Eswatini Water Services Corporation

ANNUAL REPORT 2021

Senator Peter N Bhembe

Honourable Minister for Natural Resources and Energy

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 and waste water services, effectively meeting customer needs in a growing market through sound management policies, strategies and improving technology, whilst maintaining a safe environment for our staff and community."

Our Core Values

» **Good governance:** We ensure that all our actions are morally and legally fair while treating all with respect.

» **Performance and continuous improvement:** We continually look for better ways of doing things.

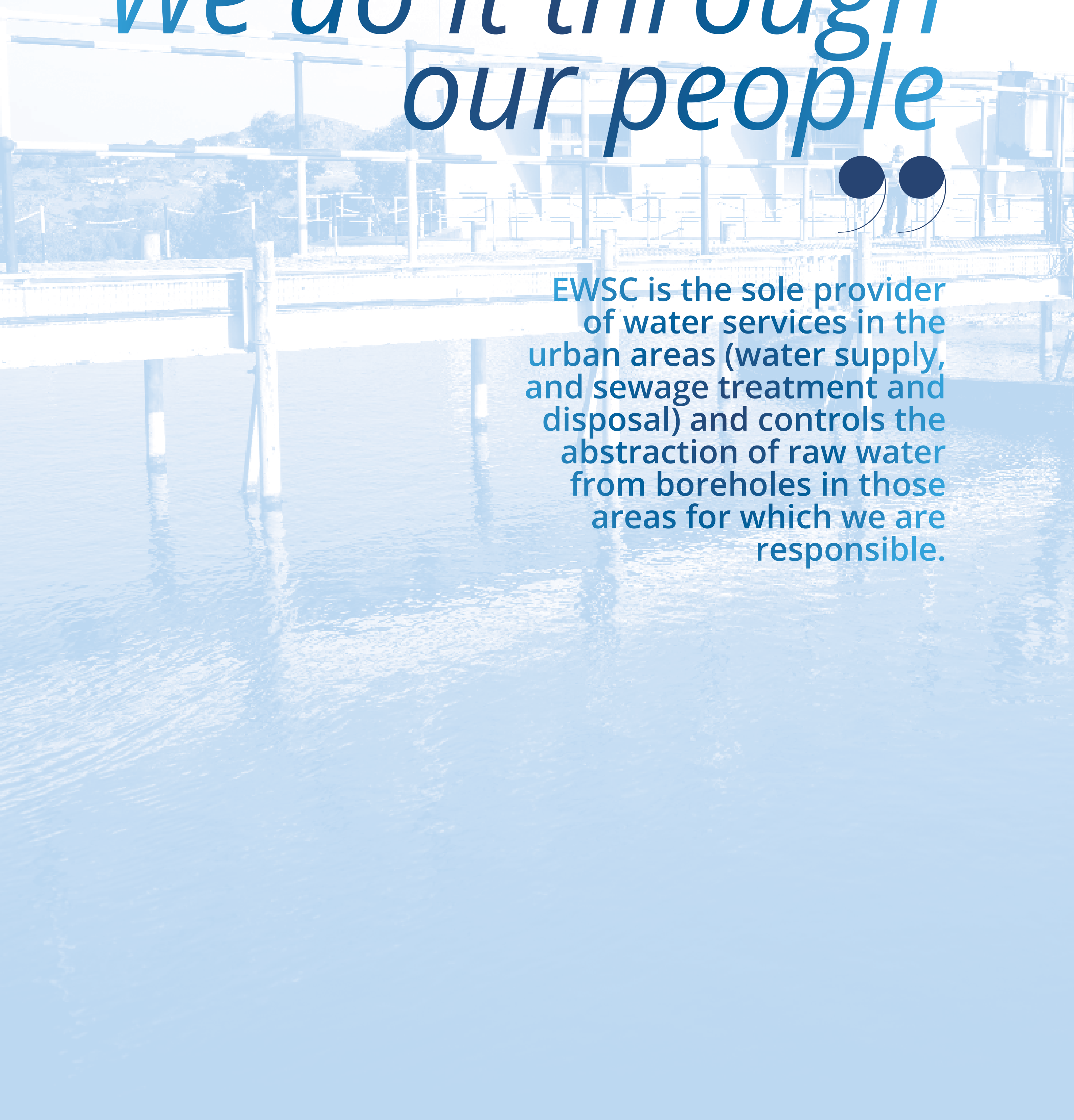
» **Ownership and accountability:** We respect the business as if it were our own and deliver on our commitments.

» **Communication and transparency:** We continuously communicate with and through our people in an honest and fair manner.

Contents

“We do it through our people”

EWSC is the sole provider of water services in the urban areas (water supply, and sewage treatment and disposal) and controls the abstraction of raw water from boreholes in those areas for which we are responsible.



Organisational Background

Who We Are

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

What We Do

The objects of the Corporation is 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	Kamkhweli	Somntongo	Mhlumeni
Motshane	Mbikwakhe	Mabovini	Mayaluka
	Ludzeludze	Siphumelele	Shoba
	Empholi	Sibetsamoya	Ngcina
	Elwandle	Nkwalini	Ndzangu
	Sidzakeni		Mncitsini
			Ngcamini
			Skhuphe
			Mlindazwe

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

- Prepare schemes for the development of water resources and for the supply of water and construct, maintain and operate such schemes.
- Keep under constant review the quality, reliability and availability of water supplies.
- Control and regulate the production, treatment, storage, transmission, distribution and use of water for public purposes.
- Design, construct, acquire, operate and maintain waterworks for the purpose of supplying water for public purposes.
- Develop sewer systems for the treatment of wastewater.
- 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 twenty-two (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 the Government of Eswatini.

Governance and Organisational Structure

> *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.*

Message from our Chairman

The year 2020/21 has been challenging for each one of us, from a sluggish economy to the COVID-19 pandemic which impacted on lives, livelihoods, and businesses. While national lockdowns related to COVID-19 have been relaxed to varying degrees by the Government, the threat of the pandemic still remains and the economic environment remains uncertain and volatile. As a Corporation, our focus continues to be on our people's health and safety, meeting customer service expectations through sustainable service delivery and caring for the communities in which we operate whilst ensuring that our business remains a going concern.

As we face the many challenges that lie ahead in the medium- to long-term, we will continue to draw our strength from our people, stakeholders and a business reputation solidly built over the years. We are grateful to our outgoing Board members, Mr John Henwood and Mr Jinnoh Nkhambule who made meaningful contributions to the Board. Their dedication, commitment and unwavering support to EWSC is noted and appreciated and I wish them success in their future endeavours. It is my pleasure to welcome two new Non-Executive Directors to the Board, Dr Kenneth Msibi and Ms Sindisiwe Mango, who joined the Corporation in July and August 2020 respectively. They bring with them a considerable amount of skill and knowledge and we look forward to tapping into their valuable expertise.

The COVID-19 pandemic is not over yet and we will continue to observe the required protocols for mitigation and deliver our services safely. The devastating effects of the COVID-19 pandemic remind us of the importance of having access to water, sanitation and hygiene facilities for the sustenance of quality of life and economic prosperity.

This year, we have proven the resilience of our business. It is heartening to note that despite the tough challenges we faced during the course of the reporting period, we were able to realise a positive financial result. I would like to take this opportunity to thank all staff for the commitment, dedication and unwavering support shown during these unstable and turbulent of times.

While the roll-out of vaccines is a welcome sign of a return to some semblance of normality, our sympathies are with anyone who is suffering and who may have lost family or friends during the crisis. As the Government and stakeholders respond to the challenges of the pandemic, uncertainties around the pace of economic recovery and Government's fiscal strategies remain. We continue to bank our hopes in our 2021/2022 Corporate Plan. I am confident that, with the continued support of our customers, communities, employees, partners and stakeholders, we will navigate the uncertainties we currently face with COVID-19 whilst ensuring a smooth service delivery.

As a Corporation, our focus continues to be on our people's health and safety, meeting customer service expectations through sustainable service delivery and caring for the communities in which we operate

Benedict Xaba
Chairman of the Board

> *The devastating effects of the COVID-19 pandemic remind us of the importance of having access to water, sanitation and hygiene facilities for the sustenance of quality of life and economic prosperity*

Message from our Managing Director

The year under review has been one of the most challenging faced by the Corporation. Whilst the economy was on the verge of recovery, disaster struck in the form of the COVID-19 scourge which negatively affected the socio-economic environment, triggering a ripple effect on our operating environment. This disrupted the implementation of our Strategic Plan 2018–2021 and distorted annual working plans and budgets, resulting in operating and financial targets not being achieved. The country's fiscal position slowed down project implementation and the dull business and economic climate continued to weigh heavily against the Corporation, reducing cash receipts and increasing billed arrears. Some capital projects had to be stalled and some deferred, leading to challenges of delivering on strategic plan objectives and national and international targets (Vision 2022 and Sustainable Development Goals).

The reporting period also marked the end of the 2018–2021 Strategic Plan cycle. Due to the uncertainty about the future of the business and economic environment, brought about by the COVID-19 pandemic, a three-year strategic plan for 2022 to 2024 could not be formulated. For business continuity, the Corporation drafted a one-year Corporate Plan (2021/2022) to guide the business during the economic recovery transition period. As a Corporation we will strive to deliver on the targets of the plan so that we can keep the business of the Corporation afloat during these trying times.

Whilst the economy was on the verge of recovery, disaster struck in the form of the COVID-19 scourge which negatively affected the socio-economic environment, triggering a ripple effect on our operating environment

Financial Overview

The COVID-19 pandemic had a negative financial impact on the Corporation. Not only was the implementation of the tariff increase delayed by three months, but our revenue was also affected by COVID-19 national mitigation measures which included lockdowns of key businesses and institutions. Though we did not hit our revenue targets, on a positive note we were able to control expenditure, which resulted in a positive impact on the bottom line. This year's results show the Corporation's resilience, reaffirming its business as a going concern. The operating revenue increased from E397.7 million to E417.1 million, representing an increase of 4.9%. An operating expenditure of E400.4 million was recorded which is up by 2.4% compared to last year (E390.9 million). Cost control measures and efficiency initiatives continue to keep operating expenses within desired levels. Operating profit stood at E16.7 million (E6.7 million in the previous year). Profit for the year amounted to E61.8 million (E52.8 million in 2020). Total assets amounted to E2.98 billion (E2.69 billion in 2020) and total liabilities stood at E2.32 billion (E2.09 billion in 2020).

Development Projects

Universal access to safe water and sanitation is part of Sustainable Development Goals (SDG No. 6) which envisage 100% coverage by 2030. Investment in water and sanitation infrastructure increases access to safe, reliable and affordable supply of water and promotes socio-economic development. This year the Corporation continued to implement key projects aimed at supporting sustainable access to water and sanitation services. The COVID-19 pandemic provides an even more compelling case for availing budgets to support proper sanitation, hygiene and adequate access to clean water. The availability and access to water and sanitation services is fundamental to fighting the pandemic and preserving the health and well-being of the populace.

Safety, Health and Environment

The overall Safety, Health, Environment and Quality (SHEQ) performance of the Corporation has shown improvement as it was evaluated at 90.3% at year-end against the set standards. This performance is based on an internal SHEQ Audit Tool which is a 360 degrees evaluation tool. The score indicates a 4% increase from the 86% baseline coming into the financial year. The Corporation is still 5% short of its strategic target of 95% and above. Key to the effectiveness of SHEQ systems within organisations is a positive safety culture and this maturing culture within the Corporation is evident from leadership level. SHEQ performance has been identified as one of the focus areas for monitoring at a strategic level.

The ISO Management Systems to which the organisation is certified continue to mature as findings by third party auditors continue to be fewer and more value adding. In the last quarter the Corporation successfully underwent a surveillance audit by the South African Certification and Auditing Services (SACAS) for its Quality Management System (ISO 9001:2015) that was concluded with two minor findings, securing the Corporation yet another recommendation for Certification. A surveillance audit for the Safety, Health and Environment Management Systems (ISO 45001 and ISO 14401) conducted in the first quarter by the South African Bureau of Standards (SABS) also yielded minor findings which were closed.

The COVID-19 pandemic has caused an abrupt shift in the nature of work systems across the globe. This includes the move by companies to allow employees to work from home. In response to the pandemic, the Corporation established an Emergency Response Team (ERT) tasked with the responsibility to develop, implement, monitor and provide policy guidance for COVID-19 mitigation. The ERT continues to assess and manage associated risks in a bid to minimise interruptions and ensure business continuity. The pandemic has increased issues associated with wellness such as stress-related illnesses affecting employees' mental wellbeing which has a bearing on the general engagement climate within the Corporation.

Gratitude also goes to our customers, who have continued to support the Corporation's existence over the years. Without your patronage we would not be in existence, and we continue to commit to listening and improving your experience in the years ahead

Message from our Managing Director *continued*

Our People

The Corporation continued to promote the "WeareBlue" organisation-wide culture change initiative to further improve employee engagement in all work stations with the aim of helping employees realise their full potential whilst contributing to organisational performance and growth.

The staff complement grew from 546 employees in the past year to 550 as the Corporation filled some of the existing vacancies. Like the rest of the country, the organisation saw a sharp increase in the number of employees who contracted COVID-19, with 60 COVID-19 positive cases reported in the year. A total of 512 productivity days were lost due to the pandemic, which includes time lost due to quarantine and isolation.

During the year an employee engagement and satisfaction survey was conducted to determine the business climate, all in a bid to improve the working environment and to listen to the voices of employees in line with the Corporation's motto of "We do it through our people". An Employee Satisfaction Survey result of 69.3% (against a target of 75%) was realised this year compared to 67.6% in the previous period. The employee input solicited from the survey will be implemented in the ensuing financial year. The Corporation also recognised its long-serving employees represented by 108 employees who have served it for 10, 15, 20, 25, 30 and 35 years respectively. Four employees have served the Corporation for over 35 years. The Corporation is privileged to have an average service period of 12 years, meaning that the retention strategies in place are effective to keep talent in the Corporation, albeit minimally in some key technical sectors. The talent market continues to be very competitive and for the coming year, the Corporation will focus on strengthening the programmes to attract and retain critical talent.

In order to maintain and keep a harmonious industrial relations climate, the Corporation concluded negotiations with the Union and signed a Collective Agreement with the Union. These agreements form an integral part of the terms and conditions of service of the Union bargaining unit and the agreement was duly registered in the Industrial Court.

Our Customers

In pursuit of the EWSC vision "to delight our customers in the supply of potable water, wastewater disposal and other services", EWSC conducted a customer satisfaction survey, to assess its customers' perceptions on the services and products it offers, and whether the service meets the expectations of customers. This is in line with the EWSC Strategic Objective of providing world class products and services that meet and exceed customer expectation. The customer satisfaction survey examined the triggers and barriers to customer satisfaction with the aim of improving EWSC products and services, thus improving customer experience. The EWSC Customer Satisfaction Index was found to be at 78.6% (represented by parameters of Accessibility and Quality of Service 82%, Customer Billing 80%, Reliability and Cleanliness of Water 74%). The findings and overall feedback received from customers will inform an action plan that will be implemented to improve overall customer experience.

The Corporation also concluded the financial year having updated 88% of its customer data base in the Know Your Customer (KYC) program. This activity has been critical in the Corporation as it is a cornerstone in the provision of compelling customer experience, since an up to date customer data base allows ease of communication with all customers and is a basis for effective billing and service provision communication. The Corporation will continue with the program to ensure a 100% update. The process of driving out human traffic from EWSC Service Centres to the use of online services under the Phumedelezini Online Payment Campaign realised appreciable results in the year as the Corporation was able to integrate its billing system with three banking institutions who provide online water payment platforms. These institutions include Standard Bank of Eswatini, Eswatini Bank and Eswatini Building Society. This means that customers can now access their EWSC water account balances before and after making payment by utilising any of the online platforms provided by the above-mentioned banks. EWSC is also concluding the development of an EWSC Application (App) which will be a one-stop shop customer service touch point that is accessible, affordable, and convenient. The App which will be free to download, will allow customers to make service applications, check balances, make payments, check account history, and send meter readings.

A Contact Centre Management System was procured which will provide omnichannel management applications such as real-time and historical reporting, recording, workforce management, quality monitoring, and customer relationship management integrations. The process is currently at testing and training stage. The system is expected to go live at the end of the second quarter of 2021/2022 performance period.

Acknowledgement

Despite the harsh impact and continuing threat posed by the pandemic, I am deeply touched by the level of dedication, commitment and perseverance shown by our staff. Our focus continues to be on our people as they support each other in teamwork and deliver on our customers' expectations and making a difference in the communities we service.

As we continue to live with the pandemic, we remain conscious of the impact that it has had on individuals and families. We extend our heartfelt condolences to those who have lost loved ones and continue to look to God for a lasting solution to the effect of this unprecedented pandemic.

Gratitude also goes to our customers, who have continued to support the Corporation's existence over the years. Without your patronage we would not be in existence, and we continue to commit to listening and improving your experience in the years ahead.

Jabulile Mashwama

Managing Director

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. Economic impact of COVID-19

Though the Government has eased business restrictions and lockdowns for most sectors of the economy, the ripple effect can still be felt on the level of trade debtors and the amounts of cash collected from billed arrears due to utilities. It is hoped that with the positive signs of economic recovery, economic activity will return to normal and the performance of businesses will improve over time.

B. Ageing infrastructure

Aging water supply and sanitation infrastructure remains a serious issue facing water utilities today. Due to limited financial resources, the maintenance and improvement of infrastructure needs to be carried out on a piecemeal basis to minimise leakages and bursts and reduce non-revenue water. The financial impact of COVID-19 has slowed down planned maintenance programmes and replacement and/or upgrades of critical infrastructure.

C. Funding for new capital projects/capital improvement plans

The lack of financing sources impedes the scaling up of water and sanitation projects. Capital costs for water and wastewater infrastructure projects are high and yet the financial return on investment is very low. Though the economic benefits of these projects may justify investments at macroeconomic level, it is the financial return that is relevant at microeconomic (utility) level. Thus, securing funding for such projects is challenging given the longer payback periods and lower financial returns.

D. Compliance with environmental quality standards

The failure of industries to ensure that effluent discharged to EWSC systems meet the established effluent standards is one of the major challenges the country faces. The poor effluent discharged continues to put a further strain on EWSC's treatment plants making it a challenge to comply with effluent regulations (WPCR, 2010).

E. Viability of business whilst extending to rural areas

As the Corporation expands its services to rural areas it realises negative financial returns due to the fact that rural areas are not financially viable even though they may be economically viable. Such areas adversely impact on the Corporation's working capital.

F. Changing demographics and unplanned settlements

Urban population growth tends to occur in communities that are poor and settlements that are informal and unplanned, making it difficult and costly to provide services. It is also common in these areas for buildings to be constructed on top of EWSC network infrastructure, making it a challenge to identify leaks which increase NRW.

Board of Directors

The Board of Directors has the overall responsibility of driving the Corporation's strategic plan, reviewing annual operating plans, budgets, annual financial reports, and managing strategic risk.

Benedict Xaba
Chairman

Jabulile Mashwama
Managing Director

Gender Diversity

55%	45%
Female (5)	Male (4)

Tenure

6	1	2
0–3 years	4–6 years	7–9 years

Expertise

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

Non-Executive Directors

Thobile Mavuso

Nomcebo Hadebe

Mvuselelo Fakudze

Zandile Nhleko

Sipho Dlamini

Kenneth Msibi

Sindisiwe Mango

Board of Directors *continued*

Mr Benedict Xaba:
Chairman

Dip; BA (Hons); MDS

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 co-founded. 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 the Eswatini Parliament.

Ms Jabulile Mashwama:
Managing Director

BSc; MBA

Ms Jabulile Mashwama joined EWSC as Managing Director in December 2018.

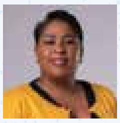
She is the executive member of the EWSC Board. Prior to joining EWSC Mrs Mashwama had served as a Minister of Commerce, Industry & Trade as well as Minister of Natural Resources & Energy during her 10 years as Senator in the Parliament of the Kingdom of Eswatini. In her role as a minister she piloted various legislation nationally to support Government's reform strategies. As Minister for Natural Resources & Energy, she was responsible for the development of Water and Energy Policies in line with the United Nations SGDs, with a special focus on SDG 6 & 7; providing clean water and sanitation, and affordable and clean energy for all. She has been a member of many international initiatives focused on a regional and global development agenda including the African Ministers Council on Water (AMCOW), The Common Market for East and Southern 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. Mrs 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.

Ms Thobile Mavuso:
Non-Executive Member

BA; MA

Ms Thobile Mavuso joined the EWSC Board in October 2013 in an *ex-officio* capacity (representing the Principal Secretary in the Ministry of Natural Resources and Energy) as per section 4 (1) of the Water Services Corporation Act of 1992.

Ms Mavuso is the Principal Planning Officer at the Ministry of Natural Resources and Energy. She has worked as an Economist in various Government Ministries including the Ministry of Economic Planning and Development, Ministry of Tourism, Environment and Communications, Ministry of Regional Development and Youth Affairs and Ministry of Information, Communication and Technology.



Ms Nomcebo Hadebe:
Non-Executive Member

BComm; Post Grad Dip; MPhil

Ms Nomcebo Hadebe was appointed to the EWSC Board in an *ex-officio* capacity (representing the Principal Secretary in the Ministry of Finance) in June 2017.

She is the Principal Finance Officer (Fiscal and Monetary Affairs) at the Ministry of Finance, having joined the Ministry as a Finance Officer in 2007. A trained assessor on Anti-Money Laundering/Counter Financing of Terrorism, she has been working for 15 years in different roles in the financial services industry. She has been key in the promulgation of the Anti-Money Laundering/Counter Financing Legislations and the Consumer Credit Act. She was also involved in the drafting of the country's first Financial Inclusion Strategy, Microfinance Policy and is currently assisting in crafting a Development Finance Framework for Eswatini. Her passion lies with ensuring that the Government of Eswatini develops financial policies that will impact the livelihoods of the poor.

Mr Mvuselelo Fakudze:
Non-Executive Member

BComm, PGDip; ACCA; CA (SD)

Mr Fakudze joined the EWSC Board as a non-executive member in May 2018.

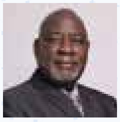
Mr Fakudze is currently the Chief Executive of Standard Bank of Eswatini, a position he took up in December 2016. Prior to that Mr Fakudze spent 14 years at PricewaterhouseCoopers in Eswatini, six of which he was a partner and another four years at Absa/Barclays Africa where he was based in Johannesburg.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

Ms Zandile Nhleko:
Non-Executive Member

BNSc; MPH

Mrs 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.



Mr Sipho Dlamini:
Non-Executive Member

Diploma

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.

Dr Kenneth Msibi:
Non-Executive Member

BSc, CDE, PGD; MSc; PhD

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.

Ms Sindisiwe Mango:
Non-Executive Member

BA; LLB; Adv. Dip; Cert

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), 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

Ms Jabulile Mashwama joined EWSC as Managing Director in December 2018.

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Ms Susan Nkumane:
Finance Director

BComm, 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 & 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 Services Director

BSc; BSc (Civil Engineering); GDE

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 Sandile Dlamini:
Operations Director

BSc + CDE, Post Grad Dip.; Mngt.Dev.Prog

Mr Sandile Dlamini joined the Water and Sewage Board (a Government department then) in 1990 as a chemist.

When the Department was corporatised into Eswatini Water Services Corporation he became Treatment Engineer. In 2001 he was appointed Regional Manager in charge of the South West Region. In September 2006, he joined the Executive Management of the Corporation as Operations Director.
Mr Dlamini has served in various EWSC working committees including the EWSC Pension Fund. He is member of the International Water Association (IWA) and the Institute of Directors (IoD) South Africa.

Mr S'khumbuzo Tsabedze:
Strategic Services Director

BSc; PGD; MA LLB; MBL, IEPD

Mr Tsabedze joined the EWSC Executive Team in May 2014 as Strategic Services Director.

Prior to that, he spent 13 years in various senior management positions as Marketing Manager, General Manager Human Resources, Corporate Services Manager and General Manager Customer Services at SEC. He is a Chartered Marketer (SA) and serves on various Boards.

Senior Management

Finance

Hlobsile Dlamini
Financial Manager: *BComm; ACCA; CA.*

Zanele Dlamini
Commercial Manager: *ACIS; MDP; MBA.*

Bernard Dube
Business Analyst: *BComm; MBA; FCIS;* Certified Utility Mngt Specialist.

Phindile Nkomo
Purchasing Manager: *ACCA; MDP.*

Technical Services

Mlungisi Simelane
Projects Manager: *BSc; BSc (Civil Engineering); MBA; PrEng; PrPCM.*

Mcebo Sigudla
Survey Engineer: *BSc (Survey and Geodetic Engineering), MEngMngt.*

Malusi Dlamini
Water Loss Engineer: *BSc (Civil Engineering).*

Mangaliso Mavuso
Quality Assurance Manager: *BTech; BComm; MDP.*

Dumisa Dlamini
GIS Manager: *BA; MSc.*

Bongani Thusi
Mechanical Engineer: *Dip; BTech (Mechanical Engineering); BSc Hons.*

Celumusa Vilane
Hydraulics Engineer: *Dip; BSc (Civil Engineering).*

Mandla Masina
Projects Engineer: *BSc; BSc (Civil Engineering).*

Ranganai Zizhou
Projects Engineer: *BEng.*

Sabelo Kunene
Process Engineer: *BSc (Civil Engineering); Adv. Dip; MBA; PrEng; PrP.C.*

Velile Dlamini
Electrical Engineer: *BEng; GCC.*

Maxwell Mangwe
Projects Engineer: *BSc (Civil Engineering).*

Zandile Ndlovu-Mamba
Projects Engineer: *BSc (Civil Engineering); MSc.*

Makhosazane Mangwe
Projects Engineer: *BSc (Civil Engineering); PrEng.*

Phumelele Mokoena
Projects Engineer: *BSc (Civil Engineering); MEng.*

Sipho Simelane
Projects Engineer: *BEng.*

Operations

Sikelele Fakudze
Regional Manager: Central: *BSc; Hons BSc.*

Thobile Simelane
Regional Manager: South West: *BComm; R.A; MDP.*

Elwyn Dlamini
Regional Manager: East: *Dip; BSc.*

Aubrey Mkhonta
Regional Manager: North West: *Dip; HND; MBA; Adv. Dip.*

Strategic Services

Innocent Mkhombe
Information Technology Manager: BSc; Cisco Certified Networking Associate; 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.*

Mfanasibili Simelane
Corporate Services Manager: *Dip; B.A. ; MDP; PGD; MBA.*

Public Affairs

Ms Nomahlubi Matiwane:
BSocSc; MBA.

Internal Audit

Ms Bongiwe Hlatshwayo
Internal Audit Manager: *BComm; ACCA; CA.*

Sicelo Mashwama
Environmental, Health and Safety Manager: *BSc; MDP.*

Operating Environment

As at end of March 2021

101%
Lubovane Dam

103%
Hawane Dam

100%
Luphohlo Dam

100%
Maguga Dam

105%
Mnjoli Dam

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 National Development Strategy 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.

Economic and Physical Environment

Whilst the mitigation of the impact of COVID-19 commanded financial prudence at the expense of core business activities, the Corporation managed to salvage available resources to make clean water and wastewater services available throughout the pandemic period. As the economy hits the road to recovery, with various business sectors beginning to pick up, economic growth is expected to be positive in 2021. Despite the negative socio-economic impact of COVID-19 with a projected contraction of 2.4%, the economy is expected to grow by 2.7% in 2021 due to recovery of economic activity in all sectors (*Central Bank of Eswatini, Monetary Policy Statement, 26 March 2021*). The expected recovery is expected to boost Government spending which is a driver for the implementation of development projects. Positive economic growth and improved business sector performance is expected to result in the reduction of trade arrears (debtors) and improvement of working capital for the Corporation whilst enabling Government spending on crucial water and sanitation infrastructure.

The country received generous amounts of rainfall in the period under review dampening any chances of a drought in the short-term. Dams as at year end were full with the Lubovane Dam recording 101%, Hawane – 103%, Luphohlo – 100%, Maguga – 100% and Mnjoli – 105%.

Value Creation

Value creation is based on our vision of delighting customers in the provision of water and sanitation services. Our value creation chain begins with creating value for the business and then extends to our stakeholders. The Corporation creates value for itself through revenue receipts from the supply of potable water and the provision of sanitation services, value for employees through remuneration, training and development and job security, value for customers through the provision of safe and reliable water and sanitation services whilst value for other stakeholders is through trade and social relationships.

EWSC Business Model

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

Inputs

Financial

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

Human

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

Assets

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

Stakeholders and social relationships

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

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)

Natural

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

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).

Outcomes

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

Outputs

Financial
- Increased asset 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

EWSC Value Creation Framework

EWSC

Water and sewer service sales

Business growth

Stakeholder relations

Business reputation

Customers

Access to clean water

Proper sewer disposal

Excellent customer service

Financiers

Return on capital

Human Capital

Remuneration

Skills development

Training

Job security

Motivated employees

Suppliers

Trade and relationship

Value chain

Communities Environment

Improved quality of life

Corporate social responsibility

Cleaner environment

Shareholder

Contribution to NDS, SDGs and Vision 2022 Strategy

Appropriate return on investment

Economic/ social Institutions

Clean water and proper sanitation

Promotes socio-economic development and health

Woodlands Treatment Plant

Strategy and Resource Allocation

Our strategic goals supporting our vision are mapped into short- and medium-term business objectives. The budget to support the strategy is determined by annual goals under the business scorecard. The business scorecard framework allows us to measure how our strategic focus areas create value for business and stakeholders particularly and most importantly our employees and customers. This translates into measurable milestones towards the achievement of performance targets under the strategic plan and the performance agreement with Government. The diagram below summarises our strategy framework.

EWSC Strategy Framework 2018 to 2021

	Strategic focus area	Strategic objectives	Measures of success
1	Customer experience	Promote world-class products and services that meet and exceed expectations	» Customer satisfaction index » Quality and availability » Engagement and communication » Customer image index » Customer relationship management program
2	Quality	To achieve and maintain international quality standards and guidelines	» Potable water compliance » Effluent quality compliance » ISO 9001:2015 Certification for Lavumisa WTP » ISO 45001 & ISO 14001:2015 Certification for Matsapha & Nhlangano WWTP » ISO 9001:2015 Implementation – all plants » ISO 9001:2015 – all regional offices » Compliance with internal audit (SHE) » Supplier development plan for QMS conformity » HACCP certification for Ecowater
3	Infrastructure and technology	To improve business efficiencies through infrastructure management and the adoption of appropriate technology systems	» Reliable and sustainable raw water sources and storage » Business efficiency » Online quality monitoring » Integration of water supply system » National Water Master Plan » Non-Revenue Water » System capacity » Highly efficient plant and equipment » Establishment of up to 10MW renewable energy generation plant » Construction of East region offices » Upgrade of Ezulwini WWTP to 10ML » Development of Emergency Response Plan

	Strategic focus area	Strategic objectives	Measures of success
4	**Product and market development**	To explore alternative revenue sources, exploiting new business opportunities and promoting a culture of innovation	» Profitable Ecowater business » At least one more additional profitable business » Turnover from other business
5	**Employer of choice**	To create a corporate culture that attracts, develops and retains competent and productive people	» Harmonious industrial relations climate » Effective people management and empowerment » Effective employee wellness programs » Staff retention » Employee satisfaction » Performance management system » Development of Competency model » Overtime » Policies
6	**Financial performance**	To efficiently manage resources in order to remain viable	» Turnover » Discrepancies » Growth in billed volumes » Business model and cash flow management

Performance against targets is measured quarterly and ultimately annually using the balanced score card measures of success. The milestones are then compared with the overall objectives of the strategic plan so that targets that have not have been achieved may be carried forward to the following year's scorecard until they are achieved within the strategic plan period.

Managing Director servicing customers at the North West Service Centre

Performance

Operations

South West Region

Finance

The region recorded a 24% increase in terms of revenue during the financial year compared to the previous year. Billed Volumes increased by 9.9%. This positive increase is attributed to the expansion in the textile industries. The non-core revenue was affected by the suspension of hiring of conference facilities due to the COVID-19 pandemic. The Nhlangano Regional Offices Conference facilities remained closed since April 2020.

Trade Debtors Management

The region managed to reduce debtor days from 186 to 135 in the financial year under review. The total debtors figure was E19.4 million at year end. A collection ratio of 96% was attained by end of March 2021 against a target of 110%. Contributing to the failure to achieve the target was the COVID-19 pandemic, as some customers failed to service their debts on time and the partial lockdown regulations restricted non-essential travel, limiting the movement of customers who prefer to make payment in service centres. It is against this backdrop that digital payment platforms were vigorously marketed under the "Phumedelezini" initiative.

Business Growth and Expansion

Supply network extension projects were commissioned at Mbangweni, Nsongweni, Vusweni-Holneck, Somntongo and in various areas under the SISOMA Project. A total of 792 connections were made supporting livelihoods of an estimated 4 000 people. The region installed 105 new sewer connections. The total number of connections for the region as at end of March 2021 were 7 503 and 987 for water and sewer respectively. Two additional Water Kiosks were constructed at Lavumisa, eShaya and Msuzwaneni under Somntongo Inkhundla. These were funded by World Vision. To date there are four additional Kiosks constructed by World Vision after the commissioning of the SISOMA Water Supply Project in 2017, increasing the total number of Kiosks to 20 for the two supply areas under the Somntongo and Matsanjeni Tinkhundla.

Raw Water Sources

The region continued to experience challenges resulting in intermittent water supply at Hlathikhulu. The Hlathikhulu WTP Dam rehabilitation project is near completion as the dam membrane has been sealed. A major challenge experienced in the last quarter of the financial year is the depletion of the Lavumisa Balancing Dam. Raw water inflow from Pongolaport/Jozini has not been forthcoming since 7 February 2021 due to technical challenges at Jozini/Golela Lavumisa Pump Station. Consequently, a rationing program commenced in March 2021.

Non-Revenue Water (NRW)

The NRW for the region was 20% and within the set target. Interventions such as weekly monitoring of critical District Monitoring Areas (DMAs), minimum night flows, hotspots have been implemented and the process is ongoing. The main focus is Nhlangano Town with a high NRW volume. Isolation valves, air valves and two I2O were installed at Nhlangano and Mankayane. Pipe replacement/upgrade for some of the identified hotspots will be done in the financial year 2021/2022.

Human Capital

The region had 54 employees. There was only one exit due to compulsory retirement. The region had one serious Injury on Duty (IOD) and the employee is on his way to full recovery. The region recorded five COVID-19 cases and all attained full recovery.

Quality Compliance

The potable water quality compliance was 94.8%. The Nhlangano WTP (Masibini) recorded 93.7% whilst the Hlathikhulu WTP compliance stood at 93.5%. In the reporting period, the region installed chlorine dosing system/equipment at the Mbukwane 10ML reservoir and Lavumisa WTP to address the challenges of low/undetected chlorine residual in the distribution network. These areas have large diameter pipelines with low water demand/usage by customers. There is also an ongoing project of relocating filters to the treatment plant and rehabilitation of the filtration system at Hlathikhulu WTP to address water quality compliance issues.

The overall effluent quality compliance for the region was 74.8%. The Nhlangano stabilisation ponds recorded 70.7% compliance. The ponds are operating beyond design capacity and at the backdrop of a fast-growing town with a lot of new institutional houses and businesses, including shopping malls. The new Nhlangano WWTP construction remained on suspension during the reporting period.

Supply network extension projects were commissioned at Mbangweni, Nsongweni, Vusweni-Holneck, Somntongo and in various areas under the SISOMA Project

North West Region

Finance

The region recorded a 2.1% increase in terms of revenue during the financial year 2020/2021 when compared to 2019/2020 financial year. Billed volumes increased by 2.8% from 4 083 011kl to 4 197 712kl by March 2021. The lower rate increase is attributed to operational restrictions imposed on commercial and academic activities as a mitigation measure for the COVID-19 pandemic.

Business Growth and Expansion

The region had no major water supply extension projects although there has been an organic increase in the number of water connections in the Mpolonjeni area and within the existing infrastructure. A total of 1 139 new water connections and 75 new sewer connections were done in the period. The Ntfonjeni water supply system was handed over to the community per its approved request through the Ministry of Natural Resources & Energy. The Corporation will no longer render its services to the Ntfonjeni community.

Non-Revenue Water

Non-Revenue Water (NRW) continues to be a challenge at the North West Region as an increase of 8% from the 29% attained last year was observed. The region's NRW for the financial year 2020/2021 was 37%. Major factors contributing to this are major pipe bursts and water theft. During the period, a total of 1 107 pipe bursts, 4 570 leaks and seven major illegal connections were reported.

Human Capital

Employee turnover stood at three, with two non-voluntary exits (due to retirement on medical grounds) and one voluntary exit. A total of 544 sick days were recorded in the year. The region recorded two COVID-19 cases and both attained full recovery.

Trade Debtors Management

The region's debtors increased by 3% from E64. 5 million to E66.5 million. The collection ratio was 95% as of 31 March 2021 against a target of 110%. Debtor days were 204 against a target of ≥70 days. The target could not be achieved and the COVID-19 pandemic contributed as some customers could not service their debts due to economic challenges and the partial lockdown regulations restricted non-essential travel affecting customers who use service centres to make payments.

Quality Compliance

The Lamgabhi and Ngwenya Water Treatment Plants (WTP) upgrades commenced and are still ongoing. This is aimed at improving the water quality supplied to Ngwenya and Ezulwini. The treated water quality compliance rate was 92.1% and the effluent quality compliance stood at 77.7%.

"The Ntfonjeni water supply system was handed over to the community per its approved request through the Ministry of Natural Resources & Energy"

Central Region

Finance

The onset of the devastating COVID-19 pandemic that affected the region began in March 2020 in the country and had a severe impact on the turnover of the region. The region recorded a 7% decline in billed volumes compared to the previous financial year. This resulted in an underperformance of 18% in budgeted revenue. The region witnessed the closure of significant commercial and corporate customers due to the lockdown implemented to address the pandemic. In addition, customers had difficulty in settling their bills. As such, the debtor's book increased by 7% when compared to the previous year.

Raw Water Sources

The region is primarily dependent on the Lusushwana River, that services the Manzini and Matsapha areas. The river was stable for the year, but for long-term sustainability a dam is still a requirement for this system. Malkerns town also experienced raw water supply challenges which was pronounced this year after the raw water canal collapsed, and reinstatement took in excess of a week to complete. Stationary tanks were provided and filled with water ferried from other sites for the customers to use as an alternative supply. Siphofaneni also remains a critical focus area for which more stable abstraction works are required.

Growth

Notwithstanding the challenges caused by the pandemic, the region witnessed a significant growth in water and wastewater connections within the existing infrastructure of the Corporation. A total number of 2 415 new water connections and 326 new wastewater connections were installed in the region. Under the ongoing program geared at optimisation of energy efficiency, the region continued with the implementation of the energy cost reduction initiative where non-pumping facilities and pumping facilities recorded 7% and 11% reductions respectively.

Performance *continued*

Non-Revenue Water

The NRW for the region was 37%. Interventions such as weekly monitoring of critical District Monitoring Areas (DMAs), minimum night flows, hotspots have been implemented and the process is ongoing. The main focus areas are Tubungu township and Kush DMA with five PRVs and air valves having been installed in Tubungu. A new supply line of 110mm uPVC main has been installed at Mpholi. Pipe replacement/upgrade for some hotspots (New Village, White City, Ticantfwini and Tubungu) are scheduled to be done in the Financial Year 2021/2022.

Human Capital

The region had 138 employees, with four exits; one due to retirement, two dismissals and one due to death. The region had one serious Injury on Duty (IOD). The employee is on his way to full recovery and is being monitored. The region recorded three COVID-19 cases, two of them attained full recovery and one was fatal.

Trade Debtors Management

Debtors management remained one of the big challenges for the region and was further worsened by the COVID-19 pandemic. Some customers could not service their debts on time and the lockdown regulations restricted non-essential travel causing inconvenience for customers not yet using the available digital payment platforms. The region's debtors stood at E96 million and the debtor days were 198 against a target of 70 days. The region achieved a collection rate of 96% (annual average) against a target of 110%.

Quality Compliance

The overall effluent quality compliance for the region was 69.5%. The Nhlambeni Waste Water Treatment Plant (WWTP) recorded 74.7%. There is an ongoing rehabilitation program at Nhlambeni which will be completed in the financial year 2021/2022 to assist in improving the effluent quality. The New Matsapha WWTP recorded 64.3%. The commissioning of the dewatering plant will assist in improving the effluent quality. This will be completed in the 2021/2022 financial year.

The potable water quality compliance rate for the region was 91.2%. The Matsapha WTP recorded 98%. In an effort to improve the water quality compliance there is an ongoing rehabilitation of clarifiers at this plant. Clarifier #4 was rehabilitated and completed in the 2020/2021 financial year and Clarifier #1 will be rehabilitated in the 2021/2022 financial year. The Malkerns WTP compliance stood at 94.2%. There is a proposal of decommissioning this plant and it will be replaced with water supply from Ezulwini. The Siphofaneni WTP compliance recorded 91%. An upgrade of the Siphofaneni gallery will be done in the 2021/2022 financial year.
The Croydon WTP compliance stood at 86.7%. An upgrade of the water intake and the construction of a new clarifier will be done in the 2021/2022 financial year. These will help in improving the water quality. The Sithobelweni WTP reported 86% compliance. There is an ongoing rehabilitation project of clarifiers at this plant.

East Region

Finance

The region showed substantial financial improvement closing in on a turnover of E41.4 million representing an increase of 17% from the previous year. Costs remained a challenge, particularly electricity, which contributes about 45% of total costs for the region and increased by 8% from the previous year. While overtime physical hours showed a declining trend, the target of 10% was not met.

Raw Water Sources

The onset of the rainy season in the third quarter of the year recharged water systems, such that river flows, dam levels and general water resource assurance was high in the year. The year ended with both dams, Maguga and Mnjoli above 100% of storage. Lomahasha, however, continues to experience an unstable water supply due to aquifer depletion in the earlier months of the year.

Growth

The region grew by 1 050 new water connections that were installed in the year against a target of 800. Installation of new connections were done in the following areas:

- Mhlumeni (phase 3)
- Makhewu (phase 1 and 2)
- Ndlovini/Mkhweli (Mpolonjeni phase 3)
- Lubhuku

There was appreciable growth on sanitation with 59 new sewer connections made in the year against a target of 40.

Non-Revenue Water

NRW stood at 40%. Whilst a lot of interventions and focus goes to addressing water loss, issues such as pipe replacement in hotspots and telemetry performance remain key areas for tackling NRW.

Human Capital

The region recorded two non-voluntary exits, one due to a disciplinary inquiry resulting in dismissal and the other one being a retirement. A total of 36 sick days were recorded in the year and none of them were serious. The region recorded two COVID-19 cases and both attained full recovery.

Trade Debtors Management

Debtors management remained one of the big challenges in the region and was further worsened by the COVID-19 pandemic. Some customers could not service their debts on time and the lockdown regulations restricted non-essential travel especially for customers who are not accustomed to digital payment platforms. In the year under review our debtors stood at E25 million, reflecting a 3% increase from the previous year. Debtor days stood at 233 against a target of 70. The region achieved a collection rate of 90% (annual average) against a target of 110%, indicating a 14% improvement from the previous financial year.

Quality Compliance

Water treatment plants achieved a compliance rate of 93%, which is 5% below the set target of 98%. The effluent compliance was 85.4% against a target of 95%. The poor performance is mainly due to breakdowns experienced at the Sikhuphe plant, particularly the bioreactor and process control devices at the Siteki plant which impact final outflows. The performance of ponds in Vuvulane regressed as a result of sludge build up which is due for dredging.

"The onset of the rainy season in the third quarter of the year recharged water systems, such that river flows, dam levels and general water resource assurance was high in the year"

Laboratory Technician testing water samples

Performance *continued*

Quality Assurance

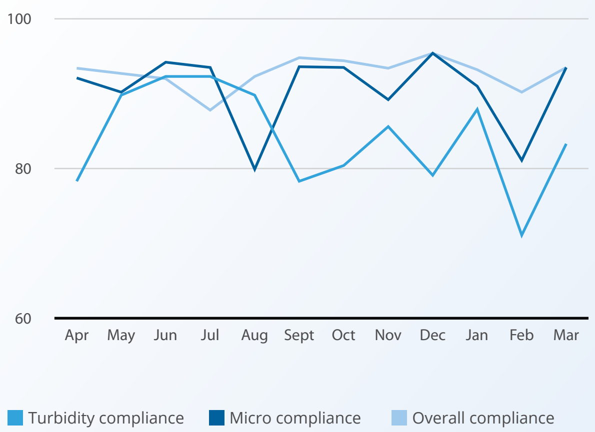
Potable Water

The EWSC laboratory monitors the microbiological and physico-chemical quality of water at catchment areas, treatment plants and distribution points (reservoirs and end-user points).

A total of 4 309 samples were collected for the EWSC Potable Water Sampling Program in the period under review, representing a success rate of 78.1%. The number of samples collected is lower by 0.2% compared to 2019/20. The samples collected include raw water (12.6%), treated water (12.9%) and distribution (74.5%).

The treated water quality compliance stood at 92.8% in the reporting period. The figure below shows the trend of treated water quality compliance.

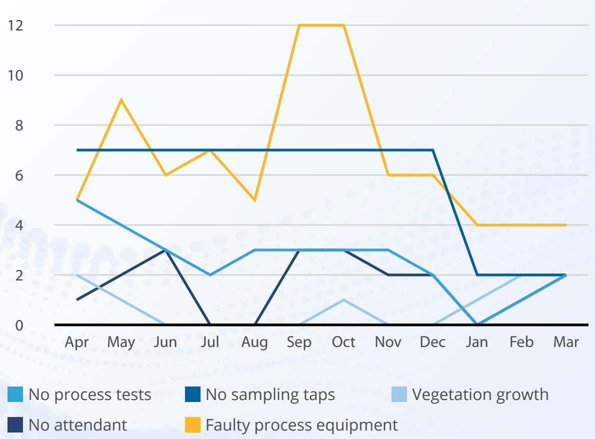
Treated water compliance: 2020/2021



Plant Audits

A total of 275 out of 285 water treatment plant audits were conducted during the period, which represents 96.5% of the audits planned.

Plant audit summary 2020/2021



Wastewater

A total of 824 wastewater samples were collected and analysed during 2020/2021, reflecting a 7.1% decrease compared to 2019/2020. The total number of tests conducted thereof was 31 312.

These tests range from microbiological to physico-chemical parameters (including organic pollutants and trace metals), which are used to evaluate the efficiency of wastewater treatment plants and the quality of the treated effluent before it is released to receiving water bodies such as rivers and streams.

The wastewater effluent quality compliance stood at 76.1% in the reporting period. This is a decline from the previous year and is due to a number of factors including, but not limited to, the change in waste streams not compatible to current treatment technology, increased influent volumes thus reducing retention time, treatment plants operating beyond design capacity, disinfection challenges and aging infrastructure.

Reservoir Cleansing

The 2018–2020 program ended in August, 2020 with a success rate of 77.1% (64/83) compared to the target of 100%. Due to the water quality challenges in Matsapha–Manzini, a better part of the cycle was dedicated to frequently cleansing reservoirs in that network to address these issues. Some reservoirs were not cleansed due to the COVID-19 impact and other mechanical and logistical issues.

The 2020–2022 cycle commenced in September 2020 and by the end of March 2021, 18 out of the scheduled 84 reservoirs had been cleansed, which brought the success rate to 21.7% versus a target of 32.5% as at March 2021. The program was momentarily suspended at the onset of the novel coronavirus. However, health safety plans have been made and implemented, hence the program has been resumed.

Trade Effluent

A total of 1 498 trade effluent samples were collected during 2020–2021 and 7 490 tests were conducted thereof. The total number of samples collected reflect a 11.6% decrease compared to 2019/2020. The drop was mainly due to industries being closed during the national lockdown occasioned by the pandemic.

The overall average annual COD content for all the monitored industries' effluent stood at 2 211mg/l, compared to 3 497 in 2019/2020. The overall average annual EC content for all the monitored industries' effluent stood at 1 358mg/l, which is a significant reduction from 1 809mg/l in 2019/2020. The average EC content in the Matsapha WWTP influent is higher than the average EC content from the industries and this could be caused by industries discharging after hours or other industrial effluent that is not being monitored. This justifies the need to install auto samplers at selected companies, a project which is currently being implemented.

Water Loss Management

Non-Revenue Water Overall Analysis

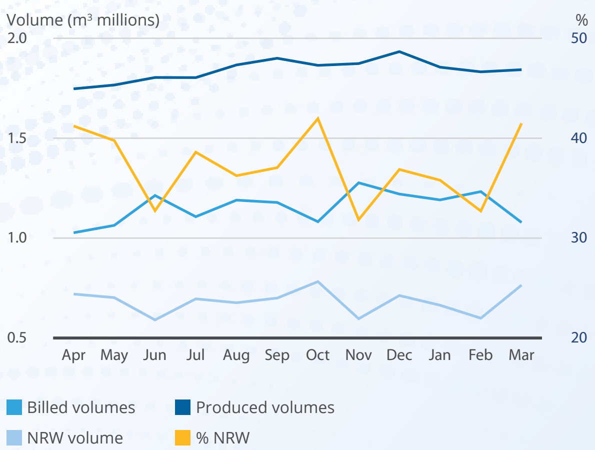
The NRW expressed as a percentage of system input volume for the financial year was 37% with lower bounds and upper bounds of 32% and 42% respectively. The physical losses were determined to be 58% of the total NRW volumes, therefore commercial losses were 42%. This presents a 4% increase compared to the previous financial year. The increase in NRW was as a result of both internal and external factors. The external factors include cyclone Eloise, which resulted in extensive damage to the water network infrastructure, especially in the North West and East regions.

NRW Key Indicators

Type Indicator	Name of Indicator	Value	Standard
Financial	Percentage of system input volume	37%	<20%
Financial	NRW as percentage of operation cost	37% (estimate from IWA water balance s/w)	10%
Commercial Indicator	Litres/ connections/ day	287l/c/d	150l/c/d
Physical	m^3/km/day	6m^3/km/d	3m^3/km/d
Physical	Infrastructure leakage	2.5	1

Another factor is the illegal connections which resulted in a decrease in billed volumes. The monthly performance of the Corporation in terms of NRW is shown in the figure below:

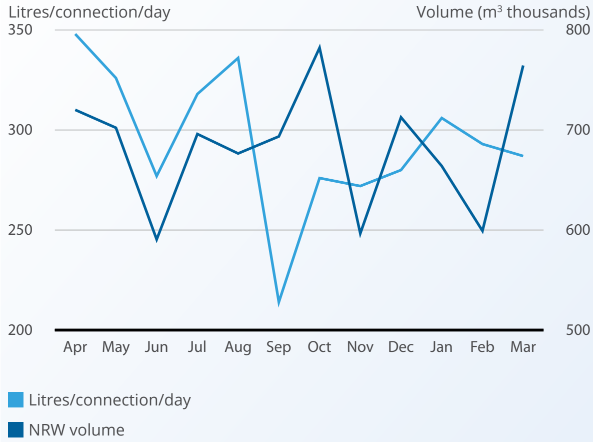
NRW monthly distribution for 2020/2021



It is evident from the graph that from November 2020, there was a decrease in production volumes after an upward trend in production volumes from March to October. The decrease coincides with an increase in billed volumes.

There was a 150 litres/connection/day decrease between September 2020 and October 2020 as shown in graph below. The decrease coincides with an increase in billed volumes for the same time period.

Commercial indicators trend for the financial year 2020/2021

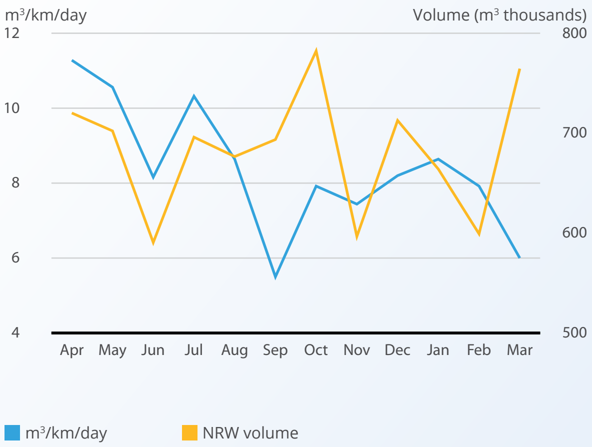


The physical losses indicator shows a downward trend through the financial year. This is largely due to improvements made to the network in the form of pressure management and pipe replacements.

> *The external factors include cyclone Eloise, which resulted in extensive damage to the water network infrastructure, especially in the North West and East regions*

Performance *continued*

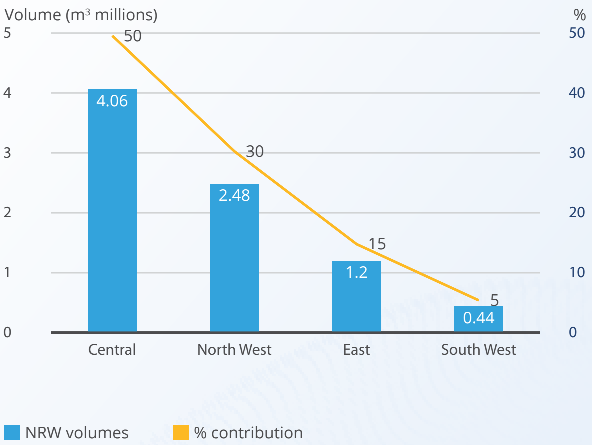
Physical indicators trend for the financial year 2020/2021



In volumetric terms, the current physical losses (CAPL) are calculated to be at 4 787 295m³. The minimum achievable volume of physical losses (MAPL) for 2020/2021 was calculated to be 3 234 265m³. Therefore, this means EWSC can be able to reduce approximately 68% of its current physical losses.

The regional contribution to NRW for the 2020/2021 financial year is shown in the graph below. From the results, it is evident that Central Region contributed the most volumes which accounts for 50% of the total NRW volumes of the Corporation, followed by the North West with 30%, the East Region with 15% and lastly the South West Region with 5%.

Percent contribution of each region to total NRW volumes 2020/2021



Survey Engineering

The Survey office scrutinised 551 building applications from Matsapha (66), Mbabane (270), Ministry of Housing and Urban Development (153) and Ezulwini (62) compared to 557 in 2020.

Network information on CAD and GIS increased from 1 766km to 2 003km (**13.4%**) for clear water and from 539km to 560km (**3%**) for waste water in terms of pipe length. New sites surveyed to increase water network information include Bahai, Glen Township, Hlane, KaShali, Langa, Mahamba, Mahlabatsini, Mahwalala, Makholokholo, Makholweni, Malkerns, Mangwaneni, Manzini, Mayangeni, Mbabane, Mbangweni, Mkhosi Township, Motjane, Mpholonjeni, Ndumbu Township, Ndzangu, Ngwenya Nkoyoyo, Siteki, Thembelisha Township and Umndoni Township. Sewer network updates and surveys for Glen Township, Mountain Inn, Happy Valley, Mbabane Corporation and outfall, Mkhosi Township, Ndumbu Township, Siphofaneni, Sithobela, Sterkstroom, Thembelisha Township and Umndoni Township.

One Human Settlements Authority application was scrutinised to cover Eswatini Housing Board development at Piggs Peak. Twenty-four surveys were done to carry out encroachment investigations, sewer pipeline extensions, pipeline setting out, pipeline relocations and no quotations were done for network extensions. Design drawings were completed for the Checkers Staff Housing renovations, East Region Head Office fire escape, East Region Sewer Booster Pump Upgrades, Mpofu Treatment Plant Elevations, Lukhula and Lonhlupheko Pumphouses, Manzini Volumetric Tests Bench, Nkoyoyo Pumphouse, Piggs Peak revenue office septic tank, Ezulwini Waste Water Schematic Diagram Update, and M&E Workshop Renovations. As-built surveys and drawing updates were undertaken for the following plants: Ngwenya Waste Water, Sikhuphe Waste Water, and Siteki Waste Water.

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

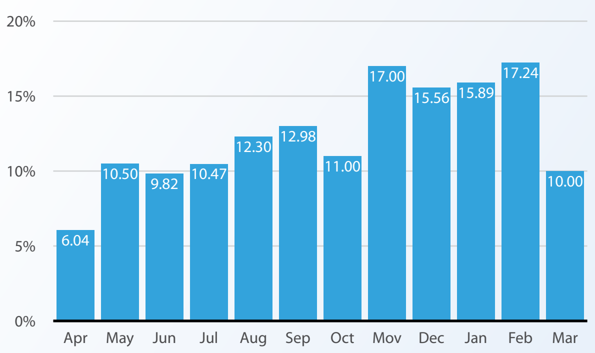
Mechanical and Electrical Unit

The Mechanical and Electrical Unit now operates from two centres being the North West depot and Central depot. The Central depot is charged with service provision in the Central and South West Region while the North West depot services the North West and East Regions.

Overtime

Overtime for the section in the year was at 10.8%, as shown in the monthly distribution chart below:

Overtime to basic percentage



The summer period generally has higher callouts due to high-power outages and poor raw water quality during this period due to heavy rains

The summer period generally has higher callouts due to high-power outages and poor raw water quality during this period due to heavy rains. Control of callouts is now also based on criticality, meaning non-water supply interruption callouts are deferred for normal operating hours. The recently experienced cyclone which led to water and wastewater systems failures contributed to an increase in overtime as teams had to work extended hours and weekends.

The electrical section accounts for 50% of the section's overtime. This is due to the nature and critical functions of the unit in that an electrical failure is likely to cause total station shut down, thus more callouts are experienced. Quality of power supply (From EEC) issues continues to be a challenge as about 20% callouts are either due to phase failures or low voltages.

Equipment Status

Year	Central	North West	South West	East	Corporate Average
2019/2020	72%	76%	87%	75%	77%
2020/2021	79%	73%	85%	74%	78%

Equipment availability in the Central Region has improved following the rehabilitation of the Matsapha Treatment works, Nhlambeni WWTP and Ngwane Park Pre-Treatment Plant. The Ezulwini WWTP and Ngwenya WWTP equipment challenges are being addressed. The rehabilitation programs for both sites are in progress and are to be phased until complete. For the East Region, Lonhlupheko Booster and Simunye Booster are the areas contributing to the low equipment availability. Lonhlupheko Booster rehabilitation is in progress. The replacement of pumping equipment at the Simunye Booster Station is also being done, with two pumps procured in the current financial year and more pumps are to be purchased next year.

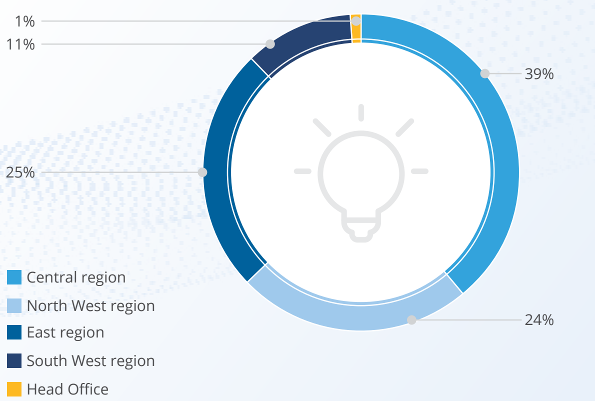
The Test Bench was accredited for SANS 17025:2005 in October 2019. The meter testing laboratory is migrating to SANS 17025:2017. Audits were carried out and submissions for closing non-conformances raised by the audit were made to SADCAS.

Performance *continued*

Electricity Reporting

The power usage by region is reflected in the chart below:

Distribution of electricity consumption by region



> *The water supply systems are monitored for efficiency (measured in kWh/m³). Based on the baseline established in the 2015/2016 financial year, systems are expected to improve by at least 3% each year*

The water supply systems are monitored for efficiency (measured in kWh/m³). Based on the baseline established in the 2015/2016 financial year, systems are expected to improve by at least 3% each year. Below is the breakdown on how the supply systems have performed.

Pumping Facilities Performance

Region	YTD 2019/2020	Apr–20	May–20	Jun–20	Jul–20	Aug–20
Central	**0,78**	0,85	0,81	0,75	0,74	0,72
North West	**0,94**	0,86	0,86	0,88	0,80	0,84
East	**2,76**	2,88	2,77	2,99	2,74	2,67
South West	**1,32**	1,20	1,80	1,52	1,60	1,54
Corporate average	**1,09**	**1,14**	**1,13**	**1,11**	**1,09**	**1,08**
% change		**4%**	**4%**	**2%**	**0%**	**(1%)**

For non-pumping facilities the average usage in 2019/2020 was at 165 125kWh and in 2020/2021 was at 172 092.41kWh indicating an increase of 4%. Table below shows performance per operational area:

Non Pumping Facilities Performance

	YTD 2019/2020 AVG	Apr–20	May–20	Jun–20	Jul–20	Aug–20
HEAD OFFICE	**(4%)**	(21%)	(19%)	4%	8%	21%
NORTH WEST **% change**	**(15%)**	10%	24%	27%	10%	6%
CENTRAL **% change**	**(10%)**	7%	(2%)	(1%)	(11%)	(17%)
SOUTH WEST **% change**	**(3%)**	(21%)	(9%)	25%	34%	40%
EAST **% change**	**(13%)**	(15%)	(14%)	7%	14%	9%
% change		**(6%)**	**1%**	**11%**	**14%**	**5%**

There was a 4% decrease in the energy used per produced volume ratio. All regions except the South West experienced decreases in this period. The decrease is attributed to the improved energy awareness. The ongoing energy management technical support being received from the Southern Africa Energy Program (SAEP) will enhance this outcome.

Matsapha Wastewater Treatment Plant

	Sep–20	Oct–20	Nov–20	Dec–20	Jan–21	Feb–21	Mar–21	YTD 2020/2021
	0,71	0,72	0,73	0,72	0,70	0,64	0,71	**0,73**
	0,80	0,85	0,74	0,80	0,89	1,05	0,93	**0,86**
	2,67	3,11	2,72	2,59	2,64	2,63	2,39	**2,72**
	1,36	1,47	1,54	1,44	1,47	1,27	1,48	**1,46**
	1,02	**1,11**	**1,05**	**1,06**	**1,09**	**1,06**	**1,07**	**1,08**
	(6%)	**1%**	**(3%)**	**(3%)**	**0%**	**(2%)**	**(2%)**	**(1%)**

	Sep–20	Oct–20	Nov–20	Dec–20	Jan–21	Feb–21	Mar–21	YTD 2020/2021 AVG
	19%	7%	17%	10%	6%	(26%)	(25%)	**(1%)**
	(8%)	(10%)	(4%)	0%	(1%)	6%	(15%)	**17%**
	(5%)	(10%)	(16%)	(18%)	4%	(7%)	(10%)	**(7%)**
	44%	2%	(16%)	(20%)	(19%)	(19%)	(6%)	**14%**
	(3%)	(12%)	(37%)	(37%)	(22%)	(28%)	(38%)	**(15%)**
	2%	**7%**	**7%**	**1%**	**1%**	**2%**	**4%**	**4%**

For buildings, there was a significant increase in most sites which is attributed to the winter period (May to August) where space heating is high. Controls will be put in place to better manage the winter effect. Additional power usage has been realised due to the addition of the Head Office extension site (US Embassy Site Office). Energy usage increased mostly in the South West and North West Region. In the South West, usage increased at the Regional Offices and Nhlangano depot.

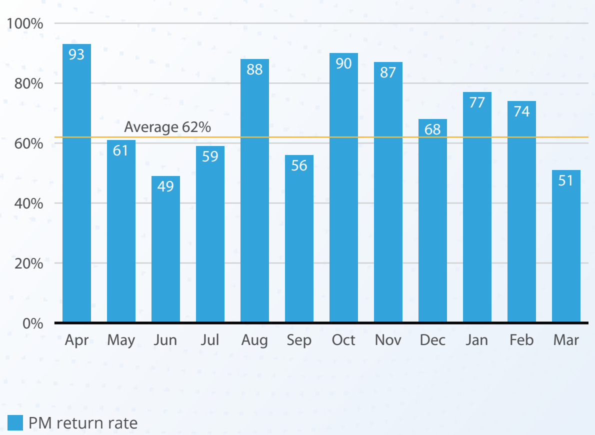
Performance *continued*

Work Order Management

Preventative Maintenance

Preventative maintenance (PM) work order return for the period was below the set target of 75% at 62%. May, June, July, September and March were the contributors as shown in the graph on PM breakdown.

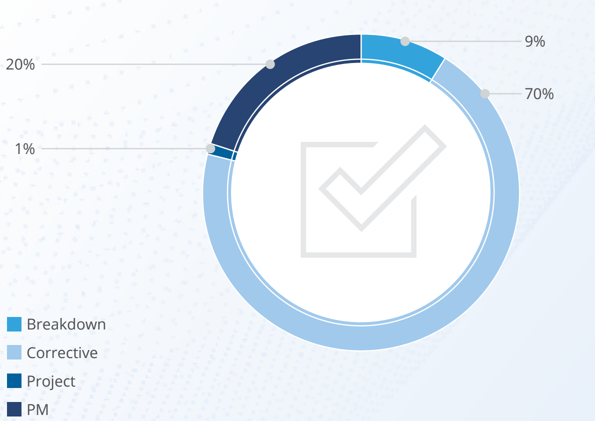
PM work order return during 2020/2021



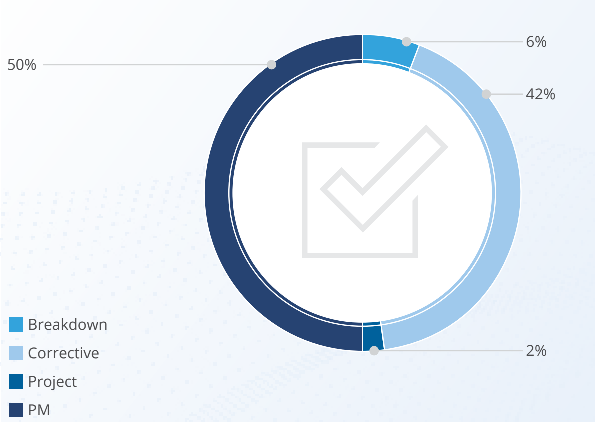
Work Order Distribution

Reactive maintenance continues to dominate as more work orders are issued towards such. The target is to have more preventative maintenance work and less reactive maintenance work. There is a need to intensify on inspection and daily basic maintenance by plant operators. An effort is being made to equip operators in this regard. Three sessions have been conducted in the Central, East and South West regions. Outstanding is the North West region, but arrangements are being made to address this. More sessions are to be held in the next financial year. The graph below shows work order distribution by maintenance type:

Work order distribution by type 2019/2020



Work order distribution by type 2020/2021



The scheduling of M and E Maintenance Plans is a challenge that the ongoing asset management exercise will address. During the year, maintenance plans were reviewed and new ones developed. This is meant to address limitations the existing plans had on maintenance of equipment. This activity led to more PMs being issued out when compared to previous years. Although the addition of more maintenance plans had a negative impact on the PM completion rate the long-term benefit is improved equipment uptime. PM contribution to total work orders when compared to previous year increased from 20% to 50%.

The work order return rate by type is represented by the table below:

	Logged	Complete	% Complete
Breakdown	255	172	67%
Corrective	1 844	1 597	87%
Projects	97	30	31%
PM	2 172	1 343	62%
Total	**4 368**	**3 142**	**72%**

Breakdowns also had a low return rate, mainly due to sites where capital expenditure is required to rehabilitate equipment. Rehabilitation of most of the breakdown work orders not closed was either in progress at year end or a tendering process was in progress. The sites referred to are Ezulwini WWTP, Mqolo Pre-Treatment facility, Ngwenya WWTP, and a few pumping equipment which required total replacement and budgetary provisions (which has been availed for 2021/2022).

For the North West Region, sites with high maintenance activity are Woodlands WTP, Mqolo Pre-Treatment and Ezulwini WWTP. The Woodlands clarification system requires rehabilitation and will be provided for in the 2022/2023 budget. The Mqolo Pre-Treatment and Ezulwini WWTP equipment rehabilitation, project is ongoing and will lead to improvement on these sites.

Hydraulics Engineering

The activities of the hydraulics engineering section include carrying out network design analysis, demand analysis, hydraulic modelling and monitoring adherence to EWSC design standards.

Network Design

The following networks were designed in the reporting period:

- Deda Community water supply
- Ridgeview Township water supply
- Phambili kaMvembili Water Scheme
- Mbalenhle to Ngonini water supply extension
- Mpaka Brick factory water supply
- Sigcumeni Community water supply

Design Standards and Compliance

During the reporting period, the following designs were evaluated and conformed to EWSC Design Standards:

- Phola Township drawings
- kaLaNgwane Township drawings
- Ekuphumleni Township drawings
- Tubungu Phase 4 extension

District Metered Areas Progress

The DMA routes alignment to the individual meters is going to ensure that discrete DMAs have connections registered under them. The exercise of making DMAs discrete is 81% complete, a process that will further enhance the micro-level management of NRW.

DMAs Summary

Region	No of DMAs per region	Discrete DMAs to date	Aligned DMAs to consumption meters
North West Region	49	28	28
Central Region	63	47	47
South West Region	56	50	56
East Region	45	33	42
Total	**214**	**158**	**173**

Nhlambeni Wastewater treatment plant

Performance *continued*

Geographic Information Systems

Water Coverage and Access

Within the Urban Boundary

This boundary concentrates on the extent of EWSC's service provision within Eswatini's defined urban boundaries, which are distinguishable by town boards'/councils' jurisdictions. They are as follows: Ezulwini, Hlathikhulu, Malkerns, Mankayane, Lavumisa, Mankayane, Manzini, Matsapha, Mbabane, Ngwenya, Nhlangano, Piggs Peak, and Vuvulane. There is currently a total of 30 845 homesteads falling within this boundary, out of the 72 156 customer connections registered as at the end of March 2021. This translates to approximately 40% of all current EWSC customer connections falling within the urban boundary.

Of the Urban boundary's 30 845 homesteads 22 384 of these have access to EWSC services whilst the total covered are 27 859. This represents a 72.6% access, and 90.3% coverage within the urban boundary as at the end of March 2021.

EWSC services access and coverage for 2020/2021

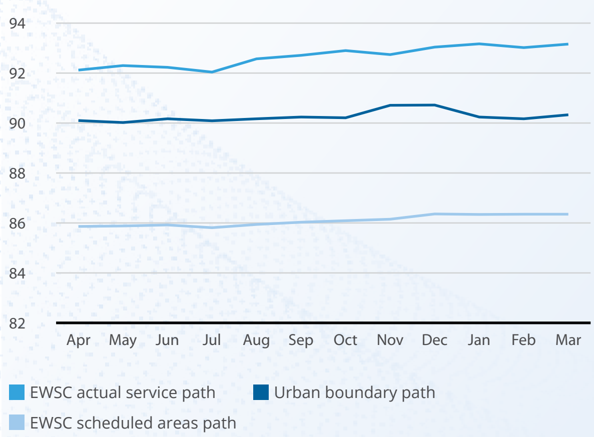
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Urban Boundary Access (%)	71.0	71.0	72.0	64.3	72.2	72.2	72.3	72.4	73.1	72.5	72.3	72.6
Urban Boundary Coverage (%)	90.1	90.0	90.2	90.1	90.2	90.2	90.2	90.7	90.7	90.2	90.2	90.3
EWSC Scheduled Areas Access (%)	72.0	72.8	73.1	67.2	73.7	72.9	73.5	73.5	72.6	73.6	73.6	73.8
EWSC Scheduled Areas Coverage (%)	85.9	85.9	85.9	85.8	85.9	86.0	86.1	86.1	86.4	86.3	86.4	86.4
EWSC Actual Service Path Access (%)	65.0	65.4	65.7	59.2	66.4	66.1	66.6	66.4	66.2	66.8	66.7	66.8
EWSC Actual Service Path Coverage (%)	92.1	92.3	92.2	92.1	92.6	92.7	92.9	92.8	93.0	93.2	93.0	93.2

Within the EWSC Scheduled Areas

This boundary strictly 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 and 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. A total of 30 845 homesteads fell within this boundary at the end of March 2021 out of which 22 384 homesteads had access to EWSC services and coverage stood at 27 859 homes. This represents a 72.6% access, and 90.3% coverage within the urban boundary as at the end of March 2021.

The EWSC scheduled areas boundary has a total of 41 190 homesteads and 30 387 of these have access to EWSC services whilst the total covered are 35 572. This represents a 73.8% access, and 86.4% coverage as at the end of March 2021.

Service coverage trend 2020/2021 financial year



Within EWSC Actual Service Path

This boundary path was last created in January 2020. This means that all EWSC customer connections as of January 2020 fell within this boundary, including all on-the-ground EWSC network infrastructure. There has been a gradual shift to this original boundary, as the actual on-the-ground EWSC infrastructure and customer connections reflect changes mainly due to growth.

The current EWSC actual service path boundary has a total of 91 845 homesteads and 61 351 of these have access of EWSC services whilst the total covered are 85 565. This represents a 66.8% access, and 93.2% coverage within the EWSC Actual Service Path boundary as at the end of March 2021.

EWSC Sewerage Coverage

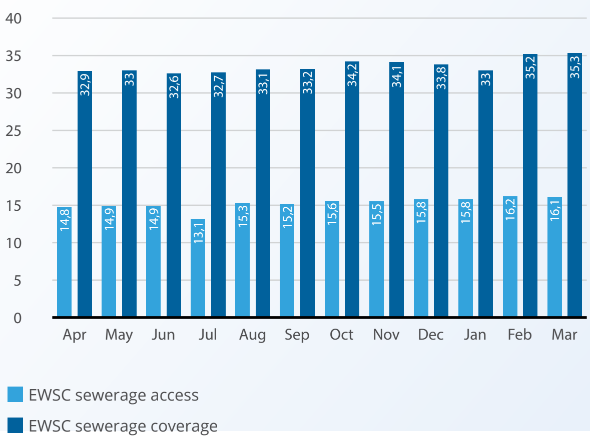
Of the total 91 845 homesteads currently serviced by EWSC countrywide, only 15 995 have access to both water and sewer as at the end of March 2021. A spatial analysis of the current wastewater infrastructure deployment shows that an estimated 32 460 homesteads are potentially covered for sewer services throughout the country as at the end of March 2021. This translates to 16.2% access for sewer and 35.3% coverage for sewer.

Key Strategic Objectives

Progress Update on 25% EWSC Properties Registration

This is an objective that sought to ensure that at least 25% of EWSC properties were registered to EWSC by the end of the 2020/2021 financial year.

EWSC sewerage access and coverage 2020/2021 financial year



As at the end of the year, key processes towards the achievement of the proposed land transfer that comprises title deed properties had been coordinated with the Deeds Office through the Ministry of Housing and Urban Development (MHUD) and concluded.

The activities carried out in the year included the securing of rates clearance certificates of all the identified and earmarked land parcels, and site visits by MHUD and EWSC to all earmarked sites within the four geographic regions. The process of legal acquisition and registration of the Nazarene reservoir and staff houses area was initiated through the Mhobodleni Local Authority.

Ecowater Business Unit

During the year the bottling plant upgrade at Nkamanzi was finalised. Following the extension of the facility, the upgraded production line was duly installed. This line is a high-speed line (12 000 bottles per hour) producing still, sparkling and flavoured products (500ml and 1.5l). With an online bottle blower, the capacity of the plant has been greatly increased to meet local market demand. It is envisaged that excess capacity will be utilised towards contract bottling as well as servicing the export market. A comprehensive market survey was undertaken to enable the business to understand the bottled water market landscape in Eswatini and to craft an appropriate business model and commercial strategy to ensure a positive return on investment.

With an online bottle blower, the capacity of the plant has been greatly increased to meet local market demand. It is envisaged that excess capacity will be utilised towards contract bottling as well as servicing the export market

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 NDS and SDGs 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 serve as a catalyst for local development, economic activity, and 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:

» expanding access to domestic sanitation services in the project area;

» assessing and piloting the use of appropriate technologies for on-site sanitation in informal settlements, health centres, and schools; and

» 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:

» Gravity and pumping mains;

» Reservoirs at key strategic places;

» A pump house and 1ML sump at a strategic place;

» Lateral and distribution networks; and

» Water Kiosks in peri-urban and adjacent rural areas.

The project also has a sanitation component inclusive of improving access to domestic sanitation facilities, on-site sanitation for informal settlements using appropriate technologies.

Cost: Estimated at USD45 million

Financed by: World Bank and Government of Eswatini.

Status:

» The Engineering Design and Construction supervision contract was awarded to ZMCK/Mariswe JV. The engineer has presented the draft detailed engineering designs and draft tender documents for Packages 1 and 2 (main pipeline and reservoirs). Comments on the draft designs were submitted following which the final designs will be concluded at the end April 2021.

» The procurement of consultant for Water, Sanitation and Hygiene (WASH) Masterplan is in progress. This process is at EOI evaluation stage, with the project team expected to address comments raised by the Bank on the evaluation report.

» The procurement of consultants for Ministry of Health (MOH) WASH Situational Assessments is in progress. The evaluation report for the institutions component has been concluded and award processes ongoing.

» The procurement of the consultant for the MOH Behavioural Change Campaign is in progress, with financial evaluations ongoing.

» The procurement of the consultant for the NDMA Risk Profiles has commenced. The procurement plan and terms of reference have been approved by the World Bank. The EOI will be issued in May 2021.

» The procurement of the consultant for the NDMA Drought Management Plan is in progress. The Technical evaluation is ongoing and due for completion by end April 2021.

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 includes 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: The Inception report, preliminary design and final design reports for the water supply component have been completed. The Water Supply Component is currently at Tender Documentation and these are expected to be concluded at the end of April 2021.

The Sanitation component is currently at preliminary design stage. The Inception report and concept designs have been completed. The preliminary design costs are indicative of more funding requirements. This has been communicated to the MNRE and a reduced phased scope was approved by the Ministry. The Corporation is awaiting concurrence from the financier, the AfDB, before the final designs are concluded. The final designs and draft tender documentation are scheduled for submission in June 2021. Commencement of construction is anticipated to be in September 2021.

The stakeholder engagement and land negotiations and acquisitions continued through the period with key stakeholders having been identified and engaged. The negotiations for the wastwater treatment plant site were also concluded in the reporting period.

The COVID-19 pandemic associated risks continue to hinder progress of the project. The Stakeholder engagement report due in January 2021 was delayed because of the COVID-19 pandemic second wave experienced in the country and the partial lockdown, but will resume in the first quarter of the 2021/2022 financial year. There have also been delays due to protracted time taken to resolve access to the road reserve issue.

Expected date of completion: 2022

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 waste water 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 elapsed.

For the potable water component, Package A remains at approximately 45% completion and Package B reached 98% and is at testing and commissioning stage.

Package A is at 45% complete with the completion of bulk earthworks, embankment support and the access road earthworks and 1.3km of the 1.8km pipeline having been laid and reservoir blinding. The contractor terminated the construction contract as a result of non-payment of interim payment certificates.

The Corporation has elected not to pursue further engagement of the Contractor and has concluded processes of procurement of new consultants to review the design before the new contractors are engaged.

In the interim, EWSC and the Contractor have submitted disputes to the Disputes Adjudication Board (DAB) to conclude the contract. The DAB has ruled on all the disputes except on which is anticipated to be concluded in June 2021. Some decisions have been received, whilst others are still pending. An agreement has been reached with the contractor that the final account will only be finalised upon the release of all DAB decisions.

EWSC has secured the services of an engineer for the design review, preparation of procurement documentation and construction supervision. The design review is in progress and the concept report has been submitted. Challenges have been encountered and are as follows:

- 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 for both packages. The non-payment and late payment of the taxes resulted in a slow rate of progress. Additional funds are required to cover for the reviewed designs to accommodate unforeseen ground conditions.
- Scope changes due to unforeseen ground conditions at the reservoir (under Package A) and pipeline routes (for both packages) resulted in scope creep, delays and disruptions in the progress of the works.
- Consultant's design shortfalls. The Corporation has filed for intention to claim under professional indemnity.

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 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 had reached approximately 85% progress to completion but were suspended due to non-payment of certificates to the main contractor. The progress is disaggregated as follows: civil works are 92% complete, mechanical works are 65% complete and the electrical works are 50% complete. Currently the project is under suspension due to unavailable funds to honour interim payment certificates.

The major challenges encountered on the project are as follows:

- The emergent risks posed by the COVID-19 pandemic will potentially impact both the progress and cost of the project.
- Due to funding constraints and in order 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

Projects *continued*

engaged the contractor in negotiations to resume the works. The re-engagement negotiations were completed and the contractor resumed site operations in March 2018.

- 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.
- Further errors in the previous consultant's design required corrective action which increased costs. To produce a facility that is fit-for-purpose, variations to the works have had to be initiated. The respective variations require additional funding and time with consequential costs.
- Funding depletion leading to project suspension in August 2019. Although outstanding certificates have been honoured, negotiations with the contractor regarding the resumption of the works are under threat due to required funding requirements submitted by the contractor.

Expected date of completion: 8 months after resumption of the project.

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 Woodlands WTP water supply system.

Cost: Estimated at E100 million

Financed by: Government of Eswatini.

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

The following challenges are presented:

- 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.
- Funds required to enable the completion of the project are still not secured, thus the works have been put in abeyance.
- 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 by 2024 as follows: 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 and Eswatini Government (contribution of E15 Million). Project finance to be sourced from DBSA.

Status: The final approved Inception report was submitted to DBSA on 30 September 2020. The project scope was approved by both DWA and EWSC on 16 September 2020 and 8 October 2020 respectively. Stakeholder engagement/consultations on all sites within Eswatini has been conducted. The consent for use of existing road reserve by Cabinet was received on 28 September 2020. The land acquisition for the Lomahasha reservoir, Mbokojweni booster pump station, Nduma Reservoir, and booster pump station has been completed. The pending land is for Maphiveni reservoir which is under title deed. The revised pre-qualification document has been published. The project is at detailed design stage. The available funding is insufficient for the required works and needs to be addressed to ensure the current scope of works is executed.

Expected date of completion: The funding conditions limit the completion date to 2021, but owing to the current progress, the States (Governments) need to pursue a request for extension of time.

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 (by Phumula Lodge), Marikorp, Mahamba and Hilltop-Mncitsini.

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 is currently in progress and approaching 40% completion.

Manyisa II Water Supply – Phase 2

Construction of a water distribution system and connections to households.1ML ABECO reservoir, pump house at Nkoyoyo Mpolonjeni reservoir and a pumping main to Manyisa II reservoir to supply water to the Manyisa II community and the Mpolonjeni Community.

Cost: E4.5 million

Financed by: EWSC and Microprojects.

Status: The current phase commenced in the quarter under review. Route pegging and delivery of material is ongoing. The project is scheduled for completion in the fourth quarter of the 2021/2022 financial year.
The progress achieved stands at about 5%.

Nsongweni–Mbangweni Water Supply

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 delivery of construction materials is awaited. Construction of the works will commence once the materials have been delivered.

Promotion of EWSC App for customers

Issues for Consideration in the Short- to Medium-Term

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

Nondvo Dam

Progress was made on the Nondvo Dam feasibility study as follows: The draft scoping report was subjected to stakeholder reviews and the document was revised to give the final scoping report which was submitted to the Eswatini Environmental Authority and approved by same. The final scoping report was issued in July 2019. The ESIA Consultant submitted an Interim ESIA report in November 2019. This report was subjected to stakeholder review. The draft Resettlement Action Plan was submitted by the Consultant in February 2020 and on 27 February 2020 the report was subjected to stakeholder consultation. A revised interim report was then submitted by the Consultant and presented to stakeholders during workshops held in March 2020.

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:

Raw Water Intake Works

A new intake structure needs to be constructed on the main river where water can be abstracted from the existing pond formed for diversion of the river into the canal. The existing canal intake structure would be rehabilitated and maintained as a stand-by facility.

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.

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.

Duplicate Pipeline from Matsapha to Nazarene Reservoir

Manzini is totally dependent for its water supply on a single 375mm 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 375mm pipeline, which as a single link means Manzini is highly vulnerable should the mains have to be shut off for any period of time.

Storage Reservoirs

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

The estimated total cost of this project is E600 million.

Corporate Sustainability Statement

People

Our business model puts emphasis on value creation for stakeholders (including employees, customers, shareholders, suppliers, financiers) and the environment. Enforcing mutual beneficial relationships with employees, customers and the community is part of our business. We support cultural, educational and environmental 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.

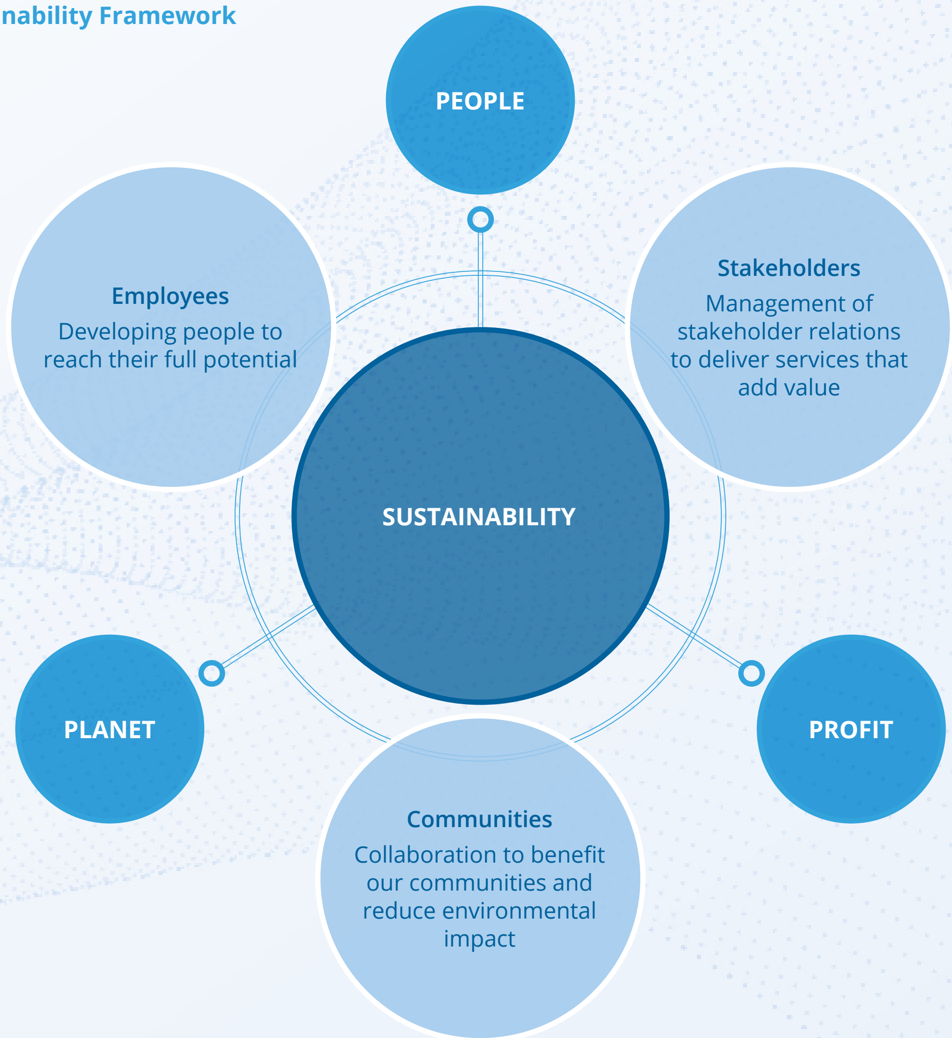
Planet

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 programmes that support the more efficient use of natural resources and reduce the impact of our business on the environment. Designing sustainable infrastructure, operating plants efficiently, reducing energy usage, minimising water losses and reducing waste contribute to effective environmental sustainability. Our philosophy is to continuously explore ways to minimise environmental degradation by reducing, reusing or recycling the natural resources we consume.

Profit

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

EWSC Sustainability Framework



Corporate Governance Statement

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.

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

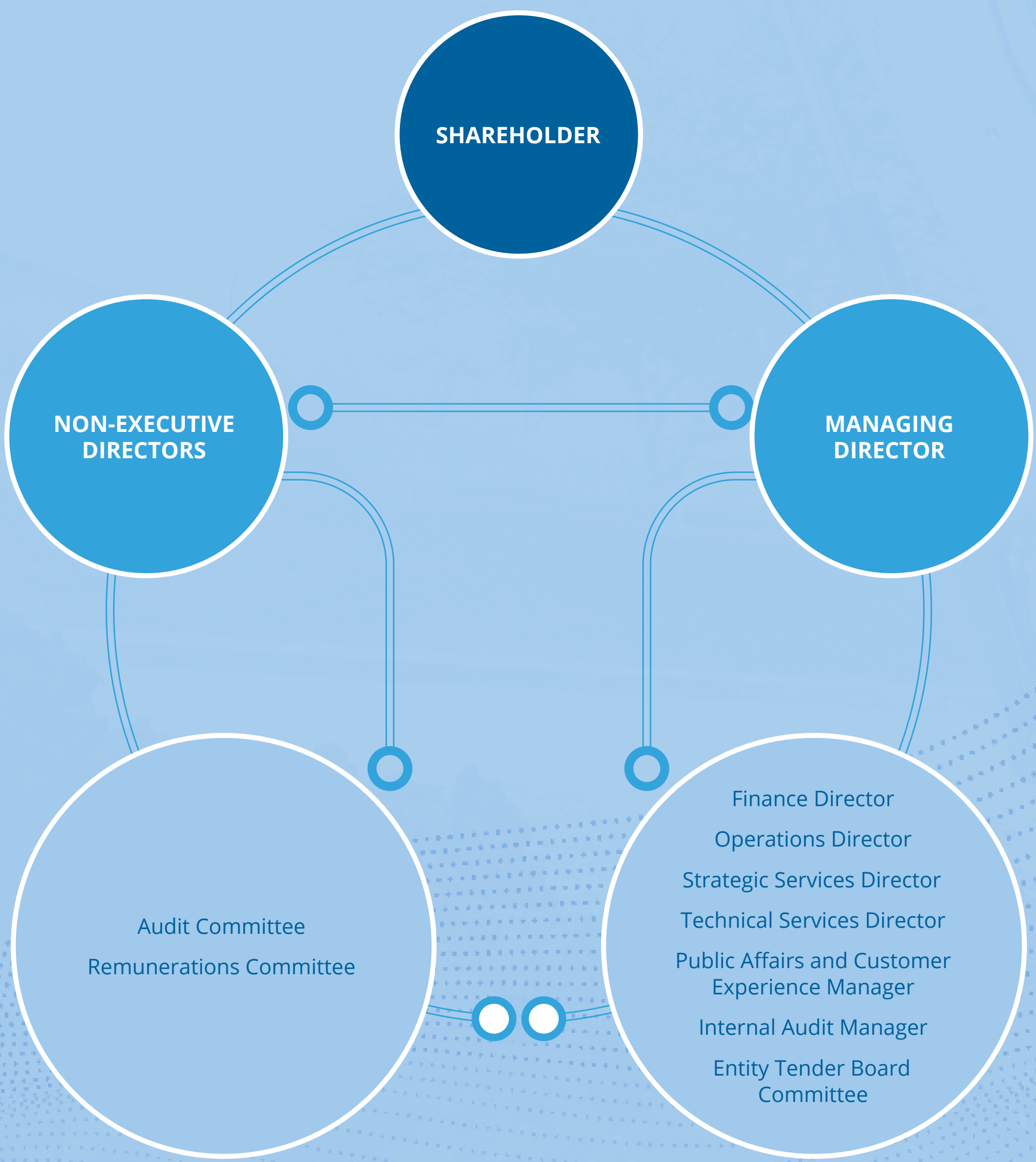
EWSC has an internal audit function whose purpose is to evaluate and improve the effectiveness of risk management, control and governance processes through: ensuring that internal control systems are operating effectively; ensuring compliance with policies, procedures, laws and regulations and that the 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.

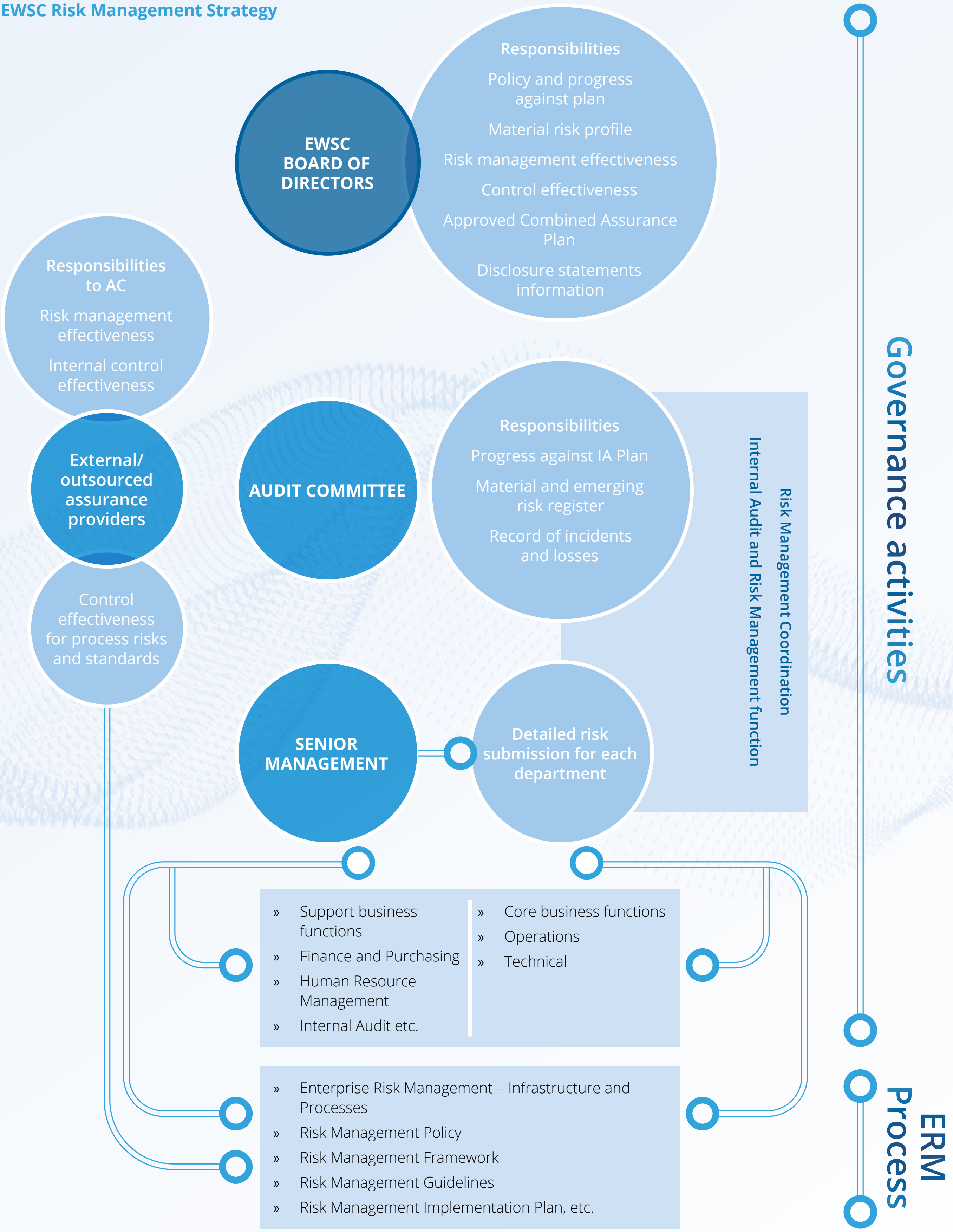
“The Board has overall responsibility over risk management and Management is accountable to the Board for developing, implementing and monitoring risk management processes”

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 2021:

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

* *Resigned 31 May 2020*
** *Resigned 31 July 2020*
\# *Appointed August 2020*
\## *Appointed July 2020*

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.


Plumber fixing water leakages at North West Region

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.

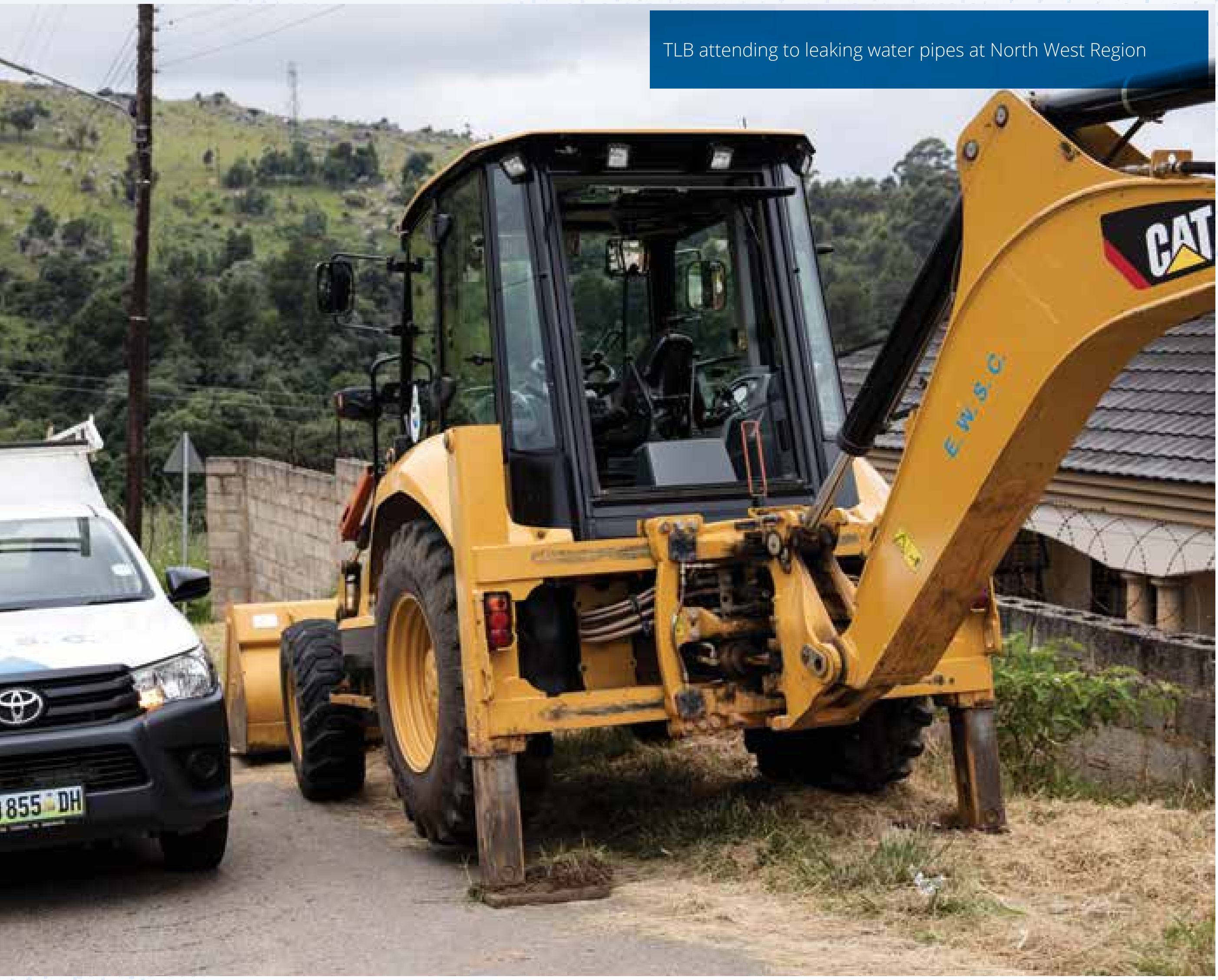
Community Investment

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.

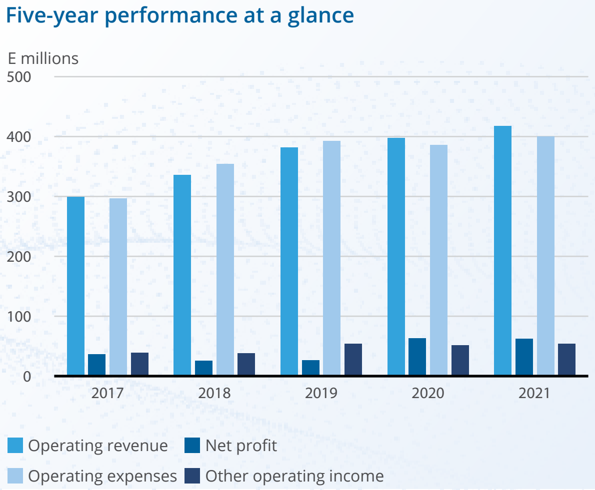
EWSC undertakes to contribute to the communities' quality of life by supporting innovative programs in health, HIV/AIDS, education, social services and the environment, as well as youth, cultural and civic projects.

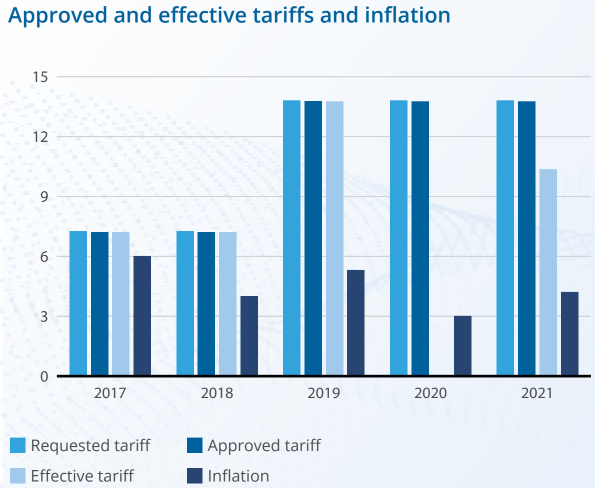
EWSC will strive to provide employment and economic opportunities in communities within its operating environment.



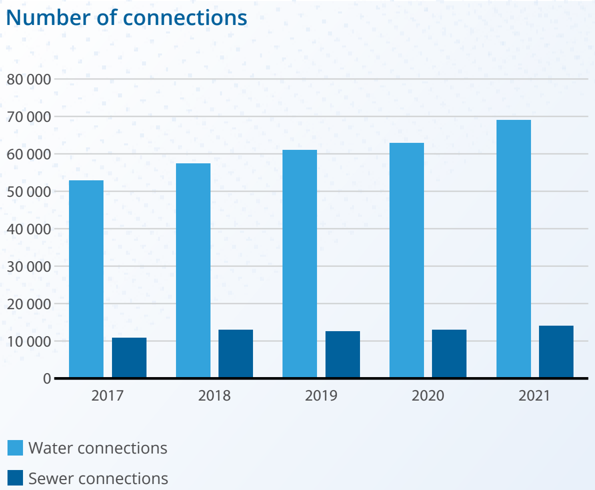
TLB attending to leaking water pipes at North West Region

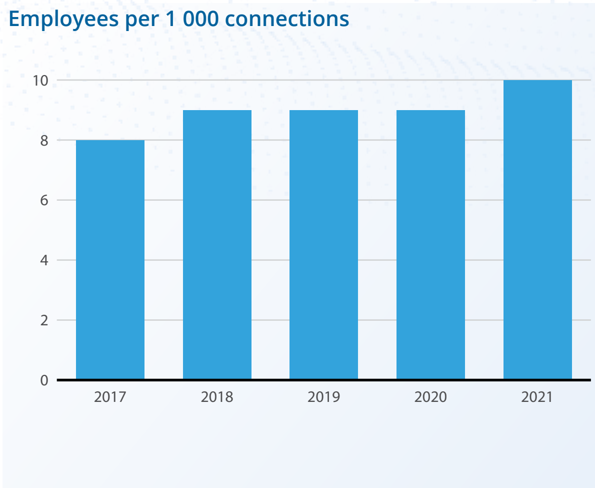
Financial and Operating Statistics





Note: The effective tariff takes into account lost revenue due to delayed tariff approval/implementation





Service connections and water consumption

	2017	2018	2019	2020	2021
Water connections	53 081	57 634	61 263	63 352	69 313
Sewer connections	10 840	12 820	12 770	12 885	14 159
Total water consumption (m^3)	11 899 115	13 697 672	14 031 201	14 360 249	13 861 132

Employee productivity

	2017	2018	2019	2020	2021
Number of employees	527	543	534	546	550
Sales turnover per employee (E000)	567	617	714	728	758
Net profit per employee (E000)	68	47	50	96	112
Average cost per employee (000)	562	653	735	707	728
Employees per 1 000 connections	10	9	9	9	8

Financial Statements

Statement of Directors' Responsibility

for the year ended 31 March 2021

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 pages page 52 to page 53.

The annual financial statements which appear on pages page 56 to page 91 have been approved by the Board of Directors on 06 August 2021 and are signed on its behalf by:

CHAIRMAN

06 August 2021

MANAGING DIRECTOR

06 August 2021

Independent Auditor's Report

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 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Water Services Corporation Act No. 12 of 1992.

What we have audited

Eswatini Water Services Corporation's financial statements set out on pages page 56 to page 91 comprise:

» the statement of financial position as at 31 March 2021;

» 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 2021". 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 the requirements of the Water Services Corporation Act No. 12 of 1992, 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.

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
PO Box 569
Mbabane
10 August 2021

Directors' Report

for the year ended 31 March 2021

The Directors present their report, which forms part of the audited financial statements of the Corporation for the year ended 31 March 2021.

Nature of the Corporation's Business

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:

	2021 E'000	2020 E'000
FINANCIAL POSITION		
Total assets	**2 977 438**	2 694 000
Total liabilities	**2 319 145**	2 097 575
OPERATING RESULTS		
Revenue	**417 142**	397 716
Profit for the year	**61 867**	52 864

Directors

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

BN Xaba	(Chairman)
N Hadebe	(Representative of the Ministry of Finance and member)
J Henwood	(Member) – Resigned 31 May 2020
T Mavuso	(Representative of the Ministry of Natural Resources and member)
J Nkhambule	(Member) – Resigned 31 July 2020
M Fakudze	(Member)
S Dlamini	(Member)
Z Nhleko	(Member)
S Mango	(Member) – Appointed August 2020
Dr Msibi	(Member) – Appointed July 2020
J Mashwama	(Managing Director and Secretary to the Board)

Secretary

Ms J Mashwama
P O Box 20
Mbabane
Eswatini

Auditors

PricewaterhouseCoopers
Rhus Office Park
Kal Grant Street
PO 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

Subsequent Events

There was a political unrest in the country from 29 June 2021 which resulted in many businesses temporarily closing operations. Several businesses were vandalised and some looted. Some of the Corporation's buildings and assets were affected. Siphofaneni and Lavumisa offices were burnt down and the Nhlangano office vandalised. The Corporation is still assessing impairment impact of the unrest on the affected buildings and assets. The Directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

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 2021

	Notes	2021 E	2020 E
Revenue	2	**417 142 484**	397 716 352
Other income	6	**46 497 354**	46 165 268
Raw materials and consumables used		**(128 572 318)**	(117 372 521)
Employee benefits expense	4	**(144 830 844)**	(138 258 889)
Depreciation expense	7.1, 7.2	**(62 197 307)**	(60 048 827)
Other expenses	1	**(64 798 627)**	(75 319 444)
Finance income	3	**12 545 709**	12 295 924
Finance costs	3	**(5 344 250)**	(6 859 688)
Profit before income tax		**70 442 201**	58 318 175
Income tax expense	5	**(8 574 547)**	(5 454 416)
Profit for the year		**61 867 654**	52 863 759

Statement of Financial Position

as at 31 March 2021

	Notes	2021 E	2020 E
ASSETS			
Non-current assets			
Property, plant and equipment	7.1	**2 397 364 949**	2 365 639 030
Right-of-use of assets	7.2	**2 065 870**	3 450 755
Investments	9.2	**45 959 004**	46 046 895
		2 445 389 823	2 415 136 680
Current assets			
Inventories	10	**9 934 428**	8 175 019
Trade and other receivables	9.1	**168 443 071**	150 118 533
Investments	9.2	**7 737 539**	6 654 222
Cash and cash equivalents	9.3	**345 933 672**	113 915 718
		532 048 710	278 863 492
Total assets		**2 977 438 533**	2 694 000 172
EQUITY			
Capital and reserves			
Share capital	11	**30 222 580**	30 222 580
Retained earnings		**628 069 976**	566 202 322
		658 292 556	596 424 902
LIABILITIES			
Non-current liabilities			
Lease liability	7.2	**1 973 759**	3 127 558
Deferred grants	13	**2 061 977 747**	1 848 992 005
Deferred income tax liability	14	**26 217 378**	17 642 831
Borrowings	9.5	**39 157 642**	51 742 209
		2 129 326 526	1 921 504 603
Current liabilities			
Trade and other payables	9.4	**159 474 880**	142 940 526
Borrowings	9.5	**25 192 303**	27 877 621
Provisions	12	**4 077 907**	3 676 770
Lease liability	7.2	**1 074 361**	1 575 750
		189 819 451	176 070 667
Total liabilities		**2 319 145 977**	2 097 575 270
Total equity and liabilities		**2 977 438 533**	2 694 000 172

Statement of Changes in Equity

for the year ended 31 March 2021

	Share capital E	Retained earnings E	Total E
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**
Balance at 1 April 2019	30 222 580	514 322 940	544 545 520
Adjustment on initial application of IFRS 16	–	(984 377)	(984 377)
Net profit for the year	–	52 863 759	52 863 759
Balance at 31 March 2020	30 222 580	566 202 322	596 424 902

Statement of Cash Flows

for the year ended 31 March 2021

	Notes	2021 E	2020 E
Cash flows from operating activities			
Cash generated from operations	15.1	**82 228 808**	73 641 575
Income tax paid		**–**	(5 676)
Interest received	15.5	**11 550 283**	11 441 933
Interest paid	3	**(5 344 250)**	(6 859 688)
Net cash generated from operating activities		**88 434 841**	78 218 144
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**1 141 500**	2 492 264
Acquisition of property, plant and equipment	15.6	**(94 062 504)**	(261 430 787)
Additions to right-of-use	7.2	**–**	(4 835 640)
Proceeds from maturity of investments		**–**	3 369 462
Acquisition of investments		**–**	16 571 069
Net cash used in investing activities		**(92 921 004)**	(243 833 632)
Cash flows from financing activities			
Proceeds from borrowings	15.2	**–**	16 518 716
Repayment of borrowings	15.2	**(15 269 885)**	(14 982 084)
Movement in lease liability		**(1 655 188)**	3 718 930
Capital grants received	15.4	**253 429 190**	128 140 592
Net cash generated from financing activities		**236 504 117**	133 396 154
Net increase/(decrease) in cash and cash equivalents		**232 017 954**	(32 219 334)
Cash and cash equivalents at beginning of the year		**113 915 718**	146 135 052
Cash and cash equivalents at the end of the year	9.3	**345 933 672**	113 915 718

Summary of Significant Accounting Policies

for the year ended 31 March 2021

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 the 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.

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, save 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 2021 reporting periods.

A number of the other new standards are also effective from 1 April 2020, but they do not have a material effect on the Corporation's financial statements.

(b) New Standards and Interpretations not yet Adopted by Corporation

At the date of approval of the financial statements of the Corporation for the period ended 31 March 2021, the following standards and interpretations were in issue but not yet effective:

Effective for the Financial Year Commencing 1 April 2021

- COVID-19-Related Rent Concessions (Amendment to IFRS 16: *Leases*)
- Interest rate benchmark (IBOR) reform (Phase 2) (Amendments to IFRS: 9 *Financial Instruments*, IAS 39: *Financial Instruments: Recognition and Measurement*, IFRS 7: *Financial Instruments: Disclosure*s, IFRS 4: *Insurance Contracts* and IFRS 16: *Leases*)

Effective for the Financial Year Commencing 1 April 2022

- Classification of Liabilities as Current or Non-current (Amendment to IAS 1: *Presentation of Financial Statements*)
- Determination of assets or liabilities in a business combination; exception in IFRS 3 for liabilities and contingent liabilities; and recognition of contingent assets (Amendment to IFRS 3: *Business combinations*)
- Proceeds before Intended Use (Amendments to IAS 16: *Property, Plant and Equipment*)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*)
- Annual improvements cycle 2018–2020

COVID-19-Related Rent Concessions (Amendment to IFRS 16: *Leases*)

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.

The amendment is not expected to have a significant impact on the financial statements – the Corporation did not have significant rent concessions.

Classification of Liabilities as Current or Non-current (Amendment to IAS 1: *Presentation of Financial Statements*)

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).

The amendment is not expected to have a significant impact on the financial statements.

Proceeds before Intended Use (Amendments to IAS 16: *Property, Plant and Equipment*)

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.

The amendment is not expected to have a significant impact on the financial statements.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*)

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.

The amendment is not expected to have a significant impact on the financial statements.

Annual Improvements Cycle 2018–2020

These amendments include minor changes to:

- IFRS 1: *First time adoption of IFRS* has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.
- 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.
- IAS 41: *Agriculture* has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

2. Property, Plant and Equipment

Land and buildings comprise mainly administrative offices. Building 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.

Summary of Significant Accounting Policies *continued*

for the year ended 31 March 2021

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.

(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.

4. Financial Assets *continued*

Impairment of Financial Assets

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

To calculate ECLs the Corporation segments/groups trade receivables by customer type i.e. government, corporate and individual. The Corporation applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime ECLs 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 estimate. 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 payment 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.

Summary of Significant Accounting Policies *continued*

for the year ended 31 March 2021

5. Leases *continued*

Impairment

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

Corporation as a Lessor

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

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

6. Inventories

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

7. Trade Receivables

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

8. Cash and Aash 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 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 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.

Summary of Significant Accounting Policies *continued*

for the year ended 31 March 2021

17. Financial Risk Management

17.1 Financial Risk Factors

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

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

(a) Market risk

(i) Foreign Exchange Risk

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

As at 31 March 2021, the Corporation was not exposed to any foreign currency exchange risk.

(ii) Price Risk

The Corporation is exposed to securities price risk because of an investment held by the Corporation and classified on the statement of financial position as at fair value through profit or loss financial asset. This asset is an investment in African Alliance Eswatini Managed Fund unit trusts. The fair value of these unit trust prices of this managed fund are published in the local press on each business day and listed on the Eswatini Stock Exchange.

The table below summarises the impact of increases/decreases in the African Alliance Eswatini Managed Fund unit trust price 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:

	2021 E	2020 E
Impact on post-tax profit		
Increase of 5% in unit prices	**211 957**	241 216
Decrease of 5% in unit prices	**(211 957)**	(241 216)

(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.

17. Financial Risk Management *continued*

17.1 Financial Risk Factors *continued*

(a) Market Risk *continued*

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

The prevailing prime borrowing rate that the Corporation's borrowings are linked to was 7.25% as at 31 March 2021 (2020: 9%). The ranges of the borrowings are as follows, per category:

	Range %	2021 E	2020 E
Bank loans	Prime less 0.5%–1.55%	**37 795 044**	45 714 574
Finance lease	Prime plus 1%	**15 424 940**	19 175 041
Eswatini Government	2% above inflation	**11 129 961**	14 730 215

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:

	2021 E	2020 E
Impact on post-tax profit		
Interest rates – increase by 25 basis points	**504 271**	52 526
Interest rates – decrease by 25 basis points	**(504 271)**	(52 526)

(b) Credit Risk

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

(i) Risk Management

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

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

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

Summary of Significant Accounting Policies *continued*

for the year ended 31 March 2021

17. Financial Risk Management *continued*

17.1 Financial Risk Factors *continued*

(b) Credit Risk *continued*

(ii) Credit Quality

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

	2021 E	2020 E
Trade receivables		
Counterparties without external credit ratings		
– Low risk: Government accounts	**62 452 916**	64 807 273
– Medium risk: Corporate clients and companies	**12 789 289**	12 446 949
– High risk: Mainly individual accounts	**138 181 462**	128 484 397
Total trade receivables	**213 423 667**	205 738 619
Cash at bank and short-term bank deposits		
Cash on hand	**5 627**	31 680
Stanlib Eswatini Limited	**17 417 144**	16 685 365
Standard Bank Eswatini Limited	**11 663 153**	7 937 430
Nedbank Swaziland Limited	**84 850 496**	22 550 251
First National Bank of Eswatini Limited	**61 099 760**	15 068 412
Eswatini Savings and Development Bank	**90 586 574**	5 412 377
Swaziland Building Society	**65 838 023**	37 436 462
African Alliance	**14 472 895**	8 793 741
	345 933 672	113 915 718
Investments at amortised cost		
Counterparties without external credit ratings:		
– African Alliance promissory notes	**42 391 425**	42 479 316

(iii) Impairment of Financial Assets

The Corporation has the following type of financial asset that is subject to the ECL 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 ECLs which uses a lifetime expected loss allowance for all trade and other receivables.

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

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 March 2021 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 re-organisation; 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 recognized during the period was therefore limited to 12 months' expected losses.

17. Financial Risk Management *continued*

17.1 Financial Risk Factors *continued*

(b) Credit Risk *continued*

(iii) Impairment of Financial Assets *continued*

The provision for impairment as at 31 March 2021 and 31 March 2020 was determined as follows for the trade receivables:

	Current	30 days	60 days	Over 90 days	Total
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**
31 March 2020					
Expected loss rate	7%	9%	11%	45%	
Government	220	201	201	9 319 195	9 319 817
Corporate	21 644	16 436	18 854	593 940	650 874
Individuals	2 243 803	1 960 106	1 809 719	51 307 881	57 321 509
Provision for impairment	2 265 667	1 976 743	1 828 774	61 221 016	67 292 200

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

	2021 E	2020 E
Opening balance	**67 292 200**	60 577 709
Provision for impairment raised	**(11 808 170)**	6 714 491
Closing balance	**55 484 030**	67 292 200

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 2021 is E1 072 414.

Summary of Significant Accounting Policies *continued*

for the year ended 31 March 2021

17. Financial Risk Management *continued*

17.1 Financial Risk Factors *continued*

(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 2021					
Borrowings	**27 681 533**	**41 954 681**	**3 384 564**	**73 020 778**	**223 824 825**
Trade payables	**159 474 880**	**–**	**–**	**159 474 880**	**159 474 880**
	187 156 413	**41 954 681**	**3 384 564**	**232 495 658**	**383 299 705**
At 31 March 2020					
Borrowings	32 014 780	50 619 175	6 126 888	88 760 843	79 619 830
Trade payables	142 940 526	–	–	142 940 526	142 940 526
	174 955 306	50 619 175	6 126 888	231 701 369	222 560 356

(ii) Financing Arrangements

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

	2021 E	2020 E
Floating rate		
Guarantee letters	**8 000 000**	8 000 000
FEC derivative facility	**2 000 000**	2 000 000
Revolving credit facility	**15 000 000**	15 000 000
Expiring within a year – (bank overdraft)	**2 000 000**	2 000 000

17. Financial Risk Management *continued*

17.1 Financial Risk Factors *continued*

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 2021 and 2020 were as follows:

	2021 E	2020 E
Total borrowings (note 9.5)	**64 349 945**	79 619 830
Less: cash and cash equivalents (note 9.3)	**(345 933 672)**	(113 915 718)
Net debt	**(281 583 727)**	(34 295 888)
Total equity	**658 292 556**	596 424 902
Total capital	**376 708 829**	562 129 014
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 three 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 recognized 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.

19. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Notes to the Financial Statements

for the year ended 31 March 2021

		2021 E	2020 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	**1 020 924**	863 659
	(Reversal)/provision for impairment of financial assets	**(11 808 170)**	6 714 491
	Fees for services	**15 613 303**	14 618 032
	– Public Enterprise Unit management fees	**3 322 303**	2 847 771
	– Other services	**12 291 000**	11 770 261
	Directors' emoluments for services as Directors	**286 540**	267 481
	Loss on disposal of property, plant and equipment	**389 534**	33 550
	Repairs and maintenance included in cost of sales – Property, plant and equipment	**6 148 228**	4 131 188
2.	**Revenue**		
	Water charges	**269 065 634**	259 257 946
	Sewer charges	**65 827 250**	65 759 230
	Basic charges	**68 533 517**	58 766 119
	Penalty charges	**1 299 951**	1 116 933
	Miscellaneous water supply services	**4 311 523**	3 870 515
	Connection charges – new customers	**4 583 455**	3 865 255
	Trade effluent charges	**3 521 154**	5 080 354
		417 142 484	397 716 352

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.

3. Finance Income and Costs

	2021 E	2020 E
Finance income	**12 545 709**	12 295 924
Interest from financial assets at amortised cost	**11 462 392**	11 441 933
Fair value changes in financial assets held as investments	**1 083 317**	853 991
Finance costs	**(5 344 250)**	(6 859 688)
Interest from financial borrowings	**(4 967 145)**	(6 323 065)
Interest expense – lease liability	**(377 105)**	(536 623)
Net finance income	**7 201 459**	5 436 236

Finance Income

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

Finance Costs

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

4. Employee Benefits Expenses

	2021 E	2020 E
Salaries, wages and allowances	**125 778 632**	120 618 947
Provident fund contribution	**1 024 400**	903 365
Medical aid contribution	**6 776 825**	6 199 946
Retirement benefits	**11 250 987**	10 536 631
	144 830 844	138 258 889

Notes to the Financial Statements *continued*

for the year ended 31 March 2021

		2021 E	2020 E
5.	**Income Tax Expense**		
	The Corporation's income tax expense is as follows:		
	– Current tax	**–**	–
	– Deferred tax charge (Note 14)	**8 574 547**	5 454 416
		8 574 547	5 454 416
	Numerical reconciliation of income tax expense		
	Profit before income tax	**70 442 201**	58 318 175
	Tax calculated at statutory tax rate (27.5%)	**19 371 605**	16 037 498
	Tax effects of:		
	Expenses not deductible for tax purposes	**391 023**	230 304
	Grant amortisation credited to the statement of comprehensive income	**(11 121 948)**	(11 091 064)
	Prior period deferred tax adjustment	**(66 133)**	277 678
	Prior year overstated tax loss	**–**	–
	Tax charge	**8 574 547**	5 454 416
6.	**Other Income**		
	Ecowater sales	**1 373 142**	1 331 929
	Amortization of deferred grant income	**40 443 448**	40 331 140
	Rental income	**3 915 576**	3 647 554
	Sundry income	**765 188**	854 645
	Total	**46 497 354**	46 165 268

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 Amortization

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

	Opening net carrying amount E	Additions E	Disposals E	Transfers from capital projects E	Depreciation charge E	Re-classification and adjustments 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

Notes to the Financial Statements *continued*

for the year ended 31 March 2021

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 adjustments E	Closing net carrying amount E
Year ended 31 March 2020							
Land and buildings	210 135 400	–	–	802 317	(5 643 352)	–	205 294 365
Dams and reservoirs	102 879 934	–	–	10 291 470	(3 221 926)	–	109 949 478
Treatment works	398 117 112	–	–	2 014 780	(7 586 079)	–	392 545 813
Mains and reticulation	731 863 137	–	–	9 177 786	(21 860 262)	–	719 180 661
Mechanical electrical plant and systems	176 260 242	–	–	4 393 391	(12 300 743)	–	168 352 890
Furniture and equipment	19 088 028	–	(1 200)	4 311 568	(3 559 891)	–	19 838 505
Motor vehicles and mobile plant	23 301 126	397 564	(52 348)	9 388 400	(4 491 689)	–	28 543 053
Capital work in progress (note 8)	503 753 020	261 033 223	(2 472 266)	(40 379 712)	–	–	721 934 265
Total	2 165 397 999	261 430 787	(2 525 814)	–	(58 663 942)	–	2 365 639 030

	2020 Net carrying amount E	Accumulated depreciation E	2020 Net carrying amount E	2019 Net carrying amount E
At 31 March 2020				
Land and buildings	249 028 517	(43 734 152)	205 294 365	210 135 400
Dams and reservoirs	143 119 323	(33 169 845)	109 949 478	102 879 934
Treatment works	453 636 450	(61 090 637)	392 545 813	398 117 112
Mains and reticulation	875 706 319	(156 525 658)	719 180 661	731 863 137
Mechanical electrical plant and systems	249 699 897	(81 347 007)	168 352 890	176 260 242
Furniture and equipment	50 350 650	(30 512 145)	19 838 505	19 088 028
Motor vehicles and mobile plant	64 931 200	(36 388 147)	28 543 053	23 301 126
Capital work in progress	721 934 265	–	721 934 265	503 753 020
Total	2 808 406 621	(442 767 591)	2 365 639 030	2 165 397 999

7.1 Property, Plant and Equipment *continued*

	2021 E	2020 E
Leased assets (motor vehicles and trailers) included in property plant and equipment are as follows:		
Cost	**109 507 561**	77 109 345
Accumulated depreciation	**(12 635 506)**	(7 419 505)
Net carrying amount	**96 872 055**	69 689 840
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	**194 034 123**	167 325 273
	232 003 215	205 294 365

The cost of assets which are fully depreciated but still in use are as follows:

	2021 E	2020 E
Fencing	**1 447 108**	1 742 771
Mains reticulation and meters	**4 313 880**	3 950 879
Motor vehicles	**21 173 224**	1 673 171
Laboratory equipment	**2 853 521**	2 029 582
Furniture and equipment	**2 214 831**	2 214 831
Office equipment	**5 814 566**	4 003 999
Mobile plant	**316 739**	316 739
IT hardware and systems	**484 190**	2 197 380
Electrical plant and system	**–**	133 089
Water tanker and trailer	**763 171**	763 171
Plant and machinery	**466 667**	–
Motorcycles	**1 541 576**	1 541 576
	41 389 473	20 567 188

Notes to the Financial Statements *continued*

for the year ended 31 March 2021

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:

	2021 E	2020 E
Right-of-use assets		
As at 31 March 2021		
Acquisition cost	**4 835 640**	4 835 640
Accumulated depreciation	**(2 769 770)**	(1 384 885)
Net value	**2 065 870**	3 450 755
Opening balance	**3 450 755**	4 835 640
Additions	**–**	–
Depreciation	**(1 384 885)**	(1 384 885)
Balance as at year end	**2 065 870**	3 450 755
Lease liabilities	**3 048 120**	4 703 308
Current	**1 074 361**	1 575 750
Non-current	**1 973 759**	3 127 558
Maturity analysis of lease liabilities		
Less than one year	**1 321 019**	1 978 699
One year to five years	**2 216 799**	3 617 781
	3 537 818	5 596 480
Less future finance charges	**(489 698)**	(893 172)
	3 048 120	4 703 308
Reconciliation of lease liability		
Opening balance	**4 703 308**	–
Adoption of IFRS 16	**–**	5 820 016
Interest expense capitalised for the period	**377 105**	536 623
Lease payments – capital	**(1 655 188)**	(1 116 708)
Lease payments – interest	**(377 105)**	(536 623)
Balance at year end	**3 048 120**	4 703 308

8. Capital Projects in Progress

	2021 E	2020 E
Internal projects (Note 8.1)	**101 799 981**	104 470 643
Government Funded Projects (Note 8.2)	**383 587 434**	381 336 570
African Development Bank funded projects (Note 8.3)	**240 916 264**	204 995 047
External loan and grant funded projects (Note 8.4)	**4 298 114**	31 132 005
Total capital work in progress (Note 7.1)	**730 601 793**	721 934 265

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

8.1 Internal Projects

	2021 E	2020 E
Opening net carrying amount	**104 470 643**	83 249 252
Additions	**51 515 249**	55 327 244
Reclassification	**(1 280 945)**	–
Disposal/derecognised	**(786 532)**	–
Commissioned – transfers to property plant and equipment	**(52 118 434)**	(34 105 853)
Closing net carrying amount	**101 799 981**	104 470 643

8.2 Government Funded Projects

	2021 E	2020 E
Opening net carrying amount	**381 336 570**	310 754 108
Additions	**2 258 607**	70 582 462
Disposal/derecognised	**(7 743)**	–
Closing net carrying amount	**383 587 434**	381 336 570

8.3 African Development Bank Funded Projects

	2021 E	2020 E
Opening net carrying amount	**204 995 047**	84 458 365
Additions	**34 983 997**	120 536 682
Reclassification	**1 280 944**	
Disposal/derecognised	**(343 724)**	–
Closing net carrying amount	**240 916 264**	204 995 047

8.4 External Loan and Grant Funded Projects

	2021 E	2020 E
Opening net carrying amount	**31 132 005**	25 291 295
Additions	**5 702 215**	14 586 835
Commissioned – transfers to property plant and equipment	**(32 532 606)**	(8 746 125)
Disposal/derecognised	**(3 500)**	–
Closing net carrying amount	**4 298 114**	31 132 005

Notes to the Financial Statements *continued*

for the year ended 31 March 2021

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 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			
Trade and other payables	**–**	**159 474 880**	**159 474 880**
Borrowings	**–**	**64 349 945**	**64 349 945**
	–	**223 824 825**	**223 824 826**
31 March 2020			
Assets as per statement of financial position			
Trade and other receivables	–	150 118 533	150 118 533
Investments	10 221 801	42 479 316	52 701 117
Cash and cash equivalents	–	113 915 718	113 915 718
	10 221 801	306 513 567	316 735 368
Liabilities as per statement of financial position			
Borrowings	–	142 940 526	142 940 526
Trade and other payables	–	79 619 830	79 619 830
	–	222 560 356	222 560 356

9.1 Trade and Other Receivables

	2021 E	2020 E
Trade receivable	**213 423 667**	205 738 619
Less: provision for impairment of receivables	**(55 484 030)**	(67 292 200)
Net trade accounts receivable	**157 939 637**	138 446 419
Staff receivables	**916 589**	3 555 755
UDP and Government advance payment	**3 637 051**	2 801 000
Sundry receivables	**5 949 794**	5 315 359
Net other receivables	**10 503 434**	11 672 114
	168 443 071	150 118 533

9. Financial Assets and Liabilities *continued*

9.1 Trade and Other Receivables *continued*

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.

9.2 Investments

	2021 E	2020 E
Financial assets at amortised cost (i)	**42 391 425**	42 479 316
Financial assets at fair value through profit or loss (ii)	**11 305 118**	10 221 801
	53 696 543	52 701 117

(i) Financial assets at amortised cost

Non-current assets		
– Promissory notes	**42 391 425**	42 479 316
	42 391 425	42 479 316

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 recognized 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.

Notes to the Financial Statements *continued*

for the year ended 31 March 2021

9. Financial Assets and Liabilities *continued*

9.2 Investments *continued*

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

	2021 E	2020 E
Non-current assets		
– SBS Permanent shares	**3 567 579**	3 567 579
	3 567 579	3 567 579
Current assets		
– African Alliance Managed Fund	**7 737 539**	6 654 222
	7 737 539	6 654 222

African Alliance Managed Fund

The Corporation has invested funds with African Alliance for capital appreciation. African Alliance acts as the investment manager where it invests the funds on behalf of the Corporation in equity debt and other securities at the investment manager's professional discretion. The Corporation has ready access to make withdrawals from this fund as such the investment is 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.

9.3 Cash and Cash Equivalents

	2021 E	2020 E
Cash at bank and in hand	**131 170 943**	67 920 014
Deposits at call	**214 762 729**	45 995 704
	345 933 672	113 915 718

Restricted Cash

The cash and cash equivalents disclosed above and in the statement of cash flows include E5 753 218 (2020: E5 670 550) 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. Financial Assets and Liabilities *continued*

9.4 Trade and Other Payables

	2021 E	2020 E
Trade accounts payable and accruals	**101 199 097**	39 710 295
Capital projects accruals	**9 213 159**	64 618 612
Contractors' retention	**20 094 532**	12 763 710
Consumer deposits	**28 968 092**	25 847 909
	159 474 880	142 940 526

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.

9.5 Borrowings

	Current E	Non-current E	2021 Total E	Current E	Non-current E	2020 Total E
Secured						
Bank loans	**8 524 414**	**29 270 630**	**37 795 044**	7 913 950	37 800 624	45 714 574
Lease liabilities	**5 537 928**	**9 887 012**	**15 424 940**	5 233 456	13 941 585	19 175 041
Total secured	**14 062 342**	**39 157 642**	**53 219 984**	13 147 406	51 742 209	64 889 615
Unsecured						
Eswatini government	**11 129 961**	**–**	**11 129 961**	14 730 215	–	14 730 215
Total unsecured	**11 129 961**	**–**	**11 129 961**	14 730 215	–	14 730 215
Total borrowings	**25 192 303**	**39 157 642**	**64 349 945**	27 877 621	51 742 209	79 619 830

Secured Liabilities and Assets Pledged as Security

The entire E37 795 044 (2020: E45 714 574) 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.

Notes to the Financial Statements *continued*

for the year ended 31 March 2021

9. Financial Assets and Liabilities *continued*

9.5 Borrowings *continued*

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 E43 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 E11 129 961 (2020: E14 730 215) is unsecured.

Compliance with Loan Covenants

The Corporation has complied with all financial covenants of its borrowing facilities during the 2021 and 2020 reporting periods.

Finance Leases

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

	2021 E	2020 E
Less due within one year	**5 537 928**	5 233 456
Due after 12 months but not later than five years	**9 887 012**	13 941 585
Total liability	**15 424 940**	19 175 041
Finance lease liabilities – minimum lease payments		
Not later than one year	**5 930 373**	6 594 747
Later than one year and not later than five years	**11 740 988**	17 016 389
Total lease payments	**17 671 361**	23 611 136
Future finance charges on finances	**(2 246 421)**	(4 436 095)
Present value of future finances liabilities	**15 424 940**	19 175 041

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

	Level 1 E	Level 2 E	Level 3 E	Total E
31 March 2021				
Financial assets				
Financial assets at FVPL	**11 305 118**	**–**	**–**	**11 305 118**
Total financial assets	**11 305 118**	**–**	**–**	**11 305 118**
31 March 2020				
Financial assets				
Financial assets at FVPL	10 221 801	–	–	10 221 801
Total financial assets	10 221 801	–	–	10 221 801

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

	2021 E	2020 E
Chemicals	**600 696**	1 100 661
Building materials	**290 727**	191 526
Petrol and diesel	**391 267**	263 894
Spares fittings and pipes	**7 450 341**	5 850 840
Ecowater	**1 201 397**	768 098
	9 934 428	8 175 019

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 E45 076 663 (2020: E44 417 694). These were included in "raw materials and 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 2021

11. Share Capital

	2021 E	2020 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)	**4 077 907**	3 676 770

12.1 Provision for Leave Pay

Balances at the beginning of the year	**3 676 770**	2 836 284
Raised during the year	**937 071**	1 476 719
Utilised during the year	**(535 934)**	(636 233)
Balances at year end	**4 077 907**	3 676 770

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

	2021 E	2020 E
– Nhlangano – Water supply and treatment plant	**495 614 592**	441 131 187
– Urban Development Projects (Packages 6, 7, 8, 10, 18, A & B and 20)	**57 761 988**	59 991 354
– Piggs Peak Dam	**2 641 627**	2 747 537
– Hlatikhulu Treatment Works	**1 788 431**	1 871 936
– Siteki – Lomahasha water supply	**135 106 333**	139 815 469
– Ezulwini – Lobamba water supply	**17 450 105**	18 094 201
– Lukhaba Gravity Mains	**3 158 279**	3 292 235
– Mankayane water supply	**8 035 825**	8 341 964
– Enhlambeni water supply	**9 517 332**	9 886 632
– Government forex subvention	**24 652 700**	25 759 663
– Currency ratio subvention – Package 18	**42 308 018**	43 999 349
– Land transferred from the Government to EWSC	**3 534 200**	3 637 000
– Raw water for Tex Ray factory	**4 493 954**	4 667 049
– Sikhuphe water supply	**84 565 322**	86 115 138
– Matsapha sewer treatment plant relocation	**286 773 522**	290 440 734
– Hlane water supply	**21 133 009**	21 801 159
– Imphilo reservoir	**893 190**	926 271
– Mbabane water supply augmentation	**22 170 640**	22 445 531
– Luphohlo Mbabane water supply	**78 000 000**	31 000 000
European Union financial project		
Siphofaneni Somntongo and Matsanjeni water supply	**261 770 167**	269 612 486
Eswatini National Housing Board Grants		
Makholokholo Project	**605 812**	637 708
Eswatini National Trust Commission		
Mlawula Workstation	**595 026**	617 911
Micro Projects		
Nhlambeni water supply	**2 562 420**	2 562 420
Makhewu water supply	**1 972 378**	1 986 543
Mbikwakhe water supply	**2 191 859**	2 256 326
Mhlumeni water supply	**5 468 123**	1 945 048
Nsongweni water supply	**1 425 502**	–
Maseyisini water supply	**6 963 508**	6 182 137
Mpolonjeni water supply	**4 942 742**	4 969 394
Mayaluka water supply	**1 037 183**	1 064 478
Matsetsa water supply	**1 633 093**	1 676 069
Mankayane Mabovini water supply	**1 532 847**	1 574 275
Manyisa Mpolonjeni	**2 308 524**	2 308 524
Bambisanani water supply scheme	**277 448**	284 922
African Development Bank/Eswatini Government financed grant		
Manzini region sanitation and water supply	**45 782 553**	–
Ezulwini sanitation and water supply	**409 537 368**	335 349 355
World Bank/Eswatini Government		
Eswatini sanitation and water supply	**11 772 127**	–
Total deferred grants	**2 061 977 747**	1 848 992 005

Notes to the Financial Statements *continued*

for the year ended 31 March 2021

14. Deferred Income Tax

	2021 E	2020 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	**43 955 525**	46 363 961
Deferred tax liabilities:		
– Deferred tax liability to be settled after more than 12 months	**(70 172 903)**	(64 006 792)
Deferred tax liability – net	**(26 217 378)**	(17 642 831)
The gross movement on the deferred income tax account is as follows:		
Opening balance	**(17 642 831)**	(12 194 091)
Statement of comprehensive income charge (Note 5)	**(8 574 547)**	(5 454 416)
Adjustments to provisions	**–**	5 676
End of year	**(26 217 378)**	(17 642 831)

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

	Accelerated depreciation E	Tax losses E	Provisions E	Right-of-use E	Lease liability E	Total E
Deferred income tax liability						
At 1 April 2020	**(63 063 510)**	**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	**(69 604 789)**	**30 552 287**	**12 565 004**	**(568 114)**	**838 233**	**(26 217 378)**
At 1 April 2019	(56 086 633)	30 319 138	13 573 404	–	–	(12 194 091)
Charged to income statement (note 5)	(6 976 877)	(138 714)	1 316 724	(948 958)	1 293 409	(5 454 416)
Adjustment (note 5)	–	–	5 676	–	–	5 676
At 31 March 2020	(63 063 510)	30 180 424	14 895 804	(948 958)	1 293 409	(17 642 831)

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

	2021 E	2020 E
15.1 Cash Generated from Operations:		
Profit before tax	**70 442 201**	58 318 175
Adjustment for items not involving cash flow:		
Grant amortisation	**(40 443 448)**	(40 331 140)
Depreciation (Refer Note 7.1 & 7.2)	**62 197 307**	60 048 827
Loss/(Profit) on disposal of property plant and equipment	**382 663**	33 550
Interest income (Refer Note 3)	**(11 462 392)**	(11 441 933)
Fair value gains on financial assets (Refer Note 3)	**(1 083 317)**	(853 991)
Interest expenses (Refer Note 3)	**5 344 250**	6 859 688
	85 377 264	72 633 176
Working capital changes:	**(3 148 456)**	1 008 399
Increase in inventories	**(1 759 409)**	(304 975)
Increase in trade and other receivables	**(18 324 538)**	(29 521 740)
Increase in trade and other payables (Note 15.3)	**16 534 354**	29 994 628
Increase in provisions	**401 137**	840 486
Cash generated from operations	**82 228 808**	73 641 575
15.2 Reconciliation of Cash Flows Arising from Financing Activities Related to Borrowings		
Borrowings at the beginning of the year	**79 619 830**	78 083 198
– Current	**27 877 621**	28 794 075
– Non-current	**51 742 209**	49 289 123
Cash flows	**(15 269 885)**	1 536 632
– Proceeds from borrowings	**–**	16 518 716
– Repayment of borrowings	**(15 269 885)**	(14 982 084)
	64 349 945	79 619 830
– Current	**25 192 303**	27 877 621
– Non-current	**39 157 642**	51 742 209
15.3 Movement in Trade and other Payables		
Opening trade and other payables	**(142 940 526)**	(112 945 898)
Closing trade and other payables	**159 474 880**	142 940 526
Net increase in trade and other payables	**16 534 354**	29 994 628
15.4 Reconciliation of Deferred Grant		
Opening balance	**1 848 992 005**	1 761 182 553
Grant amortised	**(40 443 448)**	(40 331 140)
Grant received	**253 429 190**	128 140 592
Closing balance	**2 061 977 747**	1 848 992 005

Notes to the Financial Statements *continued*

for the year ended 31 March 2021

15. Notes to the Statement of Cash Flows *continued*

	2021 E	2020 E
15.5 Reconciliation of Interest Paid		
Interest paid	**11 462 392**	11 441 933
Accrued interest	**(1 418 818)**	–
Interest accrued in prior year	**1 506 709**	–
Closing balance – Note 3	**11 550 283**	11 441 933
15.6 Reconciliation of Property, Plant and Equipment Additions		
Additions per movement schedule	**94 062 504**	261 430 787
Non-cash flow additions	**397 564**	–
Total additions – Note 7	**94 460 068**	261 430 787

16. Unrecognised Items

16.1 Capital Expenditure Commitments

	2021 E	2020 E
Contracted	**83 082 772**	157 383 872
Authorised but not yet contracted	**1 325 997 732**	31 401 400
Total future capital expenditure	**1 409 080 504**	188 785 272

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:

	2021 E	2020 E
Minimum lease payments under non-cancellable operating leases not recognised in the financial statements are receivable as follows:		
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

	2021 E	2020 E
Key management personnel compensation		
Short-term employee benefits	**5 841 977**	5 686 278
Post-employment benefits	**1 325 483**	1 249 804
	7 167 460	6 936 082

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

20. Leasing Commitments

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

	2021 E	2020 E
Commitments for the minimum lease payments in relation to non-cancellable leases are payable as follows:		
Within one year	**1 321 018**	1 978 699
Later than one year but not later than five years	**2 216 799**	3 617 781
	3 537 817	5 596 480

21. Related Party Transactions

Ecowater bottles	**532 104**	769 939
Water purification chemicals	**10 528 249**	8 716 829
Plumbing material	**33 019 729**	33 837 520
Electricity	**70 566 659**	62 049 898
Vehicle maintenance	**7 250 624**	5 232 914
Fuel	**6 674 953**	6 765 421
	128 572 318	117 372 521

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.

Acronyms and Abbreviations

AfDB	African Development Bank
AMR	Automated Meter Reading
CBD	Central Business District
CSR	Corporate Social Responsibility
DBSA	Development Bank of Southern Africa
DMA	District Metered Areas
DWA	Department of Water Affairs
EAMS	Enterprise Asset Management System
EIPA	Eswatini Investment Promotion Authority
EWSC	Eswatini Water Services Corporation
GIS	Geographic Information Systems
GIZ	Gesellschaft für Internationale Zusammenarbeit
IT	Information Technology
JWC	Joint Water Commission
KPI	Key Performance Indicators
LoNa	Lomahasha/Namaacha Water Supply Project
M&E	Mechanical and Electrical
ML	Mega Litres
MNRE	Ministry of Natural Resources and Energy
MYT	Multi-year tariff
NRW	Non-Revenue Water
PEU	Public Enterprises Unit
SADC	Southern African Development Community
SADCAS	Southern Africa Development Community Accreditation Service
SACU	Southern African Customs Union
SDG	Sustainable Development Goals
SISOMA	Siphofaneni, Somntongo and Matsanjeni
SHEQ	Safety, Health, Environment and Quality
EWACAA	Eswatini Civil Aviation Authority
WHO	World Health Organisation
WSP	Water Safety Plan
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

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