 192
Additions	95 138 265	100 620 474
Reclassification	—	(228 364)
Disposal/derecognised	(710 907)	(2 441 166)
Commissioned – transfers to property plant and equipment	(49 290 986)	(82 739 588)
<b>Closing net carrying amount</b>	<b>213 195 920</b>	<b>168 059 548</b>

### 8.2. Government Funded Projects

Opening net carrying amount	385 241 725	420 095 974
Additions	35 600 116	47 076 389
Reclassification	—	228 364
Disposal/derecognised	(234 933)	(66 362)
Commissioned – transfers to property plant and equipment	—	(82 092 640)
<b>Closing net carrying amount</b>	<b>420 606 908</b>	<b>385 241 725</b>

### 8.3. African Development Bank Funded Projects

Opening net carrying amount	202 247 573	264 474 324
Additions	27 856 447	74 701 160
Disposal/derecognised	—	(136 927 911)
<b>Closing net carrying amount</b>	<b>230 104 020</b>	<b>202 247 573</b>





## 8.4. External Loan and Grant Funded Projects

	2024 E	2023 E
Opening net carrying amount	71 338 597	17 233 735
Additions	205 508 091	55 055 834
Commissioned – transfers to property plant and equipment	(42 846 834)	(950 972)
Disposal/derecognised	(48 457)	-
<b>Closing net carrying amount</b>	<b>233 951 397</b>	<b>71 338 597</b>

## 9. Financial Assets and Liabilities

This note provides information about the Corporation's financial instruments including:

- ◆ an overview of all financial instruments held by the Corporation;
- ◆ specific information about each type of financial instrument;
- ◆ accounting policies; and
- ◆ information about determining the fair value of the instruments including judgements and estimation uncertainty involved.

The Corporation holds the following financial instruments:

	Assets at fair value through profit and loss E	Assets at amortised cost E	Total E
<b>31 March 2024</b>			
<b>Assets as per statement of financial position</b>			
Trade and other receivables	—	284 409 249	284 409 249
Investments	129 555 598	51 179 439	180 735 037
Cash and cash equivalents	—	381 576 835	381 576 835
	<b>129 555 598</b>	<b>717 165 523</b>	<b>846 721 121</b>
<b>Liabilities as per statement of financial position</b>			
Trade and other payables	—	227 167 168	227 167 168
Borrowings	—	169 038 447	169 038 447
	—	<b>396 205 615</b>	<b>396 205 615</b>
<b>31 March 2023</b>			
<b>Assets as per statement of financial position</b>			
Trade and other receivables	—	161 034 065	161 034 065
Investments	118 149 086	45 845 296	163 994 382
Cash and cash equivalents	—	431 136 759	431 136 759
	<b>118 149 086</b>	<b>638 016 120</b>	<b>756 165 206</b>
<b>Liabilities as per statement of financial position</b>			
Borrowings	—	228 743 293	228 743 293
Trade and other payables	—	55 559 422	55 559 422
	—	<b>284 302 715</b>	<b>284 302 715</b>

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

## 9. Financial Assets and Liabilities *(continued)*

### 9.1. Trade and Other Receivables

	2024 E	2023 E
Trade receivable	293 565 447	247 424 381
Less: provision for impairment of receivables	(121 204 356)	(107 130 661)
Net trade accounts receivable	172 361 091	140 293 720
Staff receivables	1 054 590	1 134 522
UDP and Government advance payment	98 837 402	8 934 639
Sundry receivables	12 156 166	10 671 184
	284 409 249	161 034 065

Trade and other receivables are recognised and classified on the criteria below:

#### Classification as Trade and Other Receivables

Trade receivables are amounts due from customers for goods and services performed in the ordinary course of business. Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

#### Advance Payments

These are advance payments to contractors for projects undertaken by the Corporation for construction works that have not been completed and/or invoiced by the contractor.

#### Sundry Receivables

These amounts generally arise from transactions outside the main business operating activities of the Corporation. Collateral is not normally obtained. All sundry receivables are due within 12 months and are classified as current.

#### Fair Values of Trade and Other Receivables

Due to the short-term nature of the current receivables their carrying amount at amortised cost is considered to be the same as their fair value.

	2024 E	2023 E
<b>9.2. Investments</b>		
Financial assets at amortised cost (i)	51 179 439	45 845 296
Financial assets at fair value through profit or loss (ii)	129 555 598	118 149 086
	180 735 037	163 994 382
<b>(i) Financial assets at amortised cost</b>		
Non-current assets		
♦ Promissory notes	51 179 439	45 845 296

#### Promissory notes

The Corporation is invested in promissory notes through African Alliance which pay interest periodically at a floating rate linked to prime and mature at specified dates that are more than 12 months from the reporting date. The fair value of the promissory notes approximates its carrying amount at year end which is its amortised cost.

#### Classification of financial assets at amortised cost

The Corporation classifies investments at amortised cost if:

- ♦ The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- ♦ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 9. Financial Assets and Liabilities *(continued)*

### 9.2. Investments *(continued)*

#### (i) Financial Assets at Amortized Cost *(continued)*

##### Promissory Notes *(continued)*

Financial assets at amortized cost are included in non-current assets except for those with maturities less than 12 months from the end of the reporting period which would be classified as current assets.

##### Impairment and risk exposure

An impairment on the promissory notes recognized and its not material. All investments at amortized cost are denominated in Emalangeni. As a result, there is no exposure to foreign currency risk.

	2024 E	2023 E
<b>(ii) Financial assets at fair value through profit or loss</b>		
<b>Non-current assets</b>	<b>3 614 977</b>	3 614 977
♦ SBS Permanent shares	<b>3 614 977</b>	3 614 977
<b>Current assets</b>	<b>125 940 621</b>	114 534 109
♦ Stanlib Unit Trust Account	<b>20 921 495</b>	19 248 834
♦ African Alliance Managed Fund	<b>105 019 126</b>	95 285 275
	<b>129 555 598</b>	118 149 086

##### African Alliance Managed Fund and Stanlib Unit Trust Account

The Corporation has invested funds with African Alliance and Stanlib Eswatini for capital appreciation. African Alliance and Stanlib Eswatini acts as the investment managers where they invest the funds on behalf of the Corporation in equity debt and other securities at the investment managers' professional discretion. The Corporation has ready access to make withdrawals from these funds as such the investments are classified as current.

##### SBS Permanent shares

The Corporation is holding the investment at the Swaziland Building Society as security for housing loans taken out by the Corporation's staff from Swaziland Building Society. The Corporation is therefore holding this investment as a non-current asset.

##### Classification of financial assets at fair value through profit or loss

The Corporation classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term i.e. are held for trading/capital appreciation. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period or can readily be withdrawn; otherwise, they are presented as non-current assets.

##### Amounts recognised in profit or loss

See note 3 for changes in fair value in financial assets that has been recognised in profit or loss.

##### Impairment and risk exposure

Information about the Corporation's exposure to price risk is provided in accounting policy 17.

	2024 E	2023 E
<b>9.3. Cash and Cash Equivalents</b>		
Cash at bank and in hand	<b>248 148 302</b>	249 169 170
Deposits at call	<b>133 428 533</b>	181 967 589
	<b>381 576 835</b>	431 136 759

### Restricted Cash

The cash and cash equivalents disclosed above and in the statement of cash flows include E 6 241 633 (2023: E 5 989 360) which are subject to certain restrictions on usage by the Corporation. The cash is held in a call account as a guarantee for a certain construction project in favour of the contractor. The deposit will only be accessible to the Corporation upon completion of the project.

#### Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

## 9. Financial Assets and Liabilities *(continued)*

### 9.4. Trade and Other Payables

	2024 E	2023 E
Trade accounts payable and accruals	128 656 618	137 029 232
Capital projects accruals	37 449 966	26 432 349
Contractors' retention	24 722 460	31 521 981
Consumer deposits	36 338 124	33 759 731
	227 167 168	228 743 293

#### Trade Accounts and Other Payables

Trade and other payables arise from the normal course of business. These are creditors due to be paid and normal accruals raised from dealings with suppliers. Normal terms with suppliers are usually unsecured and payable within 30 days.

#### Capital Projects Accruals

These are accruals relating to construction projects that the Corporation has undertaken.

#### Contractors' Retention

The contractors' retention represents liabilities the Corporation owes to contractors in respect of construction projects which are still within the defects period per the construction contract.

#### Consumer Deposits

These are upfront deposits by customers that is paid at initial application of an account with the Corporation. The amount is claimable by the customer when they close their account if they so wish.

#### Fair Values of Trade and Other Payables

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

	2024			2023		
	Current E	Non-current E	Total E	Current E	Non-current E	Total E
<b>9.5. Borrowings</b>						
<b>Secured</b>						
Bank loans	11 402 239	119 669 174	131 071 413	7 802 819	23 520 774	31 323 593
Finance lease	10 684 256	25 579 649	36 263 905	7 168 223	13 813 685	20 981 908
<b>Total secured</b>	22 086 495	145 248 823	167 335 318	14 971 042	37 334 459	52 305 501
<b>Unsecured</b>						
Eswatini government	1 703 129	—	1 703 129	3 253 921	—	3 253 921
<b>Total unsecured</b>	1 703 129	—	1 703 129	3 253 921	—	3 253 921
<b>TOTAL BORROWINGS</b>	23 789 624	145 248 823	169 038 447	18 224 963	37 334 459	55 559 422



## 9. Financial Assets and Liabilities *(continued)*

### 9.5. Borrowings *(continued)*

Agreement Name	Financier/ Agent	Loan Amount / Facility	Duration	Repayment terms	Interest rate
Swaziland Government loan	Swaziland Government	E1 703 129	276 months	Interest & principal amount is payable twice a year on the first of January and July every year. Principal repayments are E 1 202 617 biannually.	Inflation rate +2%
Standard Bank vehicle asset finance	Standard Bank Swaziland	E24 185 490	60 Months	Each lease is payable within a maximum period of 5 years.	Prime less 1% per annum
Nedbank Finance Lease	Nedbank Swaziland	E12 077 677	60 Months	Each lease is payable within a maximum period of 5 years	Prime less 1% per annum
Eswatini Bank Loan Facility	Eswatini Bank	E9 190 803	60 Months	Monthly instalments of E 251 500.00	Prime less 1% per annum
Standard Bank Loan Southwest Regional Offices & Hawane Wood	Standard Bank Eswatini	E14 845 502	48 months	Monthly instalments of capital E 500 000.00	Prime plus 0.5% per annum
Standard Bank Loan EWSC Head Office Extension & Upgrade	Standard Bank Eswatini	E35 035 846	24 Months	Monthly capital repayments of E 500 000 plus monthly interest.	Prime plus 0.5% per annum
FNB Projects Financing Smart Metering/Plant Rehabilitation/Pipe Replacement	FNB	E72 00 000	84 months	The loan to be repaid in quarterly instalments of capital and interest over the remaining 72 months on expiry of the 1-year grace period. The loan interest payments will fluctuate in line with movements in prime.	Prime less 0.5% per annum

### Secured Liabilities and Assets Pledged as Security

The entire E131 071 413 (2023: E 31 323 593) of the bank loans are secured in the following manner by the below listed assets:

- ◆ Portion 79 of Farm 51 and portion 80 of Farm 51, Ezulwini, Hhohho, Mortgage bond E 111 150 000
- ◆ Portion 1187 Old checkers E 11 200 000
- ◆ Portion 1186 New Checkers E 9 250 000
- ◆ Lot 14 Nhlangano E 11 300 000
- ◆ Lot 2347 Extension 23 Mbabane E 6 300 000, Hhohho.
- ◆ Cession of insurance policy over the water treatment plant Line with Nedbank's.
- ◆ Cession over call account with Nedbank. The call account with Nedbank had E27 251 430 as at 31 March 2024.
- ◆ Deed of Hypothecation for E21m over Water Treatment Plant.
- ◆ Lien over leased assets
- ◆ Cession over insurance over financed assets
- ◆ Deed of hypothecation of E 31 100 000 and E 38 050 000

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

### Unsecured liabilities

In December 1995 a subsidiary loan agreement was entered into with the Eswatini Government in terms of which the Corporation was granted E 43 294 200 to be used in financing rehabilitation and expansion of water and sewerage services in certain designated urban areas. This loan was named the IBRD urban development loan.

The entire balance of **E 1 703 129** (2023: E 3 253 921) is unsecured.

### Compliance with loan covenants

The Corporation has complied with all financial covenants of its borrowing facilities during the 2024 and 2023 reporting periods.

### Finance Leases

The Corporation leases various plant and equipment as disclosed in note 7 under various finance lease agreements. Under the agreements the ownership of the assets passes to the Corporation at no significant additional cost at upon settlement of the amounts owed.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

## 9. Financial Assets and Liabilities *(continued)*

### 9.5. Borrowings *(continued)*

	2024 E	2023 E
Less due within 1 year	10 684 256	7 168 223
Due after 12 months but not later than 5 years	25 579 649	13 813 685
<b>Total liability</b>	<b>36 263 905</b>	<b>20 981 908</b>
<b>Finance lease liabilities – minimum lease payments</b>		
Not later than 1 year	13 950 440	9 003 807
Later than 1 year and not later than 5 years	29 437 568	14 487 286
Total lease payments	43 388 008	23 491 093
Future finance charges on finances	(7 124 103)	(2 509 185)
<b>Present value of future finances liabilities</b>	<b>36 263 905</b>	<b>20 981 908</b>

#### Fair value

The fair values of the borrowings are not materially different to their carrying amounts since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. Interest on these borrowings are linked to the prevailing prime borrowing rate.

	Level 1 E	Level 2 E	Level 3 E	Total E
<b>9.6. Recognised Fair Values Measurements</b>				
<b>Recurring fair value measurements</b>				
<b>31 March 2024</b>				
Financial assets at FVPL	—	129 555 598	—	129 555 598
<b>Total financial assets</b>	<b>—</b>	<b>129 555 598</b>	<b>—</b>	<b>129 555 598</b>
<b>31 March 2023</b>				
Financial Assets				
Financial assets at FVPL	—	118 149 086	—	118 149 086
<b>Total Financial Assets</b>	<b>—</b>	<b>118 149 086</b>	<b>—</b>	<b>118 149 086</b>

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Corporation is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data the instrument is included in level 3.

Specific valuation technique used to value financial instruments recognised above is the use of quoted market prices or dealer quotes for similar instruments.



## 9. Financial Assets and Liabilities *(continued)*

### 9.6. Recognised Fair Value Measurements *(continued)*

Item and description	Valuation technique	Main inputs and assumptions
<b>Financial investments</b> Financial investments are non-trading financial assets and primarily comprise money market instruments.	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued.	For level 2 fair value hierarchy items: <ul style="list-style-type: none"> <li>♦ discount rate</li> <li>♦ spot prices of the underlying instruments</li> </ul>

## 10. Inventories

	2024 E	2023 E
Chemicals	1 230 783	1 462 354
Building materials	286 263	300 043
Petrol and diesel	784 479	468 202
Spares fittings and pipes	10 998 847	6 846 765
Ecowater	1 727 608	1 404 175
	<b>15 027 980</b>	10 481 539

### Assigning costs to inventories

Inventories are reported at the lower of cost or net realisable value on the first-in first-out model.

### Amounts recognised in profit or loss

Inventories recognised as an expense during the year amounted to **E72 600 522** (2023: E 58 173 348). These were included in “raw materials & consumables used” in profit or loss.

There was no inventory written down to net realisable value in the current or prior period.

## 11. Share Capital

	2024 E	2023 E
Issued and fully paid up 30 222 580 ordinary shares of E1 each	30 222 580	30 222 580
All authorised ordinary shares have been issued and fully paid up.		

## 12. Provisions

<b>Provision for leave pay (12.1)</b>	<b>4 054 873</b>	3 543 700
<b>12.1. Provision for Leave Pay</b>		
Balances at the beginning of the year	3 453 700	3 906 254
Raised during the year	1 447 142	277 848
Utilised during the year	(845 969)	(730 402)
<b>BALANCES AT YEAR END</b>	<b>4 054 873</b>	3 453 700

The leave pay provision is related to vested leave pay to which employees are entitled. The provision arises as employees render services that increase their entitlement to future compensated leave. The accrual is utilised when employees who are entitled to leave pay leave the employment of the Corporation or when the accrued entitlement is utilised.

Based on experience the Corporation does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The Corporation is also unable to estimate the amount to be settled in the next 12 months due to the uncertainties associated with the leave provision and employee behaviour patterns.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

## 13. Deferred Grants

	2024 E	2023 E
Nhlangano – Water supply and treatment plant	530 961 450	538 702 390
Urban Development Projects (Packages 6 7 8 10 18 A & B and 20)	51 144 244	53 345 279
Pigg's Peak Dam	2 323 898	2 429 808
Hlatikhulu Treatment Works	1 537 917	1 621 422
Siteki – Lomahasha water supply	121 543 382	125 970 290
Ezulwini – Lobamba Water Supply	15 517 816	16 161 912
Lukhaba Gravity Mains	2 756 411	2 890 367
Mankayane Water Supply	7 117 406	7 423 545
Enhlambeni Water Supply	8 409 433	8 778 733
Government forex subvention	21 488 679	22 543 343
Currency ratio subvention – Package 18	37 234 026	38 925 356
Land transferred from the Government to EWSC	30 051 985	90 769 450
Grant funding for Property Burnt during 2021 Riots	763 554	—
Property Transferred by Eswatini Government to EWSC	25 319 283	—
Raw water for Tex Ray factory	3 974 669	4 147 764
Sikhuphe Water Supply	79 792 696	81 465 690
Matsapha Sewer treatment plant relocation	270 901 582	279 303 856
Hlane Water Supply	22 261 797	19 796 708
Imphilo reservoir	793 946	827 028
Mbabane Water Supply Augmentation	21 345 966	21 620 857
Luphohlo Mbabane Water Supply	78 000 000	78 000 000
<b>European Union financial project</b>		
Siphofaneni Somntongo and Matsanjeni water supply	239 984 986	246 778 479
<b>Eswatini National Housing Board Grants:</b>		
Makholokholo Project	516 831	545 373
<b>Eswatini National Trust Commission:</b>		
Mlawula Workstation	526 369	549 255



### 13. Deferred Grants *(continued)*

	2024 E	2023 E
<b>Micro Projects</b>		
Nhlambeni water supply	2 751 175	2 835 567
Makhewu water supply	1 708 393	1 796 388
Mbikwakhe water supply	1 998 460	2 062 926
Mhlumeni water supply	5 285 200	5 448 330
Nsongweni Water Supply	16 074 861	7 643 400
Maseyisini water Supply	14 185 672	9 373 263
KADEDA Water Supply Scheme	584 369	584 369
Mpolonjeni Water Supply	—	478 712
Mpolonjeni water Supply	4 862 785	4 889 437
Mayaluka water Supply	955 300	982 594
Matsetsa water Supply	1 504 165	1 547 141
Mankayane mabovini water supply	1 408 562	1 449 990
Manyisa Mpolonjeni	6 735 341	6 256 629
Bambisanani water supply scheme	256 105	263 220
<b>African Development Bank/Eswatini Government financed grant</b>		
Manzini region sanitation and water Supply	170 669 085	107 741 759
Ezulwini sanitation and water Supply	488 835 527	472 766 098
<b>World Bank/Eswatini Government</b>		
Eswatini sanitation and water Supply	190 429 862	111 017 916
<b>TOTAL DEFERRED GRANTS</b>	<b>2 482 513 188</b>	<b>2 379 734 644</b>

### 14. Deferred Income Tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2024 E	2023 E
<b>Deferred tax assets:</b>		
- Deferred tax asset to be recovered after more than 12 months	25 984 617	32 931 097
- Deferred tax asset to be recovered within 12 months	1 115 089	949 768
	<b>27 099 706</b>	<b>33 880 865</b>
<b>Deferred tax liabilities:</b>		
- Deferred tax liability to be settled after more than 12 months	(105 649 289)	(95 339 294)
- Deferred tax liability to be settled within 12 months	(752 071)	(386 419)
	<b>(106 401 360)</b>	<b>(95 725 713)</b>
<b>DEFERRED TAX LIABILITY – NET</b>	<b>(79 301 654)</b>	<b>(61 844 848)</b>
The gross movement on the deferred income tax account is as follows:		
Opening balance	(61 844 848)	(51 190 950)
Statement of comprehensive income charge (Note 5)	(17 456 806)	(10 653 898)
<b>END OF YEAR</b>	<b>(79 301 654)</b>	<b>(61 844 848)</b>

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

## 14. Deferred Income Tax *(continued)*

The movement in deferred tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Accelerated depreciation E	Tax losses E	Provisions E	Right-of-use E	Lease liability E	Total E
<b>Deferred income tax liability</b>						
<b>At 01 April 2023</b>	(95 339 294)	10 309 505	23 045 468	(386 419)	525 892	(61 844 848)
Charged to income statement (note 5)	(10 309 996)	(10 309 505)	3 068 021	(365 652)	460 326	(17 456 806)
<b>At 31 March 2024</b>	(105 649 290)	—	26 113 489	(752 071)	986 218	(79 301 654)
<b>At 01 April 2022</b>	(83 703 445)	20 645 073	11 705 063	(836 552)	998 911	(51 190 950)
Charged to income statement (note 5)	(11 635 849)	(10 335 568)	11 340 405	450 133	(473 019)	(10 653 898)
<b>At 31 March 2023</b>	(95 339 294)	10 309 505	23 045 468	(386 419)	525 892	(61 844 848)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. Deferred tax assets and liabilities have been offset and disclosed on a net basis in the financial statements since they relate to income taxes levied by the same tax authority (Eswatini Revenue Services) on the same taxable entity and the entity intends to settle its tax liabilities and assets on a net basis.

	2024 E	2023 E
<b>15. Notes to the Statement of Cash Flows</b>		
<b>15.1. Cash Generated from Operations:</b>		
Profit before tax	92 639 281	76 471 888
Adjustment for items not involving cash flow:		
Grant amortisation (Refer Note 15.3)	(47 671 918)	(38 805 864)
Impairment loss on Eco water investment	33 033 901	—
Depreciation (Refer Note 7.1 & 7.2)	81 725 767	68 100 394
(Profit)/loss on disposal of property plant and equipment	(4 208 251)	40 122
Interest income (Refer Note 3)	(34 536 258)	(27 355 950)
Fair value gains on financial assets (Refer Note 3)	(11 406 511)	(5 263 006)
Expected credit losses provision	18 358 440	65 762 294
Interest expenses (Refer Note 3)	10 690 665	4 572 039
	138 625 116	143 521 917
Working capital changes:	(142 970 272)	7 477 903
(Increase)/decrease in inventories	(4 546 441)	99 651
(Increase)/decrease in trade and other receivables (Refer to Note 15.7)	(137 448 879)	12 949 673
Decrease in trade and other payables	(1 576 125)	(5 118 867)
Increase/(decrease) in provisions	601 173	(452 554)
<b>CASH (UTILISED)/GENERATED FROM OPERATIONS</b>	<b>(4 345 156)</b>	<b>150 999 820</b>



## 15. Notes to the Statement of Cash Flows *(continued)*

### 15.2 Reconciliation of Cash Flows Arising from Financing Activities Related to Borrowings

	2024 E	2023 E
Borrowings at the beginning of the year	55 559 422	65 223 958
- Current	18 224 963	24 502 299
- Non-current	37 334 459	40 721 659
Cash flows	113 479 025	(9 664 536)
- Proceeds from borrowings	150 934 891	13 047 435
- Repayment of borrowings	(37 455 866)	(22 711 971)
<b>Borrowings at the end of the year</b>	<b>169 038 447</b>	<b>55 559 422</b>
- Current	23 789 624	18 224 963
- Non-current	145 248 823	37 334 459
<b>BORROWINGS AT THE END OF THE YEAR</b>	<b>169 038 447</b>	<b>55 559 422</b>

### 15.3. Reconciliation of Deferred Grant

Opening balance	2 379 734 644	2 218 712 255
Grant amortised	(47 671 918)	(38 805 864)
Grant from donated land	(33 920 696)	87 338 050
Grant received	184 371 158	112 490 203
<b>CLOSING BALANCE</b>	<b>2 482 513 188</b>	<b>2 379 734 644</b>

### 15.4. Reconciliation of Interest Received

Interest income in the year	34 536 258	27 355 950
Accrued interest	(5 334 144)	(5 801 177)
Non-cash interest	(2 424 865)	—
Interest received relating to prior period	—	1 650 066
	<b>26 777 249</b>	<b>23 204 839</b>

### 15.5. Reconciliation of Property, Plant, and Equipment Additions

Additions per movement schedule	412 835 374	364 791 907
Non-cash flow additions	(48 732 455)	(87 338 050)
	<b>364 102 919</b>	<b>277 453 857</b>

### 15.6. Proceeds from Investments Reconciliation

Opening balance	163 994 382	92 074 000
Interest for the period	11 406 511	7 769 271
Accrued interest	5 334 144	5 801 177
Interest received in current year	—	(1 650 066)
Closing Balance	(180 735 037)	(163 994 382)
	<b>—</b>	<b>(60 000 000)</b>

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

## 15. Notes to the Statement of Cash Flows *(continued)*

### 15.7. Reconciliation of Movement in Trade and Other Receivables

	2024 E	2023 E
Opening balance	161 034 065	239 746 032
Provision raised	(18 358 440)	(65 762 294)
Provision utilised	4 284 745	—
Closing balance	(284 409 249)	(161 034 065)
	(137 448 879)	12 949 673

## 16. Unrecognised Items

### 16.1. Capital Expenditure Commitments

Contracted	1 304 998 081	293 763 025
Authorised but not yet contracted	912 431 450	1 697 890 916
<b>TOTAL FUTURE CAPITAL EXPENDITURE</b>	<b>2 217 429 531</b>	<b>1 991 653 941</b>

### 16.2. Leasing Arrangements

The Corporation has leased some of its space to third parties with rentals payable monthly. Minimum lease payments receivable on leases are as follows:

Minimum lease payments under non-cancellable operating leases not recognised in the financial statements are receivable as follows:

Within one year	501 673	752 796
Later than one year but not later than five years	704 472	1 206 146
	1 206 145	1 958 942

## 17. Retirement Benefits

The Eswatini Water Services Corporation Pension Fund is a defined contribution plan was established on 1 April 1999 and is administered by Negotiated Benefit Consultant Pty Ltd.

## 18. Contingent Liabilities

The Corporation does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is recognised.

The Corporation has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from the contingent liability.

## 19. Related Party Transactions

	2024 E	2023 E
<b>Key Management Personnel Compensation</b>		
Short-term employee benefits	8 905 396	5 631 600
Post-employment benefits	1 453 766	964 800
	10 359 162	6 596 400

Key management personnel are those people having authority and responsibility for planning directing and controlling the activities of the Corporation. Members of the Executive Committee are considered key management personnel at the Corporation.





## 20. Leasing Commitments

The Corporation has multiple lease agreements under non-cancellable leases expiring within five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for the minimum lease payments in relation to non- cancellable leases are payable as follows:

	2024 E	2023 E
<b>Within one year</b>	<b>1 283 509</b>	1 240 946
Later than one year but not later than five years	<b>3 705 316</b>	826 883
	<b>4 988 825</b>	2 067 829

## 21. Raw Materials and Consumables Used

Ecowater Bottles	<b>3 324 019</b>	2 542 474
Water purification chemicals	<b>15 152 589</b>	13 091 546
Plumbing material	<b>53 857 177</b>	37 046 525
Electricity	<b>75 694 127</b>	66 494 645
Vehicle Maintenance	<b>11 475 667</b>	9 099 886
Fuel	<b>16 231 121</b>	14 130 907
	<b>175 734 700</b>	142 405 983

The Corporation's raw material and consumables used comprises of raw materials and consumables which are purchased for provision of water services to the public. These include water purification chemicals, plumbing material, electricity, vehicle maintenance and fuel. The Corporation recognises costs of sales when the expense is incurred i.e when the items are utilised in the process of providing water to the public.

## 22. Subsequent Events

There are no events that have occurred after the reporting period that would require adjustment to or additional disclosure in these financial statements.

# DETAILED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2024

	Annexure 1	
	2024 E	2023 E
<b>Revenue</b>	<b>567 675 444</b>	<b>513 570 628</b>
<b>Cost of sales</b>	<b>(175 734 700)</b>	<b>(142 405 983)</b>
Ecowater Bottles	3 324 019	2 542 474
Water purification chemicals	15 152 589	13 091 546
Plumbing material	53 857 177	37 046 525
Electricity	75 694 127	66 494 645
Vehicle Maintenance	11 475 667	9 099 886
Fuel	16 231 121	14 130 907
<b>Gross profit</b>	<b>391 940 744</b>	<b>371 164 645</b>
<b>Other income</b>	<b>68 179 078</b>	<b>52 288 876</b>
Ecowater sales	4 874 883	4 217 244
Amortisation of deferred grant income	47 671 918	38 805 864
Rental income	3 853 526	4 187 973
Sundry income	11 778 751	5 077 795
<b>Net Interest Income</b>	<b>35 252 104</b>	<b>28 046 917</b>
Investment Income	45 942 769	32 618 956
Interest expense	(10 690 665)	(4 572 039)
<b>Less Expenses</b>	<b>(402 732 645)</b>	<b>(375 028 550)</b>
Profit/(loss) on Sale of fixed assets	4 208 251	(40 122)
Protective Clothing	(3 121 853)	(2 920 088)
Staff Uniforms	(1 440 125)	(8 309)
Medicare & First Aid	(326 285)	(227 101)
Health and Safety	(2 129 122)	(775 960)
Sports & Social	(2 144 434)	(832 565)
Licence	(7 792 573)	(5 212 267)
Celebrations	(2 998 033)	(2 691 633)
Corporate gifts	(695 312)	(155 198)
Printing stationery & designs	(2 830 688)	(2 398 283)
Cleaning Materials	(1 054 464)	(1 113 783)
Other Printing	(15 500)	—
Periodicals and Books	(220 760)	(147 087)
Office Furniture	(720 129)	(376 560)
Office Equipment Repairs	(85 160)	(11 984)
Office Equipment	(429 084)	(87 081)
Telephones	(2 566 661)	(2 208 850)
MTN Cell phone expenses	(3 520 546)	(4 143 266)
Board Members Fees	(331 393)	(264 863)
Audit Fees	(1 218 630)	(1 668 559)
Legal Fees	(829 298)	(891 969)
Compensation for resettlement	—	(1 000)
Other Professional Fees	(16 126 018)	(7 128 780)
Collection Fees & Customs Tax	—	(568)
Fines	—	(2 886)
Local Travelling Expenses	(1 786 982)	(1 597 421)

	Annexure 1	
	2024 E	2023 E
Foreign Travelling Expenses	(1 425 274)	(1 178 432)
Subsistence	(1 596 855)	(1 120 398)
Allowances	(2 145 826)	(2 571 524)
Rents Offices	(86 628)	(31 396)
Rents Houses	(90 588)	(80 772)
Rates	(2 821 666)	(1 799 980)
Insurances	(5 383 388)	(2 887 195)
Advertising & Publicity	(2 378 041)	(3 001 573)
Promotional events	(1 244 475)	(622 370)
Subscriptions	(528 944)	(436 776)
Computer Charges	(311 555)	(443 149)
Bank Charges	(2 204 476)	(2 198 087)
Services	(14 936 827)	(13 535 304)
Organizational Recruitment & Review expenses	(56 747)	(76 819)
Social responsibility	(723 845)	(180 570)
Conference Hire expenses	(402 648)	(139 371)
Staff Meeting Expenses	(1 655 953)	(1 010 003)
Courier Charges	(101 477)	(102 787)
Management car travelling expenses	(10 302 377)	(10 088 373)
Training expenses	(2 694 587)	(4 158 448)
Commission Charges	(1 894 532)	(479 324)
Surveys & research	(290 584)	(76 121)
Provision for Bad Debts	(18 358 440)	(65 674 555)
Emergency Response	(110 374)	(305 730)
Rent Other Fees	(578 808)	(860 685)
Mechanical Spares	(153 874)	(72 492)
Instruments Spares	(20 088)	(29 893)
Damaged Goods	(13 164)	-
Protective Clothing	(136 385)	(90 750)
Printing Stationary & design	(28 496)	(69 775)
Cleaning Material	(20 969)	—
Marketing & Promotion	(120 000)	(214 474)
Postages	(92 079)	—
Licence Fees	—	(55 988)
Discounts Allowed	(1 891)	(2 603)
Entertainment Expenses	—	(20 161)
Bank Transfer	—	(50)
Impairment loss	(33 033 901)	—
Depreciation	(81 725 767)	(68 100 394)
Employee benefits expense	(166 886 317)	(158 406 045)
<b>Profit before tax</b>	<b>92 639 281</b>	<b>76 471 888</b>
<b>Income tax expense</b>	<b>(22 172 997)</b>	<b>(10 653 898)</b>
<b>PROFIT AFTER TAX</b>	<b>70 466 284</b>	<b>65 817 990</b>

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

# ACRONYMS AND ABBREVIATIONS

<b>AfDB</b>	African Development Bank	<b>MNRE</b>	Ministry of Natural Resources and Energy
<b>CBD</b>	Central Business District	<b>NDP</b>	National Development Plan
<b>CSR</b>	Corporate Social Responsibility	<b>NRW</b>	Non-Revenue Water
<b>DBSA</b>	Development Bank of Southern Africa	<b>OD</b>	Organisational Development
<b>EWSC</b>	Eswatini Water Services Corporation	<b>PEU</b>	Public Enterprises Unit
<b>GIS</b>	Geographic Information Systems	<b>SACAS</b>	South African Certification and Auditing Services
<b>IBNET</b>	International Benchmarking Network for Water and Sanitation	<b>SADC</b>	Southern African Development Community
<b>IOD</b>	Injury on Duty	<b>SACU</b>	Southern African Customs Union
<b>IT</b>	Information Technology	<b>SDG</b>	Sustainable Development Goals
<b>KPI</b>	Key Performance Indicators	<b>SHEQ</b>	Safety, Health, Environment and Quality
<b>LoNa</b>	Lomahasha/Namaacha Water Supply Project	<b>WSP</b>	Water Safety Plan
<b>M&amp;E</b>	Mechanical and Electrical	<b>WTP</b>	Water Treatment Plant
<b>ML</b>	Mega Litres	<b>WWTP</b>	Wastewater Treatment Plant









