Eswatini Water Services Corporation

ANNUAL REPORT 2022

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Eswatini Water Services Corporation

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 it if 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

“We do it through our people”

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 objectives 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
Ezulwini	Sithobela	Maseyisini	Hlane
Mpolonjeni	Nhlambeni	Matsanjeni	Makhewu
Mahangeni	Siphofaneni	Somntongo	Mhlumeni
Nkoyoyo	Kamkhweli	Mabovini	Mayaluka
Motshane	Mbikwakhe	Siphumelele	Shoba
	Ludzeludze	Sibetsamoya	Ngcina
	Empholi	Nkwalini	Ndzangu
	Elwandle		Mncitsini
	Sidzakeni		Ngcamini
	Malkerns		Skhuphe
			Mlindazwe

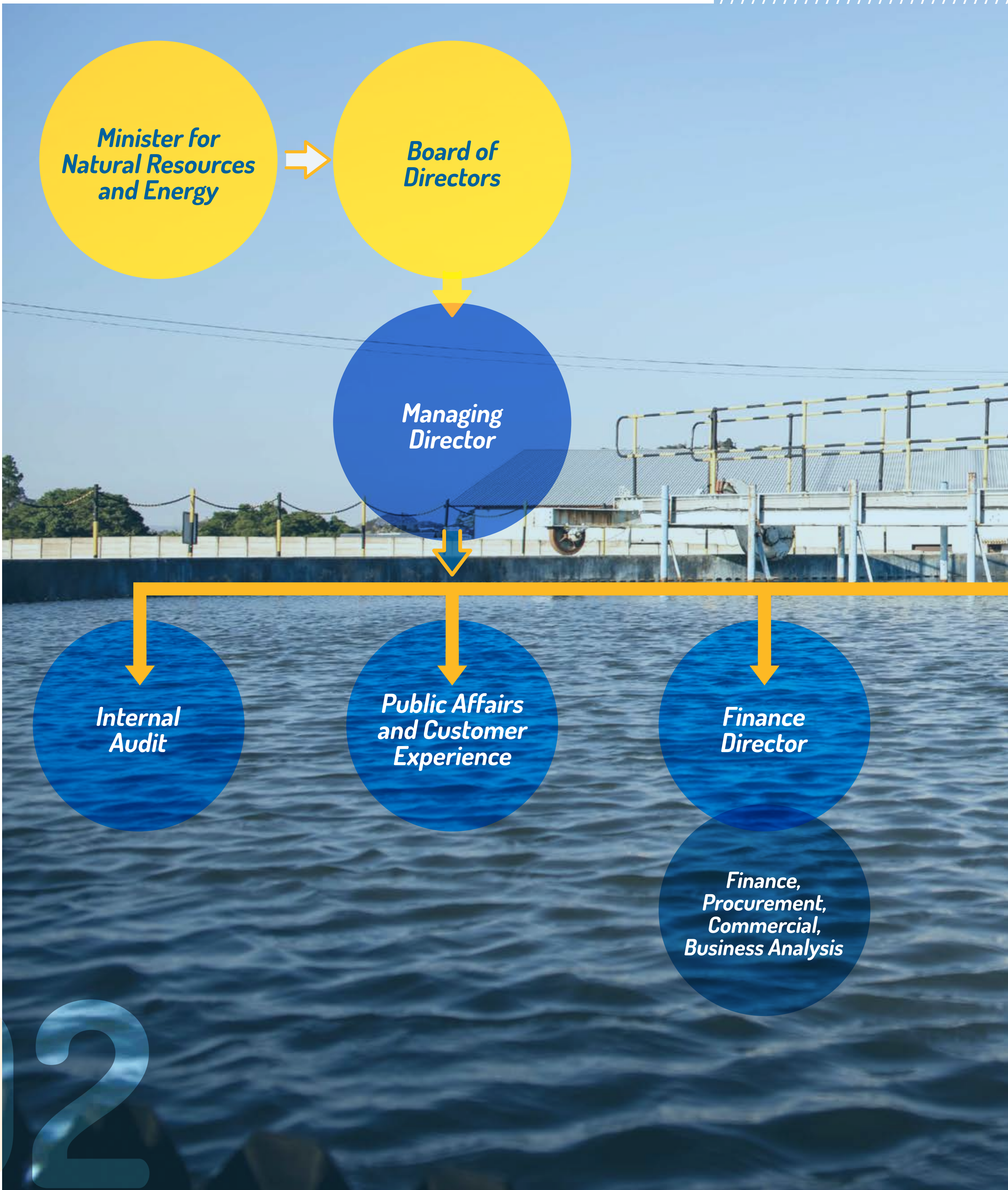
Regarding the areas of supply, the Corporation is mandated to:

- 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 Strategy (NDS) 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.

GOVERNANCE AND ORGANISATIONAL STRUCTURE



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> *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 Strategy (NDS) and Sustainable Development Goals (SDGs).*

Technical Services Director
- Projects, Quality Assurance, Survey, GIS, Hydraulics, M&E, Water Loss Control

Strategic Services Director
- Human Resources, Employee Relations, IT, Corporate Services, Ecowater

Operations Director
- Regional Operations (Central, North West, East, South West)

MESSAGE FROM OUR CHAIRMAN

I am grateful that as a Corporation, we have shown true audacity and willpower to rise to the socio-economic challenges imposed by COVID-19, social unrests and the lethargic economic climate.

It gives pleasure to deliver the Eswatini Water Services Corporation's annual report and financial statements for the financial year ended 2022. The past year has been a period of economic and business recovery as we reviewed our operational strategies to adapt to the new normal. I am grateful that as a Corporation, we have shown true audacity and willpower to rise to the socio-economic challenges imposed by COVID-19, social unrests and the lethargic economic climate.

"I am confident that progress to recovery will continue in 2023, driven by a business environment without restrictions, an improving economic performance, and a dedicated workforce."

MESSAGE FROM OUR CHAIRMAN

CONTINUED

Though the effects of the COVID-19 pandemic are undesirable, the pandemic caused a paradigm shift in the way we do business. I would like to recognise our people for their commitment to excellent service delivery despite these trying times and also appreciate their efforts of going that extra mile for our customers in ensuring sustainable service delivery despite overly stretched and limited resources. Our customers and employees are the reason the Corporation is a going concern, and we will continue to care and empower our employees whilst offering a great customer experience to our customers.

While the economy is slowly turning around from the impact of COVID-19, account arrears remain a major challenge for the Corporation. The poor performance of accounts in arrears continue to put a strain on the Corporation's cashflow position which in turn impacts on sustainable service delivery. Our Strategic Plan for 2022–2025 came at the right time as we get ready to operate in the new normal amidst the ever-evolving pandemic. I urge all staff to be more strategically focused when embracing the new normal and never lose sight of our mandate. We will continue to grow and create more value for our stakeholders especially our employees, customers, communities and shareholders.

Let me extend my sincere gratitude to Ms Thobile Mavuso and Ms Nomcebo Hadebe our outgoing Board members. They have served the Corporation diligently and made meaningful contributions to the Board and I take this opportunity to wish them success in their future endeavours. It is my pleasure to welcome two new Non-Executive Directors to the Board, Mr Hilton Dlamini and Ms Dorcas Dlamini who joined the Corporation in July 2021. They bring with them a considerable amount of skill and knowledge and we look forward to tapping into their valuable expertise.

I am confident that progress to recovery will continue in 2023, driven by a business environment without restrictions, an improving economic performance, and a dedicated workforce. On behalf of the Board, I would like to extend my appreciation to all at EWSC, whose resilience and commitment make the Corporation a great place to work for as we get down to tackle the opportunities and challenges of the next strategic cycle 2022–2025.

Benedict Xaba
Chairman of the Board

MESSAGE FROM OUR MANAGING DIRECTOR

Introduction

This year began with the implementation of the 2022–2025 Strategic Plan, which was a result of a participative, rigorous and consultative process involving internal and external stakeholders. The implementation of the new Strategic Plan commenced this year with the development of the 2022/23 Organisational Business Scorecard with Key Performance Indicators (KPIs). The organisational performance against the scorecard will be evaluated on a quarterly basis.

“*Building resilient entities from lessons learnt has become critical for future survival. Businesses and economies are crafting “post COVID-19 operational plans” to survive in the new normal.*”

The promotion of "#WeareBlue" organisation-wide culture change initiative continued to further improve employee engagement in all work spheres to help employees realise their full potential whilst contributing to organisational performance and growth.

MESSAGE FROM OUR MANAGING DIRECTOR

CONTINUED

Introduction continued

COVID-19 remained a health issue in the country, as an increase in the number of new cases was observed during the period. The threat of the fifth wave remained a risk in the reporting period as cases were expected to increase in the winter season. Ever since Government took a decision to adjust the COVID-19 restrictions under Adjusted Risk Level 1, businesses and the economy have been on the verge of recovery. Though this phase is dubbed "post COVID-19" the pandemic is expected to be around in the foreseeable future. Building resilient entities from lessons learnt has become critical for future survival. Businesses and economies are crafting "post COVID-19 operational plans" to survive in the new normal. With the finalisation of the national budget, Government spending is expected to trigger more business activity whilst reducing the accumulation of arrears for outstanding payments to entities.

Financial Overview

The Corporation continued to function as a going concern despite challenges in the operating environment posed by a number of factors including the COVID-19 pandemic and the recent social unrest. The impact of COVID-19 and the resultant economic impact took a toll on the Corporation as there were challenges in the collection of billed amounts resulting in the debtors' book growing due to accumulating arrears. The challenges of cash collection on billed amounts put pressure on working capital for sustainable operations. The revenue for the year ended 31 March 2022 is E488 Million. The operating revenue grew by 17% from E417 Million in 2021. The growth was driven by a tariff increase of 6.6% and the recovery in economic activity following the relaxation of COVID-19 lockdown restrictions. An operating expenditure of E418.8 Million was recorded representing an increase of 4.6% compared to last year (E400.4 Million). The profit for the year amounted to E104 Million. This is 68% more than the profit for 2021 of E61.9 Million. The increase in profit was partly because of austerity measures emanating from COVID-19-related restrictions, which impacted on expenses such as training, travelling, sports and social activities. Reduction in energy costs was another factor which contributed to the bottom-line following energy initiatives implemented. Total assets amounted to E3.34 Billion (E2.98 Billion in 2021). The increase is attributable to projects completed and recognised in the Corporation's accounts. Total liabilities stood at E2.58 Billion (E2.32 Billion in 2021).

Development Projects

The objective of achieving universal access to water and sanitation means that countries must invest in the necessary supporting infrastructure. EWSC's objectives are linked and guided by the NDS, SDGs and EWSC Strategic Plan. The implementation of capital projects continued as planned, however, there were glitches with the Manzini Region Water Supply and Sanitation Project resulting in the contractor's appointment being revoked due to failure to fulfil contractual obligations. Funding limitations also caused the project's scope to be revised. Due consideration is given to re-allocating funds from the sanitation component to water supply. Financial constraints are also negatively affecting implementation of the Eswatini Water Supply and Sanitation Project, which like the Manzini Project requires modification of project scope and design.

Safety, Health and Environment

The year began with the redefinition of Occupational Health and Safety (OHS) performance indicators at strategic level to ensure alignment with the Corporation's context and as such speak to its business processes and size. These indicators were shared within all levels of EWSC and underpin all OHS reporting. EWSC identified employees as one of the key stakeholders in the achievement of its strategic objectives. To that end, the Corporation continues to strengthen the implementation of its SHEQ improvement plan to safeguard the wellbeing of its employees and other stakeholders whose activities they control.

The SHEQ Audit Tool performance score for the year was evaluated at 93.2%, which shows a 3.2% increase from the previous year. This score means that the Corporation only fell 1.8% short of the strategic target of 95% and above. Management review meetings were held in August and November 2021 to evaluate the continued suitability, adequacy and effectiveness of the ISO management systems the Corporation implements (ISO 9001, ISO 45001 and ISO 14001). Further to that, third party audits were conducted by South African Bureau of Standards (SABS) and South African Certification and Auditing Services (SACAS). Both these performance evaluation tools showed that SHEQ management within the Corporation is improving steadily. The management systems that were evaluated are the backbone of SHEQ performance within the organisation. As the systems mature, its outputs reflect positive results as it relates to ensuring the safety and health of employees and stakeholders, environmental compliance and quality products and services. A total of nine nonconformities were raised during the audits across all systems and they all were successfully closed.

SHEQ training and awareness is fundamental not only to building a positive safety and health culture but also as a risk mitigation measure. The Corporation prioritised the implementation of its SHEQ training plan amidst the COVID-19 pandemic. The plan was fully implemented, combining virtual and physical engagements.

Environmental stewardship is key to any sustainable development. As required by the conditions of issue for Special Waste Management Licenses for the Corporation's Wastewater Treatment Plants, environmental audits were conducted for Nhlambeni, Ezulwini, Lugongolweni and Ngwenya Wastewater Treatment Plants. The environmental audit reports were approved for implementation by the Eswatini Environment Authority (EEA) and will form part of operational documents for these Wastewater Treatment Works. Further to that, environmental studies for two capital projects (Manzini Region Water Supply Project and Head Office Upgrade) were submitted to EEA for review and subsequently Environmental Compliance Certificates (ECC) were issued.

Our People

The promotion of "#WeAreBlue" organisation-wide culture change initiative continued to further improve employee engagement in all work spheres to help employees realise their full potential whilst contributing to organisational performance and growth. The Employee Recognition Programme was successfully carried out, where the Corporation nominated and awarded its best employees at the end of each quarter. The nominations were done by staff on the basis of representing and living the EWSC values.

A team engagement survey was conducted in the reporting period. This survey was meant to assist managers to develop/ formulate effective strategies to improve team engagement within their teams. Management was able to engage employees on issues of business concern and staff welfare in their respective work areas. This programme is conducted bi-annually to ensure employees are given space and time to contribute to the growth of EWSC.

As at 31st March 2022 there were a total of 571 employees compared to 550 in the previous year, as the Corporation continued to fill existing vacancies. There was a significant increase in the number of COVID cases as this year the Corporation recorded 150 cases compared to 60 cases last year. To minimise exposure, the Corporation employed various interventions such as continuously educating employees on COVID protocols, encouraging virtual and outdoor meetings, sanitising of hands and surfaces and weekly fumigation of premises. A total of 1 325 productivity days (including quarantine and isolation) were lost due to the pandemic compared to 512 days last year.

The Corporation continues to recognise employee loyalty and commitment through long service awards. Business reputation is reflected through long-serving employees. The retention of talent is critical in a highly competitive job market and thus making the Corporation one of the best entities to work for creates a potential to recruit new talent. A total of 79 employees were given long service awards for 10, 15, 20, 25, 30 and 35 years. Three employees have served the Corporation for over 35 years. In the next year, the Corporation will enhance its talent management strategy and employee value proposition as part of recruitment and retention strategy.

The tough socio-economic environment marred by the effects of the COVID-19 pandemic, social unrests and economic environment had an effect on the employee wellness climate though EWSC continued to have a relatively stable atmosphere. The Corporation continued to invest in employee engagement initiatives to enhance a harmonious industrial relations climate and a positive culture at the workplace. Thus, avenues for communication, recognition, feedback, articulating needs, wishes, complaints, goals and training of stakeholders representing employees in the workplace were continuously reviewed for relevance.

The review of founding agreements (such as the Recognition and Procedural Agreement) continued whilst the industrial relations climate remained stable. Capacity building workshops for the social partners and relationship building intervention sessions were held by management and the social partners to strengthen the relationship between the parties.

Our Customers

This year, EWSC continued to implement strategic activities that provided compelling customer experience at all EWSC touchpoints. Initiatives embarked on in the year included the revamp and rebranding of the EWSC Service Centres to create a seamless look and feel of all service centres. The Corporation also successfully launched the EWSC mobile app. The app serves as a one stop shop for EWSC customers, integrating all services provided by the Corporation. It allows customers to make service applications, check balances, make payments, check account history and send meter readings.

To support debt collection efforts, EWSC also implemented a Trolley Dash Campaign which was a promotion that sought to encourage EWSC bill payments. The competition was open to all EWSC customers who settle their water bills in full and on time. Winners were drawn from all four regions of the country and the campaign increased EWSC brand visibility and promoted the brand to be of mind when settling utility bills.

A Customer Satisfaction Survey focusing on corporate customers was carried out in the reporting period. The aim was to improve satisfaction from a baseline of 72%. The corporate customer satisfaction index was found to be at 76% (represented by parameters of accessibility of 86%, quality of service 80%, customer billing 64%, reliability 82%, cleanliness of water 78%). The survey examined the triggers and barriers to customer satisfaction with the aim of improving EWSC products and services, thus improving customer experience. The findings and overall feedback received from customers will inform an action plan that will be implemented to improve overall customer experience.

MESSAGE FROM OUR MANAGING DIRECTOR

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Water and Sanitation Challenges

In fulfilling its mandate of providing sustainable water and sanitation services, the Corporation faces the following challenges which limit its ability to deliver efficient services in the existing areas of supply and also to increase access and expand to new areas of supply in line with NDS and SDGs.

A. Revenue collection

Cash collection from billed amounts still remains a challenge, especially given the socio-economic impact of COVID-19. The working capital of the Corporation remained strained as the collectability of billed amounts especially from residential customers is becoming more difficult. This is of great concern going forward as the going concern of the Corporation is at risk.

B. Illegal connections, network vandalism and theft of meters

Water theft through illegal connections and network vandalism is of a recurring nature and increases non-revenue water and loss of revenue. The Corporation is implementing strategies to control these unfortunate incidences. With regard to the theft of meters, the Corporation continues to engage law enforcement agencies whilst piloting the replacement of brass meters with plastic meters.

C. Economic impact of COVID-19

The socio-economic environment within which business entities thrive, has become the new normal. Though the economic effects of the COVID-19 pandemic have subsided, financial losses in terms of foregone revenues and billed amounts not settled continue to haunt businesses as working capital remain stressed. The debtors book continues to be on an upward trajectory resulting in more cash locked in accounts receivable. The provision of sustainable service delivery remains under threat as long as cash generated from sales continue to deteriorate against increasing operation and maintenance expenditures.

D. Old and aging infrastructure

The cost of old infrastructure due to pipe bursts and water leakages is non-revenue water and the opportunity cost of service disruptions. A significant portion of the infrastructure network is beyond its economic life and inevitably needs to be replaced. Due to budget constraints, the Corporation replaces its network assets using a phased approach.

E. Budget constraint for water and sanitation infrastructure

The NDS, SDG and EWSC Strategic Plan emphasise the need to invest in water and sanitation projects for the purpose of achieving the desired objective of increasing access to clean water and safe sanitation services. However, investment in water and sanitation assets requires huge capital outlays with lesser investment returns and longer investment recovery periods, creating an infrastructure investment gap. This creates a challenge as funds from retained income may not be adequate to close the investment gap and funding from financiers may not be readily available either, because of the perceived risk in the payback period.

F. Compliance with environmental regulations

Industries are still failing to pre-treat their effluent making it harder to comply with the environmental regulations. This puts a strain on the Corporation's wastewater treatment plants making it extremely difficult to comply with the effluent regulations (WPCR, 2010).

Acknowledgement

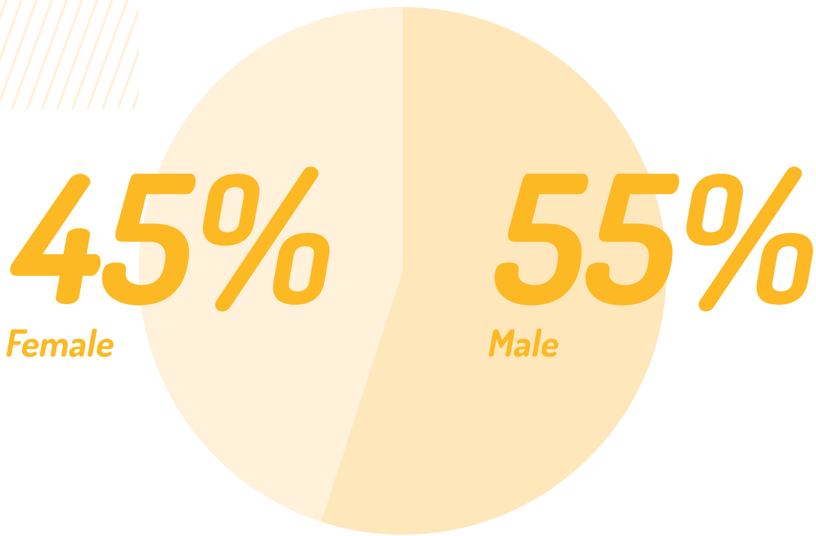
I extend my sincere gratefulness to all our people for being courageous and showing strength during these hard times. Despite the risks posed by our operating environment, you all worked tirelessly through many difficulties to ensure the sustainable delivery of services. As we take the organisation forward amid environmental uncertainties, it is expected that risks and opportunities will emerge, and I am counting on all of you to stay relevant in changing times by being adaptive, creative, and innovative. As we continue to live with the pandemic without restrictions, let us still remain vigilant as the possibility of a fifth wave remains alive.

Jabulile Mashwama
Managing Director

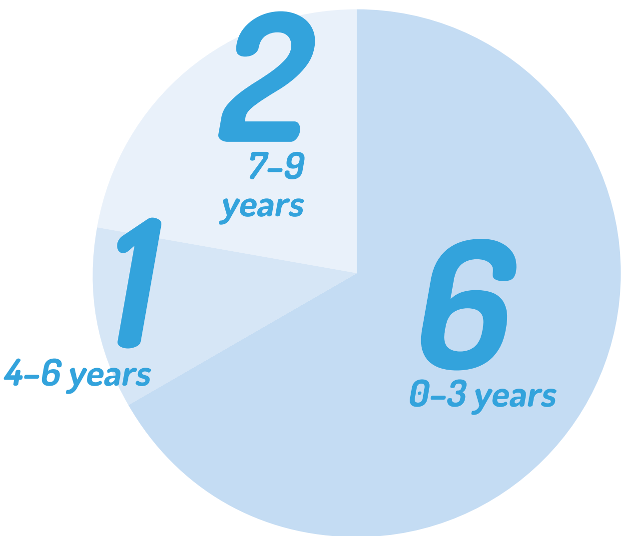
BOARD OF DIRECTORS

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

- Health 2
- Economics 2
- Law 1
- Strategy 2
- Accounting and finance 1
- Public policy 1

BOARD OF DIRECTORS

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1. Mr Benedict Xaba

Chairman

Dip (Nursing); BA (Hons) (Healthcare Mngt); MDS (Health and Development)

Mr Benedict Xaba joined the EWSC Board as Chairman and non-executive member in June 2014. Mr Xaba served the Government of Eswatini as a Minister for Health from 2008 to 2013 and was also an elected Member of Parliament for the Shiselweni 11 constituency for the same period. Prior to his political appointment, he served as a Director for NATICC which he cofounded. He has also worked in the Ministry of Health and served as a Board member for Stop TB in Geneva, Switzerland. Mr Xaba has also worked for Otsuka Holdings in Geneva as a Senior Public Health Advisor for Africa and has also served as a Special Envoy for TB and Mining in Southern Africa. He has also served as an alternate Board member of the Global Fund representing East and Southern Africa. Mr Xaba has served AMICAALL-Eswatini as a National Director. His current position is Clerk to Eswatini Parliament.

2. Ms Jabulile Mashwama

Managing Director

BSc; MBA

Ms Jabulile Mashwama joined EWSC as Managing Director in December 2018. She is the executive member of the EWSC Board. Prior to joining EWSC Ms Mashwama had served as a Minister of Commerce, Industry and Trade as well as Minister of Natural Resources and Energy during her 10 years as Senator in the Parliament of the Kingdom of Eswatini. In her role as a minister, she piloted various legislation nationally to support Government's reform strategies. As Minister for Natural Resources and Energy, she was responsible for development of Water and Energy Policies in line with the United Nations Sustainable Development goals, with a special focus on SDG 6 and 7; providing clean water and sanitation for all and providing affordable and clean energy. She has been a member of many international initiatives focused on regional and global development agenda including the African Ministers Council on Water (AMCOW), The Common Market for East and Southern and Africa (COMESA), Sanitation and Water for all (SWA) amongst others. During her 10 years as a minister, she had political oversight of several state-owned enterprises including the national electricity and water utility companies, the energy regulator and investment promotion agencies. This role included reviewing and approving the strategic plans of these state-owned enterprises and importantly overseeing their corporate performance. Ms Mashwama has previously worked in the private sector for a leading global FMCG company as Human Capital Development Director, where she was responsible for developing and implementing policies, strategies and tools for performance management and organisational culture improvement.

3. Ms Dorcas Dlamini

Non-Executive Member

BA (Social Science)

Ms Dorcas Dlamini joined the EWSC Board in August 2021 in an ex-officio capacity (Principal Secretary in the Ministry of Natural Resources and Energy) as per section 4 (1) of the Water Services Corporation Act of 1992. Ms Dlamini is the Principal Secretary at the Ministry of Natural Resources and Energy. Prior to her appointment as Principal Secretary, she held the position of Undersecretary at the Ministry of Defence and National Security and also served as Assistant Political Analyst at the Ministry of Foreign Affairs and International Cooperation.

4. Mr Hilton Dlamini

Non-Executive Member

BA (Social Science); Advanced Taxation Cert.

Mr Hilton Dlamini was appointed to the EWSC Board in an ex-officio capacity (representing the Principal Secretary in the Ministry of Finance) in August 2021. He is the Senior Finance Officer, Fiscal and Monetary affairs (Trade Policy and Regional Integration Section) at the Ministry of Finance, having joined the Ministry as a Finance Officer in 2007. Mr Dlamini has also served the Ministry under the Tax Policy Section. Prior to joining the Fiscal and Monetary Affairs Department, he worked as a Tax Officer under the then Department of Taxes (Eswatini Revenue Services). Mr Dlamini is a Representative Member of the Ministry at the SADC Tax Incentives Working Group and Eswatini Sports and Recreation Council Board. He has also represented Eswatini in the COMESA Audit Sub-Committee and participated in SADC workshops on the negotiation of tax agreements.

5. Mr Mvuselelo Fakudze

Non-Executive Member

BCom, 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 post graduate diploma in accounting at the University of Strathclyde in Glasgow. Mr Fakudze has served on various Boards both in Eswatini and South Africa. Some of them include Tibiyo Taka Ngwane, Eswatini Charitable Trust, ALLPAY, and some securitisation vehicles whilst at Absa to name but a few.

6. Ms Zandile Nhleko

Non-Executive Member

MPH (Maternal & Child Health); BNSc (Community Health Nursing)

Ms Zandile Nhleko joined the EWSC Board as a non-executive member in May 2018. She is an accomplished public health practitioner with over 15 years' experience working with not-for-profit organisations on various community-based health initiatives. She has worked extensively with the Ministry of Health and international organisations, participating in various technical working groups, curriculum development for health care workers in paediatric HIV care and adolescent sexual and reproductive health. She is currently employed by the Baylor College of Medicine Children's Foundation – Eswatini where she serves as the Programs Manager, responsible for the management, expansion and development of various projects aimed at improving paediatric and adolescent health.

7. Mr Sipho Dlamini

Non-Executive Member

Dip (Criminology/Police Studies)

Mr Sipho 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.

8. 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 a few.

9. 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 in different committees and Boards in positions including Chief Negotiator (EWSC) and 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.

EXECUTIVE MANAGEMENT

Ms Jabulile Mashwama

Managing Director

BSc; MBA

(Refer to Board profiles)

Ms Susan Nkumane

Finance Director

BCom; FCCA; FCIA

Ms Susan Nkumane joined EWSC in September 1999 as Internal Auditor and became Internal Audit Manager in 2003. In July 2014 she was appointed Finance Director, a position she still holds to date. Before joining EWSC she worked for Ernst and Young, a Firm of Auditors as an Audit Senior. She has also served as a Board member for Swazi Bank and the Motor Vehicle Accident Fund (MVA).

Ms Nontombi Maphanga

Technical and Operations Director

BSc; BSc (Civil Eng); GDE (Civil Eng)

Ms Nontombi 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 into 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 and currently serves as a member of the Town Planning Board.

Mr Sicelo Dlamini

Strategic Services Director

BSc (Mechanical Eng); MBA

Mr Sicelo 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).

SENIOR MANAGEMENT

Finance

Hlobsile Dlamini
Finance Manager
BCom; ACCA; CA (SD)

Zanele Dlamini
Commercial Manager
ACIS; MDP; MBA

Bernard Dube
Business Analyst
BCom; MBA; FCIS; Certified Utility Mngt Specialist

Phindile Nkomo
Procurement Manager
ACCA; MDP

Technical Services

Mlungisi Simelane
Projects Manager
BSc; BSc (Civil Eng); MBA; PrEng; PrPCM

Mcebo AG Sigudla
Survey Engineer
BSc (Survey and Geodetic Engineering); MEngMngt (Urban Management)

Malusi Dlamini
Water Loss Engineer
BSc (Civil Eng); MSc (Civil Eng)

Mangaliso Mavuso
Quality Assurance Manager
BTech; BCom; MDP

Dumisa Dlamini
GIS Manager
BA (Social Science); MSc (Bus Info Tech)

Bongani Thusi
Mechanical Engineer
Dip (Mechanical Eng.); BTech (Mechanical Eng.); BSc Hons (Energy Studies)

Celumusa Vilane
Hydraulics Engineer
Dip (Civil Eng); BSc (Civil Eng)

Mandla Masina
Projects Engineer
BSc; BSc (Civil Eng)

Ranganai Zizhou
Projects Engineer
BEng (Civil Eng)

Sabelo Kunene
Process Engineer
BSc (Civil Eng); Adv. Dip (Project Mngt); MBA; PrEng; PrP.C

Velile Dlamini
Electrical Engineer
BEng (Electrical) GCC

Maxwell Mangwe
Projects Engineer
BSc (Civil Eng)

Zandile Ndlovu-Mamba
Projects Engineer
BSc (Civil Eng.); MSc (Project Mngt)

Makhosazane Mangwe
Projects Engineer
BSC (Civil Eng); PrEng

Phumelele Mokoena
Projects Engineer
BSc (Civil Eng); Meng (Civil Eng)

SENIOR MANAGEMENT

CONTINUED

Operations

Sikelele Fakudze
Regional Manager – Central
BSc; Hons BSc

Thobile Simelane
Regional Manager – South West
BCom; R.A (SD); MDP

Elwyn Dlamini
Regional Manager – East
Dip (Agric); BSc (Agric)

Aubrey Mkhonta
Regional Manager – North West
Dip (Water Tech); HND (Civil Eng); MBA; Adv. Dip (Project Mngt)

Strategic Services

Innocent Mkhombe
Information Technology Manager
BSc (Computer Science); Cisco Certified Networking Associate (CCNA); MDP

Angeline Matsenjwa
Human Resources Manager
BSc; MBA; Cert. HRM; MDP; Cert. Advanced Labour Law

Tholwaphi Mkoko
Employee Relations Manager
LLB; Cert. in Retirement Funds

Nhlanhla Dlamini
Production Manager
BSc; MBA

Abraham Dlamini
Corporate and Facilities Manager
National Dip (Mechanical Engineering); MDP

Customer Experience

Ms Nomahlubi Matiwane
BSocSc (Media and Communication); MBA

Internal Audit

Ms Bongiwe Hlatshwayo
Internal Audit Manager
BCom; ACCA; CA (SD)

Sibonginkhosi Mamba
Environmental, Health and Safety Manager
Dip (Environmental Science); BSc (Environmental Science); MDP

OPERATING ENVIRONMENT

AS AT 31 MARCH 2022

Lubovane Dam

100.7%

Hawane Dam

100%

Luphohlo Dam

96.8%

Maguga Dam

100.1%

Mnjoli Dam

103.9%

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 NDS 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 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 (PA) with Government running from April 2020 to March 2025. The PA sets out the relationship, duties and responsibilities of both parties as well as performance targets (financial and non-financial) to be achieved by EWSC in the contract period.

Other regulatory bodies include the Construction Industry Council (CIC) which regulates players in the construction industry, monitor industry performance and promote minimum standards and best practice for contractors. The oversight of public procurement rests with the Eswatini Public Procurement Regulatory Agency (EPPRA) which is mainly responsible for ensuring compliance with the Procurement Laws and Regulations. Environmental issues are regulated by the Eswatini Environment Authority which monitors and enforces laws and regulations relating to the conservation and protection of the environment.

Economic and Physical Environment

As the economy opens and business activities return back to normal, economic growth is expected to remain positive. Economic activity is estimated to have increased by 4.5% year on year in the first quarter of 2022 from a revised growth of 2% in the fourth quarter of 2021 *(Central Bank of Eswatini, Monetary Policy Statement, 21 July 2022).* Economic growth is projected to continue recovering in 2022. Real GDP growth is projected at 2% in 2022 and to 1.8% in 2023, reflecting the implementation of the Government's three-year fiscal adjustment program (World Bank in Eswatini Report, April 2022).

Rainfall in the second half of the reporting period was reported to have shown a good geographic spread in terms of quantities. The last week of September and the first week of October 2021 received normal to above normal rains. The month of February 2022 was reported to be the driest, with rainfall less than that received last year. The country's major dams at year end stood at the following levels: Mnjoli 103.9%, Maguga 100.1%, Lubovane 100.7%, Hawane 100% and Luphohlo 96.8%.

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

EWSC VALUE CREATING BUSINESS MODEL

INPUTS

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

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 and accounting)

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

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

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

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

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).

OUTPUTS

Financial
- Increased assets value
- Financial benefits for stakeholders

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

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

Stakeholders and social relationships
- Customer satisfaction
- Strategic partnerships with business and social institutions
- Cultural, educational and environmental programmes

Natural
- Potable water
- Treated wastewater
- Cleaner environment

BUSINESS ACTIVITIES

- Improved access to reliable and sustainable water supply
- Improved access to sanitation
- Improved quality of life and livelihood
- Poverty reduction through access to water and sanitation
- Safer environment
- Reduction in waterborne diseases

VALUE CREATION

CONTINUED

EWSC Value Creation Framework

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 imperatives, create value for business and stakeholders, particularly our employees and customers. This translates into measurable milestones towards the achievement of performance targets under the Strategic Plan and the Performance Agreement with Government. The diagram below summarises our 2022–2025 strategy framework.

EWSC 2022–2025 Strategy Framework

Strategic focus areas	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	To efficiently manage resources in order to remain viable

Performance against annual targets is measured quarterly and at the end of the year using the balanced score card measures of success. The milestones are then compared with the overall objectives of the strategic plan and new targets defined for the following year's scorecard until they are achieved within the strategic plan period.

PERFORMANCE

Operations

South West Region

Raw Water

The region entered the new year with compromised water supply as raw water supply into the Lavumisa balancing dam halted, this emanating from a damaged electric cable at the Jozini dam supply system. This resulted in rationing through the networks and the eventual water supply suspension in some areas while residents were supplied through stationary tanks located in strategic areas. This caused increased customer complaints, which were exacerbated by the civil unrest that coincided with this. An estimated total increase in costs of E2.1 Million was incurred by the region as an outcome of the raw water supply outage. Nhlangano, Mankayane and Hlatsi water sources were relatively stable during the year, with intermittent floods being the major disturbances.

Growth

The region installed 903 connections this financial year resulting in an estimated increase in livelihoods supported of 4 500 people. A total of 283 connections were from water supply network extension projects at Mbangweni and Dlovunga which were supported by World Vision Eswatini. There were 36 new sewer connections made during the year. The extension of sewer services was not a priority as the existing wastewater treatment plant is overstretched. The focus on sewer extensions will commence upon completion of the new Waste Water Treatment Plant (WWTP) under construction in July 2022.

Revenue

Total revenue for the year amounted to E58.8 Million which is 16% above the target of E50.6 Million. This positive performance in revenue is due to a 13% increase in billed volumes which can be attributed to the increased number of connections and water demand by our key customers.

Debt Management

Debt remains one of the challenges in the region. At year end debt was at E24.6 Million representing a 32% increase from the previous year (E18.6 Million). Government and the residential category of customers were the biggest contributors to the regional debt at 45% and 29% respectively.

The collection ratio averaged 86% for the financial year representing a 10% decline from the previous year. The debtor's days as at 31 March 2022 were at 154 days, an increase by 18 days from the previous year. Efforts to recover the debt include a debt recovery program which is currently being implemented following the adequacy analysis for meter readers and disconnectors.

This analysis resulted in the engagement of an additional meter reader for the region. This will enable the region, going forward, to eliminate and or reduce the growth of the debtors' book and the progressive aging of the debts. The aggressive disconnection and uprooting of owing accounts above six months continued to be implemented.

Quality Compliance

The overall potable water quality compliance was 93.4%, 5% below target and a 1.5% regression from the previous year. The biggest contributors to quality challenges were the Hlathikhulu, Mankayane and Lavumisa treatment plants. Two projects have been earmarked for the 2022/23 financial year for the rehabilitation of Mankayane and Hlathikhulu water treatment plants. Effluent quality compliance recorded 76% showing a 1.2% improvement from the previous year.
The currently used WWTP, that employs stabilisation ponds, contributes to the poor performance, as it is over-subscribed. The new Nhlangano WWTP expected to commence its operation in the 2022 financial year is expected to improve compliance.

Human Capital

The region's staff complement stood at 59 employees at year end and there were three exits, one of these being due to mandatory retirement. A total of 12 COVID-19 cases were reported and there were no fatalities.

Safety, Risks and Health

There were five Injury on Duty (IOD's) incidents reported in the year with a total lost time of 32 hours. None of these incidents were serious as all were first aid cases.

North West Region

Raw Water

The reporting period had more than normal rainfall which also benefitted the Ezulwini area which sometimes faces water shortages. The commissioned 500mm Mbabane-Ezulwini gravity line augmented supply when there were water availability challenges in Ezulwini. The complementary system at Lamgabhi/Mdzimba Water Treatment Plant (WTP) was operated intermittently in a bid to balance chemical usage due to the high turbidity of raw water caused by the heavy rains experienced this period. Maguga Dam level was at 100.1% and Hawane dam level at 100% and overflowing at the end of March 2022 following the substantial rains.

Growth

The region grew by a total of 850 new water connections in the year. This represents 71% of the target which was 1 200 water connections. The Mpolonjeni/Manyisa Water Supply Project was commissioned in March 2022 and more household connections are expected in the year 2022/23. Approximately 500 homesteads (out of a population of 2 500) are expected to benefit from this project. There were 62 new sewer connections installed as of 31 March 2022.

Revenue

The region recorded a total revenue of E145 Million which is 6% less than the target of E153.6 Million. The COVID-19 pandemic and political unrest contributed to the decline in sales. The Corporation also experienced an IT system breach in June–July 2021, and consequently customer bills could not be issued on time.

Debt Management

The total debtors as at the end of financial year was E80 Million. The collection ratio averaged 90%. The debtor's days stood at 208. To manage and reduce debtors, some initiatives were implemented which included: meter reading and meter disconnectors staff adequacy analysis, engagement of two temporary meter disconnectors, trolley dash, major disconnection exercise, Know Your Customer (KYC) updates and bulk SMSs reminding customers to pay overdue bills. Uprooting long disconnected properties which have been dormant for more than six months commenced and is an ongoing exercise. Customers were segmented according to their risk profile where focus is to disconnect consuming customers who have balances of over 120 days. A risk matrix was developed which places customers in quadrants; high risk-high balance, high risk-low balance, low risk-high balance, low risk-low balance.

The region has other debt reduction strategies to be implemented during the next financial year (2022–2023). This includes amongst others:

- Managers and Supervisors Meter Disconnection Investigation/Audit Exercise – The objective is to disconnect long overdue accounts with high balances, investigate if there is an alternative water supply/source for customers who do not respond/pay after being disconnected for non-payment and or possibility of illegal connections/water theft especially customers residing in urban areas. It is also meant to assess if the disconnection exercise is executed effectively by the Meter Disconnectors.
- Remove/reduce inactive accounts with balances from the debtors age analysis to the bad debt account. These are the long-disconnected and uprooted properties and long terminated accounts with balances.
- Aggressive uprooting of long-disconnected accounts.
- Profiling and tracking high-consuming customers who regularly default payment.
- Devising a framework for data collection of information from defaulting customers regarding unwillingness to pay EWSC, resulting in accumulated debts and regular disconnections for non-payment.
- Merging Meter Reader and Disconnector Job Profiles – to improve efficiencies during the meter reading cycle. Through this merger, they will all perform or carry out disconnections for non-payment. Defaulting customers will be disconnected timeously as opposed to several months. This will assist in behavioural change for our customers in terms of regular payment culture.

Quality Compliance

The overall potable quality compliance for the financial year was 95%. To improve the water quality compliance, there is an ongoing plant upgrade at Ngwenya WTP. The slight drop in compliance was also influenced by the continuous rains during the year. The effluent quality compliance stood at 76%. The decrease in compliance rate is mainly due to the Ezulwini WWTP Project rehabilitation's effect on some of the treatment processes. Ngwenya WWTP plant rehabilitation was near completion at the end of March 2022.

Human Capital

The region closed the year with a staff complement of 133 employees. There were five exits of which three were mandatory retirement, one retirement on medical grounds and one resignation. The region recorded a total of 26 COVID-19 cases during the year and there were no casualties.

Safety/Incidents

There were nine recorded IOD incidents and none were fatal. Safety for employees, customers, public, property and environment are a priority, hence mitigation measures continued to be implemented.

Stolen Meters and Damaged Meters

The region suffered vandalism of infrastructure during the period. A total of 187 customer meters were stolen between April 2022 and March 2022. The highest incidents recorded occurred at Mahwalala, Nkwalini, Mangwaneni, Nkoyoyo, Fonteyn and Sidwashini. Engagement with law enforcement agencies and communities is ongoing to minimise and manage these cases.

Central Region

Raw Water

The Central region like most parts of the country received greater than normal rainfall especially in the 3rd and 4th quarter of the financial year. This resulted in major challenges with raw water sources due to flooding of the raw water intake works. The heavy rains flooded the raw water canal at Matsapha Raw Water Pump Station with silt and debris, and compromised production and system stability. Power outages were frequent and resulted in water supply interruptions in some service areas. A total volume of 11.2 million cubic meters was abstracted this year which was a decline from the 11.9 million cubic meters in the previous year.

Growth

Against the backdrop of challenges caused by the pandemic and above normal rainfall, the region witnessed a significant organic growth in water and wastewater connections. A total number of 1 495 new water connections were installed in the region (compared to 2 415 water connections and 326 sewer connections in the previous year). The sluggish growth is attributed to the depressed economy that is still recovering from the pandemic. The region succeeded in implementing an energy cost reduction initiative where pumping facilities attained 3% reduction. This programme is ongoing and is geared towards optimisation of energy usage.

Revenue

Total revenue for the year amounted to E230 Million representing a growth of 20% compared to last year (E190 Million). The increase was due to the relaxation of COVID-19 pandemic regulations which allowed institutions and businesses to return to normal operations.

Debt Management

Debtors increased from E96 million in March last year to E134 Million this year reflecting an increase of 40%. Residential and Government accounts were the major contributor to the debtor's book. The escalating debt book was compounded by the IT system breach that was experienced by the organisation in June–July 2021 and negated the issuance of customer bills, consequently affecting revenue collection. A significant number of customers especially commercial customers could not process payments without corresponding invoices. This also affected the ability of the region to implement disconnections for non-payment. As part of the initiatives to manage debt, the region intensified the disconnection of all consuming accounts with long outstanding balances. For accounts disconnected more than six months, the connections are uprooted, and the debt referred to debt collectors. Terminated accounts are also investigated and debt settlement followed up.

PERFORMANCE

CONTINUED

Quality Compliance

Potable water quality compliance remained the same at 94% despite the fact that the region received a lot of heavy rains especially in February 2022. The increased turbidity in raw water sources put a strain on water treatment facilities. Effluent quality compliance was at 68.5% which was a slight decline from last year. To address the non-conformances, the region commissioned the sludge dewatering plant which is now operational at Matsapha WWTP. Nhlambeni is also under rehabilitation, with the clarifiers and trickling filters completed. Rehabilitation of the sludge digesters will be implemented in the next financial year.

Human Capital

Total staff complement remained unchanged at 141 employees. The COVID-19 pandemic continued to be a challenge in the region where 28 employees contracted the virus, increasing the number of sick days. It is however worth noting that all cases recovered from COVID-19 infections during the reporting period.

Safety/Incidents

In the reporting period, the region recorded 17 IOD's and near-misses and two property damages.

East Region

Raw Water

The region's main raw water source is the Mbuluzi River downstream the Mnjoli dam which recorded an average of 103.9% at the close of the reporting period. Other raw water sources are the Komati River which supplies the Mananga WTP, the canal supplying the Vuvulane WTP, and Ngwavuma River which feeds into the Lubuli WTP. Lomahasha sources its supply from groundwater through a borehole. Generally, there has been no raw water supply challenges experienced due to above normal rains received in the year except in the Lomahasha area. The region abstracted a total volume of 2.99 million cubic meters of raw water showing a slight increase compared to last year's 2.78 million cubic meters.

Growth

The Region grew by 1 046 water connections exceeding its target of 1 000 connections. The connections were mainly due to projects completed in the previous year that attracted new customers to the supply networks. There were 27 new sewer connections attained against a target of 40. These connections are from real estate developments within the Siteki urban area.

Revenue

The region recorded a total revenue of E46.5 Million representing a 12% increase from the revenue of E41.3 Million recorded in the last year. This is attributed in part to the tariff increase and the connections growth.

Debt Management

The region's debtors' book value has shown an increase from E25.7 Million at the start of the reporting period to E34.5 Million at end of March 2022. The collection ratio was at 80% against a target of 115% showing a decline from 89% reported in the previous period. This can partly be attributed to the economic strain and effects caused by the COVID-19 pandemic. A new strategy for debt management has been developed and currently under implementation to reduce the debt to acceptable levels.

Quality Compliance

The overall potable quality compliance for the year was 90.4%, falling short of the target of 98%. Plans to improve the water quality compliance are underway at the Simunye and Mananga WTP. The slight drop in compliance was also influenced by the incessant rains experienced in the 3rd and 4th quarters. The effluent quality compliance stood at 83% which is 13% lower than the target of 95%. Process upgrades were implemented at the Lugongolweni WWTP.

Human Capital

The total staff complement at the end of the year was 61 with no mandatory retirements or resignations recorded during the period. The region had a total of 11 COVID-19 cases during the year, and all fully recovered at year end.

Safety/Incidents

There were four recorded IOD incidents and none of them were fatal. A total of 334 hours were lost due the IODs.

Meters and Damaged Meters

The region suffered vandalism of infrastructure during the period. A total of 134 customer meters were stolen between April and March 2022. The highest incidents recorded occurred at Ngcina, Mpaka, Malindza, Shoba and Vuvulane supply zones. The communities were engaged to assist in curtailing these undesired incidents.

Quality Assurance

A. Potable Water

The product quality assurance function is instituted on a water monitoring program that is led by the laboratory. The purpose of the potable water monitoring program includes but is not limited to the following:

- To monitor catchment areas for contaminants which can affect treatability.
- To evaluate effectiveness of treatment processes at waterworks.
- To assure the quality of the product as delivered to the customer.
- To investigate why the product may not be meeting the quality objectives.
- To continually investigate new and emerging threats at raw water sources.

A total of 4 323 samples were collected in the EWSC Potable Water Sampling Program during the period resulting in 173 512 tests being conducted in the process. This represents a 78.6% success rate, which is lower than the previous year (82.8%). The samples collected include raw water (12.5%), treated water (12.5%) and distribution water (75.0%) of the total samples collected. The observed decrease in sampling frequency compliance resulted from the following factors:

- Interruption of the water monitoring program due to civil unrest experienced in the country.
- Temporary suspension of sections/areas of the network as a safety measure.

Tests conducted include bacterial (*Total coliform, Escherichia coli, Faecal streptococci*), nutrients (sulphate, nitrate, phosphate, chloride, etc.), cations (calcium, sodium, lead, magnesium, etc.), pH, turbidity, electrical conductivity, total suspended solids, alkalinity, etc. The potable water compliance against the EWSC Guideline & the EWSC-Eswatini Government Performance Contract was 95.4% for treated water microbiology, 95.6% for distribution water microbiology.

The overall potable water quality compliance for treated water against the WHO Guideline, which includes both physico-chemical and microbiology parameters was 94.3%. This represents a 1.4% increase from last financial year at 92.9%.

The treatment plant's turbidity compliance (WHO Guideline 5 NTU) increased to 80% from 76.1%. The 3.9% increase is resultant from improved treatment processes, which included better anticipation of changes in raw water turbidity experienced during rainy seasons. An introduction of a programme to daily report treated and distributed turbidity results did not only improve response time of quality deviation corrections but also improved the product quality.

B. Plant Audits

During the period, 246 of the 288 planned audits were conducted yielding 85.4% performance. The audits are conducted to ascertain the efficiency of plants' treatment processes and to identify areas for improvement. The key areas of improvement identified in the audits are already being addressed through housekeeping initiatives, operator training, equipment procurement, testing equipment calibration, plant and process upgrades and the 2022/23 Capex projects budget.

C. Reservoir Cleansing

As at 31st March 2022, 47 out of 83 reservoirs were cleansed. Reservoir cleansing was suspended at the onset of COVID-19, however, as the cycle runs until September 2022, focus will be increased with the improved prospects against COVID-19 and easing of controls.

D. Wastewater

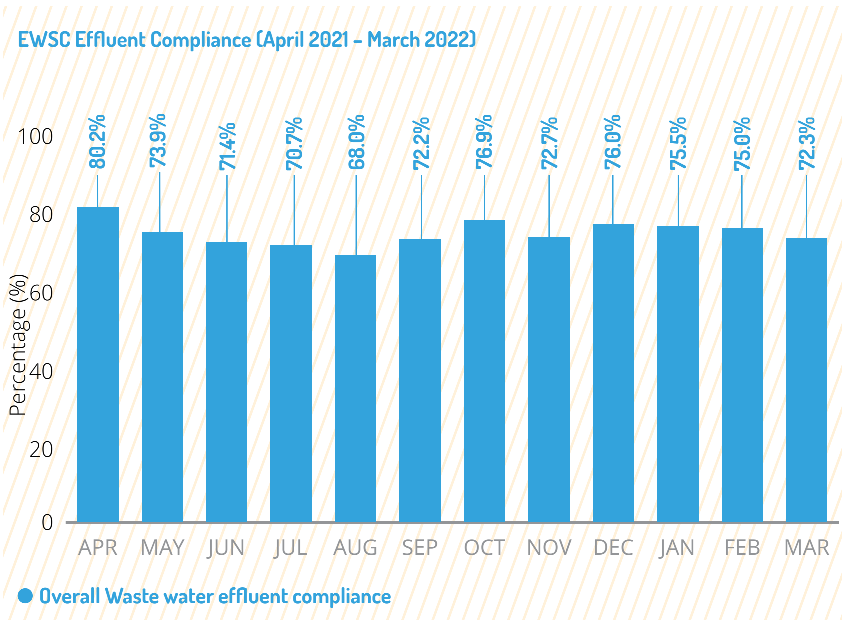
A total of 801 wastewater samples were collected and analysed during the financial year, resulting in 30 438 tests being conducted in the process. The tests range from microbiological to physico-chemical parameters (including organic pollutants and trace metals), which are used to evaluate the efficiency of WWTPs and the quality of the treated effluent before it is released to receiving water bodies such as rivers and streams.

It is worth noting that most of EWSC's WWTPs were not designed to meet the national regulations (Water Pollution Control Regulations 2010 (WPCR 2010) hence investments in the infrastructure are being phased in with the support of Government to upgrade these plants to meet the required standards. The 2022/23 capital projects budget covers rehabilitations and upgrades of selected treatment plants.

Overall, the wastewater effluent quality compliance decreased to 73.7% from 76.1% in the previous year. Phys-Chem compliance was generally good at above 70% consistently, but overall compliance was negatively impacted by colour and microbial compliance which were generally non-compliant. The performance of the Corporation's WWTPs is further constrained by the average effluent quality produced by industries. The Matsapha WWTPs operational design requires industry to pre-treat waste for final treating by EWSC.

The Corporation monitors industry compliance through an Industrial Effluent Monitoring Program (IEMP). Auto-samplers have been installed in five industries to enable the Corporation to continually monitor industrial effluent outside EWSC physical surveillance times.

The figure below shows the performance of EWSC's WWTPs. Ongoing plant rehabilitations and process upgrades as per the Corporation's Strategic Plan 2022–2025, are expected to improve the performance at these plants.



PERFORMANCE

CONTINUED

E. River Water Monitoring

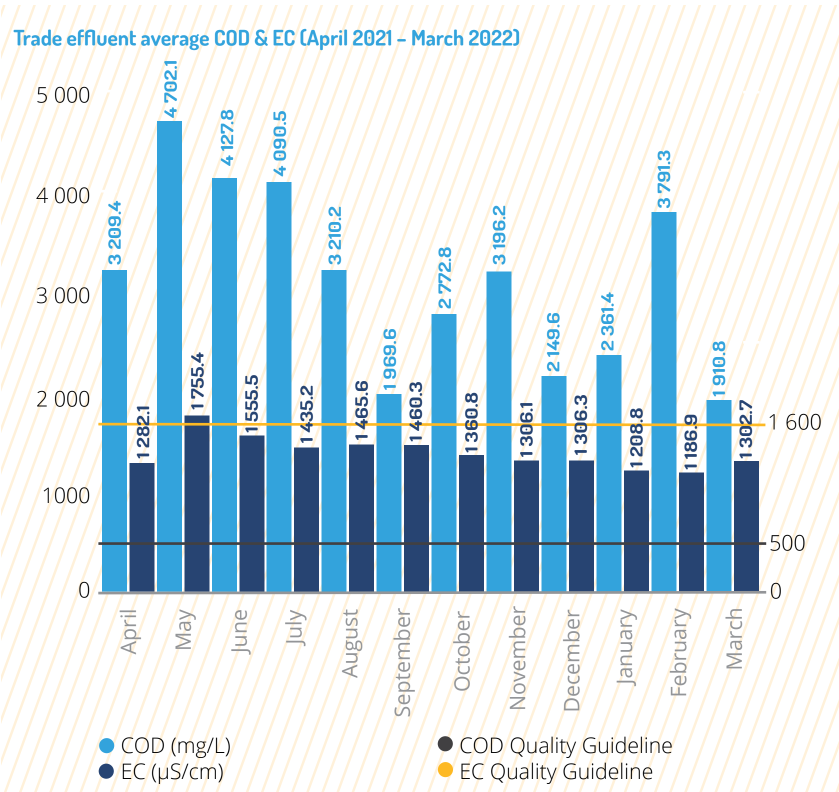
In the reporting period, 228 samples out of a targeted 240 samples were collected for the river monitoring programme. No deviation in the composition and quality of the river waters was noted, hence no threats were observed in raw water quality.

F. Trade Effluent

The Corporation's WWTPs have fixed operational limits and thus it is important to ensure that industries discharge effluent that is within the design limits in order to ensure that the plants can treat the inflow.

During the period, 1 452 industrial effluent samples were collected and 7 260 tests conducted. Out of the samples collected, 56.8% samples exhibited excessive Chemical Oxygen Demand (COD) content (>500 mg/L). The Electrical Conductivity (EC) content of industrial effluent sampled during the year showed that 28.1% of the samples exhibited excessive EC content (>1600 μS/cm). The higher COD average sampled from the industries in the IEMP has a direct correlation on the COD received by the Matsapha WWTP.

The average EC content in the Matsapha WWTP influent is higher than the average EC content from the industries which is attributed to unauthorised discharge and dumping by industry. To respond to this risk, the Corporation has installed auto samplers at selected companies. Night and unauthorised disposals are now monitored at source and penalties effected accordingly. The figure below depicts the average industrial effluent parameters (COD & EC) between April 2021 and March 2022.



Water Loss Management

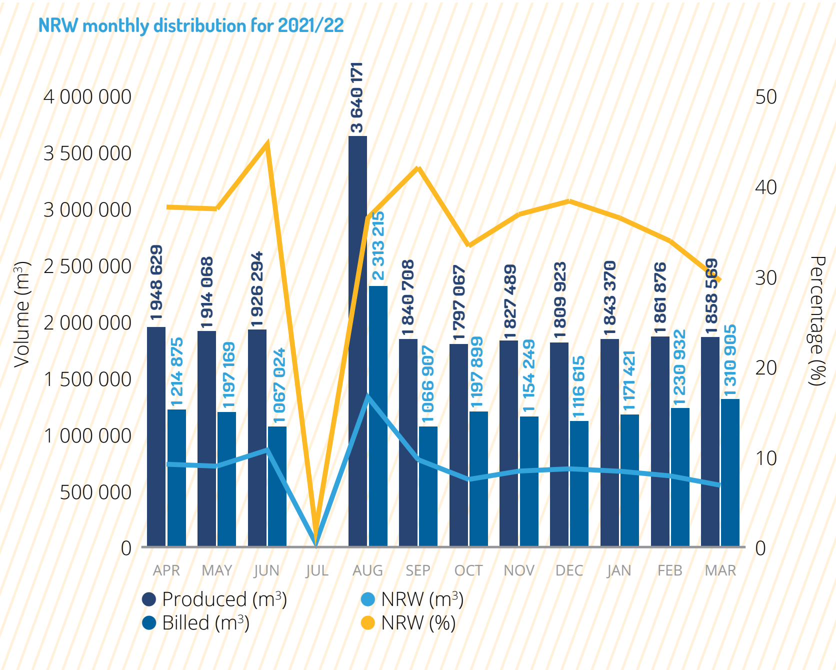
Non-Revenue Water Overall Analysis

The Non-Revenue Water (NRW), expressed as a percentage of system input volume for the financial year, was 37% with lower bounds and upper bounds of 32% and 42% respectively. The physical losses were determined to be 60% of the total NRW volume, therefore commercial losses were 40%. The 60% contribution to NRW by physical losses underscores the need to upgrade the aging infrastructure which has been identified as a threat. A challenge faced by the Corporation in the reporting period was political unrest which resulted in prolonged leakage times during that period of about a month. There was also decreased billed volumes as a result of the economic downturn due to the COVID-19 pandemic. The table below shows that in the 2021/22 financial year the Corporation experienced an increase in physical losses and commercial losses.

NRW Key Indicators

Type of Indicator	*Name of Indicator*	*Value*	*Standard*
Financial	**Percentage of system input volume**	**37%**	**<20%**
Financial	**NRW as percentage of operating cost**	**37% (estimate from IWA water balance s/w)**	**10%**
Commercial Indicator	**Litres/connections/ day**	**297 l/c/d**	**150 l/c/d**
Physical	**m^3/km/day**	**6.5 m^3/km/d**	**3 m^3/km/d**
Physical	**Infrastructure Leakage**	**3.1**	**1**

Under commercial losses, illegal connections are still a significant threat as they result in the decrease in billed volumes. The monthly performance of the Corporation in terms of NRW is shown in the figure below:



It is evident from the graph that from December 2021, there was an increase in billed volumes resulting from increased economic activity after COVID restrictions were relaxed.

The physical and commercial loss indicators show that there was a spike in losses in June, July and August 2021. This was due to a combination of factors including cyber-breach, political unrest, COVID-19. Improvement of these figures were noted from November 2021 after the resolution of the cyber-breach issues. In July 2021 billing could not be concluded.

The physical losses indicator shows a downward trend throughout the financial year. This is largely due to improvements made to the network in the form of pressure management and pipe replacements.

The Corporation lost 6.5 m^3 per km length of pipe per day, and furthermore 297 litres per connection per day was lost in the system. The Corporation has assessed the economic levels of NRW and concluded that physical losses can be reduced by 70%.

The regional contribution to NRW for the 2021/22 financial year is shown in the graph below. From the results, it is evident that the Central Region contributed the highest volumes which accounts for 47% of the total NRW volumes of the Corporation, followed by the North West Region with 27%, the East Region with 18% and lastly the South West Region with 8%.

PERFORMANCE

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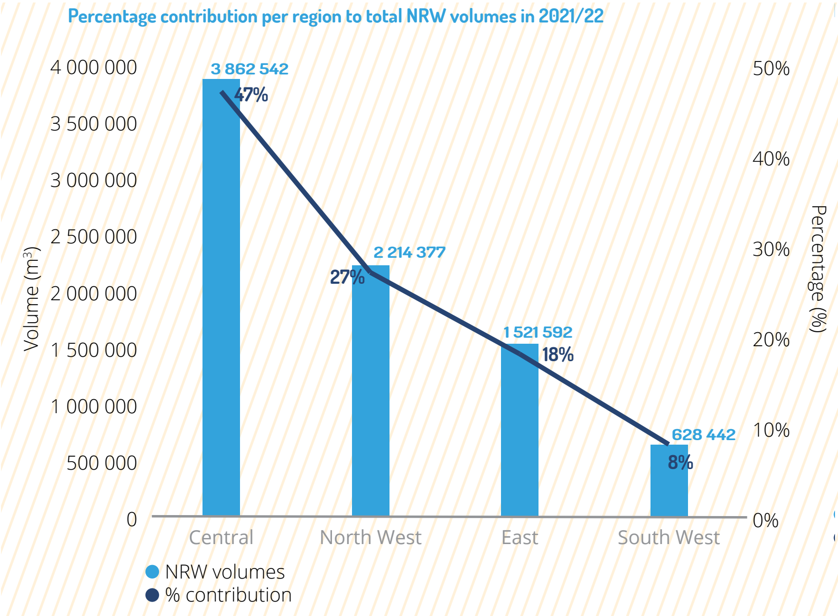
A pipe replacement programme targeting aging infrastructure has been budgeted for with the aim to reduce the NRW to 28% in the next financial year.



Survey Engineering

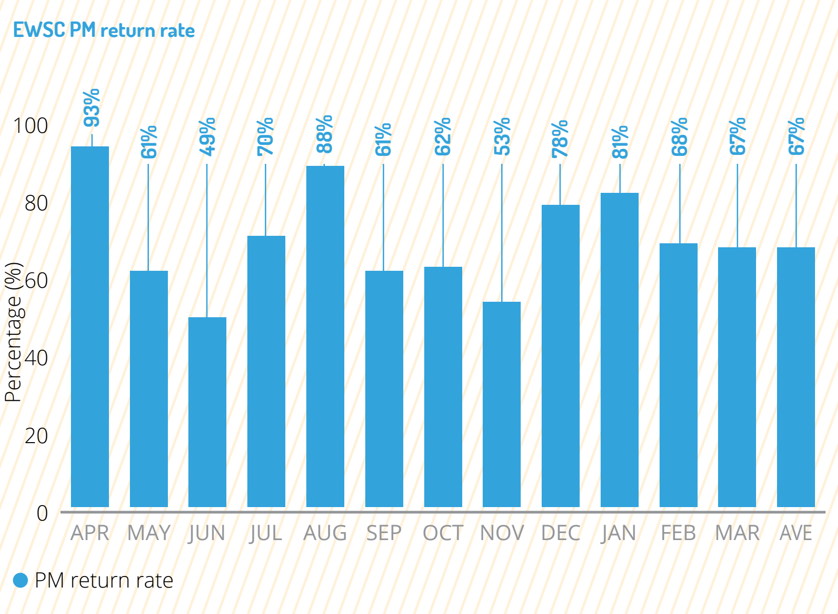
The Survey Office scrutinised a total of 571 building applications which were received from Matsapha (137), Mbabane (265), Ministry of Housing and Urban Development (148) and Ezulwini (21) compared to 551 in the previous year. Network information in terms of pipe length on CAD and GIS increased from 2 003km to 2 153km (7.5%) for clear water and from 560km to 562km (0.4%) for wastewater. New sites surveyed to increase water network information include Mahangeni, Malindza, Mankayane, Maseyisini, Mbabane (Mangwaneni, Maqobolwane), Mbangweni, Mbikwakhe, Mfabantfu, Mhlumeni, Ngwane, Nhlambeni, Nsongweni, Ntfonjeni (removed), Siphumelele Township, Siteki (Lituba) and Tubungu. Sewer network updates and surveys were conducted for Matsapha Sewer (to add airport connection), Eagles Wings sewer connection and Mbabane Engen sewer Connection. One Human Settlements Authority application was scrutinised to cover Portion 1470 of Farm 188 Matsapha. Seventeen surveys were done to explore extensions, encroachment investigations, sewer pipeline extensions, pipeline setting out and pipeline relocations. Design drawings were completed for the Mphofu WTP, Siteki WTP Trickling Filters, and Woodlands Potable WTP. As built surveys and drawing updates for process upgrades were undertaken for the following plants: Lubulini Potable Water, Mananga Potable Water, Mdzimba Potable Water Plant, Ngwenya Wastewater, Nhlambeni Waste Water and Matsapha Waste Water.

Mechanical and Electrical Unit

Work Order Reporting

Preventative Maintenance

Preventative maintenance (PM) work order return for the period, was below the set target of 90%, standing at 67%. The asset management system, Maximo was down for the better part of the second quarter and this created challenges in the issuance and monitoring of PM performance. PM was done on a manual approach which was not effective for both execution and monitoring.



The Corporation recognises the need to fast track the asset management programme especially the asset maintenance planning aspect as this will improve the quality of service provided.

PERFORMANCE

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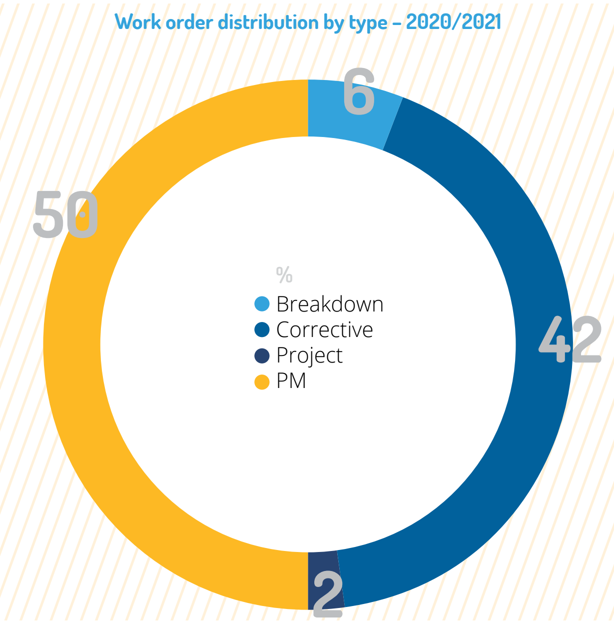
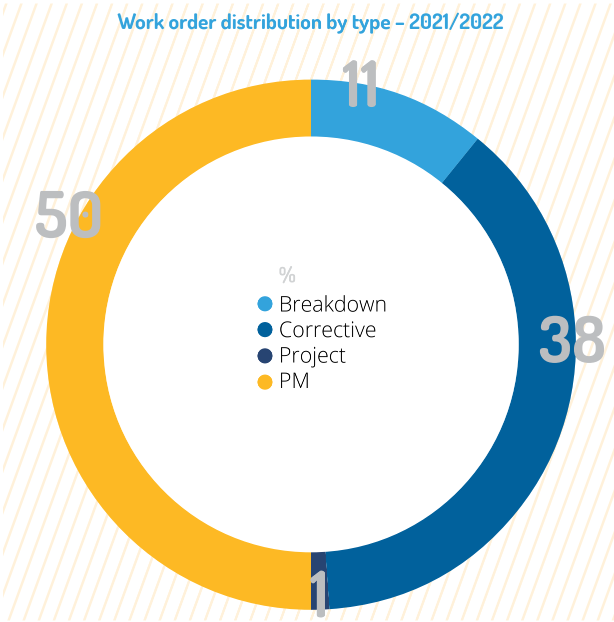
Work Order Distribution

Data being shared in the report is mostly based on the manual monitoring done after there was a maintenance system failure. The manual monitoring in the first and second quarter may impact the quality of data.

The chart below indicates that there was an increase in breakdowns. This is due to previous maintenance activities classified as corrective in nature being treated as breakdowns.





The work order return rate by type is as per the table below.

	Logged	*Complete*	*% Complete*
Breakdown	**360**	**276**	**77%**
Corrective	**1 268**	**1 045**	**82%**
Projects	**34**	**11**	**32%**
PM	**1 637**	**1 090**	**67%**
Total	**3 299**	**2 422**	**73%**

Ongoing projects were Makholokholo, Ngwenya Clear Water and the Ngwenya WWTW Projects, and due to long lead items, completion is scheduled for the next financial year.

The Central Region continues to have more maintenance activities. Areas which are having more activity are the Matsapha Plants mostly due to their criticality and capacity.

For the Northwest Region, sites with high maintenance activity continue to be Woodlands WTP, Mqolo Pre-Treatment and Ezulwini WWTP. The Woodlands clarification system which is of main concern due to structural deterioration is scheduled for rehabilitation in the year 2022/23. There is also an ongoing project that seeks to address Mqolo and Ezulwini failures which will lead to improvement for the sites.

The East Region activity is mostly centred around Simunye Water Treatment Works. There has been a slight increase in the South West Region activity this year, most of which was at the Masibini WTP.

Equipment Status

The equipment availability breakdown is shown in the table below.

Year	*Central*	*North West*	*South West*	*East*	*Corporate Average*
2020/2021	**79%**	**73%**	**85%**	**74%**	**78%**
2021/2022	**78%**	**76%**	**89%**	**77%**	**80%**

Equipment availability in the Central Region has seen some improvement following the rehabilitation of the Matsapha Treatment Works. The Nhlambeni WWTP and Ngwane Park Pre-Treatment Plant have undergone rehabilitation of most processes, and this has resulted in an improvement in equipment availability. There has been a slight decline in equipment availability at the Matsapha Wastewater Treatment facility. There has been an increase in the bio-reactor equipment failure (Aerators). The procurement process for the upgrade of Matsapha WWTW is underway which will see most of the issues attended to.

The Ezulwini WWTP has, in the last quarter of the reporting period, experienced low equipment availability. This has been due to the ongoing rehabilitation project at the site which required that most of the processes be taken offline.

For the East Region, Lonhlupheko Booster and Simunye Booster, were over the year the main contributors to low equipment availability. Lonhlupheko equipment availability issues were due to the pumping system that is being attended to. The replacement of pumping equipment at Simunye Booster Station is gradually being done to bring the site back to full functionality. Two new pumping units were procured and installed, bringing the station to 80% equipment availability. The last phase, to bring the station to full functionality will be carried out in the 2022/23 financial.

Strategic Asset Management

The overall progress based on the year 2021/2022 action plan stood at 70%.

Activities achieved are as follows:

a) Physical verification of assets was done and is at 99%.

b) Location creation is at 85% – delayed by finalisation of DMAs as these are used as locations.

c) Aligning existing asset register with physically verified asset is at 60%.

d) Development of maintenance plans for all asset types is at 80%.

e) Training on the ISO 55000 standard was done.

f) Review of the SAMP document (draft) was completed.

g) Draft of asset replacement procedure developed.

h) Draft Asset Disposal Procedure developed.

Meter Testing Facility

The Test Bench was accredited into SANS 17025:2005 in October 2019. Migration to SANS 17025:2017 standard has been completed. An on-site assessment by SADCAS was conducted in March 2022 and the facility was recommended for continued accreditation pending closure of raised non-conformities.

Energy Management

The Corporation continued to receive assistance from the Southern African Energy Program (SAEP). SAEP supported training on Energy Management was concluded in December 2021. A major component was the training of the Energy Management Team which will see to the continuity and sustainability of the Energy Management Programme.

SHE Audits

The Mbabane Workshop rehabilitation was completed, with minor works outstanding. SHE Audits in this site will resume in April 2022. The Matsapha Workshop evaluation began in May 2021 and the score has greatly improved from 88% in the 1st quarter to 96% in the 3rd and 4th quarter.

Contracts

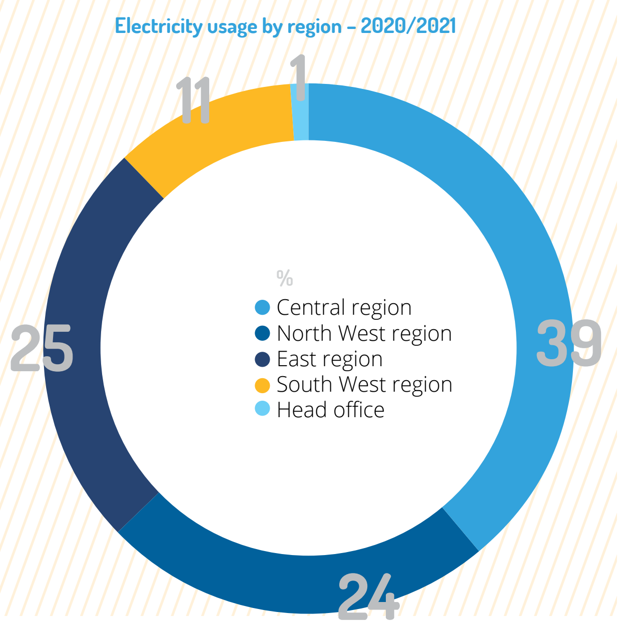
Two contracts were in place, these being the generator maintenance and the UPS maintenance contract. Both the generator and UPS contract came to an end in March 2022, and new service providers will be sourced via the tendering process.

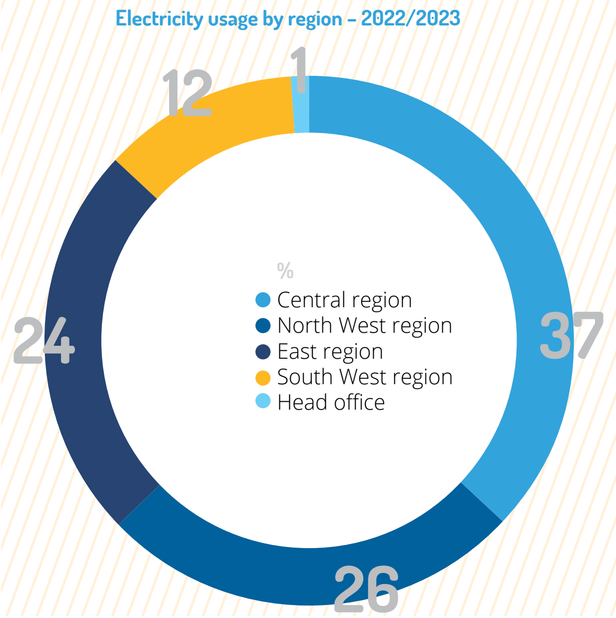
PERFORMANCE

CONTINUED

Electricity Reporting

Power usage by region is shown in the chart below.





Water supply systems are monitored for efficiency (measured in kWh/m³). Based on the baseline established in the previous financial year, systems are expected to improve by at least 3% each year. Below is the breakdown on how the supply systems are performing. The pumping facilities performance as per the table below.

Region	Baseline	April	May	June	July	August
Central region	0.73	0.66	0.69	0.67	0.75	0.70
Northwest	0.86	0.86	0.86	0.84	1.00	0.71
East	2.72	2.74	2.79	2.74	2.98	2.12
Southwest	1.46	1.28	1.30	1.46	1.69	1.31
Corporate average	1.08	1.05	1.08	1.06	1.20	0.96
% Change		-3%	0%	-3%	10%	-13%

For pumping facilities, the year-to-date reduction was at 3%. For the year, Simunye experienced an increase in specific energy usage due to systems challenges, causing poor energy usage patterns. In the Northwest, systems challenges experienced at the Phophonyane facility meant that more pumping had to be done from Maguga, which is energy intensive. The Central Region also experienced compromised pumping due to the quality of the raw water source at the Matsapha treatment plant requiring more backwashing in plant. For non-pumping facilities the performance is reflected in the table below.

	20/21 Avg	April	May	June	July	August
Total	172 092.41	155 615.39	157 390.27	182 600	174 296	163 762
% Change		-10%	-10%	6%	1%	-18%

For non-pumping facilities the year-to-date reduction in energy consumption was at 8%. Ezulwini WWTP, which is currently treated as a non-pumping facility had most of its equipment not operational during the latter months of the third quarter and the better part of the last quarter due to rehabilitation on going at the site.

	September	October	November	December	January	February	March	Ytd
	0.67	0.70	0.73	0.72	0.76	0.67	0.88	0.71
	0.81	0.96	0.84	1.85	0.92	0.94	0.91	0.95
	2.09	2.13	2.10	2.15	2.12	2.33	2.03	2.33
	1.42	1.21	1.35	1.36	1.40	1.42	1.60	1.40
	0.98	1.02	1.01	1.03	1.06	1.03	1.13	1.04
	-11%	-7%	-7%	-5%	-3%	-5%	4%	-3%

kWh 2021/2022

	September	October	November	December	January	February	March	Ytd
	140 779	130 734	159 315	151 264	145 951	151 830	176 885	158 467.25
	-18%	-24%	-7%	-12%	-15%	-12%	3%	-8%

PERFORMANCE

CONTINUED

Hydraulics Engineering

Network Design/Extensions

Communities throughout the country continued to submit requests for water supply extensions to the Corporation. Twenty-five designs were done in the reporting period. Developers also submitted designs for review in Malkerns Square Township, Mhlambanyatsi Village Phase 3 Water and Sewage Infrastructure Expansion and Tubungu Phase 5 infrastructure.

Water Demand Management Plan (WDMP)

The WDMP was completed in March 2022. The purpose of the WDMP is to ensure the long-term sustainability of water resources by migrating from the traditional supply side management to demand side management. It also aims at reducing the losses in the water system (non-revenue water), improving operational efficiencies, promoting rational use of water resources and equitable distribution of the resources. In order for WDMP to be fully implemented, reforms are required in terms of providing adequate regulatory, institutional and legal frameworks for delivery of services; tariff reforms which ensure financial sustainability of operations of the utility and internal policies aimed at improving the operational efficiencies and reducing NRW to acceptable levels.

Hot Spots Management

The Corporation is mapping areas where there are frequent pipe bursts, also known as "Hot Spots". These areas are tracked and investigated for remediation.

A phased pipe replacement program is being implemented in order to replace the pipes where hot spots are identified. Areas investigated and action plans were developed for the 250mm/160mm Gravity Main Pipe Bursts from Logoba Reservoir to Lozitha Reservoir, 400mm GRP Pipe Bursts from Lonhlupheko Booster Station to Lukhula Reservoir Pipeline, 355mm uPVC Pipe Bursts from Malindza Reservoir to Sikhuphe Reservoir Pipeline and Pipe Bursts on 600mm Gravity Main from Lower Fonteyn Reservoir to Msunduza. Hot spots are also managed on the sewer networks to reduce environmental incidents.

Water Loss Reduction

The Corporation continued to invest in District Metered Areas (DMA) to reduce NRW. The DMAs are monitored daily to ensure progression towards the NRW target. At the end of the year, the North West Region had 65 discrete DMAs, Central Region 63, South West 60 and East 55, yielding a total of 243 DMAs corporate wide.

The network calibrated hydraulic models were also initiated for effective pressure management. These will also help to assess future expansion projects in a holistic view. The East Region covered 90% of its hydraulic modelling, and the Central Region was at 50%. The North West and South West Regions models are scheduled for the next financial year.

Reservoir Calibration

Reservoir calibration is a tool for analysing the drawdown and recovery rate of a reservoir based on the demand. Knowing the drawdown and recovery rate helps the Corporation to give accurate information when there is a water supply shortage or interruptions in a particular area. The Matsapha A and B reservoirs have been calibrated and are being monitored.

Geographic Information Systems

Water Coverage and Access

Within the Urban Boundary

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

For the total existing 30 845 homesteads mapped within this boundary, 19 212 homesteads have access to EWSC water supply, representing a 62.3% access rate. Coverage on the other hand, represents all homesteads within a radius of 200m from a supply point and is higher at 27 701 homesteads, representing 89.8% 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, 27 115 of these have access to EWSC services whilst the total covered are 35 474. This represents a 65.8% access, and 86.1% coverage within the EWSC Scheduled Areas boundary as at the end of March 2022.

Within EWSC Actual Service Boundary

This boundary path was last created in April 2021. Due to continued requests for service extensions, there has been a gradual shift to the original boundary created in 2020, as the actual on-the-ground EWSC infrastructure and customer connections reflect change mainly due to growth.

The current EWSC Actual Service Path boundary has a total of 91 845 homesteads and 54 405 of these have access of EWSC services whilst the total covered are 86 399. This represents a 59.2% access, and 94.1% coverage within the EWSC Actual Service Path boundary as at the end of March 2022.

EWSC Sewerage Services

Out of the total 54 405 homesteads currently being serviced by EWSC countrywide, only 12 507 have access to both water and sewer as at the end of March 2022. A spatial analysis of the current wastewater infrastructure deployment indicates an estimate of 30 815 homesteads is potentially covered for sewer services throughout the country as at the end of March 2022. This translates to a 22.9% access for sewer and 56.6% coverage for sewer.

Properties Registration

This exercise seeks to ensure that EWSC properties are registered, and ownership transferred to EWSC. By year end, key processes towards the achievement of the proposed transfer for the remainder of the EWSC properties on title deed properties had been concluded, and coordinated with the Deeds Office, through the Ministry of Housing and Urban Development (MHUD).

Meanwhile, as an addition to the initial scope, EWSC concluded the legal acquisition and registration of the Nazarene reservoir and Staff Houses site through the Mhobodleni Local Authority.

Ecowater Business Unit

The unit embarked on an aggressive drive to grow the brand's footprint throughout the country to increase brand visibility and create consumer demand. A full product roll out was successfully carried out including the flavoured and sparkling ranges. The flavoured range was introduced per the market survey outcomes which identified flavours the market would prefer from the range of options tested. The market offering then resulted from that process and the market response has gone according to expectations.

Activities to create and increase demand for still products were also undertaken, such as alliances with sporting disciplines including athletics and cycling as well as golf. This yielded positive results and led to new customer acquisition, more consumption as well as improved performance. Following the strategic decision to be a contract bottler of choice, a number of customers opting for customised private labels came on board. This trend showed an upward trajectory throughout the period under review. An opportunity exists for an increased market share in bottled water products as total Eswatini imports for bottled water were recorded at E250 Million in the year 2021/22 (Source: ESRA).

PROJECTS

Universal access to safe water and sanitation is part of the Eswatini National Development Strategy (NDS) 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 Government agenda as shown in the following project summaries:

Eswatini Water Supply and Sanitation Access Project

This project is aimed at improving water supply in the Shiselweni Region, especially the Nhlangano – Sphambanweni area which is a rural and low-income area and also serves as a catalyst for local development, economic activity, the reduction of poverty and promotion of quality of life and shared prosperity. The project will also augment water supply to Matsanjeni which currently relies on water sourced across the border (RSA) from Jozini Dam. It will also create an opportunity to improve women's empowerment by reducing the time spent collecting drinking water, a role which is predominantly undertaken by women. The project has a sanitation component aimed at reducing the incidence of water-related diseases and improving the quality of life of the beneficiaries in the project area, including (a) expanding access to domestic sanitation services in the project area; (b) assessing and piloting the use of appropriate technologies for on-site sanitation in informal settlements, health centres and schools; and (c) providing support to strengthen institutions, policies, data collection and planning, and long-term sustainability of sanitation services. Lastly, the project entails potentially significant climate adaptation benefits given the impact it could have on improving the management of increasingly scarce water.

Scope: The project comprises the construction of a scheme to provide Potable Water and Sanitation services to the Shiselweni 1, Zombodze and Hosea. The scope of the works includes construction of (i) gravity and pumping mains; reservoirs at key strategic places; (ii) a pump house and sump; (iii) lateral and distribution networks and (iv) water kiosks in peri-urban and adjacent rural areas. The project also has a sanitation component inclusive of improving access to domestic sanitation facilities and on site sanitation for informal settlements using appropriate technologies.

Cost: Estimated at USD45 Million.

Financed by: World Bank and Government of Eswatini.

Status:

(i) Package 1 has contract has been awarded. Packages 2–5 are being re-designed to reduce costs.

(ii) Procurement of consultant for Water, Sanitation and Hygiene (WASH) Masterplan in progress is at evaluation stage.

(iii) Procurement of consultant for Ministry of Health (MOH) WASH Situational Assessment has been completed. A final assessment report for institutional and informal settlements has been done.

(iv) Procurement of consultant for the MOH Behavioral Change Campaign is in progress. The Expression of Interest evaluation process ongoing.

(v) Procurement of consultant for the NDMA Drought Management Plan is in progress. At Expression of Interest evaluation stage at year end.

(vi) Procurement of consultant for the NDMA Risk Profiles is in progress, at technical evaluation stage.

Expected date of completion: 2023.

Manzini Region Water and Sanitation Project

The project comprises the construction of a scheme to provide Potable Water and Sanitation services to the greater Manzini areas covering Nhlambeni, Mtfongwaneni, Manzini South and Mafutseni and their surrounding areas. The scope of the works include but is not limited to the following: potable water treatment plant, pump station to new reservoir, transmission mains, distribution mains from reservoir to the consumers and construction of water reticulation systems, construction of a sewer treatment plant, construction of sewer collectors, mains and outfall sewers to sewer treatment plant and sanitation facilities.

Cost: Estimated at SZL825 Million.

Financed by: African Development Bank (E720 Million) and Government of Eswatini (to provide counterpart funding for the balance).

Status: Following the conclusion of the final designs and tender documentation for the water component, a tender advert was issued, and bids received which were however above the available budget. A request for No Objection has since been submitted to the AfDB for re-scoping and re-tendering of the works. The sanitation component is at detailed design. The stakeholder engagement and land negotiations and acquisitions continued through the period with provisional treatment plant sites identified and key stakeholders for the access identified and engaged.

The risks posed by the COVID-19 pandemic have negated progress of the project. The prohibition to use road reserve for infrastructure continues to be a risk for the successful completion of the project.

Expected date of completion: 2024.

Ezulwini Water and Sanitation Project

The water component of the project is divided into two Packages (A and B). Package A is the construction of a 15ML reservoir and installation of a 1.8km by 500mm diameter gravity pipeline to connect to the existing water network system. Package B is the installation of a 16km by 500mm diameter ductile iron gravity pipeline from Mbabane to feed the new 15ML reservoir [the reservoir is under package A] and a complementary access road along the pipeline route. The Ezulwini sewerage system comprises of a 60km sewer reticulation system connected to a 19km 400mm outfall sewer that runs from Ezulwini to the new Matsapha wastewater treatment plant.

Cost: USD27 Million.

Financed by: African Development Bank (USD23 Million)/ Government of Eswatini (counterpart funding for balance).

Status: The Ezulwini Sewerage System was commissioned and is operational and the defects liability period has lapsed. For the potable water component, Package A is ongoing and scheduled for completion in December 2022.

The reservoir concrete slab is complete, and the access road construction is also in progress. The disputes with the previous contractor are nearing completion and it is projected that the final account will be issued at the onset of the second quarter. Package B has been completed, commissioned and operational.

Challenges have been encountered: The Corporation requires funding from Government mainly to cover the cost of all taxes in the project, of which the respective funding was not adequately availed in the previous years, thus constraining the expedition of the works.

Nhlangano Sewer Treatment Plant

The project comprises the construction of the Nhlangano Sewer Treatment Plant. The new sewer treatment plant scope includes civil works (a 3.6km 400mm outfall sewer, inlet works with screens, various reactor/tanks with pumping, sludge drying beds staff houses and 6km potable water pipeline to plant), mechanical works (screens, pumps and pumpage, and associated ancillaries) and electrical works (site lighting, motor control centers, electrical cabling and reticulation, transformers, and instrumentation).

Cost: Estimated at E360 Million.

Financed by: Government of Eswatini.

Status: The works resumed on site in October 2021, following a protracted suspension period and progress is now at 90% complete. The project is scheduled for completion in August 2022. The major challenges encountered on the project are as follows:

1. The emergent risks posed by the COVID-19 pandemic have impacted both the progress and cost of the project.
2. Due to funding constraints and to mitigate the Corporation's financial exposure to penalties and claims, the Corporation took the proactive role of terminating the project when the project funds were depleted in December 2017. Subsequent to the transfer of funds by Government, the Corporation engaged the contractor in negotiations to resume the works. The re-engagement negotiations were completed and the contractor resumed site operations in March 2018. The project was however suspended again in August 2019 due to funding constraints, a suspension that spanned over 22 months.
3. Poor performance of the original consultant resulting in the consultant's contract being terminated and the construction contract modified to a design and build contract in order to avert risk of consultant non-performance.
4. Further errors in the previous consultant's design have been unearthed and in order to produce a facility that is fit for purpose, the project required additional funding and time with consequential costs.

Expected date of completion: August 2022.

Mbabane Emergency Water Supply (Luphohlo)

The project involves the construction of a 20 ML/day drinking water treatment plant (intake structure with pumping station, 80m pipeline to filter pump sump, filtration battery, 1ML high lift pump station sump, high lift station, chlorine room and site pipelines, electrical and mechanical works), delivery pipeline from Luphohlo to Mbabane (totaling 8.5km) to 3ML reservoir and 1.2km pipeline to connect 3ML to Mbabane network. The plant will supplement the Mbabane and Ezulwini water supply system.

Cost: Estimated at E100 Million.

Financed by: Government of Eswatini.

Status: The project was suspended due to funding constraints. Progress to date with the treatment plant is 85% complete and the 8.5km pipeline is 95% complete. The 3ML reservoir and the 1.2km delivery line had not commenced when the project was suspended.

The following challenges are presented:

1. The suspension of the project for a long time will result in substantial rework, however the Corporation continues to provide security to protect the assets.
2. Funds required to enable the completion the project are still not fully secured thus the works have been put in abeyance.
3. The project is critical for the Ezulwini Water Supply Scheme to enable sufficient supplies to the town of Ezulwini via the Mbabane to Ezulwini Pipeline funded by the African Development Bank. Hence with the Ezulwini project nearing completion, the need to complete this project is crucial.

Expected date of completion: 12 Months from receipt of funding.

Lomahasha/Namaacha (LoNa) Water Supply

The LoNa Phase 1 Water Supply Project comprises; the upgrade of existing water supply infrastructure comprising intake works, treatment, storage, pumping mains and distributions. It is anticipated that the target population of 46 500 will be supplied with clean water, 18 400 inhabitants in Lomahasha, Eswatini, 23 000 inhabitants in Namaacha, Mozambique and 5 000 inhabitants along the pipeline route.

Cost: Estimated at USD13.7 Million.

Financed by: Project sponsors are GIZ, SADC, Eswatini Government and Republic of Mozambique.

Status: The final approved inception report was submitted to DBSA on 30th September 2020. The project scope was approved by both DWA and EWSC in the third quarter of 2020. Stakeholder engagement/consultations on all sites within Eswatini have been conducted. The consent for use of existing road reserve was received in September 2020. The land acquisition for the Lomahasha reservoir, Mbokojweni booster pump station, Nduma reservoir and booster pump station has been completed. The pending access is land earmarked for the Maphiveni reservoir which is under title deed. The revised pre-qualification document has been published. The project is at detailed design stage.

Challenges: The project remains insufficiently funded and the Republic of Mozambique has not yet honoured their obligation of financial contributions to the project.

Expected date of completion: The funding conditions limited the completion date to 2021, but an extension was granted to 2025.

PROJECTS

CONTINUED

Maseyisini Water Supply

The project comprises the construction of water reticulation extension for Maseyisini, specifically, Vusweni, Mahamba, Marikop and Hilltop area. The water supply network is inclusive of pipelines, fittings and manholes.

Phase 1: Vusweni (Phumula Lodge area), Marikorp, Mahamba and Hilltop-Mncitsini. This phase was completed.

Phase 2: Part of Dlovunga (Tfokotani and Mahlabatsini) and part of Vusweni (Inkhundla side).

Phase 3: Vusweni (Opposite Inkhundla side).

Phase 4: Part of Dlovunga next to the EWSC water reservoir.

Cost: E5 Million.

Financed by: EWSC and World Vision.

Status: Phase 1, Phase 2 and Phase 3 have been completed. Phase 4 has also been commissioned.

Manyisa II Water Supply – Phase 2

Construction of a water distribution system and connections to households.

Cost: E4 Million.

Financed by: EWSC and Microprojects.

Status: The project has been completed and commissioned. House connections are currently being installed.

Nsongweni-Mbangweni Water Supply Phase 2

The project comprises the construction of water reticulation extension for Nsongweni to Mbangweni area. The water supply network is inclusive of pipelines, fittings and manholes.

Cost: E1.5 Million.

Financed by: EWSC and World Vision.

Status: The project has been completed.

PROJECTS -Issues for Consideration in the Short- to Medium-term

Achieving the security and sustainability 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.

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 600mm diameter pipeline, 3 300m 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 600mm pipeline, which as a single link means Manzini is highly vulnerable should the main have to be shut off for any period of time.

e) Storage Reservoirs

Additional storage is required, and reservoirs are envisaged at suitably high points at 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 E900 Million.

Nondvo Dam

The Nondvo Dam feasibility study project was completed on the 31 December 2021 and was awaiting final audit by the African Development Bank at year end.

Component 1 (Technical Feasibility Study)

Technical and economic feasibility studies and detailed designs are 100% complete for Nondvo Dam to provide water for demands up to 2050. Additional work relating to Hawane Dam to determine the feasibility of raising the reservoir wall was carried out using savings from the AfDB grant funding. However, an ESIA study relating to the works to be done on the dam leading to the raising of the Hawane dam wall has not been conducted due to limitation of funds as this was an additional activity which was not in the original scope. MNRE is in the process of engaging a consultant to carry out the ESIA studies for the raising of the Hawane dam. The estimated costs for development of the Nondvo Dam are USD38.6 Million. The estimated costs for the implementation of the ESMP and resettlement activities is estimated at USD11 Million. The raising of the Hawane dam wall and ancillary works is estimated at USD11 Million.

Component 2 (Environmental and Social Impact Assessment Study (ESIA) including Environmental and Social Management Plan (ESMP) and the Relocation Action Plan – (RAP)

This activity initially experienced some delay due to COVID-19, but it caught up and is 85% complete. Following multiple consultations with Eswatini Environment Authority (EEA), the public consultation process closed in September 2021. Clearance from the EEA was expected by end of October 2021 but is outstanding due to the issue with the RAP as more consultations are required with the communities. The main issues that were raised by stakeholders that have prevented the issuance of environmental clearance are summarised below as follows:

a) The affected communities request for full details of project benefits and they are not convinced with proposed compensation and benefits elaborated in the ESIA but want to specially benefit from the project as they have made way for the development.

b) The cumulative impact of two dams in close vicinity is seen as too huge and the resettlement component will affect approximately 234 households; the communities have been resettled to this area and they have to be resettled again. Also, the Luphohlo project did not give them tangible benefits and prevented access to previously accessible places thus the communities require treatment that will cater for their unique situation.

c) Working on issues of re-introducing the project to communities as this was perceived to have been well handled in terms of which the community was supposed to be consulted first and given priority status in the project due to the area where the actual dam site would be located.

d) The communities proposed a consideration of relocating the dam wall by approximately 4km to a downstream site having an anticipation of reducing the resettlement numbers.

PROJECTS

CONTINUED

PROJECTS – Issues for Consideration in the Short- to Medium-term continued

e) The communities requested to have a definite relocation site instead of the three identified in the ESIA report.

Currently, MNRE has engaged ESWADE to assist in the Nondvo Dam social issues as the institution has vast experience, required personnel and skill to undertake this activity. The engagement process between MNRE and ESWADE is still ongoing.

Problems encountered

1. The COVID-19 pandemic slowed down progress especially on the ESIA component which had required extensive stakeholder consultations. This has caused the project delays and therefore an extension on project completion.
2. There is also a need to decide on the resettlement site working from the proposals in the ESIA report and then acquire land for such.

CORPORATE SUSTAINABILITY STATEMENT

People

Our business model puts emphasis on value creation for stakeholders (including employees, customers, shareholders, suppliers, financiers) and the environment. Enforcing mutually-beneficial relationships with employees, customers and the community is part of our business. We support cultural, educational and environmental programs 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) foundation to transform lives and prepare future generations for sustainable development.

Planet

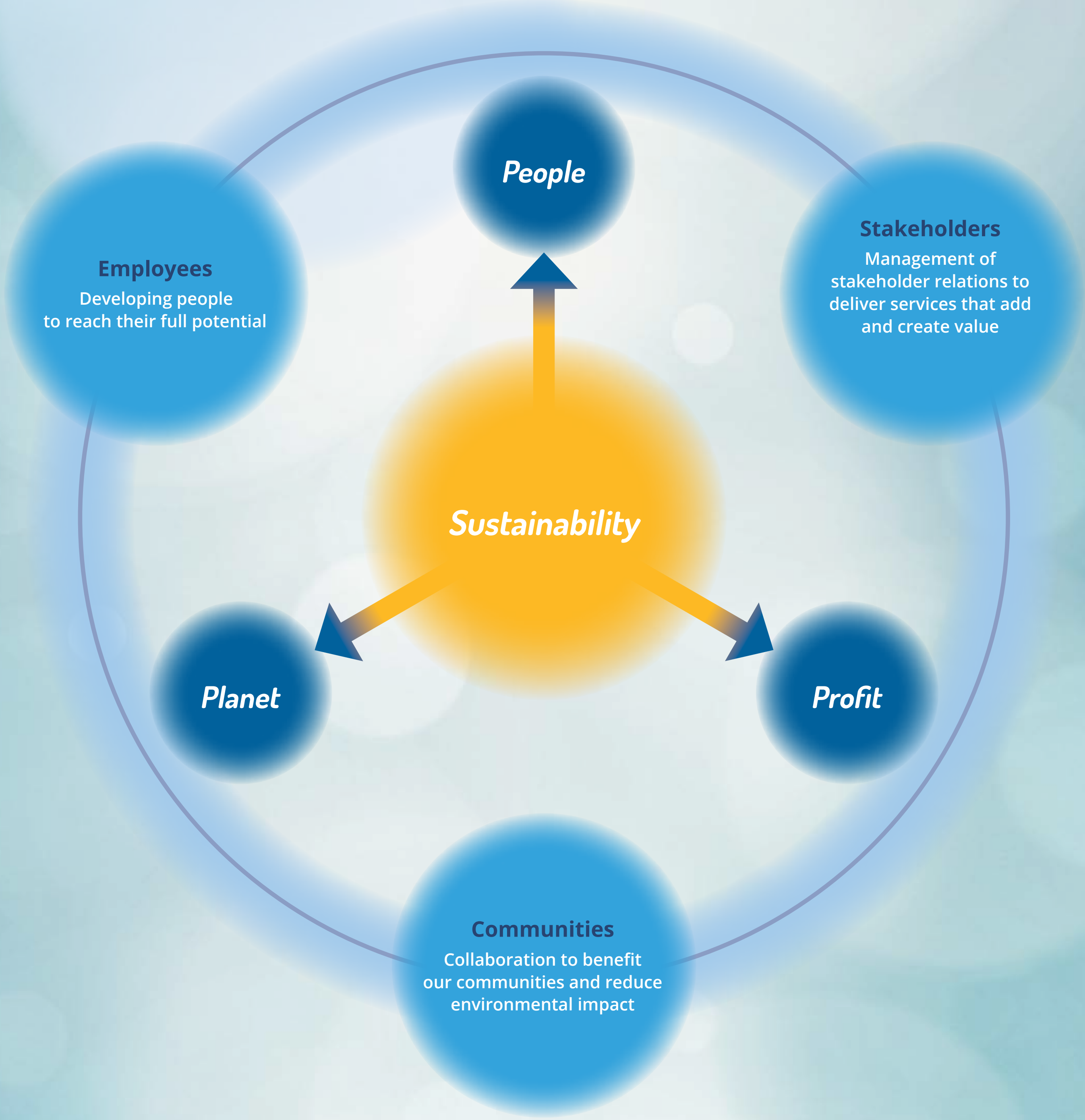
EWSC recognises that a sustainable business embraces an environmentally-friendly approach in executing its activities to ensure that all processes and products adequately address current environmental concerns while maintaining a profit.

Our commitment is demonstrated by the continuous development and implementation of practical and effective corporate policies and programs 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 the 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 on page 52 depicts a summary of the Corporation's governance framework.

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 nine Board members in line with 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 five 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.

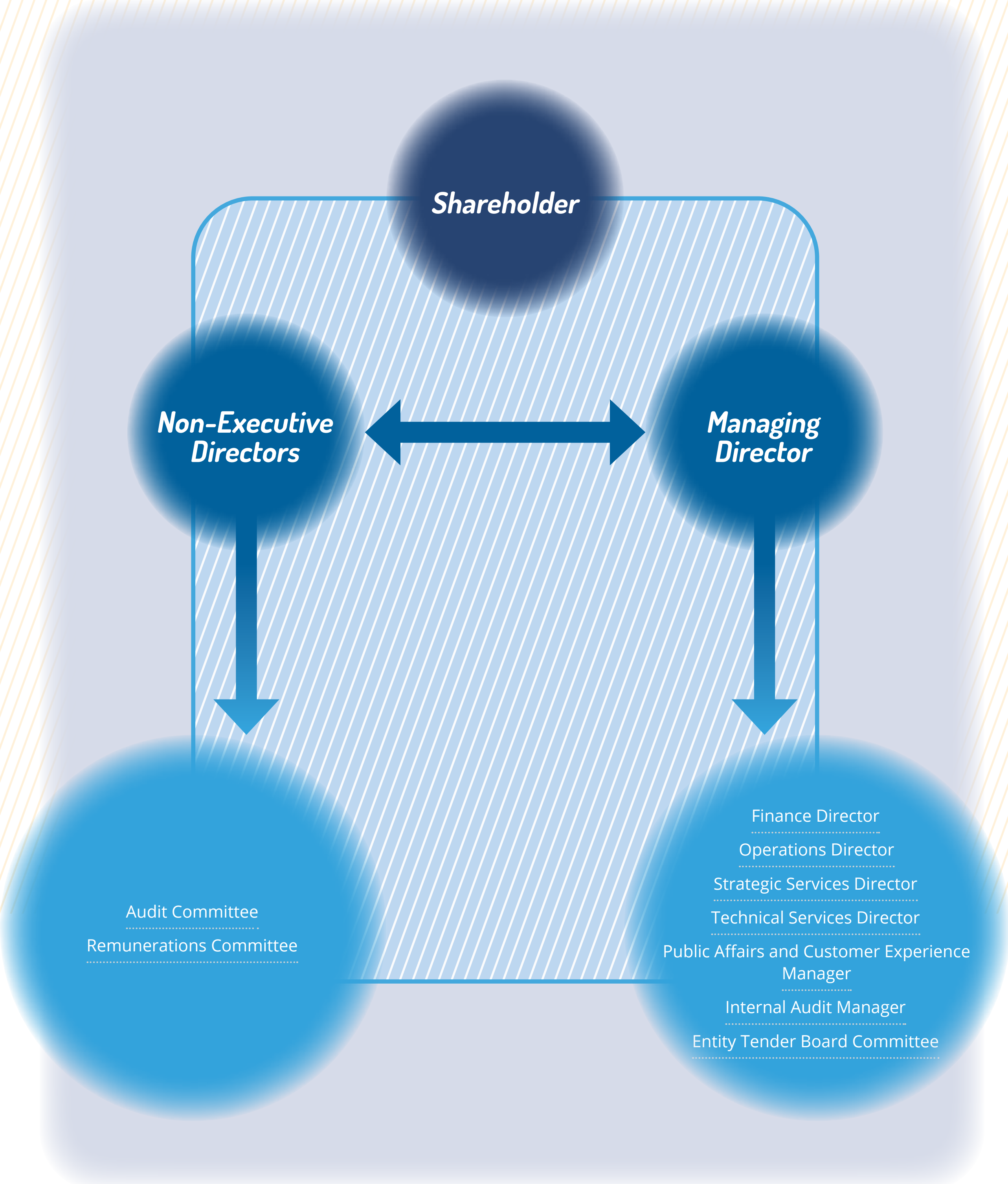
Internal Audit

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.

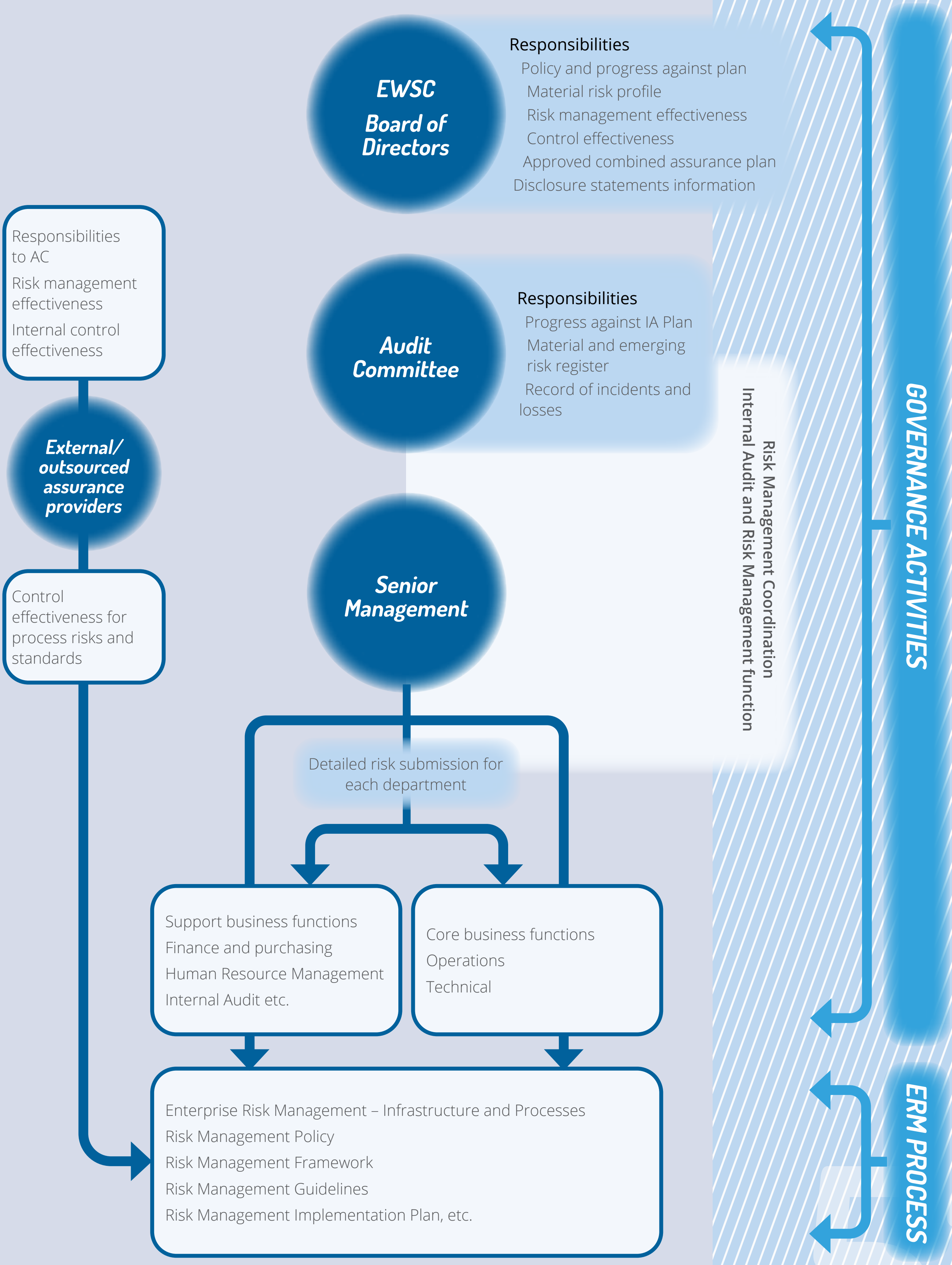
EWSC Corporate Governance Framework



CORPORATE GOVERNANCE STATEMENT

CONTINUED

EWSC Risk Management Strategy



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 and Section 7(4) of the same Act requires the Corporation to submit a report on its operations 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 2022.

Board meeting attendance register

Director	*Title*	*Number of ordinary meetings convened*	*Number of meetings attended*	*Percentage attendance*
1. Mr Benedict Xaba	Chairman	6	6	100%
2. Ms Nomcebo Hadebe*	Member	6	2	33%
3. Mr Hilton Dlamini#	Member	6	4	67%
4. Ms Thobile Mavuso**	Member	6	2	33%
5. Ms Dorcas Dlamini##	Member	6	3	50%
6. Mr Mvuselelo Fakudze	Member	6	5	83%
7. Mr Sipho Dlamini	Member	6	6	100%
8. Ms Zandile Nhleko	Member	6	6	100%
9. Ms Sindisiwe Mango	Member	6	5	83%
10. Dr Kenneth Msibi	Member	6	6	100%
11. Ms Jabulile Mashwama	Managing Director	6	6	100%

Notes
** Resigned May 2021*
 # Appointed August 2021
*** Resigned July 2021*
Appointed August 2021

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.

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

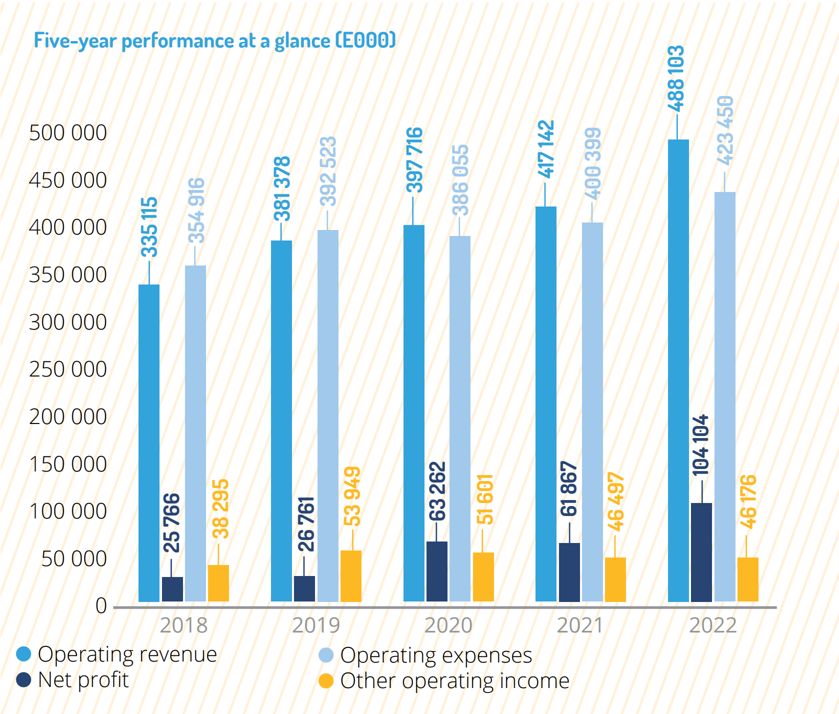
EWSC stresses collaborative, consultative and partnership approaches in its community investment and social responsibility programs.

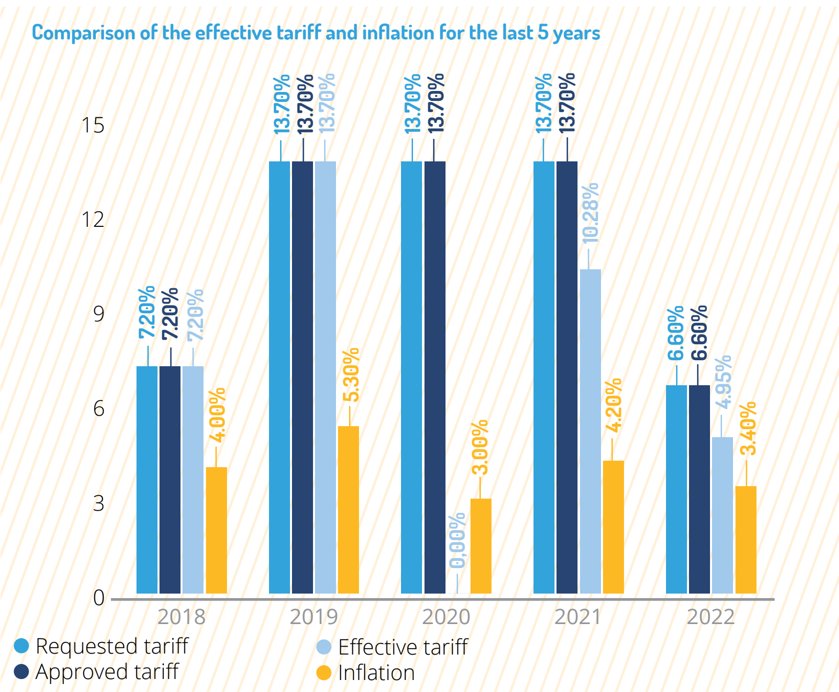
EWSC will integrate community investment considerations into decision-making processes and business practices and will assist in local capacity building to develop mutually-beneficial relationships with communities.

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.

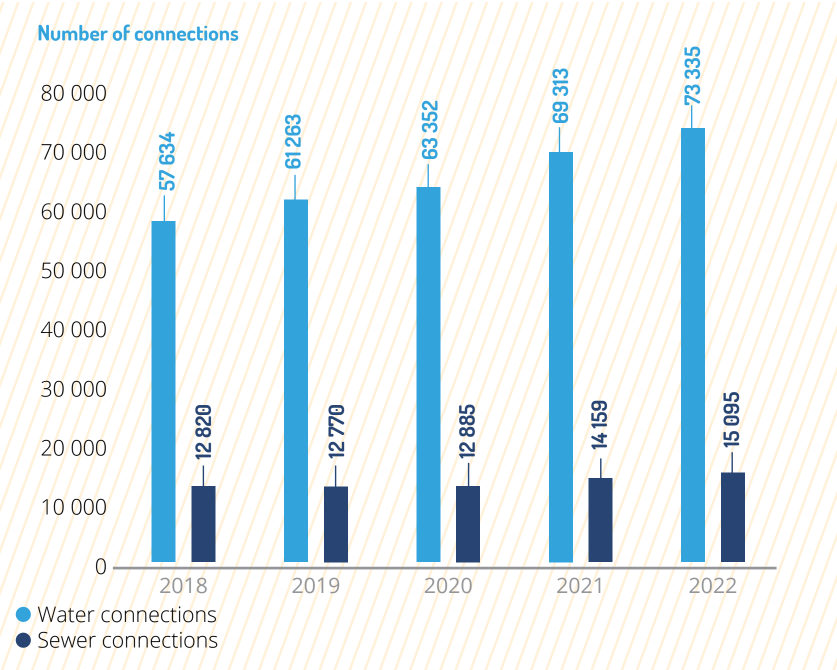
FINANCIAL AND OPERATING STATISTICS





Notes

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



Number of connections and water consumption

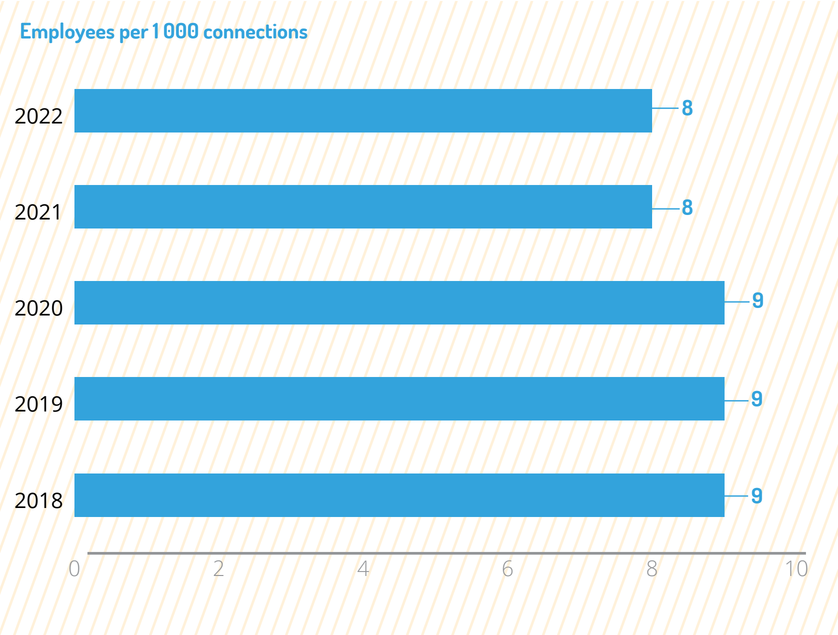
	2018	*2019*	*2020*	*2021*	***2022***
Water connections	57 634	61 263	63 352	69 313	**73 335**
Sewer connections	12 820	12 770	12 885	14 159	**15 095**
Total water consumption (m^3)	13 697 672	14 031 201	14 360 249	13 861 132	**15 100 000**

Employee productivity

	2018	*2019*	*2020*	*2021*	***2022***
Number of employees	543	534	546	550	**571**
Sales turnover per employee (E000)	617	714	728	758	**854**
Net profit per employee (E000)	47	50	96	112	**182**
Average cost per employee (000)	653	735	707	728	**741**
Employees per 1 000 connections	9	9	9	8	**8**

FINANCIAL AND OPERATING STATISTICS

CONTINUED



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR THE YEAR ENDED 31 MARCH 2022

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 63 – 64.

The annual financial statements which appear on pages 67 to 107 have been approved by the Board of Directors on 21 July 2022 and are signed on its behalf by:

CHAIRMAN

21 July 2022

MANAGING DIRECTOR

21 July 2022

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Eswatini Water Services Corporation's financial statements set out on pages 60 to 105 comprise:

- the statement of financial position as at 31 March 2022;
- 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, which include a summary of significant accounting policies.

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 2022". 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.

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 International Financial Reporting 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.

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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

FOR THE YEAR ENDED 31 MARCH 2021

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

PricewaterhouseCoopers
Partner: Makhosazana Mhlanga
Registered Auditor
P O Box 569
Mbabane
Date: 28 July 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their report, which forms part of the audited financial statements of The Corporation for the year ended 31 March 2022.

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

	2022 E	2021 E
Total assets	**3 338 925**	2 977 438
Total liabilities	**2 576 528**	2 319 146
Operating results		
Revenue	**488 103**	417 142
Profit for the year	**104 104**	61 867

Directors

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

B.N. Xaba	(Chairman)
H. Dlamini	(Representative of the Ministry of Finance & Member)
N. Hadebe	(Member) – Resigned 31 May 2021
D. Dlamini	(Representative of the Ministry of Natural Resources & Member)
T. Mavuso	(Member) – Resigned 31 July 2021
M. Fakudze	(Member)
S. Dlamini	(Member)
Z. Nhleko	(Member)
S. Mango	(Member)
Dr K. Msibi	(Member)
J. Mashwama	(Managing Director and Secretary to the Board)

Secretary

Ms J. Mashwama
P O Box 20
Mbabane
Eswatini

Auditors

PricewaterhouseCoopers
Rhus Office Park
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

Registered office

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

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

Subsequent events

The Directors are not aware of any other matters or circumstances arising since the end of the financial year to the date of this report, not otherwise dealt with in the report, which would affect the operations of The Corporation or the results of those operations significantly.

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 2022

	Notes	2022 E	2021 E
Revenue	2	**488 103 035**	417 142 484
Other income	6	**46 176 687**	46 497 354
Raw materials and consumables used	21	**(131 954 834)**	(128 572 318)
Employee benefits expense	4	**(153 611 000)**	(144 830 844)
Depreciation expense	7.1, 7.2	**(64 258 239)**	(62 197 307)
Other expenses	1	**(69 005 261)**	(64 798 627)
Finance income	3	**18 249 280**	12 545 709
Finance costs	3	**(4 622 021)**	(5 344 250)
Profit before income tax		**129 077 647**	70 442 201
Income tax expense	5	**(24 973 572)**	(8 574 547)
Profit for the year		**104 104 075**	61 867 654

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 E	2021 E
ASSETS			
Non-current assets			
Property, plant and equipment	7.1	**2 495 628 980**	2 397 364 949
Right-of-use of assets	7.2	**3 042 008**	2 065 870
Investments	9.2	**45 914 130**	45 959 004
		2 544 585 118	2 445 389 823
Current assets			
Inventories	10	**10 581 190**	9 934 428
Trade and other receivables	9.1	**239 746 032**	168 443 071
Investments	9.2	**46 159 871**	7 737 539
Cash and cash equivalents	9.3	**497 852 401**	345 933 672
		794 339 494	532 048 710
Total assets		**3 338 924 612**	2 977 438 533
EQUITY			
Capital and reserves			
Share capital	11	**30 222 580**	30 222 580
Retained earnings		**732 174 051**	628 069 976
		762 396 631	658 292 556
LIABILITIES			
Non-current liabilities			
Lease liability	7.2	**1 616 330**	1 973 759
Deferred grants	13	**2 218 712 255**	2 061 977 747
Deferred income tax liability	14	**51 190 950**	26 217 378
Borrowings	9.5	**40 721 659**	39 157 642
		2 312 241 194	2 129 326 526
Current liabilities			
Trade and other payables	9.4	**233 862 160**	159 474 880
Borrowings	9.5	**24 502 299**	25 192 303
Provisions	12	**3 906 254**	4 077 907
Lease liability	7.2	**2 016 074**	1 074 361
		264 286 787	189 819 451
Total liabilities		**2 576 527 981**	2 319 145 977
Total equity and liabilities		**3 338 924 612**	2 977 438 533

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share Capital *E*	*Retained Earnings* *E*	*Total* *E*
Balance at 1 April 2021	**30 222 580**	**628 069 976**	**658 292 556**
Net profit for the year	**–**	**104 104 075**	**104 104 075**
Balance at 31 March 2022	**30 222 580**	**732 174 051**	**762 396 631**
Balance at 1 April 2020	30 222 580	566 202 322	596 424 902
Net profit for the year	–	61 867 654	61 867 654
Balance at 31 March 2021	30 222 580	628 069 976	658 292 556

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 E	2021 E
Cash flows from operating activities			
Cash generated from operations	15.1	**140 853 828**	82 228 808
Interest received	15.4	**11 761 860**	11 550 283
Interest paid	3	**(4 622 021)**	(5 344 250)
Net cash generated from operating activities		**147 993 667**	88 434 841
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**5 470 771**	1 141 500
Acquisition of property, plant and equipment	15.5	**(164 684 155)**	(94 062 504)
Acquisition of investment	15.6	**(31 890 037)**	–
Net cash used in investing activities		**(191 103 421)**	(92 921 004)
Cash flows from financing activities			
Proceeds from borrowings	15.2	**20 730 095**	–
Repayment of borrowings	15.2	**(19 856 082)**	(15 269 885)
Payment of lease liability	7.2	**(1 657 043)**	(1 655 188)
Capital grants received	15.3	**195 811 513**	253 429 190
Net cash generated from financing activities		**195 028 483**	236 504 117
Net increase in cash and cash equivalents		**151 918 729**	232 017 954
Cash and cash equivalents at beginning of the year		**345 933 672**	113 915 718
Cash and cash equivalents at the end of the year	9.3	**497 852 401**	345 933 672

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

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 International Financial Reporting 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 International Financial Reporting 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

Certain new accounting standards and interpretations have been published and are mandatory for 31 March 2022 reporting periods.

A number of the other new standards are also effective from 1 April 2021, but they do not have a material effect on the Corporation's financial statements.

Standard	Impact assessment	Effective date
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.	Annual periods beginning on or after 1 January 2021 (Published August 2020)
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020)

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 2022 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 anticipated to have an 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 2022

1. Basis of preparation continued

b) New standards and interpretations not yet adopted by Corporation continued

Standard	Impact assessment	Effective date
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).	Annual periods beginning on or after 1 January 2022 (Published Jan 2020)
Annual improvements cycle 2018–2020	These amendments include minor changes to: › IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. › IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.	Annual periods beginning on or after 1 January 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts – Cost of Fulfilling a Contract	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of "costs to fulfil a contract". Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.	Annual periods beginning on or after 1 January 2022 (Published May 2020)
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.	Annual periods beginning on or after 1 January 2022 (Published May 2020)
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published May 2021)
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	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.	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)

2. Property, plant and equipment

All property, plant and equipment, are stated at historical cost less accumulated depreciation and impairment losses. Buildings and all other property, plant and equipment is stated at historical cost less depreciation. 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 capitalisation 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

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, for example goodwill, 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:

- Investments;
- Cash and cash equivalents; and
- Trade and other receivables.

The Corporation classifies its financial assets in the following categories: at amortised 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 amortised cost

Financial assets shall be carried 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; 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED FOR THE YEAR ENDED 31 MARCH 2022

4. Financial assets continued

(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 amortised 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 amortised cost

These financial assets are subsequently measured at amortised 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.

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 lease liabilities in a separate line in the statement of financial position.

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 are determined on the same basis as those used for the property and equipment items.

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 straightline 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 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED FOR THE YEAR ENDED 31 MARCH 2022

8. Cash and cash equivalents

Cash and cash equivalents includes 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.

12. Trade 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	Ageing 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED FOR THE YEAR ENDED 31 MARCH 2022

17. Financial risk management continued

17.1 Financial risk factors continued

(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 2022, 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.

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	
	2022 E	2021 E
Increase of 5% in unit prices	**1 673 295**	1 436 500
Decrease of 5% in unit prices	**(1 673 295)**	(1 436 500)

(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 7.5% as at 31 March 2022 (2021: 7.25%). The ranges of the borrowings are as follow, per category:

	Range %	2022 E	2021 E
Bank loans	Prime less 0.5% – 1.55%	**29 248 862**	37 795 044
Finance lease	Prime plus 1%	**28 719 799**	15 424 940
Eswatini Government	2% above inflation	**7 255 297**	11 129 961

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	
	2022 E	2021 E
Interest rates – increase by 25 basis points	**922 112**	504 271
Interest rates – decrease by 25 basis points	**(922 112)**	(504 271)

17. Financial risk management continued

17.1 Financial risk factors continued

(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.

The Corporation's investments at amortised costs consists of promissory notes which are considered low risk as they are placed with high credit quality financial institution.

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 below:

	2022 E	2021 E
Trade receivables		
Counterparties without external credit ratings		
- Low risk: Government accounts	**83 193 597**	62 452 916
- Medium risk: Corporate clients and companies	**19 002 117**	12 789 289
- High risk: Mainly individual accounts	**178 585 050**	138 181 462
Total trade receivables	**280 780 764**	213 423 667
Cash at bank and short-term bank deposits		
Cash on hand	**7 420**	5 627
Stanlib Eswatini Limited	**–**	17 417 144
Standard Bank Eswatini Limited	**143 687 715**	11 663 153
Nedbank Swaziland Limited	**141 748 727**	84 850 496
First National Bank of Eswatini Limited	**47 068 160**	61 099 760
Eswatini Savings and Development Bank	**158 588 449**	90 586 574
Swaziland Building Society	**6 751 930**	65 838 023
African Alliance	**–**	14 472 895
	497 852 401	345 933 672
Investments at amortised cost		
Counterparties without external credit ratings:		
- African Alliance promissory notes	**42 346 551**	42 391 425

(ii) Impairment of financial assets

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

- Trade receivables
- 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED FOR THE YEAR ENDED 31 MARCH 2022

17. Financial risk management continued

17.1 Financial risk factors continued

(b) Credit risk continued

(ii) Impairment of financial assets continued

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 months before 31 March 2022 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 amortised cost are considered to have low credit risk and there has been no significant increase in credit risk, the loss allowance recognised during the period was therefore limited to 12 months expected losses.

The provision for impairment as at 31 March 2022 and 31 March 2021 was determined as follows for the trade receivables:

	Current	30 days	60 days	Over 90 days	Total
31 March 2022					
Expected loss rate	**3.0%**	**14.4%**	**19.2%**	**33.2%**	
Government	**8 406**	**9 628**	**6 498**	**15 818**	**40 350**
Corporate	**242 963**	**226 131**	**267 107**	**622 751**	**1 358 952**
Individuals	**12 767 942**	**8 449 789**	**7 514 069**	**21 412 390**	**50 144 190**
Provision for impairment	**13 019 311**	**8 685 548**	**7 787 674**	**22 050 959**	**51 543 492**
31 March 2021					
Expected loss rate	2.1%	9.6%	15.6%	30.4%	
Government	–	–	–	15 753 221	15 753 221
Corporate	285 442	266 970	388 353	734 061	1 674 826
Individuals	5 524 348	4 354 454	4 777 237	23 399 944	38 055 983
Provision for impairment	5 809 790	4 621 424	5 165 590	39 887 226	55 484 030

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

	2022 E	2021 E
Opening balance	**55 484 030**	67 292 200
Provision for impairment raised	**(3 940 538)**	(11 808 170)
Closing balance	**51 543 492**	55 484 030

17. Financial risk management continued

17.1 Financial risk factors continued

(b) Credit risk continued

(ii) Impairment of financial assets continued

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 2022 is E1 072 414.

(c) 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 table below 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.

	Less than 1 year E	Between 1 and 5 years E	Over 5 years E	Total E	Carrying amount E
At 31 March 2022					
Borrowings	**28 390 178**	**42 293 678**	**3 390 544**	**74 074 400**	**65 223 958**
Trade payables	**233 862 160**	**–**	**–**	**233 862 160**	**233 862 160**
	262 252 338	**42 293 678**	**3 390 544**	**307 936 560**	**299 086 118**
At 31 March 2021					
Borrowings	27 681 533	41 954 681	3 384 564	73 020 778	64 349 945
Trade payables	159 474 880	–	–	159 474 880	159 474 880
	187 156 413	41 954 681	3 384 564	232 495 658	223 824 825

(ii) Financing arrangements

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

	2022 E	2021 E
Floating rate		
Guarantee letters	**8 000 000**	8 000 000
FEC derivative facility	**2 000 000**	2 000 000
Revolving credit facility	**20 000 000**	15 000 000
Expiring within a year – (bank overdraft)	**4 000 000**	2 000 000

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED FOR THE YEAR ENDED 31 MARCH 2022

17. Financial risk management continued

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 2022 and 2021 were as follows:

	2022 E	2021 E
Total borrowings (note 9.5)	**65 223 958**	64 349 945
Less: cash and cash equivalents (note 9.3)	**(497 852 401)**	(345 933 672)
Net debt	**(432 628 443)**	(281 583 727)
Total equity	**762 396 631**	658 292 556
Total capital	**329 768 188**	376 708 829
Gearing ratio	**0%**	0%

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 3 times calculated as EBITDA/interest expense
- Debt to equity ratio of not more than 1.25 times

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

18. 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 one year 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 recognised in the statement of comprehensive income each year (refer to note 7).

(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.

18. Critical accounting estimates and assumptions continued

(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 realisable 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 realisable value for its inventory. Judgement is applied in the consideration of usability of stock within the warehouses of The Corporation.

19. 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 2022

	2022 E	2021 E
1. Material other expense items		
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	**1 271 209**	1 020 924
Reversal for impairment of financial assets	**(3 940 538)**	(11 808 170)
Fees for services	**20 537 501**	15 613 303
– Public Enterprise Unit management fees	**7 927 241**	3 322 303
– Other services	**12 610 260**	12 291 000
Directors' emoluments for services as directors	**367 217**	286 540
Staff-related expenses	**22 094 781**	20 934 777
Printing and stationery costs	**2 678 558**	2 288 772
(Profit)/Loss on disposal of property, plant and equipment	**(2 043 699)**	389 534
Operating lease expenses	**368 034**	377 105
Repairs and maintenance expenditure		
– Property, plant and equipment	**6 949 626**	6 148 228
2. Revenue		
Water charges	**311 113 958**	269 065 634
Sewer charges	**79 620 417**	65 827 250
Basic charges	**76 683 749**	68 533 517
Penalty charges	**1 376 219**	1 299 951
Miscellaneous water supply services	**6 538 109**	4 311 523
Connection charges – new customers	**3 366 990**	4 583 455
Trade effluent charges	**9 403 593**	3 521 154
	488 103 035	417 142 484

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.

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.

2. Revenue continued

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.

	2022 E	2021 E
3. Finance Income and Costs		
Finance income	**18 249 280**	12 545 709
Interest from financial assets at amortised cost	**11 716 986**	11 462 392
Fair value changes in financial assets held as investments	**6 532 294**	1 083 317
Finance costs	**(4 622 021)**	(5 344 250)
Interest expense on financial borrowings	**(4 253 987)**	(4 967 145)
Interest expense – lease liability	**(368 034)**	(377 105)
Net finance income	**13 627 259**	7 201 459

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.

	2022 E	2021 E
4. Employee benefits expenses		
Salaries, wages and allowances	**133 143 721**	125 778 632
Provident fund contribution	**1 109 183**	1 024 400
Medical aid contribution	**7 312 945**	6 776 825
Retirement benefits	**12 045 151**	11 250 987
	153 611 000	144 830 844

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

	2022 E	2021 E
5. Income tax expense		
The Corporation's income tax expense is as follows:		
– Current tax	**–**	–
– Deferred tax charge (Note 14)	**24 973 572**	8 574 547
	24 973 572	8 574 547
Numerical reconciliation of income tax expense		
Profit before income tax	**129 077 647**	70 442 201
Tax calculated at statutory tax rate (27.5%)	**35 496 353**	19 371 605
Tax effects of:		
Expenses not deductible for tax purposes	**224 460**	391 023
Grant amortisation credited to the statement of comprehensive income	**(10 746 177)**	(11 121 948)
Prior period deferred tax adjustment	**(1 064)**	(66 133)
Tax charge	**24 973 572**	8 574 547
6. Other income		
Ecowater sales	**2 047 364**	1 373 142
Amortisation of deferred grant income	**39 077 005**	40 443 448
Rental income	**4 427 407**	3 915 576
Sundry income	**624 911**	765 188
Total	**46 176 687**	46 497 354

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 2022	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	232 003 215	–	(299)	–	(5 909 486)	226 093 430
Dams and reservoirs	106 474 497	–	–	2 318 192	(3 479 810)	105 312 879
Treatment works	384 939 099	–	–	238 135	(7 621 918)	377 555 316
Mains and reticulation	698 425 647	–	–	3 596 566	(22 164 003)	679 858 210
Mechanical electrical plant and systems	196 034 781	–	(6 479)	3 796 820	(14 410 375)	185 414 747
Furniture and equipment	19 464 039	–	(48 155)	9 069 986	(4 305 954)	24 179 916
Motor vehicles and mobile plant	29 421 878	–	(2 894 103)	21 135 985	(5 101 503)	42 562 257
Capital work in progress (note 8)	730 601 793	164 684 155	(478 039)	(40 155 684)	–	854 652 225
Total	**2 397 364 949**	**164 684 155**	**(3 427 075)**	**–**	**(62 993 049)**	**2 495 628 980**

At 31 March 2022	Cost E	Accumulated Depreciation E	2022 Net carrying Amount E	2021 Net carrying Amount E
Land and buildings	281 467 119	(55 373 689)	226 093 430	232 003 215
Dams and reservoirs	145 437 515	(40 124 636)	105 312 879	106 474 497
Treatment works	453 887 785	(76 332 469)	377 555 316	384 939 099
Mains and reticulation	879 550 231	(199 692 021)	679 858 210	698 425 647
Mechanical electrical plant and systems	292 401 499	(106 986 752)	185 414 747	196 034 781
Furniture and equipment	60 539 279	(36 359 363)	24 179 916	19 464 039
Motor vehicles and mobile plant	79 484 771	(36 922 514)	42 562 257	29 421 878
Capital work in progress	854 652 225	–	854 652 225	730 601 793
Total	**3 047 420 424**	**(551 791 444)**	**2 495 628 980**	2 397 364 949

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

7.1 Property, plant and equipment continued

	Opening net carrying amount E	Additions E	Disposals E	Transfers from capital projects E	Depreciation charge E	Re-classification and adjustment E	Closing net carrying amount E
Year ended 31 March 2021							
Land and buildings	205 294 365	–	–	32 482 365	(5 773 515)	–	232 003 215
Dams and reservoirs	109 949 478	–	–	–	(3 474 981)	–	106 474 497
Treatment works	392 545 813	–	–	13 200	(7 619 914)	–	384 939 099
Mains and reticulation	719 180 661	–	(105 185)	1 424 483	(22 074 312)	–	698 425 647
Mechanical electrical plant and systems	168 352 890	–	(277 395)	40 675 999	(12 716 713)	–	196 034 781
Furniture and equipment	19 838 505	–	(83)	3 750 512	(4 124 895)	–	19 464 039
Motor vehicles and mobile plant	28 543 053	–	–	5 906 917	(5 028 092)	–	29 421 878
Capital work in progress (note 8)	721 934 265	94 460 068	–	(84 651 040)	–	(1 141 500)	730 601 793
Total	2 365 639 030	94 460 068	(382 663)	(397 564)	(60 812 422)	(1 141 500)	2 397 364 949

	Cost E	Accumulated Depreciation E	2021 Net carrying Amount E	2020 Net carrying Amount E
At 31 March 2021				
Land and buildings	281 510 882	(49 507 667)	232 003 215	205 294 365
Dams and reservoirs	143 119 323	(36 644 826)	106 474 497	109 949 478
Treatment works	453 649 651	(68 710 552)	384 939 099	392 545 813
Mains and reticulation	875 953 665	(177 528 018)	698 425 647	719 180 661
Mechanical electrical plant and systems	288 614 879	(92 580 098)	196 034 781	168 352 890
Furniture and equipment	53 326 223	(33 862 184)	19 464 039	19 838 505
Motor vehicles and mobile plant	70 690 358	(41 268 480)	29 421 878	28 543 053
Capital work in progress	730 601 793	–	730 601 793	721 934 265
Total	2 897 466 774	(500 101 825)	2 397 364 949	2 365 639 030

7.1 Property, plant and equipment continued

	2022 E	2021 E
Leased assets (motor vehicles and trailers) included in property, plant and equipment are as follows:		
Cost	**129 155 188**	109 507 561
Accumulated depreciation	**(18 013 148)**	(12 635 506)
Net carrying amount	**111 142 040**	96 872 055
Land and buildings comprise:		
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 No. 4 – Second street Nhlangano	**550 000**	550 000
Portion 1016 of farm 2 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
Plot 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
Building at depreciated cost	**188 124 338**	194 034 123
	226 093 430	232 003 215
The cost of assets which are fully depreciated but still in use are as follows:		
Fencing	**1 702 508**	1 447 108
Mains reticulation and meters	**4 313 880**	4 313 880
Motor vehicles	**12 418 370**	21 173 224
Laboratory equipment	**2 853 521**	2 853 521
Furniture and equipment	**1 915 935**	2 214 831
Office equipment	**4 893 921**	5 814 566
Mobile plant	**316 739**	316 739
IT hardware and systems	**–**	484 190
Water tanker and trailer	**763 171**	763 171
Plant and machinery	**466 667**	466 667
Motorcycles	**485 950**	1 541 576
	30 130 662	41 389 473

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

7.2 Right-of-use of assets and lease liabilities

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2022 E	2021 E
Right-of-use assets		
At 31 March 2022		
Acquisition cost	**5 929 120**	4 835 640
Accumulated depreciation	**(2 887 112)**	(2 769 770)
Net value	**3 042 008**	2 065 870
Opening balance	**2 065 870**	3 450 755
Additions	**2 241 327**	–
Depreciation	**(1 265 189)**	(1 384 885)
Balance as at year end	**3 042 008**	2 065 870
Lease liabilities	**3 632 404**	3 048 120
Current	**2 016 074**	1 074 361
Non-current	**1 616 330**	1 973 759
Maturity analysis of lease liabilities		
Less than one year	**1 968 521**	1 321 018
One year to five years	**2 067 829**	2 216 799
	4 036 350	3 537 817
Less future finance charges	**(403 946)**	(489 697)
	3 632 404	3 048 120
Reconciliation of lease liability		
Opening balance	**3 048 120**	4 703 308
Interest expense capitalised for the period	**368 034**	377 105
Additions	**2 241 327**	–
Lease payments – capital	**(1 657 043)**	(1 655 188)
Lease payments – interest	**(368 034)**	(377 105)
Balance at year end	**3 632 404**	3 048 120

8. Capital projects in progress

	2022 E	2021 E
Internal projects (Note 8.1)	**152 848 192**	101 799 981
Government-funded projects (Note 8.2)	**420 095 974**	383 587 434
African Development Bank funded projects (Note 8.3)	**264 474 324**	240 916 264
External loan and grant-funded projects (Note 8.4)	**17 233 735**	4 298 114
Total capital work in progress (Note 7.1)	**854 652 225**	730 601 793

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

8.1 Internal projects

	2022 E	2021 E
Opening net carrying amount	**101 799 981**	104 470 643
Additions	**73 263 189**	51 515 249
Reclassification	**(3 000 019)**	(1 280 945)
Disposal/derecognised	**(478 036)**	(786 532)
Commissioned – transfers to property, plant and equipment	**(18 736 923)**	(52 118 434)
Closing net carrying amount	**152 848 192**	101 799 981

8.2 Government-funded projects

	2022 E	2021 E
Opening net carrying amount	**383 587 434**	381 336 570
Additions	**33 508 521**	2 258 607
Reclassification	**3 000 019**	–
Disposal/derecognised	**–**	(7 743)
Closing net carrying amount	**420 095 974**	383 587 434

8.3 African Development Bank funded projects

	2022 E	2021 E
Opening net carrying amount	**240 916 264**	204 995 047
Additions	**23 558 060**	34 983 997
Reclassification	**–**	1 280 944
Disposal/derecognised	**–**	(343 724)
Closing net carrying amount	**264 474 324**	240 916 264

8.4 External loan and grant-funded projects

	2022 E	2021 E
Opening net carrying amount	**4 298 114**	31 132 005
Additions	**34 382 516**	5 702 215
Commissioned – transfers to property, plant and equipment	**(21 438 894)**	(32 532 606)
Disposal/derecognised	**(8 001)**	(3 500)
Closing net carrying amount	**17 233 735**	4 298 114

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2022

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
31 March 2022			
Assets as per statement of financial position			
Trade and other receivables	**–**	**239 746 032**	**239 746 032**
Investments	**49 727 450**	**42 346 551**	**92 074 001**
Cash and cash equivalents	**–**	**497 852 401**	**497 852 401**
	49 727 450	**779 944 984**	**829 672 434**
Liabilities as per statement of financial position			
Trade and other payables	**–**	**233 862 160**	**233 862 160**
Borrowings	**–**	**65 223 958**	**65 223 958**
	–	**299 086 118**	**299 086 118**

	Assets at fair value through profit and loss E	Assets at amortised cost E	Total E
31 March 2021			
Assets as per statement of financial position			
Trade and other receivables	–	168 443 071	168 443 071
Investments	11 305 118	42 391 425	53 696 543
Cash and cash equivalents	–	345 933 672	345 933 672
	11 305 118	556 768 168	568 073 286
Liabilities as per statement of financial position			
Borrowings	–	64 349 945	64 349 945
Trade and other payables	–	159 474 880	159 474 880
	–	223 824 825	223 824 825

9.1 Trade and other receivables

	2022 E	2021 E
Trade receivable	**280 780 764**	213 423 667
Less: provision for impairment of receivables	**(51 543 492)**	(55 484 030)
Net trade accounts receivable	**229 237 272**	157 939 637
Staff receivables	**1 054 793**	916 589
UDP and Government advance payment	**2 801 000**	3 637 051
Sundry receivables	**6 652 967**	5 949 794
Net other receivables	**10 508 760**	10 503 434
	239 746 032	168 443 071

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

9. Financial assets and liabilities continued

9.2 Investments

	2022 E	2021 E
Financial assets at amortised cost (i)	**42 346 551**	42 391 425
Financial assets at fair value through profit or loss (ii)	**49 727 450**	11 305 118
	92 074 001	53 696 543
(i) Financial assets at amortised cost		
Non-current assets		
Promissory notes	**42 346 551**	42 391 425
	42 346 551	42 391 425

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.

Financial assets at amortised 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 recognised is E1 072 414 this is as a result of the B-credit rating on the promissory note. All investments at amortised cost are denominated in Emalangeni. As a result, there is no exposure to foreign currency risk.

9. Financial assets and liabilities continued

9.2 Investments continued

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

	2022 E	2021 E
Non-current assets	**3 567 579**	3 567 579
SBS Permanent shares	**3 567 579**	3 567 579
Current assets	**46 159 871**	7 737 539
Stanlib Unit Trust Account	**18 110 801**	–
African Alliance Managed Fund	**28 049 070**	7 737 539
	49 727 450	11 305 118

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

9. Financial assets and liabilities continued

9.3 Cash and cash equivalents

	2022 E	2021 E
Cash at bank and in hand	**153 407 782**	131 170 943
Deposits at call	**344 444 619**	214 762 729
	497 852 401	345 933 672

Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include E 5 828 018 (2021: E 5 753 218) 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.

9.4 Trade and other payables

	2022 E	2021 E
Trade accounts payable and accruals	**148 118 150**	101 199 097
Capital projects accruals	**29 842 108**	9 213 159
Contractors' retention	**24 494 811**	20 094 532
Consumer deposits	**31 407 091**	28 968 092
	233 862 160	159 474 880

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.

Dividend accrual

This is a dividend accrual for dividends declared but not paid in favour of the shareholder.

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.

9. Financial assets and liabilities continued

9.5 Borrowings

	2022 Current E	2022 Non-current E	2022 Total E	2021 Current E	2021 Non-current E	2021 Total E
Secured						
Bank loans	**9 114 551**	**20 134 311**	**29 248 862**	8 524 414	29 270 630	37 795 044
Lease liabilities	**8 132 451**	**20 587 348**	**28 719 799**	5 537 928	9 887 012	15 424 940
Total secured	**17 247 002**	**40 721 659**	**57 968 661**	14 062 342	39 157 642	53 219 984
Unsecured						
Eswatini Government	**7 255 297**	**–**	**7 255 297**	11 129 961	–	11 129 961
Total unsecured	**7 255 297**	**–**	**7 255 297**	11 129 961	–	11 129 961
Total borrowings	**24 502 299**	**40 721 659**	**65 223 958**	25 192 303	39 157 642	64 349 945

Secured liabilities and assets pledged as security

The entire E 29 248 862 (2021: E 37 795 044) of the bank loans are secured in the following manner by the below listed assets:

- Two mortgage bonds over portion 80 (a portion of portion 61) of farm 51 Hhohho District.
- Lien over a deposit call account balance with the loan provider of the entire amount in that account.
- Deed of hypothecation over a water treatment plant.
- All risks insurance policy over same water treatment plant.

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 E7 255 297 (2021: E11 129 961) is unsecured.

Compliance with loan covenants

The Corporation has complied with all financial covenants of its borrowing facilities during the 2022 and 2021 reporting periods.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

9. Financial assets and liabilities continued

9.5 Borrowings continued

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 upon settlement of the amounts owed.

	2022 E	2021 E
Less due within 1 year	**8 132 451**	5 537 928
Due after 12 months but not later than 5 years	**20 587 348**	9 887 012
Total liability	**28 719 799**	15 424 940
Finance lease liabilities – minimum lease payments		
Not later than 1 year	**10 323 207**	5 930 373
Later than 1 year and not later than 5 years	**22 553 176**	11 740 988
Total lease payments	**32 876 383**	17 671 361
Future finance charges on finances	**(4 156 584)**	(2 246 421)
Present value of future finances liabilities	**28 719 799**	15 424 940

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.

9. Financial assets and liabilities continued

9.6 Recognised fair value measurements

Recurring fair value measurements

	Level 1 E	Level 2 E	Level 3 E	Total E
31 March 2022				
Financial Assets				
Financial assets at FVPL	–	**49 727 450**	–	**49 727 450**
Total financial assets	–	**49 727 450**	–	**49 727 450**
31 March 2021				
Financial Assets				
Financial assets at FVPL	–	11 305 118	–	11 305 118
Total financial assets	–	11 305 118	–	11 305 118

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.

10. Inventories

	2022 E	2021 E
Chemicals	**1 822 589**	600 696
Building materials	**307 341**	290 727
Petrol and diesel	**632 500**	391 267
Spares fittings and pipes	**6 908 980**	7 450 341
Ecowater	**909 780**	1 201 397
	10 581 190	9 934 428

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 E 52 258 254 (2021: E 45 076 663). 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2022

11. Share capital

	2022 E	2021 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

Provision for leave pay (12.1)	**3 906 254**	4 077 907

12.1 Provision for leave pay

Balances at the beginning of the year	**4 077 907**	3 676 770
Raised during the year	**679 147**	937 071
Utilised during the year	**(850 800)**	(535 934)
Balances at year end	**3 906 254**	4 077 907

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.

13. Deferred grants

	2022 E	2021 E
Eswatini Government:		
– Nhlangano – Water supply and treatment plant	**547 153 506**	495 614 592
– Urban Development Projects (Packages 6 7 8 10 18 A & B and 20)	**55 549 573**	57 761 988
– Pigg's Peak Dam	**2 535 718**	2 641 627
– Hlatikhulu Treatment Works	**1 704 927**	1 788 431
– Siteki – Lomahasha Water Supply	**130 397 198**	135 106 333
– Ezulwini – Lobamba Water Supply	**16 806 008**	17 450 105
– Lukhaba Gravity Mains	**3 024 323**	3 158 279
– Mankayane Water Supply	**7 729 685**	8 035 825
– Enhlambeni Water Supply	**9 148 032**	9 517 332
– Government forex subvention	**23 598 021**	24 652 700
– Currency ratio subvention – Package 18	**40 616 687**	42 308 018
– Land transferred from the Government to EWSC	**3 431 400**	3 534 200
– Raw water for Tex Ray factory	**4 320 859**	4 493 954
– Sikhuphe Water Supply	**83 015 506**	84 565 322
– Matsapha Sewer treatment plant relocation	**283 106 310**	286 773 522
– Hlane Water Supply	**20 464 859**	21 133 009
– Imphilo reservoir	**860 109**	893 190
– Mbabane Water Supply Augmentation	**21 895 748**	22 170 640
– Luphohlo Mbabane Water Supply	**78 000 000**	78 000 000
European Union financial project		
Siphofaneni Somntongo and Matsanjeni Water Supply	**254 274 503**	261 770 167
Eswatini National Housing Board Grants:		
Makholokholo Project	**573 915**	605 812
Eswatini National Trust Commission:		
Mlawula Workstation	**572 140**	595 026
Micro Projects:		
Nhlambeni Water Supply	**2 562 420**	2 562 420
Makhewu Water Supply	**1 884 383**	1 972 378
Mbikwakhe Water Supply	**2 127 393**	2 191 859
Mhlumeni Water Supply	**5 458 226**	5 468 123
Nsongweni Water Supply	**1 425 502**	1 425 502
Maseyisini Water Supply	**6 963 508**	6 963 508
KADEDA Water Supply Scheme	**584 369**	–
Mpolonjeni Water Supply	**478 712**	–
Mpolonjeni Water Supply	**4 916 089**	4 942 742
Mayaluka Water Supply	**1 009 889**	1 037 183
Matsetsa Water Supply	**1 590 117**	1 633 093
Mankayane Mabovini Water Supply	**1 491 419**	1 532 847
Manyisa Mpolonjeni	**2 308 524**	2 308 524
Bambisanani Water Supply Scheme	**270 334**	277 448
African Development Bank/Eswatini Government financed Grant:		
Manzini Region Sanitation and Water Supply	**107 741 759**	45 782 553
Ezulwini Sanitation and Water Supply	**434 559 139**	409 537 368
World Bank/Eswatini Government		
Eswatini Sanitation and Water Supply	**54 561 445**	11 772 127
Total deferred grants	**2 218 712 255**	2 061 977 747

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

14. Deferred Income Tax

	2022 E	2021 E
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:		
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	**32 274 831**	43 955 525
– Deferred tax asset to be recovered within 12 months	**1 074 220**	–
	33 349 051	43 955 525
Deferred tax liabilities:		
– Deferred tax liability to be settled after more than 12 months	**(83 703 449)**	(70 172 903)
– Deferred tax liability to be settled within 12 months	**(836 552)**	–
	(84 540 001)	(70 172 903)
Deferred tax liability – net	**(51 190 950)**	(26 217 378)
The gross movement on the deferred income tax account is as follows:		
Opening balance	**(26 217 378)**	(17 642 831)
Statement of comprehensive income charge (Note 5)	**(24 973 572)**	(8 574 547)
End of year	**(51 190 950)**	(26 217 378)

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:

Deferred income tax liability	Accelerated depreciation E	Tax losses E	Provisions E	Right of use E	Lease liability E	Total E
At 01 April 2021	**(69 604 788)**	**30 552 287**	**12 565 004**	**(568 114)**	**838 233**	**(26 217 378)**
Charged to income statement (note 5)	**(14 098 657)**	**(9 907 214)**	**(859 941)**	**(268 438)**	**160 678**	**(24 973 572)**
At 31 March 2022	**(83 703 445)**	**20 645 073**	**11 705 063**	**(836 552)**	**998 911**	**(51 190 950)**
At 01 April 2020	(63 063 509)	30 180 424	14 895 803	(948 958)	1 293 409	(17 642 831)
Charged to income statement (note 5)	(6 541 279)	371 863	(2 330 799)	380 844	(455 176)	(8 574 547)
At 31 March 2021	(69 604 788)	30 552 287	12 565 004	(568 114)	838 233	(26 217 378)

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.

15. Notes to the Statement of Cash Flows

	2022 E	2021 E
15.1 Cash Generated from Operations:		
Profit before tax	**129 077 647**	70 442 201
Adjustment for items not involving cash flow:		
Grant amortisation (Refer Note 15.4)	**(39 077 005)**	(40 443 448)
Depreciation (Refer Note 7.1 & 7.2)	**64 258 239**	62 197 307
(Profit)/loss on disposal of property, plant and equipment	**(2 043 699)**	382 663
Interest income (Refer Note 3)	**(11 716 986)**	(11 462 392)
Fair value gains on financial assets (Refer Note 3)	**(6 532 294)**	(1 083 317)
Interest expenses (Refer Note 3)	**4 622 021**	5 344 250
	138 587 923	85 377 264
Working capital changes:	**2 265 905**	(3 148 456)
Increase in inventories	**(646 762)**	(1 759 409)
Increase in trade and other receivables	**(71 302 960)**	(18 324 538)
Increase in trade and other payables	**74 387 280**	16 534 354
(Decrease)/Increase in provisions	**(171 653)**	401 137
Cash generated from operations	**140 853 828**	82 228 808
15.2 Reconciliation of cash flows arising from financing activities related to borrowings		
Borrowings at the beginning of the year	**64 349 945**	79 619 830
– Current	**25 192 303**	27 877 621
– Non-current	**39 157 642**	51 742 209
Cash flows	**874 013**	(15 269 885)
– Proceeds from borrowings	**20 730 095**	–
– Repayment of borrowings	**(19 856 082)**	(15 269 885)
Borrowings at the end of the year	**65 223 958**	64 349 945
– Current	**24 502 299**	25 192 303
– Repayment of borrowings	**40 721 659**	39 157 642
Borrowings at the end of the year	**65 223 958**	64 349 945
15.3 Reconciliation of deferred grant		
Opening balance	**2 061 977 747**	1 848 992 005
Grant amortised	**(39 077 005)**	(40 443 448)
Grant received	**195 811 513**	253 429 190
Closing balance	**2 218 712 255**	2 061 977 747
15.4 Reconciliation of interest paid		
Interest paid in the year	**11 716 986**	11 462 392
Accrued interest	**(1 650 066)**	(1 418 818)
Interest received in current year	**1 694 940**	1 506 709
Net movement in interest for the period	**11 761 860**	11 550 283
15.5 Reconciliation of property, plant and equipment additions		
Additions per movement schedule – addition per note 7	**164 684 155**	94 460 068
Non-cash flow additions	**–**	(397 564)
	164 684 155	94 062 504

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

15. Notes to the Statement of Cash Flows continued

	2022 E	2021 E
15.6 Proceeds from Investments Reconciliation		
Opening balance	**53 696 543**	52 701 117
Fair value gains	**6 532 294**	995 426
Accrued interest	**1 650 066**	–
Interest received in current year	**(1 694 940)**	–
Closing balance	**(92 074 000)**	(53 696 543)
	(31 890 037)	–

16. Unrecognised items

16.1 Capital expenditure commitments:

	2022 E	2021 E
Contracted	**346 673 956**	83 082 772
Authorised but not yet contracted	**1 337 416 830**	1 325 997 732
Total future capital expenditure	**1 684 090 786**	1 409 080 504

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:

	2022 E	2021 E
Within one year	**782 083**	782 083
Later than one year but not later than five years	**993 437**	993 437
	1 775 520	1 775 520

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 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

	2022 E	2021 E
Key management personnel compensation		
Short-term employee benefits	**5 180 584**	5 841 977
Post-employment benefits	**1 032 450**	1 325 483
	6 213 034	7 167 460

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 5 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:

	2022 E	2021 E
Within one year	**1 968 521**	1 321 018
Later than one year but not later than five years	**2 067 829**	2 216 799
	4 036 350	3 537 817

21. Raw materials and consumables used

Ecowater bottles	**807 556**	532 104
Water purification chemicals	**13 910 789**	10 528 249
Plumbing material	**36 842 957**	33 019 729
Electricity	**62 208 320**	70 566 659
Vehicle maintenance	**8 303 671**	7 250 624
Fuel	**9 881 541**	6 674 953
	131 954 834	128 572 318

The Corporation's cost of sales 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.

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

APPENDIX 1

	2022 E	2021 E
Revenue	**488 103 035**	417 142 484
Cost of Sales	**(131 954 834)**	(128 572 318)
Ecowater bottles	**(807 556)**	(532 104)
Water purification chemicals	**(13 910 789)**	(10 528 249)
Plumbing materials	**(36 843 048)**	(33 020 062)
Electricity	**(62 208 319)**	(70 566 661)
Vehicle maintenance	**(8 303 671)**	(7 250 624)
Fuel	**(9 881 451)**	(6 674 618)
Gross Profit	**356 148 201**	288 570 166
Other Income	**46 176 687**	46 497 354
Ecowater sales	**2 047 364**	1 373 142
Amortisation of deferred Government grants	**39 077 005**	40 443 448
Rental Income	**4 427 407**	3 915 575
Sundry Income	**624 911**	765 189
Operating Income	**402 324 888**	335 067 520
Employee Benefits Expenses	**(153 611 000)**	(144 830 844)
Salaries and wages	**(133 143 721)**	(125 778 632)
Provident fund contributions	**(1 109 183)**	(1 024 400)
Medical aid contributions	**(7 312 945)**	(6 776 825)
Retirement benefits	**(12 045 151)**	(11 250 987)
Depreciation Expense	**(64 258 239)**	(62 197 307)
Other Expenses	**(69 005 261)**	(64 798 627)
Staff uniforms and protective clothing	**(2 220 469)**	(2 407 235)
Licence	**(3 265 099)**	(2 390 019)
Celebrations and corporate gifts	**(2 146 665)**	(1 243 453)
Printing stationery and designs	**(2 446 473)**	(1 884 418)
Medical and first aid	**(272 465)**	(175 175)
Health and safety	**(723 023)**	(2 946 616)
Sports and social	**33 381**	217 914
Cleaning materials	**(1 150 348)**	(1 120 803)
Consumer bills	**–**	(541 926)
Periodicals and books	**(229 112)**	(157 548)
Office furniture	**(194 826)**	(208 529)
Office equipment repairs	**(50 289)**	(12 585)
Office equipment	**(221 082)**	(112 995)
Postages	**–**	(244 446)
Telephones	**(2 148 191)**	(2 576 349)
MTN cell phone expenses	**(3 079 125)**	(2 697 230)
Board member fees	**(367 217)**	(286 540)
Audit fees	**(1 271 209)**	(1 020 924)
Legal fees	**(296 799)**	(277 496)

APPENDIX 1

	2022 E	2021 E
Compensation for resettlement	–	(239 955)
Other professional fees	**(7 927 238)**	(4 356 543)
Collection fees and customs tax	**(1 247)**	(8 962)
Local travelling expenses	**(1 197 639)**	(1 176 959)
Foreign travelling expenses	**(41 427)**	(20 409)
Subsistence	**(436 999)**	(165 777)
Allowances	**(2 069 654)**	(2 371 963)
Swazibank car advance subsidy	**(13 574)**	(34 142)
Executive utilities allowance	**(23 200)**	(50 400)
Rents offices	**(5 549)**	–
Rents houses	**(82 254)**	(67 707)
Rates	**(1 470 624)**	(1 373 929)
Insurances	**(3 104 806)**	(2 306 212)
Advertising and publicity	**(1 930 844)**	(1 968 513)
Promotional events	**(745 823)**	(423 321)
Subscriptions	**(390 535)**	(394 538)
Computer charges	**(233 076)**	(246 623)
Bank charges	**(1 359 176)**	(1 552 610)
Services	**(12 610 260)**	(12 291 000)
Organisational recruitment and review process	**(60 267)**	(104 896)
Social responsibility	**(519 418)**	(1 144 404)
Conference hire expense	**(211 624)**	(15 849)
Staff meeting expense	**(538 072)**	(659 582)
Courier charges	**(147 963)**	(168 116)
Management car travelling expenses	**(10 152 187)**	(8 690 358)
Training expenses	**(2 248 003)**	(1 159 499)
Commission charges	**(237 570)**	(1 150 029)
Surveys and research	**(107 500)**	(515 538)
Provision for bad debts	**(1 820 000)**	–
Profit or loss on sale of fixed assets	**2 043 599**	(382 663)
Elect and maintenance borehole	**(3 959)**	(207)
Emergency response	**(1 150 803)**	(1 585 351)
Rent other fees	**(75 297)**	(80 482)
Mechanical spares	**(55 850)**	(809)
Printing accessories	**(2 973)**	(2 360)
Discounts allowed	**(24 438)**	(2 548)
Finance Income	**18 249 280**	12 545 709
Interest from financial assets at amortised cost	**11 716 986**	11 462 392
Fair value changes in financial assets held as investments	**6 532 294**	1 083 317
Finance Costs	**(4 622 021)**	(5 344 250)
Interest expense on financial borrowings	**(4 253 987)**	(4 967 145)
Interest expense – lease liability	**(368 034)**	(377 105)
Profit Before Income Tax	**129 077 647**	70 442 201
Income Tax Expense	**(24 973 572)**	(8 574 547)
Profit for the year	**104 104 075**	61 867 654

ACRONYMS AND ABBREVIATIONS

COD	Chemical Oxygen Demand
CSR	Corporate Social Responsibility
DMA	District Metered Areas
DWA	Department of Water Affairs
EAMS	Enterprise Asset Management System
EC	Electrical Conductivity
EEA	Eswatini Environmental Authority
EWSC	Eswatini Water Services Corporation
GIS	Geographic Information Systems
GIZ	Gesellschaft für Internationale Zusammenarbeit
IOD	Injury on Duty
LoNa	Lomahasha/Namaacha Water Supply Project
M&E	Mechanical and Electrical
ML	Mega Litres
MNRE	Ministry of Natural Resources and Energy
NDMA	National Disaster Management Agency
NRW	Non-Revenue Water
PEU	Public Enterprises Unit
SADC	Southern African Development Community
SDG	Sustainable Development Goals
SHEQ	Safety, Health, Environment and Quality
WDMP	Water Demand Management Plan
WHO	World Health Organisation
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

WWW.EWSC.CO.SZ