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Eswatini Water Services Corporation

ANNUAL REPORT 2023

VISION, MISSION AND CORE VALUES

OUR VISION

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

OUR MISSION STATEMENT

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

OUR CORE VALUES

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

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

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

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

CONTENTS

We do it through our people

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

ORGANISATIONAL BACKGROUND

Who We Are

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

What We Do

The 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	Siphofaneni	Somntongo	Mhlumeni
Nkoyoyo	Kamkhweli	Mabovini	Mayaluka
Motshane	Mbikwakhe	Siphumelele	Shoba
	Ludzeludze	Sibetsamoya	Ngcina
	Empholi	Nkwalini	Ndzangu
	Elwandle		Mncitsini
	Sidzakeni		Ngcamini
	Malkerns		Skhuphe
			Mlindazwe

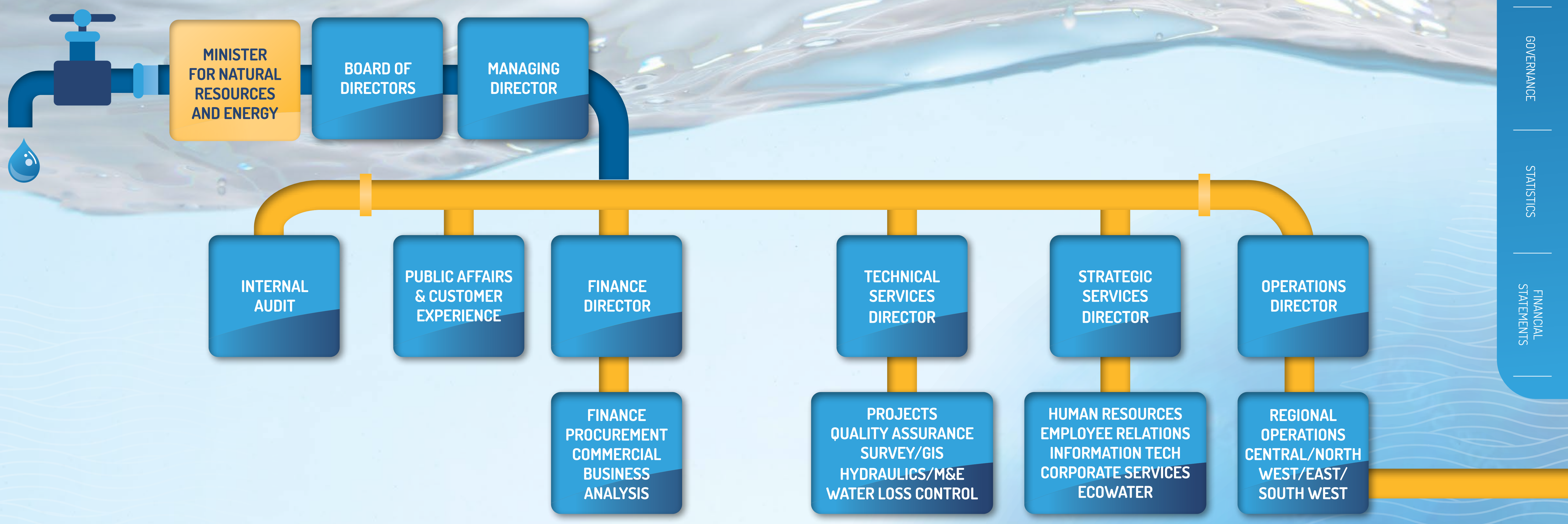
With regard to the areas of supply, the Corporation is mandated to:

- 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 water works for the purpose of supplying water for public purposes;
- Develop sewer systems for the treatment of wastewater; and
- Inspect and advise on the management, collection, production, transmission, treatment, storage, supply and distribution of water.

Social and Economic Considerations

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

GOVERNANCE AND ORGANISATIONAL STRUCTURE



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LEADERSHIP

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MESSAGE FROM OUR CHAIRMAN

Benedict Xaba
Chairman of the Board

As we reflect on a period of profound global challenges, characterised by the past pandemic, social disruptions, and geopolitical tensions such as Russia's conflict with Ukraine, it is evident that the business landscape has grown increasingly complex. These external factors have escalated the cost of vital commodities like food and fuel, subsequently affecting consumer purchasing power and inflating our production input costs. Consequently, our accounts receivable has seen a significant rise, impacting our working capital. Despite these unfavourable conditions, we have remained steadfast in our commitment to delivering unparalleled services to our customers, while also meeting stakeholder expectations.

Our teams have also prioritised customer-centricity, enhancing the customer experience through diversified service offerings, such as the Phum'edelezini initiative, and expanded payment options including the EWSC App and self-service USSD code.

Aligned with the United Nations Sustainable Development Goals (SDGs) and the Government of Eswatini National Development Plan (NDP), we remain committed to expanding access to clean water and sanitation facilities. Our capital program, generously supported by both the Government of Eswatini and EWSC, stands as a testament to our unwavering commitment to enrich the quality of life for both individuals and communities through increased access to safe water and sanitation.

We have made noteworthy progress in executing our 2022–2025 Strategic Plan. Our in progress Organisational Development (OD) Project will strengthen our institutional framework, enabling us to realise our strategic objectives more effectively. In an increasingly volatile external environment, it is imperative that we maintain focus on our core mission while pursuing strategic outcomes. By fostering innovation, we aim to adapt to the complexities of our operational context. Our Blue Culture remains a cornerstone for achieving excellence; let us continuously uphold it as it manifests in our service delivery and operational achievements.

Our teams have also prioritised customer-centricity, enhancing the customer experience through diversified service offerings, such as the Phum'edelezini initiative, and expanded payment options including the EWSC App and self-service USSD code. We are committed to delivering exceptional customer experiences that elevate customer satisfaction.

I extend my deepest gratitude to the Board, Management, and Staff for their unwavering commitment, dedication, and resilience in the face of myriad social and economic challenges. As we move into the next year, let us continue to navigate external pressures while consistently delivering value to all our stakeholders, especially our valued customers and employees. With a competent and committed team, I am confident that we are well-positioned to elevate EWSC to new heights, even under the current challenging circumstances.

Bxaba

Benedict Xaba
Chairman of the Board

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MESSAGE FROM OUR MANAGING DIRECTOR

The economic conditions in the post-pandemic landscape have presented unique challenges to our operating model. Rising inflation has escalated production costs. The associated policy response -- tightening monetary policy -- has put pressure on household disposable income which has, in turn, contributed to the size of our debtor's book.

I have every confidence, however, that through innovation and dedication to our work and our customers we will overcome these challenges in the coming months and emerge stronger as a corporation.

Introduction

The year 2023 marks the inaugural year of our 2022–25 Strategic Plan implementation. Key amongst the strategic actions was the Organisational Development (OD) Project aimed at refining our organisational structure and business model. We are ready for the implementation phase of the OD Project during the upcoming financial year. At the end of this period, a comprehensive strategy performance review was conducted to measure progress on implementation to ensure that activities continue to be on track to deliver on the strategy going forward.

Our People

The intent of the 2022–2025 Corporate Strategy is to establish an organisational structure and skill-base that best align with strategy execution. Consequently, over the last year, the Corporation invested in reviewing and developing human capital policies that seek to ensure a market responsive work environment that addresses the dynamics of the employment landscape.

The Corporation further instituted a Job Rotation Programme and the Graduate in Training Programme which seek to develop competency internally whilst building flexibility and resilience for the Corporation. Additionally, an Apprenticeship Program was approved for implementation. This program aims to capacitate employees with skills in key operations trades such as pipefitting.

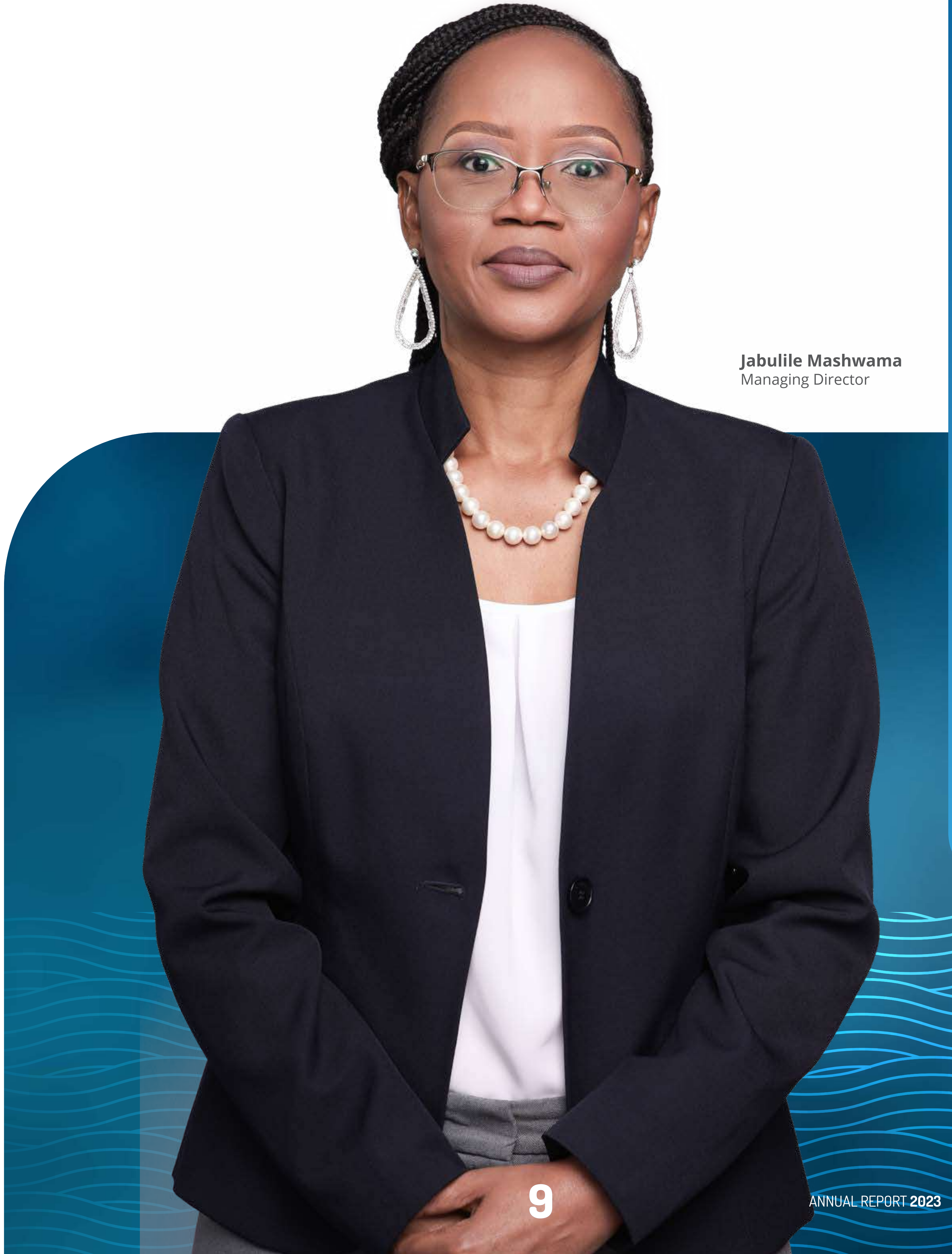
The Corporation continues to focus on employee engagement and periodically conducts surveys to ascertain progress made through the various initiatives. The evidence from this survey contributes to the positive experiences the stakeholders derive from interactions with our employees.

Our Corporation has sound employee relations. To bolster this climate, during the past year, we conducted an exercise aimed at further improving employee relations for all social partners, including Management. We endorsed a Relationship Charter, alongside social partners and held business review meetings with key partners.

Our People outlook is tremendously positive. We have some of the best technical and soft talent in the Kingdom and broader region. Having adopted the continuous learning culture, people development is a key focal area within the Corporation. This year our first tailor-made Management Development Program was rolled out in partnership with the University of Eswatini, which tremendously increased the capacity of our management cadre in business optimisation and people management skills. As we implement this OD Project, I believe we will further harness our greatest strength, our people, and leverage it to deliver a better product for our communities and improved work environment for our colleagues.

Our Customers

The Corporation continued to drive the Phum'edelezini campaign focusing on integrating all online payment platforms to real time and incorporating enhancements consistent with the demands of our customers.



Jabulile Mashwama
Managing Director

The campaign is further driving the download and use of the EWSC App by conducting external and internal activations targeting high traffic areas, events, and service centre walk-ins. The App was upgraded to allow for additional enhancement features such as paying for someone else and adding the Momo payment option.

The Phum'edelezini 2.0 campaign was launched on the new EWSC Social Media Space called Sitselekile Space. In Phum'edelezini 2.0, the Corporation introduced a new offering which is a self-service USSD code, *5000#. This is an additional platform through which customers can access EWSC services. Third party payment platforms also continue to thrive as we continue to integrate all platforms to real time. About 53% of revenue is collected through digital platform, leaving 47% collection through physical touchpoints.

Under Corporate Social Responsibility (CSR), the Corporation partnered with the Ministry of Tourism and Environmental Affairs, to plant trees around the four regions in the country. More than 430 trees were planted during the campaign which targeted schools for fruit trees and selected areas for indigenous trees.

Development Projects

Our commitment to the Sustainable Development Goals (SDGs) and the National Development Plan (NDP) remains unwavering. Safe water and sanitation require stakeholder collaboration and investment in adequate water and sanitation infrastructure to meet SDGs and NDP targets. To this end, significant progress was made in critical capital projects in the reporting period, including Package 1 of the Eswatini Water Supply and Sanitation Access Project in the Shiselweni Region which is now 55% complete. Testing and commissioning for the Nhlangano Wastewater Treatment Works and Ezulwini Sustainable Water Supply and Sanitation Project (Reservoir component) is ongoing and both projects are expected to be fully operational in the resuming financial year.

Safety, Health and Environment

The safety of our employees and customers is a key priority. Hence, we have enhanced our SHEQ standards by adopting a multi-faceted strategy; including a SHEQ strategy, internal ISO Systems Auditing and a greenhouse gas (GHG) accounting framework. The Corporation is currently certified for Environmental, Occupational Health and Safety and Quality Systems.

Twelve Internal Auditors for Quality Management Systems were trained and subsequently registered with South African Auditor and Training Certification Authority (SAATCA) as provisional auditors. This will ensure that the Quality Management System the Corporation implements is audited more frequently for continuous improvement at much lower costs. We congratulate our colleagues on their additional certification.

In keeping with the pressing mandate of climate change preparedness, the Corporation developed a standardised workbook (Carbon Accounting Workbook – CAW) for estimating operational greenhouse gas emissions. This tool will bring accuracy in reporting and inform data-based decision-making for carbon emission reduction initiatives.

Financial Overview

Despite economic volatility, our operating revenue grew by 5.2% to E513.5 million in the last year (2022: E488 million). This was outpaced by a higher growth in our operating expenses of 23.5%, E517.4 million (2022: E418.8 million). We realised an operating loss of E3.8 million before other income. Our financial statements reflect net profits due to the additional consideration of non-operating income.

The large size of our outstanding debtors' book, E235.9 million, continues to be an issue which exerts considerable pressure on our working capital. Coupled with the higher inflation trajectory, which is expected to last for a prolonged period of time, stricter budgeting and monitoring are required in order to ensure sustainability in these challenging economic times.

Key Challenges

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

- Collections from customers in debt and billed amounts.
- Old and aging infrastructure.
- Water loss through illegal connections, network vandalism, theft and tampering of meters.
- Increased costs of water and sanitation infrastructure and the availability of finance.
- Customers non-compliance with environmental regulations.
- Costs of production inputs resulting in run-away increased operating expenses.

We remain confident that through the ongoing relentless effort to eliminate or reduce the impact of these challenges, the Corporation will continue as a going concern to increase water and sanitation services access across the nation.

Acknowledgement

As we transition through the organisational changes through the OD project in the upcoming year, I count on the engagement and adaptability of the EWSC family. These changing times bring both challenges and opportunities; it's incumbent upon us to remain proactive and innovative. My deepest gratitude goes to every member of this organisation for their unwavering dedication to the mandate.

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It is an honour to say even this year that our mantra holds true; ***We Do It Through Our People.*** I am confident that we will all journey together to build a stronger, more resilient and successful organisation.

Without our customers patronage we cease to exist as a Corporation, we therefore thank you for your input and flexibility as we continue to co-create the EWSC that you want, and we commit to continually pursue our quest to increase the customer lifetime value and to giving you a compelling customer experience.

Jabulile Mashwama
Managing Director

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BOARD OF DIRECTORS

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

Mr Benedict Xaba

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

Mr Mvuselelo Fakudze

Non-executive member
BComm, PGDip; ACCA; CA(SD)

Mr Hilton Dlamini

Non-executive member
BA (Social Science)

Ms Dorcas Dlamini

Non-executive member
BA (Social Science)

Ms Zandile Nhleko

Non-executive member
MPH (Maternal & Child Health);
BNSc (Community Health Nursing)

Ms Jabulile Mashwama

Managing Director
BSc; MBA

Mr Sipho Dlamini

Non-executive member;
Dip (Criminology/Police Studies)

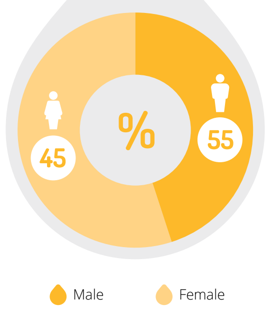
Dr Kenneth Msibi

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

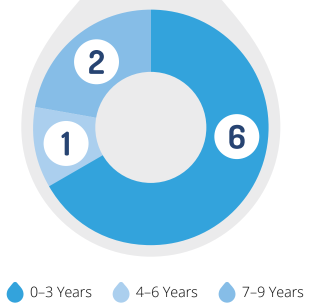
Ms Sindisiwe Mango

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

GENDER DIVERSITY



TENURE



EXPERTISE

- 2 Health
- 2 Economics
- 1 Law
- 1 Accounting and Finance
- 2 Strategy
- 1 Public Policy

Mr Benedict Xaba

Chairman

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

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

Ms Jabulile Mashwama

Managing Director

BSc; MBA

Ms Jabulile Mashwama joined EWSC as Managing Director in December 2018. She is an internationally-recognised executive with a particular interest in people development and driving high performance culture. She combines her rich private sector executive expertise with extensive public sector experience, having served as a Minister of Commerce, Industry & Trade as well as Minister of Natural Resources & Energy during her 10 years as Senator in the Parliament of the Kingdom of Eswatini. Prior to her efficacious political career, she worked for a leading global FMCG company as the Human Capital Development Director, where she was responsible for developing and implementing policies, strategies and tools for performance management and organisational culture improvement. Her experience in human capital development also includes cascading of corporate strategy and monitoring employees' levels of engagement. In her role as a minister she piloted various legislation nationally to support government's reform strategies. When she was Minister of Commerce she led initiatives that resulted in overall improvement of the country's Ease of Doing Business rating by 15 points. As Minister of Energy she was responsible for development of Energy Policies in line with the United Nations Sustainable Development goals, with a special focus on the role of Renewable Energy in Development. 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.

She is an active member of the International Water Association (IWA), Sanitation and Water for All (SWA) and a Board member of the Eswatini Parliamentary Services Board.

Mr Hilton Dlamini

Non-executive member

BA (Social Science)

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

Ms Dorcas Dlamini

Non-executive member

BA (Social Science)

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

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

Ms Zandile Nhleko

Non-executive member

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

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

Mr Sipho Dlamini

Non-executive member

Dip (Criminology/Police Studies)

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

Dr Kenneth Msibi

Non-executive member

BSc, CDE, PGD (Hydrology); MSc (Water Resources Eng); PhD (Water Resources Eng)

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

Ms Sindisiwe Mango

Non-executive member

BA (Law); LLB; Adv. Dip (Labour Law); Cert (HRM)

Ms Mango joined the EWSC Board as a non-executive member in August 2020. She is the General Manager, Corporate Services at the Eswatini National Provident Fund (ENPF). In the period 2012 to 2016, she was Manager, Corporate Support at the Komati Basin Water Authority (KOBWA) and prior to that she held the positions of Human Resources Manager, Industrial Relations Manager at 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

(Refer to Board Profiles)

Ms Duduzile Nyembe

Finance Director

BComm; ACCA, CA(SD), MBA

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

Ms Nontombi Maphanga

Technical and Operations Director

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

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

Mr Sicelo Dlamini

Strategic Services Director

BSc (Mechanical Eng); MBA

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

SENIOR MANAGEMENT

Finance

- **Hlobsile Dlamini** – Financial Manager: *BComm; ACCA: CA(SD).*
- **Zanele Dlamini** – Commercial Manager: *ACIS; MDP; MBA.*
- **Bernard Dube** – Business Analyst: *BComm; MBA; FCIS; Certified Utility Mngt Specialist.*
- **Patricia Magutshwa** – Acting Procurement Manager: *BComm; PGDE; Prof Dip; MCIPS.*

Technical Services

- **Mlungisi Simelane** – Projects Manager: *BSc; BSc (Civil Engineering); MBA; PrEng; PrPCM.*
- **Mcebo AG Sigudla** – Survey Engineer: *BSc (Survey and Geodetic Engineering), MEng Mngt (Urban Management).*
- **Malusi Dlamini** – Water Loss Engineer: *BSc (Civil Engineering).*
- **Mangaliso Mavuso** – Quality Assurance Manager: *BTech; BComm; MDP.*
- **Dumisa Dlamini** – GIS Manager: *BA (Social Science); MSc (Bus Info Tech).*
- **Bongani Thusi** – Mechanical Engineer: *Dip (Mechanical Engineering); BTech (Mechanical Engineering); BSc Hons (Energy Studies).*
- **Celumusa Vilane** – Hydraulics Engineer: *Dip (Civil Engineering); BSc Hons (Civil Engineering).*
- **Ranganai Zizhou** – Projects Engineer: *BEng (Civil Engineering).*
- **Sabelo Kunene** – Projects Engineer: *BSc (Civil Engineering); Adv. Dip (Project Management); MBA; PrEng; PrP.C.*
- **Velile Dlamini** – Electrical Engineer: *BEng (Electrical); GCC.*
- **Maxwell Mangwe** – Projects Engineer: *BSc (Civil Engineering).*
- **Zandile Mamba** – Projects Engineer: *BSc (Civil Engineering); MEng (Project Management); Prof. Project Manager.*
- **Senzo Dlamini** – Process Engineer: *BSc; BSc (Civil Engineering).*
- **Makhosazane Mangwe** – Projects Engineer: *BSC (Civil Engineering); PrEng.*

Operations

- **Angeline Matsenjwa** – Strategic and Operations Manager: *BSc; MBA; Cert. HRM; MDP; Cert. Advanced Labour Law.*
- **Sikelele Fakudze** – Regional Manager – South West: *BSc; Hons BSc.*
- **Thobile Simelane** – Regional Manager – North West: *BComm; R.A (SD); MDP.*
- **Elwyn Dlamini** – Regional Manager – East: *Dip (Agric); BSc (Agric).*
- **Aubrey Mkhonta** – Regional Manager – Central: *Dip (Water Tech); HND (Civil Engineering); MBA; Adv. Dip (Project Management).*

Strategic Services

- **Innocent Mkhombe** – Information Technology Manager: *BSc (Computer Science); Cisco Certified Networking Associate (CCNA); MDP.*
- **Tholwaphi Mkoko** – Employee Relations Manager: *LLB; Cert in Retirement Funds.*
- **Nhlanhla Dlamini** – Production Manager: *BSc; MBA.*
- **Abraham Dlamini** – Corporate and Facilities Manager: *Dip (Mechanical Engineering); MDP.*

Public Affairs and Customer Experience

- **Ms Nomahlubi Matiwane** – Public Affairs and Customer Experience Manager: *BSocSc (Media and Communication); MBA.*

Internal Audit

- **Ms Bongiwe Hlatshwayo** – Internal Audit Manager: *BComm; ACCA; CA(SD).*

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CREATING VALUE

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OPERATING ENVIRONMENT

Legal and Regulatory Environment

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

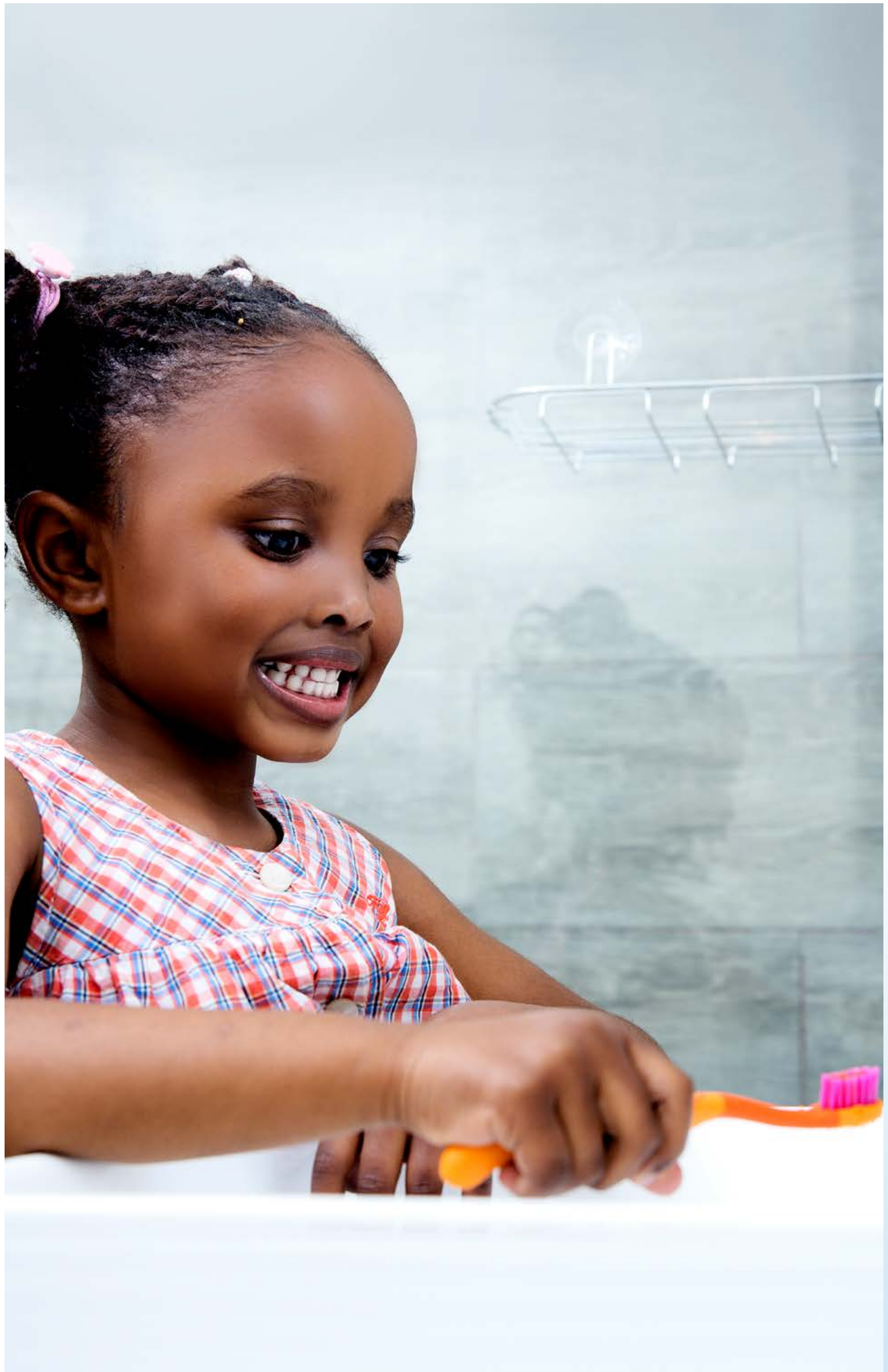
Economic and Physical Environment

Economic activity remained stagnant with an estimated GDP growth of 0.4%. However, growth projections for 2023 are expected to reach 3.2% due to agriculture and manufacturing sector activities as well as increased Government spending.

Real GDP growth in 2023 was projected to rise to 3.2% supported by agricultural production and manufacturing, and higher government capital spending ***(IMF March 2023)***. Inflationary pressures continued to drive prices of commodities such as energy, food and transport upward, resulting in change in CPI of 5.6% in March 2023.

The increase in Government spending is expected to stimulate economic activity as well as reduce accumulated arrears boosting cashflows for entities doing business with Government.

The rainfall season from October to March was occasioned by above average rainfall. Indications are that the country is heading towards El Nino and the impact is expected to show from November 2023 with below average rainfall. Dam levels at year of end were as folows: Hawane – 100%, Maguga – 100% and Mnjoli – 101%.



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VALUE CREATION

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

The provision of water and sanitation affects all economic and social sectors and supports economic development and growth whilst improving the quality of life and promoting a cleaner environment. The Corporation's main stakeholders include Government (shareholder); Employees; Customers; Suppliers; Financiers (e.g. commercial banks; multi-lateral development agencies) and CSR partners (communities and institutions).

EWSC BUSINESS MODEL

INPUTS

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

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

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

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

TECHNOLOGY
- IT Infrastructure
- Remote operation and real time systems (Telemetry, AMR)
- Decision support systems (business intelligence and data warehouse)
- Administration and Transaction processing systems (HR system, billing, finance & accounting)

STAKEHOLDERS AND SOCIAL RELATIONSHIPS
- Meeting customer expectations
- Management of stakeholder relationships to deliver services
- Value creation

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

OUTPUTS

FINANCIAL
- Increased assets value
- Financial benefits for stakeholders

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

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

HUMAN
- Competent staff
- Motivated employees
- Safe and healthy work place
- Employee wellness

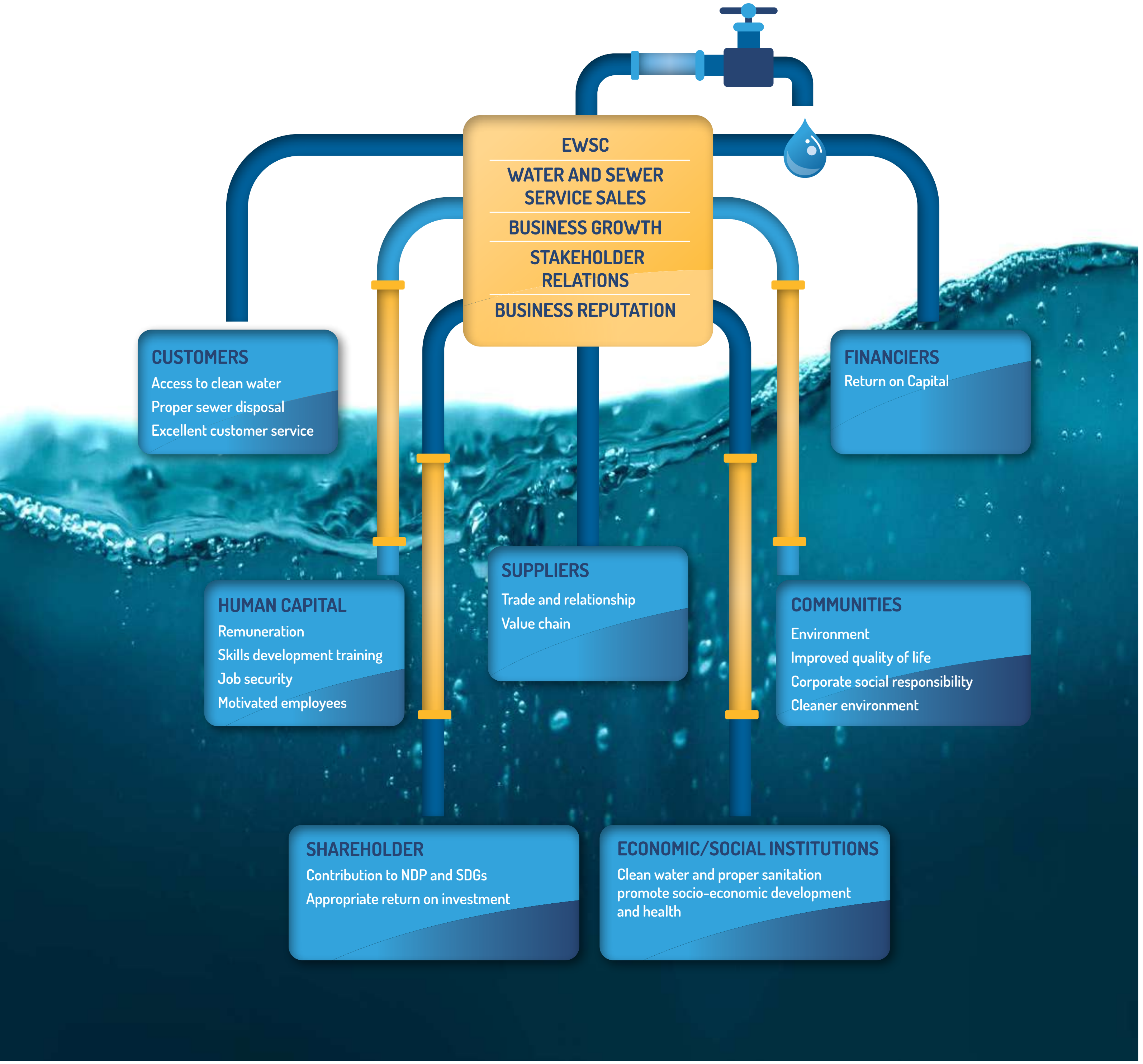
STAKEHOLDERS & SOCIAL RELATIONSHIPS
- Customer satisfaction
- Strategic partnerships with business and social institutions
- Cultural, Educational and Environmental programmes

NATURAL
- Potable water
- Treated wastewater
- Cleaner environment

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

EWSC VALUE-CREATION FRAMEWORK



STRATEGY AND RESOURCE ALLOCATION

Our strategic goals supporting our vision are mapped into short- to medium-term business objectives. The budget to support the strategy is determined by annual goals under the business scorecard. The business scorecard framework allows us to measure how our strategic 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 2022–25 strategy framework.

EWSC Strategic Plan 2022–2025

STRATEGIC FOCUS AREA	STRATEGIC OBJECTIVES
1. Business Optimisation	› Review and finalise operating model. › Establish an organisational planning function. › Optimise IT systems. › Improve business processes.
2. People and Culture	› Effective employee development. › Establish an enabling culture. › Implement talent management. › Revise and implement a strong Employee Value Proposition (EVP).
3. Efficient Infrastructure and Systems	› Fully implement Strategic Asset Management. › Improve the planning and execution of Capital Projects. › Develop and implement a Rural Areas Service Model. › Increase water storage capability.
4. Enhanced Customer Experience	› Ensure product quality. › Address gaps in service delivery. › Improve customer service quality. › Develop differentiated urban and rural areas operating model.
5. Financial Sustainability	› Improve revenue collection. › Eradicate debtors. › Improve the management of Non-Revenue Water (NRW). › Investigate and implement innovative service delivery methods.
6. Financial Performance	› To efficiently manage resources in order to remain viable.

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

PERFORMANCE

OPERATIONS

South West Region

Raw Water

The South West region received satisfactory rainfall during the reporting period. The Lavumisa balancing dam provided adequate supply during the period and there were 127 days of non pumping from Jozini Dam. This was reported to be caused by continued Eskom loadshedding affecting pumping at the Pongolapoort pump station. Pumping was mostly affected in the 3rd quarter when 57 days were lost without flow to the dam. Production at the plant was not affected during the period. The dam level was at 34.2% at the end of March 2023.

Growth

The water supply network extension projects at kaDeda, Khiza and Mhlabuyaduma areas contributed to a total of 825 new water connections, supporting livelihoods of an estimated 4 100 people. The region had a target of 800 connections which was met and exceeded by 3%. An increase in water connections is anticipated next year, as the Mazombizwe and Sigwe projects are due for commissioning in April 2023.

There were 95 new sewer connections installed during the year. The region had a target of 70 connections which were exceeded by 35%. An increase in connections is expected after the completion of the Siphumelele Wastewater Extension project in 2023–24.

Revenue

Total revenue for the year amounted to E57.8 million compared to E58.8 million in the previous year. The improvement was caused by commissioning of three new water supply growth areas being Deda, Khiza and Mhlabuyaduma. Secondly, public hospitals increased their water usage. Textile industries had an increase in water usage after COVID-19 subsided. Improvements were noted in collections on our residential customers due to merging of Meter Readers/Disconnector's function in the last quarter which resulted in efficiency of the disconnection exercise and the positive impact of the Buya Mali initiative exercise which sensitised residential customers to settle their bills on time.

Debt Management

The total trade receivables amounted to E18.8 million as at March 2023. The bulk of debtors are residential customers accounting for E6.4 million (34% of total debts) followed by Government at E5.02 million (27%). Commercial debtors stood at E4.2 million (22%), whilst corporate debts closed at E0.24 million (1%). Debts amounting to E2.9 million (15.5%) were terminated and inactive accounts handed over to debt collectors. The collection ratio averaged at 107% which is 8% less than the target of 115%. Debtor days improved from 126 days to 114 days as at March 2023.

Quality Compliance

The potable water quality compliance was at 92.7% and 95.9% for treatment plants and distribution respectively against a target of 98%. The region expects a high-quality compliance, addressing turbidity compliance after the expected upgrading of the Mankayane and Hlathi potable water treatment plants next year. The effluent quality compliance was at 75%, showing a 10% deviation when compared with the target of 85%. The region expects improved compliance next year as the new Nhlangano WWTP is being commissioned.

Human Capital

The total staff complement for the region stood at 62 employees.

At the close of the year, there were five vacancies comprising three Treatment Plant Operators and two Maintenance Assistants.

Safety, Risks and Health

The region recorded the following incidents during the year:

- Fleet (two Vehicle and tractor) – 8. No employees were injured.
- Motor Bike – 1
- Staff Houses Break-in – 1
- Human (IOD's and near miss) – one IOD and One near miss.

There were no COVID-19 infections experienced during the year.

92.7%
overall potable water quality compliance

75%
effluent quality compliance

62
employees at year end

The region grew by a total of 936 new water connections in the year.

North West Region

Raw Water

Maguga Dam level was at 100% and Hawane Dam level was also at 100% and overflowing at the end of March 2023 following the substantial rains. The raw water source at Ezulwini supplying Cansini WTP was almost dry during the winter season (May 2022 to July 2022). The Mdzimba/Lamgabhi Water Supply continued to supply the Ezulwini area and supply was occasionally supplemented through the Mbabane-Ezulwini 500mm gravity main pipeline.

In February 2023, the Hawane-Woodlands 500mm gravity main pipeline for raw water supply to the Woodlands Water Treatment Plant collapsed due to eroded soil following heavy rains. Raw water was abstracted from the Mbuluzi river to supply Mbabane CBD and all surrounding townships for a period of a week whilst the repairs were ongoing. Production was affected as the inflow rate decreased to 850m^3/hr from an average of 1200m^3/hr. There were, however, no water interruptions during that period.

The Lobamba Raw Water Pump house roofing was blown-off following a storm in February 2023. There were no damages on the other infrastructure which was inside the pump house and repairs were promptly done.

Cyclone Freddie did not hit the country as anticipated in February 2023 but there were heavy rains for two weeks. This resulted in high turbid water at the Cansini and Phophonyane WTP and prolonged frequent power outages in most of the WTP facilities.

Growth

The Region grew by a total of 936 new water connections during the year 2022–2023. This represents 78% of the target which was 1 200 water connections. The Mpolonjeni/Manyisa Water Supply Project was commissioned in March 2022 and household connections were installed during the reporting period. Meter installations were done in other new growth areas which included Ngwenya-Hillview and Fonteyn-Sigcumeni. The Vulimpompi water supply project was completed. The testing and commissioning of the infrastructure for the project was done between February and March 2023. Household connections will be done in approximately 500 homesteads (out of a population of 2 500) and are expected to benefit from this project. There were 70 new sewer connections installed as of 31 March 2023.

Revenue

The region recorded a total revenue of E157.7 million which is 2% less than the target of E161 million. The civil unrest contributed to the decline in sales and some key accounts did not perform well in the months May and July 2022.

Debt Management

The total debtors at the end of the year stood at E72 million. The collection ratio averaged 103% and the debtor days were recorded at 167. Debt reduction strategies were implemented to manage the debts and included the following:

- Buya Mali Debt Reduction Campaign which started in October 2022 to December 2022 where all the four regions including Head Office were assigned three Meter Walk routes as focus areas to reduce debts. Debt management strategies included disconnections after notice for non-paying customers, door-to-door visits, educational awareness/roadshows, uprooting, investigation of illegal connections.
- Meter Readers and Meter Disconnectors positions/functions were merged into one position titled "Meter Reader" since January 2022. Meters were read and disconnections of overdue accounts were done during the meter reading cycles. The aim is to improve the debt collection process and to encourage behavioural change so that customers are inclined to make regular payments without being disconnected.
- Uprooting long disconnected properties which have been dormant for more than six months commenced and is an ongoing exercise.
- Regional Managers and Supervisors Meter Disconnection Investigation/Audit Exercise which was conducted in July to August 2022.

Quality Compliance

The overall potable quality compliance for the financial year was 96.5%. To improve the water quality compliance, there is an ongoing plant upgrade at Ngwenya WTP, Maguga WTP and Phophonyane WTP. The Woodlands WTP clarifier was completed during the year. The effluent quality compliance stood at 73%. There were ongoing rehabilitation works for Ezulwini WWTP and Ngwenya WWTP which are meant to improve the treatment plants processes.

Human Capital

The region closed the year with a staff complement of 140 employees. There were five exits of which one was mandatory retirement, one retirement on medical grounds, two voluntary resignation and one death.

OPERATIONS CONTINUED

North West Region continued

Safety/Incidents

There were 17 recorded IOD incidents and none were fatal. This number includes seven employees who were exposed to chlorine gas inhalation at Thembelihle whilst cleaning the reservoir. Safety for employees, customers, public, property and environment are a priority hence mitigation measures continued to be implemented.

Stolen Meters and Damaged Meters

There has been an increase in meter theft in the region during the reporting period, where a total of 261 meters were stolen compared to 187 meters stolen in the previous year. The highest incidents recorded occurred at Mahwalala, Nkwalini, Mangwaneni. Nkoyoyo, Fonteyn and Sidwashini. The region continued to make efforts to address this issue with other internal and external stakeholders, including engagement with law enforcement agencies and communities.

Central Region

Raw Water

The region received substantial amount of rainfall that benefitted all raw water sources during the year resulting in no raw water shortage challenges during 2022 dry winter season. However, the region had several challenges that resulted in limited interruptions in water supply to our customers. These included:

- Damaged Malkerns canal (which is used to abstract raw water from the Great Usuthu River to Malkerns WTP) due to heavy rains in January 2023.
- Blockages of the raw water canal and the siltation that was exacerbated by earthworks in a nearby development leading to less water reaching the pump house within the Corporation's abstraction points at Lusushwana River.

A total of 11.29 million cubic metres of raw water was abstracted during the year.

Growth

The Central region continued to witness growth in water and wastewater connections within the existing infrastructure of EWSC. A total number of 1 136 new water connections and 242 new wastewater connections were also installed during the reporting year. It is worth mentioning that the region has received several new water extension requests from communities that are being assessed. It is expected that once the Manzini Integrated Water Supply Project is implemented, a significant growth in the number of new water connections will be realised. The region has also provided a budget for the next financial year for water network expansion which will increase coverage and the number of connections in strategic areas.

Revenue

The region's revenue collection was E244.6 million for the year 2022/2023. The vigorous disconnections for non-payment implemented daily by the region led to reduced billed volumes as some customers failed to pay immediately. Some major consumer businesses were also closed for business in March 2023 for various reasons. The collection ratio for the year was 108% compared to 77% in the previous year.

Debt Management

The debt closing balance as of March 2023 was to E105.1 million. Government accounts were the main contributor to improved debt levels as payment was received after the major disconnection implemented in June 2022. The region further participated in a debt management initiative focusing on three areas and was able to recover a total of E612 000. Customer education and timely disconnection were strengthened during this initiative. The region continued to implement the strategy formulated to deal with residential accounts which are a challenge. The enforcement of disconnections for non-payment to avoid accumulation of debt and improve prospects of recovery continued unabated. Properties with suspected pipe leakages were also disconnected to allow the property owner to fix the leak so that the debt does not continue to increase.

Quality Compliance

Overall potable water quality compliance for the year was 94.3%. During the months of August and September, the Matsapha WTP recorded a 100% compliance on turbidity. In the month of October the region received heavy rains that increased raw water turbidity at treatment facilities resulting in 96.8% compliance. To improve compliance at treatment facilities, Clarifier no.1 and 4 (at Matsapha WTP) were refurbished and serviced respectively. Effluent quality compliance continues to be a challenge in the region especially in the Matsapha WWTP where parameters such as Electrical Conductivity (EC) and colour exceed specifications, because industries discharge trade effluent that is not compliant with EWSC treatment capabilities. Both Matsapha and Nhlambeni WWTP were under major rehabilitation during the year.

11.29 million
cubic meters of raw water abstracted

96.5%
potable quality compliance

140
staff complement

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Human Capital

The total staff complement for the region is currently at 142 employees. The Corporation values employee wellness and conducts routine health surveillance checks to ensure improved occupational health outcomes.

Safety/Incidents

The region recorded the following incidents during the year under review:

- Environmental – 25
- Fleet (Vehicle and Plant) – None
- Human (IOD's and near-misses) – 4
- Property damage – 5

New Projects

The region implemented several projects in the financial year 2022/2023 to improve service delivery to existing customers whilst extending to new areas. These projects include:

- Pipe replacement at White City which addresses NRW through pipes installed above ground that is prone to leakages and illegal water connection.
- Ngwane Park sewer: The main objective of this project was to connect all Ngwane Park residents to EWSC infrastructure.
- Matsapha WWTP: This project focused on mechanical and electrical equipment rehabilitation and replacement to improve effluent compliance.
- Matsapha Raw Water canal diversion and rehabilitation. This project was to rehabilitate the aged pipeline.
- Nhlambeni WWTP: This project is implemented in phases and this year focused on the digester rehabilitation.

Meter Theft

A total of 403 meters were stolen during the first three quarters of the year. The hot-spot areas were the informal settlements like Mahlabatsini, Mhlane, Logoba, Kwaluseni, Mbikwakhe. The region collaborated with communities and stakeholders such as Municipalities and Eswatini Royal Police to curb the stealing of meters and this is already yielding positive results.

East Region

Raw Water

The region's main raw water source is the Mbuluzi River downstream of the Mnjoli Dam. Other raw water sources are the Komati River which supplies the Mananga WTP, the canal supplying the Vuvulane WTP, and the Ngwavuma River which feeds into the Lubuli WTP. Lomahasha sources its supply from groundwater through a borehole. There has been no raw water supply challenges experienced due to above normal rains received again in the year. The region abstracted a total volume of 2.75 million cubic meters of raw water showing a marginal decrease when compared to last year's 2.77 million cubic meters.

Growth

The region grew by 582 water connections which was below its target of 800 connections. The lower connections rate is a pattern that developed during the COVID-19 pandemic and was further exacerbated by sluggish economic conditions. There were 28 new sewer connections attained against a target of 70. These connections are from developments at the Mpaka, Malindza, Lonhlupheko and Langa areas. The sewer connections target was not met due to the development of a new mall in Siteki Town being incomplete, as well as a deferred sewer extensions project at Siteki Flame Tree Park.

Revenue

The region recorded a total revenue of E44.1 million representing a 4% decrease from the revenue of E46.4 million recorded last year. This is due to a decrease in billed volumes influenced by vigorous disconnections over the period. A significant portion of the East region client base is domestic (95%) and presently 14.7% of the domestic customers are disconnected for failure to honour bills and are therefore not consuming. The region periodically conducts investigations to evaluate unauthorised use by the disconnected customers.

Debt Management

The region's debtors' book value has shown a decrease from E35.7 million at the start of the reporting period to E33.4 million at end of March 2023. The collection ratio was at 98% against a target of 115% showing an increase of 80% reported in the previous period. Disconnection efforts are failing to yield the intended result of encouraging payments and the Corporation is exploring a rural water supply model that will position the organisation for sustainability.

94%
overall potable water quality compliance

76%
effluent quality compliance

62
employees at year end

OPERATIONS CONTINUED

East Region continued

Quality Compliance

The overall potable quality compliance for the year was 94%, showing a 4% improvement from the previous year's value of 90.4%, however still 4% short of the target of 98%. Plans to improve the water quality compliance were ongoing at the Simunye WTP, Mananga WTP whilst Vuvulane WTP and Lubulini site are scheduled for the new financial year. The slight increase in compliance was influenced by the optimisation of Vuvulane WTP filtration process and improvements to Mananga WTP intake gallery. The effluent quality compliance stood at 76% against the target of 95%. A project to address quality at Vuvulane ponds was deferred, while the Siteki WWTP chlorination, and the optimisation of Sikhuphe WWTP stabilisation pond projects were ongoing at year end.

Human Capital

The total staff complement at the end of the year was 62 with one employee leaving due to mandatory retirement, three employees leaving due to voluntary exits, and another one leaving due to disciplinary action.

All vacancies have been permanently filled except the following: Regional Manager, Regional Commercial Accountant, one Meter Reader. All the vacant positions currently have employees designated on an acting basis to allow for the conclusion of the OD Project.

Safety/Incidents

There were three recorded IOD incidents showing a 25% reduction from the previous year. A total of 96 hours were lost due to the IODs which were minor.

Meter Theft and Damaged Meters

The region continued to experience acts of theft and vandalism of infrastructure during the year. A total of 37 customer meters were stolen between April 2022 and March 2023.

This represents a significant reduction from the 134 meters stolen in the previous year. The highest incidents recorded occurred at Dvokodvweni, Malindza, Lonhlupheko, Nsulutane and Sikhuphe supply zones. The Community Police and Royal Eswatini Police Service were engaged to assist in curtailing these undesired incidents.

QUALITY ASSURANCE

Potable Water

The product quality assurance function is instituted on a water monitoring program that is led by the laboratory. The objectives of the potable water monitoring program are:

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

A total of 4 311 samples were collected in the EWSC Potable Water Sampling Program during the period resulting in 164 166 tests being conducted in the process. This represents a 79.3% success rate, which is higher than the previous year (78.6%). The samples collected include raw water (11.3%), treated water (11.5%) and distribution water (77.2%) of the total samples collected. Tests conducted include bacterial *(Total coliform, Escherichia coli, Faecal streptococci)*, nutrients (sulphate, nitrate, phosphate, chloride, etc.), cations (calcium, sodium, lead, magnesium, etc.), pH, turbidity, electrical conductivity, total suspended solids, alkalinity, etc. The potable water compliance against the EWSC Guideline and the EWSC-Eswatini Government Performance Contract was 96.3% for treated water microbiology, 95.0% for distribution water microbiology.

The overall potable water quality compliance for treated water against the WHO Guideline, which includes both physico-chemical and microbiology parameters was 95.1%. This represents a 0.8% increase from last financial year at 94.3%.

The treatment plant's turbidity compliance (WHO Guideline 5 NTU) increased to 87.7% from 80.0%. The 7.7% increase is resultant from improved treatment management in the treatment plants which includes timely monitoring of raw water turbidity, ensuring optimal dosing of chemicals is used and better anticipation of changes in raw water turbidity experienced during rainy seasons. The daily reporting of deviations by the Quality Assurance unit also contributed to improved turnaround times and quicker implementation of corrective actions.

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EWSC Drinking Water Compliance Summary Report 2022-23

Determinant	Units	Limit	Compliance Target %	Compliance Achieved %	Number of Tests	Number Compliant
Microbiological Determinants						
Total Coliform	/100 mL	Not detected	98	91.8	3 663	3 363
E. coli	/100 mL	Not detected	98	98.4	3 663	3 604
Enterococci	/100 mL	Not detected	98	98.7	472	466
Chemical & Physical Properties						
Colour	Pt-Co	≤15	98	99.5	3 660	3642
Turbidity Waterworks	NTU	≤5	92	87.7	470	412
Turbidity Distribution	NTU	≤5	92	89.1	3 190	2 843
Conductivity at 25°C	µS/cm	<1000	98	100	3 660	3 660
pH at 25°C		≥6.0 – ≤9.0	98	99.5	3 60	3 642
Chemical Requirements – macro determinants						
Free Chlorine *	mg/L	1.0 – 2.0	98	63.6	470	299
Free Chlorine **	mg/L	0.2 – 1.0	98	63.1	3187	2 010
Nitrate	mg/L	≤10	98	99.6	471	469
Alkalinity	mg/L	<400	98	100	3 660	3 660
Total Hardness	mg/L	<400	98	100	702	702
Sodium	mg/L	≤200	100	100	259	259
Chloride	mg/L	≤300	98	100	471	471
Fluoride	mg/L	≤1.5	98	100	471	476
Sulphate	mg/L	≤200	98	100	471	471
Total Dissolved Solids	mg/L	≤500	98	100	3 660	3 660
Suspended Solids	mg/L	≤25	98	99.7	683	681
Nitrate	mg/L	≤10	98	99.6	471	469
Iron	µg/L	≤300	100	97.1	239	232
Aluminium	µg/L	≤300	100	76.2	239	182
Arsenic	µg/L	≤10	100	100	218	218
Cadmium	µg/L	≤3	100	100	218	218
Chromium	µg/L	≤50	100	100	218	218
Copper	µg/L	≤1 000	100	100	218	218
Calcium	mg/L	<75	100	100	218	218
Lead	µg/L	≤10	100	93.6	218	204

Plant and Technical Audits

During the period, 248 of the 288 planned audits were conducted yielding 86.1% performance. The audits are conducted to ascertain the efficiency of plants' treatment processes and to identify areas for improvement. The key areas of improvement identified in the audits are then addressed through various in-house initiatives like housekeeping initiatives, operator training, equipment procurement, testing equipment calibration, and plant and process upgrades as provided for in the 2022/23 Capex projects budget.

Technical audits were also conducted for treatment plants during the period under review. These audits include an assessment of current treatment plant status, identification, and implementation of optimisation opportunities. Unlike Quality Plant audits, which are mainly conducted by QA personnel, Technical audits are conducted by a wider pool of internal stakeholders from both Operations and Technical Services.

The technical audit approach includes the following:

- Determination of current plant performance levels against regulation.
- Determination of limiting factors of process units and performance.
- Determination of operational and administrative practices limiting performance.
- Determination of actions to address factors that will improve performance.

QUALITY ASSURANCE
CONTINUED

Reservoir Cleansing

The Corporation implements a reservoir cleansing programme, that runs in two-year cycle intervals. During the cycle, each reservoir is expected to be cleansed at least once, with frequency also determined by quality monitoring parameters. For the last financial year, 42 out of a total of 84 reservoirs were cleansed, an indication that the process is on track.

Wastewater

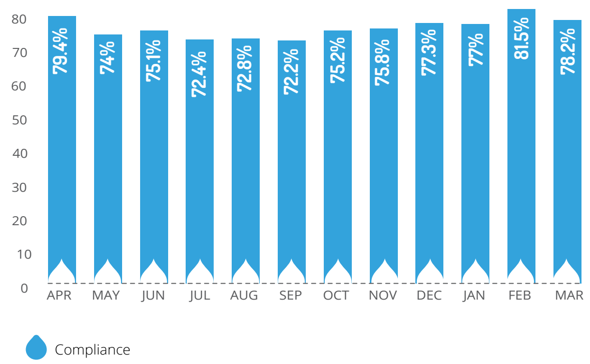
A total of 805 wastewater samples were collected and analysed during the financial year, resulting in 31 326 tests being conducted in the process. The tests range from microbiological to physico-chemical parameters (including organic pollutants and trace metals), which are used to evaluate the efficiency of WWTPs and the quality of the treated effluent before it is released to receiving water bodies such as rivers and streams.

A phased approach of infrastructure upgrade investments in wastewater treatment plants is ongoing, and primarily supported by the Government to promote compliance with Water Pollution Control Regulations 2010 (WPCR 2010). The 2022/23 capital projects budget covered rehabilitations and upgrades of selected treatment plants such as Siteki, Ngwenya and Nhlambeni WWTPs.

Overall, the wastewater effluent quality compliance increased to 75.9% from 73.7% in the previous year. However, overall compliance was still negatively impacted by colour and microbial compliance which were generally non-compliant. The performance of the Corporation's WWTPs is further constrained by the average effluent quality produced by industries. The Matsapha WWTPs operational design requires industry to pre-treat waste for final treating by EWSC. The Corporation monitors industry compliance through an Industrial Effluent Monitoring Program (IEMP) through physical surveillance and auto sampling methods to ensure adequate monitoring is performed.

The figure below shows the performance of EWSC's WWTPs. On-going plant rehabilitations and process upgrades per the Corporation's Strategic Plan 2022–25, are expected to improve the performance at these plants.

EWSC Effluent Compliance (April 2022 – March 2023)



River Water Monitoring

In the reporting period, 214 samples out of a targeted 240 samples were collected for the river monitoring programme. No deviation in the composition and quality of the river waters was noted, hence no new threats arose in raw water quality.

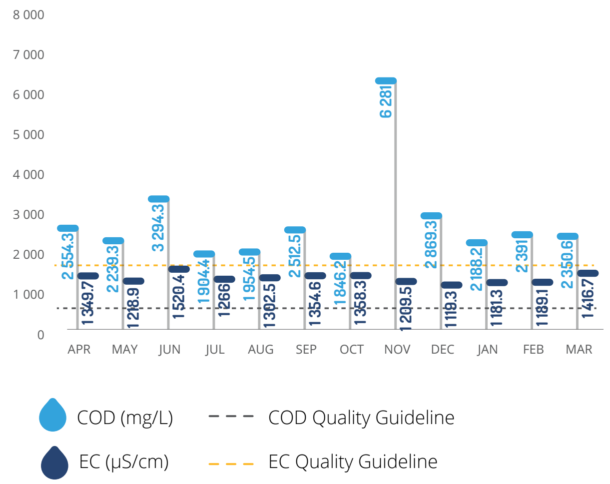
Trade Effluent

Trade or industrial effluent is any liquid waste from industrial or trade processes which excludes domestic sewage, which can adversely affect the wastewater treatment plant's ability to effectively treat and dispose as per WPCR 2010. It is imperative that industries discharge into our sewer lines effluent that is within design limits to ensure that any inflow is treated to acceptable quality.

During the period, 1 468 industrial effluent samples were collected and 7 340 tests conducted. Out of the samples collected, 48.4% samples exhibited excessive Chemical Oxygen Demand (COD) content (>500 mg/L). The Electrical Conductivity (EC) content of industrial effluent sampled during the year showed that 28.4% of the samples exhibited excessive EC content (>1600 μS/cm).

The average EC content in the Matsapha WWTP influent was lower than the average EC content from the industries which is attributed to dilution of the high EC content waste water. The Corporation continues to advocate for improved upstream pre-treatment by industries, through stakeholder engagement under the Industrial Effluent Monitoring Program (IEMP), however, incidents of unauthorised discharge and dumping into EWSC sewers still persist. To respond to this risk, the Corporation will continue to install auto samplers at selected companies and penalties effected accordingly. The figure below depicts the average industrial effluent parameters (COD and EC) between April 2022 and March 2023.

Trade Effluent Average COD & EC (April 2022 – March 2023)



NON-REVENUE WATER

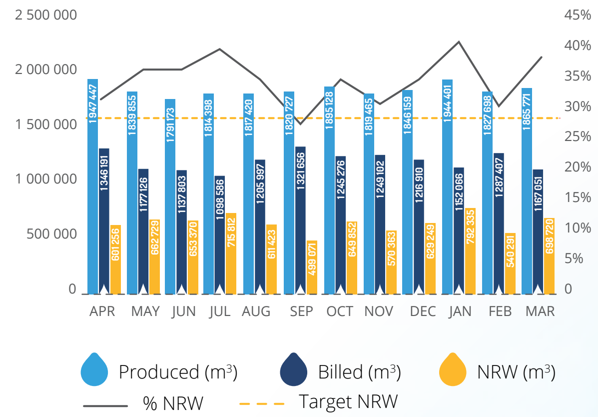
NRW Performance

NRW percentage for the year was at 34%, this is a 4% decrease as compared to the previous financial year 2021/22. For the period, physical losses decreased by 6% as compared to the previous financial year and underground losses decreased by 16.1%. The decrease in physical losses can be attributed to the leakage surveillance program, pipe replacement program, and pressure management program. The commercial losses decreased by 1.6%. This can be attributed to the rigorous exercise of investigating illegal connections and improvements made to disconnections for non-payment. The Corporation continued to implement capital projects aimed at reducing water losses to reach the set target of 28% NRW.

The figure below shows the NRW trend from January 2022 to March 2023. It can be noted that produced volumes had a declining trend, this being a good indication because it is indicative of decreasing production costs and improvements made in leakage reduction in the water network. The 6% decrease in physical losses was the main driver for the reduced NRW for the year.

The billed volumes for the year also increased by 3% which translated to a 1.6% decrease in commercial losses.
It is worth mentioning that with most stuck meters, 60% are from meters which are less than five years old. The challenge of stuck meters is being managed by the introduction of pipeline flushing for low lying areas which are prone to stuck meters and introduction of appropriate technology in metering.

NRW Trends

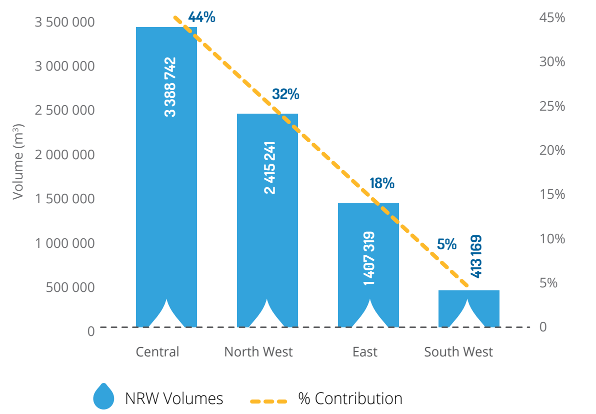


The table below represents the regional NRW performance for the year. The South West region had the least NRW at 18% followed by the Central region at 32%.

MONTH	CENTRAL	NORTH WEST	EAST	SOUTH WEST	TOTAL MONTHLY
Production volume (m³)	10 559 347	6 614 829	2 716 897	2 338 569	22 229 642
Billed volume (m³)	7 170 605	4 199 588	1 309 575	1 925 400	14 605 171
NRW volume (m³)	3 388 742	2 415 241	1 407 319	413 169	7 624 471
NRW % (2021/22)	**32%**	**37%**	**52%**	**18%**	**34%**
NRW value (E)	56 727 541.08	40 431 134.34	23 558 520.06	6 916 449.06	127 633 644.54

The percentage contribution per region is shown in the figure below. It can be noted that Central region contributed 44% to the total NRW, down from 48%, while North West region contributed 32%, up from 26% with East and South West regions contributing 18% and 5% respectively. The Central region represents 42% of the Corporations size by number of connections, while the North West region is 30% and the East and South West regions, 16% and 10% respectively.

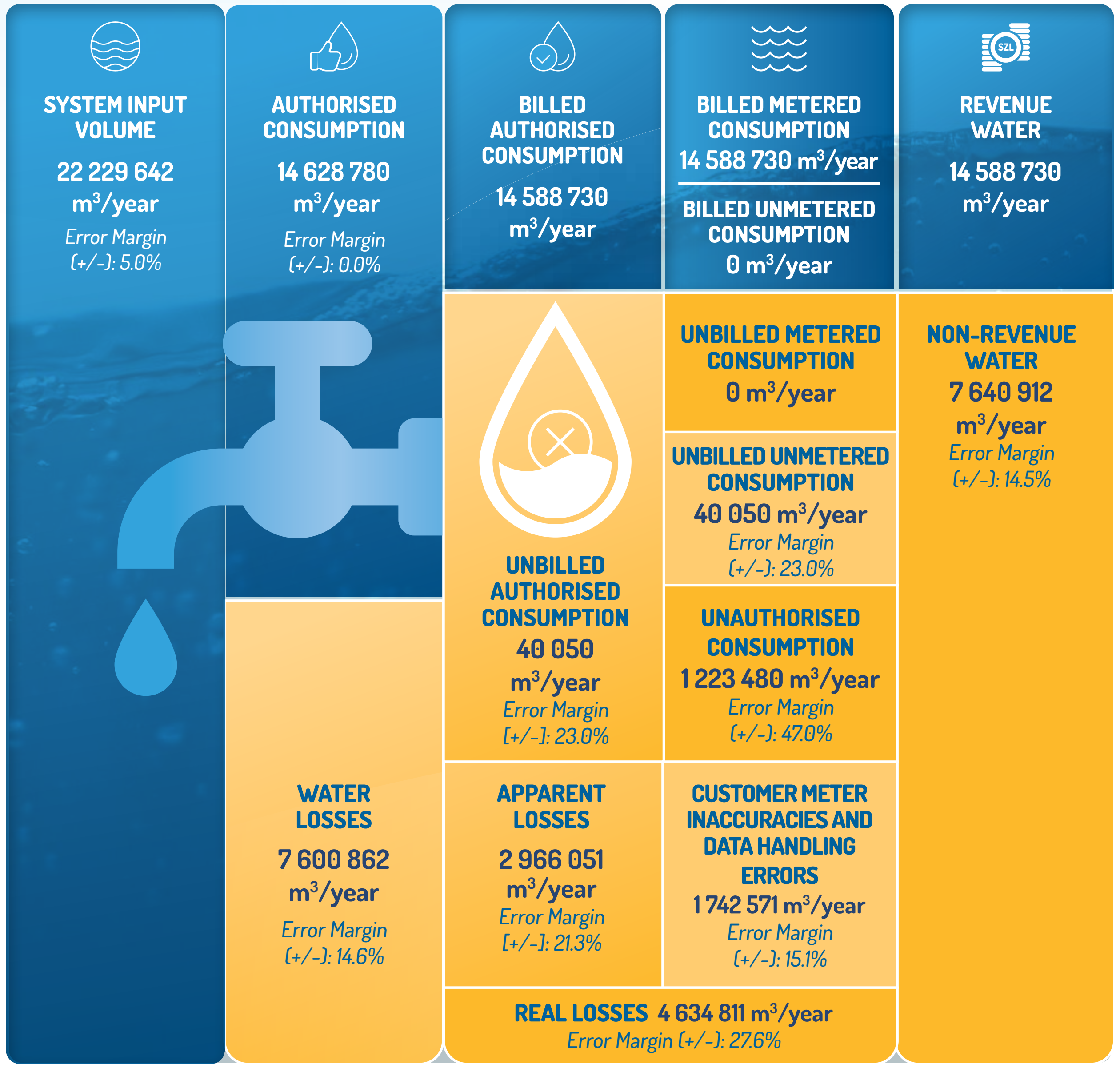
Percentage Contribution Per Region



NON-REVENUE WATER CONTINUED

Water Balance

The water balance indicates that the majority of the losses are physical losses at 61% of the losses, these are followed by meter reading errors and data handling errors at 23% and unauthorised usage at 16%. This indicates that the bulk of the NRW investments should be directed to reducing the physical losses and improving metering and meter data capture. Contributors to the physical losses is the old pipe network infrastructure as well as the poor class (class 8 – class 10) inherited pipe infrastructure especially in the peri-urban and rural areas. These areas are affected by frequent pipe bursts and pipe leakages leading to increased operational expenditure. For the financial year under review, 80% of the hotspots for leakage and pipe bursts were resolved by either the installation of pressure control valves or pipe replacement. It has however been noted that the hotspots have migrated to other weak parts of the water network and the program to identify and rectify hotspots is ongoing. Reservoir overflows comprise about 1.5% of the total NRW, an improvement from 5% the previous year. The reservoir overflows are a result of malfunctioning hydraulic reservoir control valves and malfunctioning telemetry system. The pipe fitters and mechanical and electrical technicians have since been trained on the maintenance of the hydraulic valves and schedules developed to assist in the maintenance on these valves.



Commercial losses are a result of meter under registration. This arises due to the type of meter the Corporation is using, where about 7% of billed volumes is lost through meter inaccuracies. Slow moving meters due to grit in the water network contribute to the meter inaccuracies, and eventually manifesting in stuck meters. This type of discrepancy is hard to identify through the monthly meter reading process and requires the meters to be sampled and tested at the test bench.

The Corporation has noted the increasing complexity and frequency of illegal connections. The Corporation has identified proactive investigation as a strategy to mitigate the increasing illegal connections.

NRW Reduction Strategy

Key elements of the NRW reduction strategy comprises pipe replacement, metering, pressure management, active leakage control, discrepancy management, assessment of speed and quality of repairs. There was little traction in the pipe replacement programme which will be improved through different implementation modalities in the new year. This is expected to ensure speedy movement in attaining NRW goals.

Capital Expenditure

Capital Expenditure managed under the water loss unit during the year under review involved pressure management activities in designated areas, leakage detection equipment procurement and delivery. The smart metering project was suspended due to procurement challenges. The tender has however been awarded and completion due by half year in the new financial year.

Pipe Burst and Leakages

Table 1: Total Leaking Pipes

MONTH	CENTRAL	NORTH WEST	EAST	SOUTH WEST	TOTAL MONTHLY
October	689	356	271	62	1 377
November	680	352	270	79	1 381
December	344	238	162	75	819
January	636	156	282	73	1 147
February	361	292	292	77	1 022
March	517	291	180	74	1 062
Total Region	3 227	1 685	1 457	439	

The table above shows the regional pipes leakage from October 2022 to March 2023. The total number of leaks shows a decline in monthly leaks with the reported month being December for all regions. The region with the lowest leaks was South West region it also had the lowest NRW at 19%. The Central region had the highest number of recorded leaks at 3 227 for the analysis period. The water loss section samples quality and speed of resolution of leakage in routine audits.

There were several repaired leaks that were investigated to see if they had been repaired correctly , wherein most were deemed satisfactory.

PPMs Performance

PPMs for water networks were introduced over the financial year. The water network furniture that was identified as critical for addition to the PPMs are listed in the table below. PPMs implementation was at overall 49% with Central at 46%, North West at 38%, East at 54% and South West at 57%.

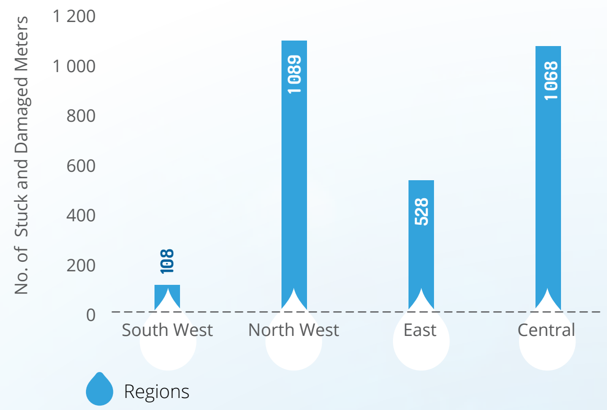
Reservoirs Monitoring

Reservoirs are very critical to the operations of the Corporation as they act as storage facilities as well as pressure management assets. This assesses performance and functionality of level gauges and SCADA systems which level gauges assists in monitoring reservoir levels. Deviations are accordingly noted and addressed through maintenance or replacement activities. During the current year, serious challenges were experienced in the telemetry system operations for which a new project was conceived. This is expected to be operational in the new financial year.

Stuck Meters

Stuck meters could lead to incorrect billing of customers, which contributes to NRW because the Corporation fails to clearly quantify the amount of water consumed by customers. An investigation on stuck meters was undertaken to find their root cause. In the study it was discovered that the Corporation has experienced 2 793 stuck meters from August 2022 to February 2023.

Stuck Meters Per Region



The North West has the highest rate of stuck meters compared to other regions, followed by the Central region. These two regions have the highest rate of bursts and leakages and the highest numbers of customers in service. The South West region has the lowest number of stuck meters, which aligns with the lowest bursts and leaks reported and the NRW recorded in the year.

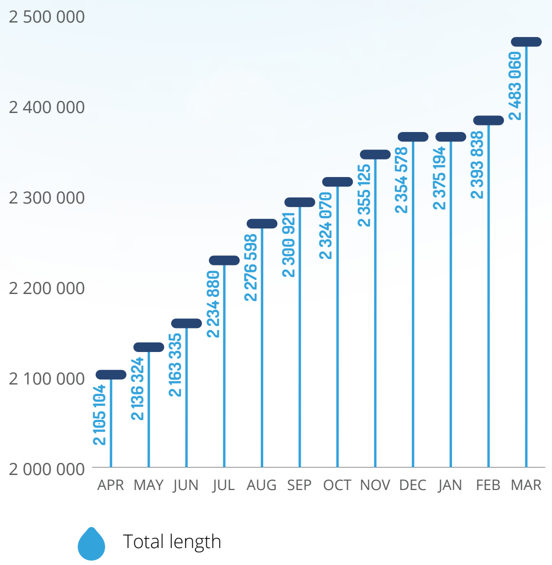
SURVEY ENGINEERING

The Survey office is the custodian of immovable asset data in the Corporation. In the reporting period, the section scrutinised 677 building applications from Matsapha (159), Mbabane (269) Ministry of Housing and Urban Development (230), Pigg's Peak (7) and Ezulwini (12) compared to 571 in 2022 with a processing rate of 2.69 days per application.

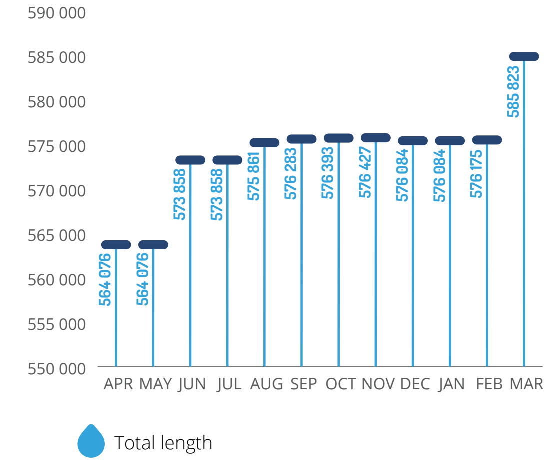
Five Human Settlement applications were evaluated for sewer and water services including Pigg's Peak and Ngwenya new townships. Network information on CAD and GIS increased from 2 153km to 2 541km (18.0%) for clear water and increased from 562km to 586km (4.3%) for waste water in terms of pipe length.

The graphs depicted below show the pipeline length trends for water and sewer services in the reporting period.

Cumulative Water Pipeline Lengths Trend



Cumulative Sewer Pipeline



New and existing sites surveyed to increase water network information include Croydon, Deda, Hillview, Hlane, Hlathikhulu, Langa, Lomahasha, Lonhluphekio, Lubulini, Lwandle, Mabovini, Magadzavane, Maguga, Mankayane, Manyisa, Manzini, Matsapha, Matsetsa, Mbabane, Mhlumenbiu, Mpaka, Mpholonjeni, Ndzangu, New Village, Ngwenya, Nhlambeni, Nsulutane, Sikhuophe, Siphofaneni, Siteki, Sithobelweni, Tubungu, Vuvulane and White City. Sewer network updates and surveys were conducted for Manzini, Matsapha Industrial site, Sandla, Siteki, Tubungu, Veni
and Zulwini.

Twenty-three surveys were done to carry out as built networks, encroachment investigations, sewer pipeline extensions, pipeline setting out and pipeline relocations (works included locating buried manholes near Manzini bus rank; tachy to facilitate design of Maphungwane network extension; setting out at Kholwane for Rural Water; marking pipeline along Lonhlupheko junction and pegging pipeline route at plot 2 676 Mahwalala).

MECHANICAL AND ELECTRICAL UNIT

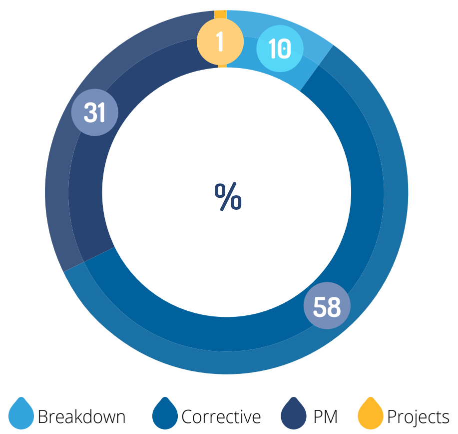
Mechanical and Electrical Unit

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

Work Order Distribution

The Preventive Maintenance/Breakdown ratio was monitored against the target of 70/30 ratio. For the reporting period, the ratio achieved was 73/27 which is above target. Maintenance plans are continually being reviewed and added for scheduling in a bid to improve systems reliability. The increase in Preventive Maintenance being done has seen an increase in follow-up work orders (Corrective) which are meant to correct potential failures before they occur.

Work Order Distribution by Type 22/23



The Central region continues to have more maintenance activities and the areas with pronounced activity being the Matsapha Plants mostly due to their criticality and capacity. For the North West region, sites with high maintenance activity continue to be Woodlands WTP, Mqolo Pre-treatment, Ezulwini WWTP and most recently Ngwenya WWTW.

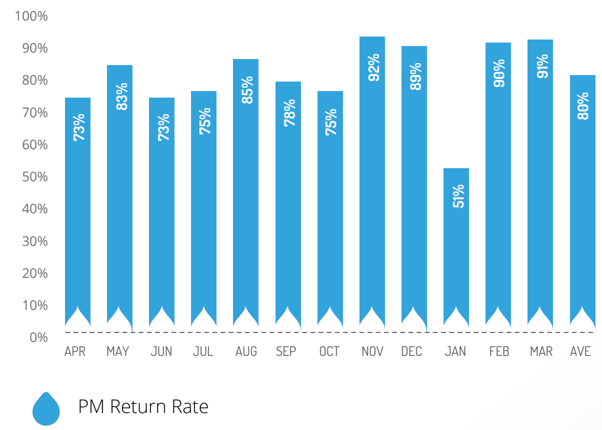
The East region activity is mostly centred around Simunye Water Treatment Works, Lonhlupheko and Lukhula Booster Stations. There has been a decrease in the South West region service requests due to the Masibini WTP Highlift pump motors upgrade which significantly reduced the breakdown rate for these motors.

Work Order Reporting

Preventative Maintenance

Preventative maintenance (PM) work order return for the period was 80% in comparison with the targeted 85%. The division of the M&E section into two units has seen increased focus in areas of responsibility.

PM Return Rate



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

Equipment Status

Equipment availability in the Central region has declined slightly following rehabilitation projects that were taking place mostly at the Nhlambeni and Matsapha WWTP. The Nhlambeni WWTP and Ngwane Park Pre-Treatment Plant rehabilitation was completed by year end, whilst Matsapha WWTP upgrade was still ongoing. The frequent failures of the chemical dry feeders for Matsapha WTP also contributed to the decline of availability, however a budget allocation has been secured for their replacement in 2023/24 financial year.

The Ezulwini WWTP rehabilitation project has been completed and most of the processes and equipment are back online.

In the East region, the Lonhlupheko pump station control valves failed due to wear and tear and replacement is underway. This makes isolation of systems a challenge thus affecting maintenance that is done while the systems are live. Procurement of valves for various sites via the tendering process has been completed and awaiting delivery of the units. This will contribute to equipment availability.

Strategic Asset Management

The overall progress based on the year 2022/2023 action plan stood at 70%.

Activities achieved are as follows:

- Physical verification of assets was done and is at 99%.
- Location creation is at 85% – delayed by finalisation of DMAs as these are used as locations.
- Aligning existing asset register with physically-verified asset is at 60%.
- Development of maintenance plans for all asset types is at 80%.
- Training on the ISO 55000 standard was done.
- Review of the SAMP document (draft) was completed.
- Draft of Asset Replacement Procedure developed.
- Draft Asset Disposal Procedure developed.

Meter Testing Facility

The Test Bench was accredited into SANS 17025:2005 in October 2019. Migration to SANS 17025:2017 standard has been completed. An on-site assessment by SADCAS was conducted in May 2023 and the facility was recommended for continued accreditation pending closure of raised four non-conformities. This was the last assessment as the next one is the re-certification audit.

SHE Audits

The Mbabane Workshop rehabilitation was completed and the SHE Audit score improved to 99%. The Matsapha Workshop SHE Audit score was also maintained at 98%, ensuring that both workshops comply with the 95% compliance target.

SHE Incidents

The department reported only one IOD for the period, which resulted in 112 hours lost. The employee sprained an ankle whilst working at Lavumisa WTP.

A total of three motor vehicle incidents were reported for the period where one was major and the other two minor. Driver awareness and vigilance continues to be emphasised to avoid such incidents.

MECHANICAL AND ELECTRICAL UNIT CONTINUED

M&E Projects

The department undertook several projects aimed at enhancing the M&E asset profile comprising:

1. Bulk Flow Meters: phased replacement of flow meters for various sites.
2. Telemetry Optimisation: telemetry system Lot 1 covering the East and South West region.
3. Energy Management: installation of VSDs and power factor correction.
4. Backup Power: installation of backup power UPS and standby diesel generators.
5. M&E Asset Replacement: replacement of various M&E assets which includes electric motors, compressors, blowers and analytical instruments.
6. Pump Replacement: phased replacement of pumps for various sites.
7. Pump Station Valves: phased replacement of pump station valves (control, PRV's, isolation and non-return).
8. Chlorinating and dosing equipment: phased replacement of chemical dosing equipment for various sites.

Contracts

Two contracts were in place, these being the Generator Maintenance and the UPS Maintenance contract and are due for renewal in the 2023/24 financial year.

Energy Management

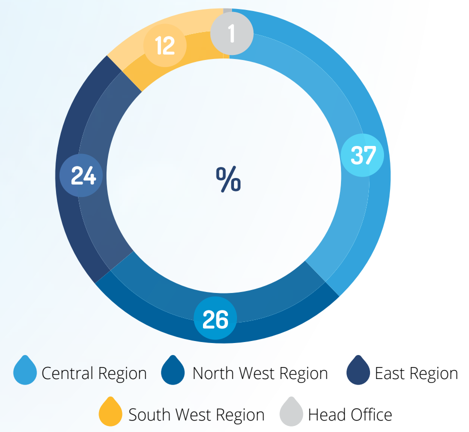
Electricity continues to be one of the highest cost drivers (approximately 18%). Effective use of energy-intensive assets requires an Energy Management System to improve operational efficiencies and the Corporation has aligned with the ISO 55000 standard requirements.

The Corporation's electricity costs for the year 2022/23 stood at E65 276 300.11 compared to previous year 2021/22 electricity costs of E61 460 332.75. The increase mainly was due to the introduction of 15% VAT for commercial customers.

The Corporation continued to receive assistance from the Southern African Energy Program (SAEP) on the commencement of the desktop solar feasibility study which was regrettably not concluded as the programme came to an end.

Energy initiatives identified through the energy audit are being implemented on an on-going basis and these include VSD installation, energy-efficient lighting, power factor correction and energy management team meetings. The Corporation monitors energy usage per station and by region as shown in the chart below. The energy usage regional segregation has changed nominally with the Central region still leading at 37% of total.

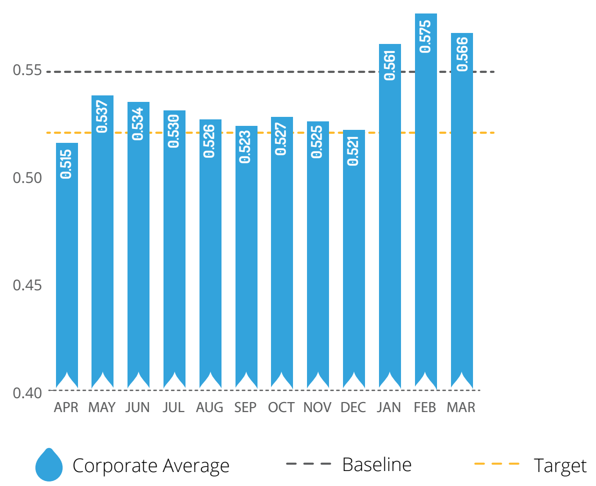
Electricity Usage by Region 22/23



Water supply systems are monitored for efficiency (measured in kWh/m³). Based on the baseline established in the previous financial year, systems are expected to improve by at least 5% each year. As per the Energy Management strategy, the focus is on the top 17 key sites that contribute to about 80% of the total energy consumption.

For pumping facilities, the year-to-date reduction was at 3.1%. For the year, Lonhlupheko and Lukhula Booster Stations experienced an increase in specific energy usage due to systems challenges, causing poor energy usage patterns. In the North West, systems challenges experienced with the Hawane Gravity Main after the heavy rains in February 2023 meant pumping more from Mbuluzi Raw, which increased energy usage significantly. The Central region also experienced compromised pumping due to the quality of the raw water source at the Matsapha treatment plant requiring more backwashing in plant.

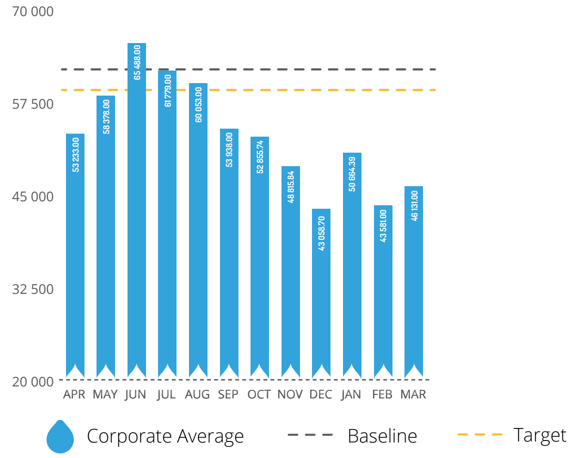
Pumping



For non-pumping facilities the annual reduction in energy consumption was 14%. Behaviour change patterns have been experienced especially on the use of heating and cooling systems which has contributed to the reduction.

Nhlambeni and Ezulwini WWTP, were treated as a non-pumping facilities due to the ongoing rehabilitation affecting some key equipment at the sites. For non-pumping facilities the performance is reflected in the table below.

Offices



GEOGRAPHIC INFORMATION SYSTEMS

Data Sharing

The Corporation has standing data sharing protocols which address data sharing applications by external stakeholders for either water or wastewater infrastructure, such as consultants, municipalities, and government agents. There was a total of five data requests that were received from these during the 2022–23 financial year, two of which were received in the second quarter and three of these received in the last quarter.

All the above-mentioned requests were accordingly attended to.

Water Coverage and Access Statistics

Urban Boundary

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

For the total existing 31 079 homesteads mapped within this boundary, 22 093 homesteads have access to EWSC water supply, representing a 71.1% access rate. Coverage on the other hand, represents all homesteads within a radius of 200m from a supply point and is higher at 27 747 homesteads, representing 89.3% of urban connections.

Within the EWSC Scheduled Areas

This measures the extent of EWSC's services penetration within the service areas as listed in the Water Services Corporation Act of 1992 schedule.

They are 22 in number and are as follows: Croydon, Hlathikhulu, Hluti, Kubuta, Kwaluseni, Lavumisa, Lobamba, Lomahasha, Lubuli, Malkerns, Mananga, Mankayane, Manzini, Matsapha, Mbabane, Ngwenya, Nhlangano, Nkoyoyo, Piggs Peak, Siphofaneni, Siteki, and Vuvulane.

There are currently 41 190 homesteads falling within this boundary. Out of the 41 190 homesteads, 29 936 of these have access to EWSC services whilst the total covered are 35 576. This represents a 72.7% access, and 86.4% coverage within the EWSC Scheduled Areas boundary as at the end of March 2023.

Within EWSC Actual Service Boundary

At the beginning of each financial year the boundary path where EWSC services are actually found is determined. When this path was created in April 2022 a total of 88 669 homesteads were deemed as covered, with 60 387 accessing EWSC water services.

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

The current EWSC Actual Service Path boundary has a total of 86 889 homesteads and 61 179 of these have access to EWSC services, whilst the total covered are now 86 194. This represents a 70.4% access, and 99.2% coverage within this service boundary as at the end of the 2022/23 financial year.

EWSC Sewerage Coverage and Access Statistics

Out of the total 61 665 homesteads currently being serviced by EWSC countrywide, 14 112 have access to both water and sewer as at the end of the 2022/23 third quarter. A spatial analysis of the current wastewater infrastructure deployment indicates an estimate of 30 956 homesteads is potentially covered for both water and sewer services throughout the country as at the end of 2022/23. This translates to a 22.9% access for sewer and 48.6% coverage for sewer.

ECOWATER BUSINESS UNIT

Ecowater realised an increase in terms of sales, which was driven by growth in the retail and hotel sector. Ecowater continued to drive efforts to improve its production capacity through operational efficiencies and distribution efficiencies. Efforts have been made to improve brand equity through several marketing channels and this has resulted in the acquisition of new customers in all the sectors. Ecowater started a business model review that seeks to ensure that Ecowater is self-sustaining and profitable going into the future. The business model review looks at the entire value chain to ensure that value is realised by the parent company EWSC and Ecowater customers.

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:

1.1 Ezulwini Sustainable Water Supply and Sanitation Delivery Services Project – Package A (15ML Reservoir)

Scope:	Construction of a 15ML reinforced concrete reservoir, break pressure tank and delivery mains.
Progress:	The project had been previously terminated with 45% progress in a separate contract. A new contractor was engaged, and the construction of the reservoir has been completed. Testing and commissioning of the works is currently ongoing and is scheduled for operation in May 2023.
Risks:	Engineer's or contractor's failure to perform.
Current action:	Construction supervision/monitoring.

1.2. Nhlangano Wastewater Treatment Works and Outfall Sewer Line

Scope:	Construction of the Nhlangano Water Supply Scheme and the construction of the Nhlangano Sewerage Works, whose components include a sewer treatment plant, outfall sewer pipeline, potable water pipeline, and staff housing.
Progress:	The construction works for the sewer plant resumed in September 2021 following a protracted suspension caused by funding limitations. The project has reached practical completion. Testing and commissioning is currently ongoing and handover is scheduled for May 2023.
Risks:	Failure of mechanical and electrical components as a result of being on site for an extended time while not being in use.
Action required:	Construction monitoring.

1.3. Luphohlo Water Supply Works

Scope:	Construction of a 20ML /day water treatment plant, the construction of a 7.5km 500mm diameter pipeline, including a 3ML pressed steel tank.
Progress:	The project is anticipated to commence in the first quarter of 2023/24 with the provision of limited funds by the Government of Eswatini. Evaluation and planning is in progress for works to commence.
Risks:	Putting the works in abeyance for a long time may result in reworks.
Action required:	Acquire funds and complete the full scope of the works.

1.4. Manzini Integrated Water Supply and Sanitation Project (Water Component)

Scope:	Provision of water supply to the Ngculwini, Mtfongwaneni, Mafutseni and Nhlambeni tinkhundla. This entails the construction of a new water treatment plant in Matsapha, pumping and delivery mains and reinforced concrete reservoirs at Logoba and Manzini.
Progress:	The project is divided into two lots. Lot 1 appointment was withdrawn due to contractor's failure to fulfill contractual obligations. Appointment for Lot 2 was cancelled due to funding limitations. The scope has been re-defined to fit within available budget and procurement documents have been prepared. Approval for a No Objection to issue a Procurement Notice was received from the African Development Bank (AfDB). The procurement notice was issued, and tender closed on 4 November 2022. Tender evaluation reports were submitted to the AfDB for No Objection. The AfDB reviewed the documents and raised some comments, which have been addressed for resubmission by the Corporation.
Risks:	Failure to perform by the Design Consultant. Increased professional fees as a result of the project being divided into two lots. Failed land negotiations with private property owners. Insufficient budget, which may result in further reduction of the scope of works. Forex volatility that is corroding the local currency denominated loan.
Action required:	Submit revised tender evaluation reports to the AfDB for No Objection. Appoint contractor and commence with the works.

1.5. Manzini Integrated Water Supply and Sanitation Project (Sanitation Component)

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

1.6. Maseyisini Water Supply Extension Phase 4 and 5

Scope:	Construction of water supply network system for the Maseyisini Inkhundla.
Budget:	Funding for all components except for professional services is provided by World Vision.
Progress:	Phase 4 was completed. Contractor for Phase 5 was appointed, and the construction has reached practical completion. Project handover is scheduled for early May 2023.
Risks:	Failure of the works during testing and commissioning.
Action required:	Construction monitoring.

1.7. Nsongweni Water Supply Extension Phase 2 and 3

Scope:	Construction of water supply network system for the Nsongweni-Mbangweni communities.
Budget:	Funding for all components except for professional services is provided by World Vision.
Progress:	Phase 2 was completed; Contractor for Phase 3 was appointed, and construction has reached practical completion. Testing and commissioning is ongoing.
Risks:	Failure of the works during testing and commissioning.

1.8. Eswatini Water Supply and Sanitation Access Project

Scope:	Construction of new water reservoirs, pump station, pumping main, delivery mains and water reticulation within supply area.
Progress:	Contractor for Package 1 was appointed, and construction is ongoing on site. Construction progress has reached 55% completion. The tender document for Package 2 (which entails the construction of the main pipeline from Nhlangano to Reservoir 1 in Zombodze) has been prepared and will be issued in early May 2023. The re-design of the distribution networks is in progress and should be completed in May 2023.
Risks:	Budgetary constraints. Failed land negotiations with private owners. Insufficient volume of water at the abstraction point.

1.9. EWSC Head Office Building Project

Scope:	Upgrade of the existing building and construction of an extension to the building.
Progress:	The Notice of Award was issued, and the contractor was appointed, and works have commenced on site.
Risks:	Budgetary constraints.

1.10. Hlathikhulu Reservoir

Scope:	Construction of a 1ML prefabricated reservoir.
Progress:	Construction of reservoir was completed and has been commissioned and handed over.
Risks:	None.

1.11. Nkwalini Reservoir

Scope:	Construction of a 1ML prefabricated reservoir.
Progress:	The project was completed and is operational.
Risks:	None.

1.12. Upper Fonteyn Reservoir

Scope:	Construction of a 3.2ML reinforced concrete reservoir
Progress:	The contractor was appointed, and construction has been completed. Testing and commissioning is ongoing and is scheduled for completion in May.
Risks:	Reservoir leaks during testing and commissioning. Variations due to consultant performance in design documentation.
Action required:	Construction monitoring.

1.13. Simunye Contact Reservoir and Booster Station Sump

Scope:	Construction of a 1ML Simunye Contract reservoir and a 1ML reinforced concrete booster station sump.
Progress:	The contractor was appointed, and the construction of the reservoirs has been completed. The project is at testing and commissioning stage.
Risks:	Reservoir leaks during testing and commissioning.
Action required:	Construction monitoring.

1.14. Lomahasha/Namaacha (LoNa) Water Supply

Scope:	The LoNa Phase 1 Water Supply Project covers the upgrade of existing water supply infrastructure comprising intake works, treatment, storage, pumping mains and distributions. The available funding is USD 13.7 million.
Progress:	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 the Maphiveni reservoir which is under title deed. The revised pre-qualification document has been published. The project is at detailed design stage.
Risks:	The project remains insufficiently funded and the Republic of Mozambique has not yet honoured their obligation of financial contributions to the project.

SAFETY, HEALTH AND ENVIRONMENT

The Corporation positions itself as a brand that cares. By investing in safety, health, environment and quality (SHEQ), EWSC ensures that it takes care of its employees, customers, and other stakeholders. To drive SHEQ performance upwards, the Corporation focused on three main areas in the financial year: developing a SHEQ strategy, developing internal capacity for ISO Systems Auditing and building a framework for greenhouse gas (GHG) accounting.

ISO Management Systems

The Corporation manages SHEQ through the implementation of ISO standards. It is currently certified for Environmental, Occupational Health and Safety and Quality Systems (ISO 14001:2015, ISO 45001:2018 and ISO 9001:2015 respectively). The Corporation took a decision to change the Certification Body (CB) for two of its ISO Management Systems (ISO 45001 and ISO 14001) to realise cost savings and improve systems efficiencies. The certification was successfully transferred from the South African Bureau of Standards (SABS) to South African Certification and Auditing Services (SACAS). After the successful closure of audit findings during the third quarter, SACAS issued the certification for ISO 45001:2018 and ISO 14001:2015 to the Corporation.

Twelve Internal Auditors for Quality Management Systems (ISO 9001:2015) were trained and subsequently registered with South African Auditor and Training Certification Authority (SAATCA) as provisional auditors. This will ensure that the Quality Management System the Corporation implements is audited more frequently for continuous improvement at much lower costs.

An external recertification audit was conducted during the month of March 2023. Eleven non-conformities were raised across three systems and five sites. All non-conformities raised were minor. The Corporation was therefore recommended for continued certification as it works to close the raised findings.

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

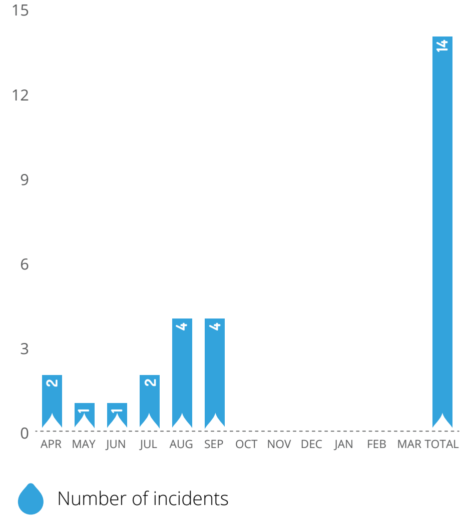
SHEQ Compliance

To ensure Health, Safety and Environmental compliance at all EWSC sites, continual audits are conducted. A 360-degree tool: SHEQ Audit tool, is used to measure the performance of all EWSC sites. The compliance baseline as evaluated during the financial year 2021/22 was 93.2%. The overall performance was at 94.5% at year end. Compliance for all EWSC sites was above 80%. A SHEQ strategy was successfully developed to direct the improvement of SHEQ performance for the Corporation.

Occupational Health and Safety Incidents

Thirty-three OHS incidents were recorded from April 2022 to March 2023. The Corporation recorded zero fatalities. The Lost Time Frequency Rate (LTFR) was 2.51 against a target of ≤3. The incidents are detailed in the graph alongside.

OHS Incidents for 2022/23



Sustainability

The Corporation developed a standardised workbook (Carbon Accounting Workbook – CAW) for estimating operational greenhouse gas emissions. This tool will bring accuracy in reporting and inform data-based decision-making for carbon emission reduction initiatives.

PROJECTS – 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

The technical feasibility studies have been completed for both the Nondvo Dam (long-term water development option) and the raising of the Hawane Dam (short-term option). There is the need to finalise the ESIA for the Nondvo Dam project and also undertake the ESIA for the Hawane Dam.

The Environmental and Social Impact Assessment Studies (ESIA) on the Nondvo Dam were undertaken but not cleared for implementation by Eswatini Environment Authority (EEA). The Nondvo Dam ESIA still needs consultations with the affected communities to resolve the social issues on the project. The Hawane Dam ESIA is still to be undertaken. The Eswatini Tender Board has approved the engagement of a consultant to carry out the Hawane Dam ESIA.

Manzini City-wide Water Supply

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

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

a) Raw Water Intake Works

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

b) Matsapha Treatment Plant Extensions

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

c) Treated Water Pump Station

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

d) Duplicate Pipeline from Matsapha to Nazarene Reservoir

Manzini is totally dependant 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 aging 375mm pipeline, which as a single link means Manzini is highly vulnerable should the main have to be shut off for any period of time.

e) Storage Reservoirs

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

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

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GOVERNANCE

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CORPORATE SUSTAINABILITY STATEMENT

People

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

Planet

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

Profit

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

EWSC Sustainability Framework

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CORPORATE GOVERNANCE STATEMENT

Introduction

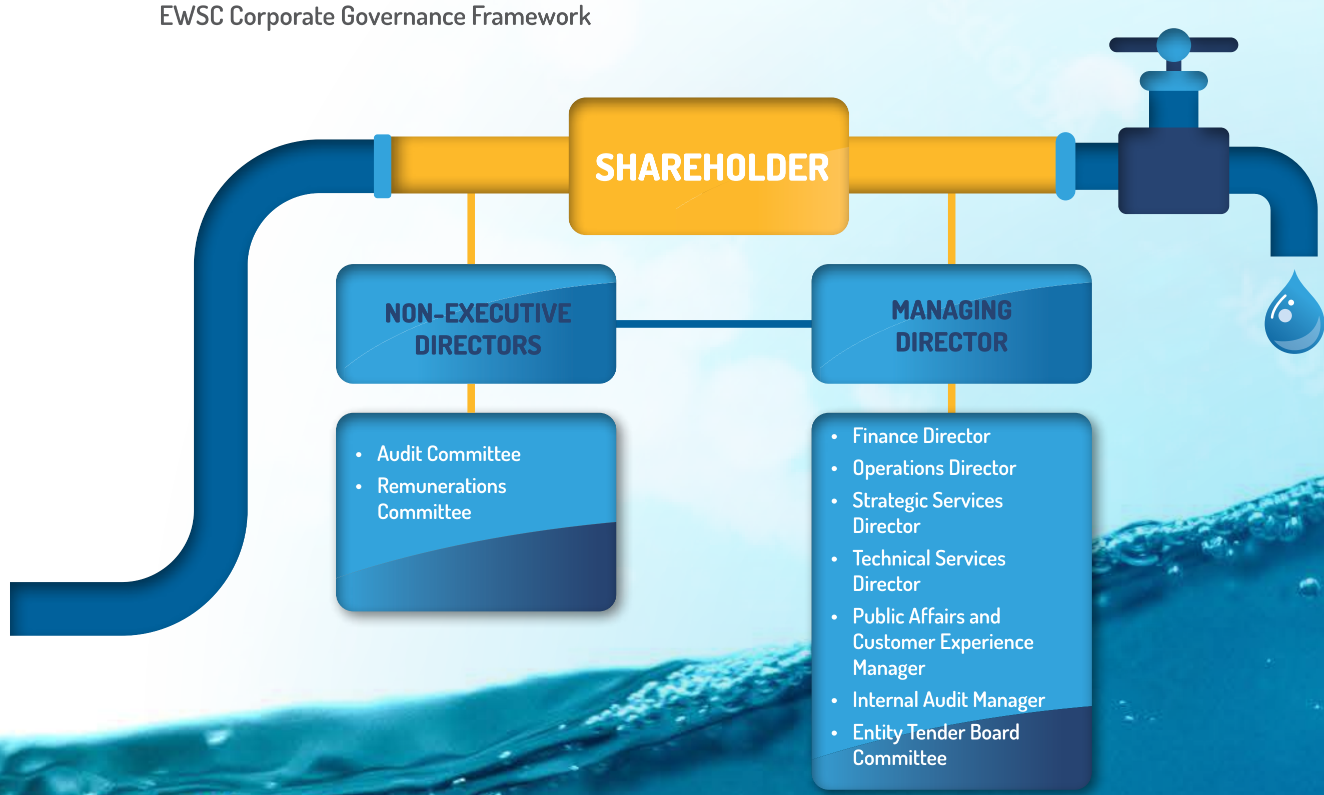
EWSC is a public enterprise mandated by the Water Services Corporation Act No. 12 of 1992 to provide water and sanitation services in urban and peri-urban areas. The Corporation's participation in the country's social and development agendas has resulted in the water and sanitation services being extended to areas outside the designated urban and peri-urban boundaries. EWSC is regulated by the Government of Eswatini through the 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 must all be committed to business success through maintenance of the highest standards of responsibility and ethics. The Board of Directors have the overall responsibility of driving the Corporation's strategic plan; reviewing annual operating plans, budgets, annual financial reports and managing strategic risk.

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

EWSC Corporate Governance Framework



Board Appointment and Term of Office

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

Structure and Composition of the Board

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

Board Committees

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

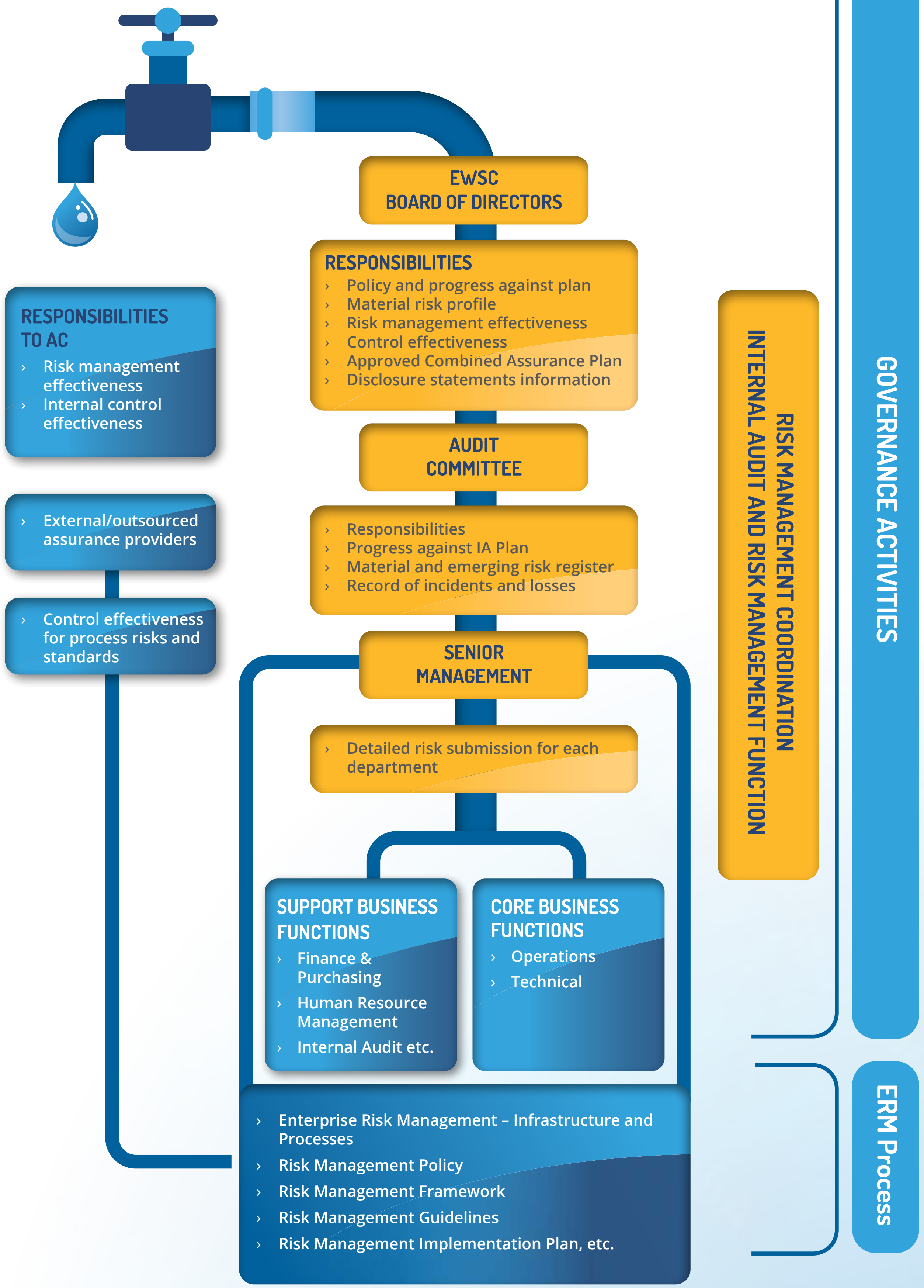
Internal Audit

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

Risk Management

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

EWSC Risk Management Strategy



THE ORGANISATION
LEADERSHIP
CREATING VALUE
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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 2023.

Board Meeting Attendance Register

	TITLE	BOARD SCHEDULED	BOARD ATTENDED	AUDIT SCHEDULED	AUDIT ATTENDED	REMCO SCHEDULED	REMCO ATTENDED
1. Mr Benedict Xaba	Chairman	4	4	–	–	–	–
2. Mr Hilton Dlamini	Member	4	3	3	3	–	–
3. Ms Dorcas Dlamini	Member	4	3	–	–	–	–
4. Mr Mvuselelo Fakudze	Member	4	1	3	3	3	2
5. Mr Sipho Dlamini	Member	4	3	–	–	–	–
6. Ms Zandile Nhleko	Member	4	4	–	–	3	3
7. Ms Sindisiwe Mango	Member	4	4	–	–	3	3
8. Dr Kenneth Msibi	Member	4	3	3	3	–	–
9. Ms Jabulile Mashwama	Managing Director	4	4	3	3	3	3

Compliance Statement

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

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

EWSC recognises the importance of 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.

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STATISTICS

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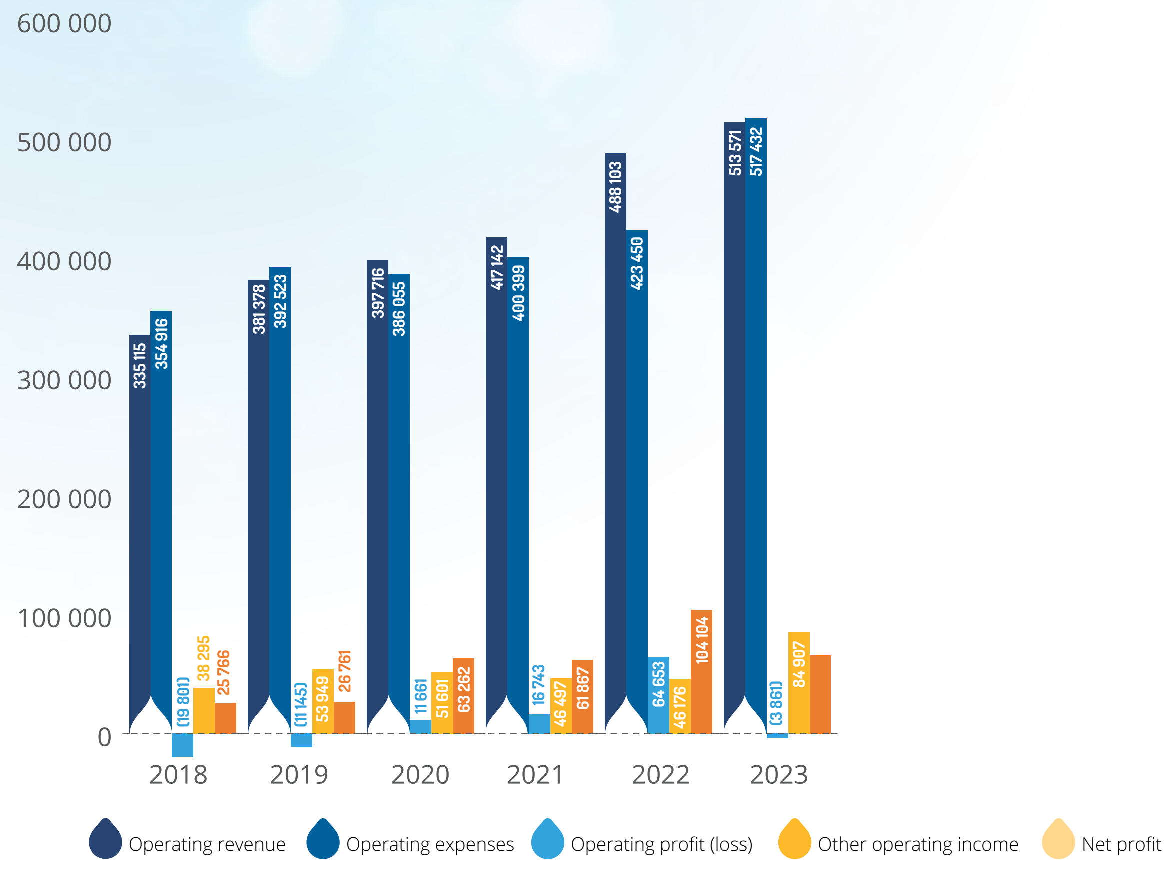
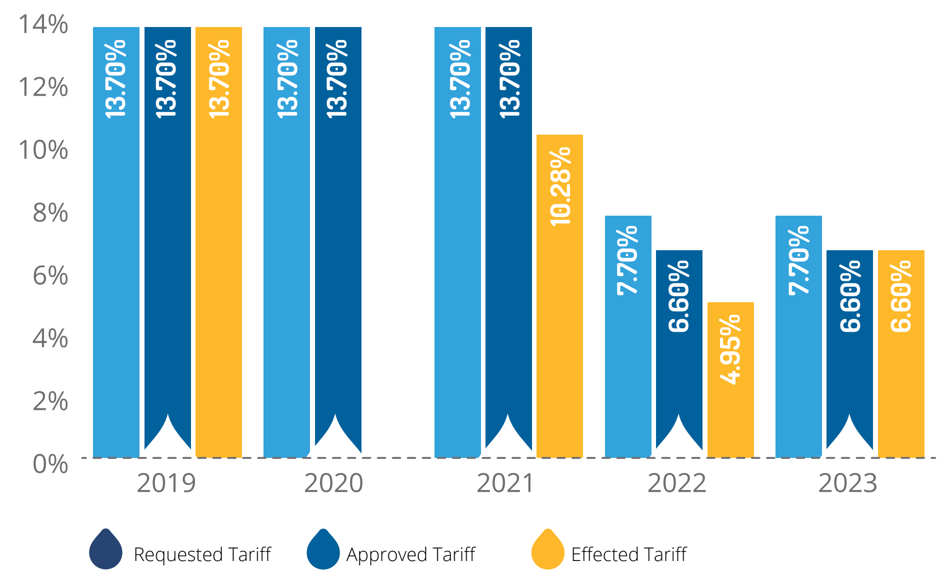
FINANCIAL AND OPERATING STATISTICS

Five-Year Performance at a Glance (E000)



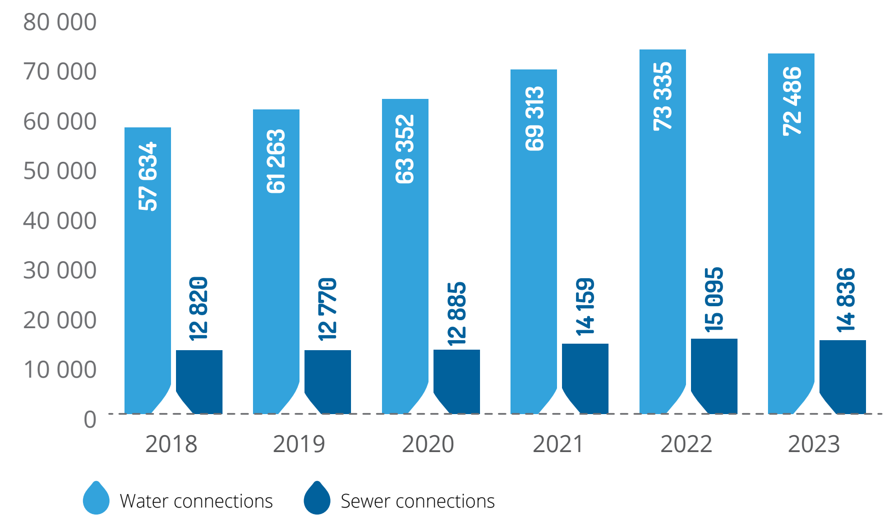
Approved and Effective Tariffs



Notes

The effective tariff takes into account lost months due to delayed tariff approval/implementation.

Number of Connections



Number of Connections and Billed Water Consumption

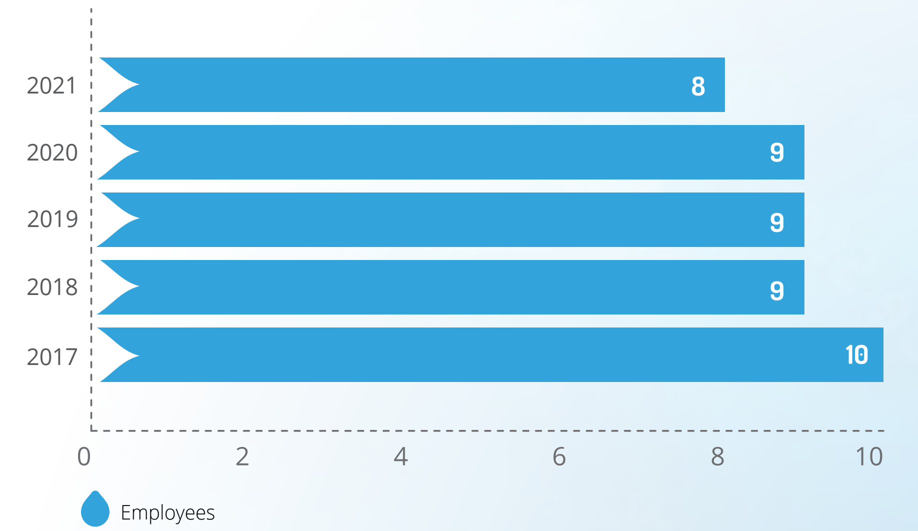
	2019	2020	2021	2022	2023
Water connections	61 263	63 352	69 313	73 335	72 486
Sewer connections	12 770	12 885	14 159	15 095	14 836
Water consumption	14 031 201	14 360 249	13 861 132	13 958 274	14 586 513

** Note: Inactive connections were removed from the system in 2011 hence the decline in no. of connections*

Employee Productivity

Number of employees	2019	2020	2021	2022	2023
Operating revenue per employee	534	546	550	571	583
Net profit per employee	50	116	112	182	113
Average cost per employee	735	707	728	734	888
Employees per 1 000 connections	9	9	8	8	8

Employees Per 1 000 Connections



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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

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

The annual financial statements which appear on pages 64 to 104 have been approved by the Board of Directors on 28 July 2023 and are signed on its behalf by:

CHAIRMAN

DATE: 28 July 2023

MANAGING DIRECTOR

DATE: 28 July 2023

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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 2023, 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 64 to 104 comprise:

- the statement of financial position as at 31 March 2023;
- 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;
- 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 2023". 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
Partner: Makhosazana Mhlanga
Registered Auditor

PO Box 569
Mbabane

Date: 28 July 2023

DIRECTORS REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their report, which forms part of the audited financial statements of the Corporation for the year ended 31 March 2023.

Nature of the Corporation's Business

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

Operating and Financial Review

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

Financial Position

	2023 E'000	2022 E'000
Total assets	3 559 463	3 338 925
Total liabilities	2 731 248	2 576 528
Operating results		
Revenue	513 571	488 103
Profit for the year	65 818	104 104

Directors

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

BN Xaba	– (Chairman)
H Dlamini	– (Representative of the Ministry of Finance and Member)
D Dlamini	– (Representative of the Ministry of Natural Resources and Member)
M Fakudze	– (Member)
S Dlamini	– (Member)
Z Nhleko	– (Member)
S Mango	– (Member)
Dr K Msibi	– (Member)
J Mashwama	– (Managing Director and Secretary to the Board)

Secretary: Ms J Mashwama
PO Box 20
Mbabane
Eswatini

Auditors: PricewaterhouseCoopers
Rhus Office Park
Karl 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

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

Going Concern

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 E	2022 E
Revenue	2	513 570 628	488 103 035
Other income	6	52 288 876	46 176 687
Raw materials and consumables used	21	(142 405 983)	(131 954 834)
Employee benefits expense	4	(158 406 045)	(153 611 000)
Depreciation expense	7.1, 7.2	(68 100 394)	(64 258 239)
Other expenses	1	(148 522 111)	(69 005 261)
Finance income	3	32 618 956	18 249 280
Finance costs	3	(4 572 039)	(4 622 021)
Profit before income tax		76 471 888	129 077 647
Income tax expense	5	(10 653 898)	(24 973 572)
Profit for the year		65 817 990	104 104 075

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 E	2022 E
ASSETS			
Non-current assets			
Property, plant and equipment	7.1	2 791 410 954	2 495 628 980
Right-of-use of assets	7.2	1 405 161	3 042 008
Investments	9.2	49 460 273	45 914 130
		2 842 276 388	2 544 585 118
Current assets			
Inventories	10	10 481 539	10 581 190
Trade and other receivables	9.1	161 034 065	239 746 032
Investments	9.2	114 534 109	46 159 871
Cash and cash equivalents	9.3	431 136 759	497 852 401
		717 186 472	794 339 494
Total assets		3 559 462 860	3 338 924 612
EQUITY			
Capital and reserves			
Share capital	11	30 222 580	30 222 580
Retained earnings		797 992 041	732 174 051
		828 214 621	762 396 631
LIABILITIES			
Non-current liabilities			
Lease liability	7.2	786 032	1 616 330
Deferred grants	13	2 379 734 644	2 218 712 255
Deferred income tax liability	14	61 844 848	51 190 950
Borrowings	9.5	37 334 459	40 721 659
		2 479 699 983	2 312 241 194
Current liabilities			
Trade and other payables	9.4	228 743 293	233 862 160
Borrowings	9.5	18 224 963	24 502 299
Provisions	12	3 453 700	3 906 254
Lease liability	7.2	1 126 300	2 016 074
		251 548 256	264 286 787
Total liabilities		2 731 248 239	2 576 527 981
Total equity and liabilities		3 559 462 860	3 338 924 612

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital E	Retained Earnings E	Total E
Balance at 1 April 2022	**30 222 580**	**732 174 051**	**762 396 631**
Net profit for the year	**–**	**65 817 990**	**65 817 990**
Balance at 31 March 2023	**30 222 580**	**797 992 041**	**828 214 621**
Balance at 1 April 2021	30 222 580	628 069 976	658 292 556
Net profit for the year	–	104 104 075	104 104 075
Balance at 31 March 2022	30 222 580	732 174 051	762 396 631

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 E	2022 E
Cash flows from operating activities			
Cash generated from operations	15.1	**150 999 820**	140 853 828
Interest received	15.4	**23 204 839**	11 761 860
Interest paid	3	**(4 572 039)**	(4 622 021)
Net cash generated from operating activities		**169 632 620**	147 993 667
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**–**	5 470 771
Acquisition of property, plant and equipment	15.5	**(277 453 857)**	(164 684 155)
Acquisition of investments	15.6	**(60 000 000)**	(31 890 037)
Net cash utilised in investing activities		**(337 453 857)**	(191 103 421)
Cash flows from financing activities			
Proceeds from borrowings	15.2	**13 047 435**	20 730 095
Repayment of borrowings	15.2	**(22 711 971)**	(19 856 082)
Repayment of lease liability	7.2	**(1 720 072)**	(1 657 043)
Capital grants received	15.3	**112 490 203**	195 811 513
Net cash generated from financing activities		**101 105 595**	195 028 483
Net (decrease)/increase in cash and cash equivalents		**(66 715 642)**	151 918 729
Cash and cash equivalents at beginning of the year		**497 852 401**	345 933 672
Cash and cash equivalents at the end of the year	9.3	**431 136 759**	497 852 401

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1. Basis of Preparation

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

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

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

Amounts are not rounded, except for where indicated otherwise.

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

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

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

Number	Effective date	Executive summary
Annual improvements cycle 2018–2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	These amendments include minor changes to: › IFRS 9: *Financial Instruments* has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. › IFRS 16: *Leases*, amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.
Amendments to IAS 37: *Onerous Contracts* – Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	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.
Amendments to IAS 16: *Property, Plant and Equipment:* Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	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.

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1. Basis of Preparation (continued)

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

A number of new standards and amendments to standards and interpretations issued but not yet effective for 31 March 2023 year end have not been applied in preparing these financial statements. The Corporation intends to adopt and apply these standards on their respective effective dates. The standards are not anticipated to have a material impact on the Corporation; however, management is still assessing the impact of these new standards to financial statements. The standards that are not yet effective are as follows:

Number	Effective date	Executive summary
Amendment to IAS 1: *Presentation of Financial Statements* on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (Published January 2020)	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. A number of requirements are required to be met in conjunction with this amendment.
Amendments to IAS 12: *Income Taxes:* Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1: *Presentation of Financial Statements*, Practice statement 2 and IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

2. Property, Plant and Equipment

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

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

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

2. Property, Plant and Equipment (continued)

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

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

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

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

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

3. Impairment of Non-Financial Assets

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

4. Financial Assets

Financial assets include:

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

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

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

(a) Financial assets at amortised cost

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

(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.

4. Financial Assets (continued)

Initial Measurement

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

Subsequent Measurement

(a) Financial assets at amortised cost

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

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

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

Derecognition

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

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

Impairment of Financial Assets

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

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

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

4. Financial Assets (continued)

Impairment of Financial Assets (continued)

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

5. Leases

Corporation as a Lessee

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

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

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

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

The Corporation presents right-of-use assets and lease liabilities in a separate line in the statement of financial position.

Short-Term Leases and Leases of Low-Value Assets

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

Amortisation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those used for the property and equipment items.

Impairment

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

Corporation as a Lessor

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

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5. Leases (continued)

Corporation as a Lessor (continued)

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 an 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 Cash Equivalents

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

9. Share Capital

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

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

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

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

11. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

11. Borrowings (continued)

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

12. Trade Payables

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

13. Employee Benefits

(a) Short-Term Employee Benefits

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

(b) Defined Contribution Plans

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

14. Provisions

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

The Corporation recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise lease-termination penalties and employee-termination payments and are recognised in the period in which the Corporation becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Corporation are not provided in advance.

15. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Corporation's activities. The Corporation used the practical expedient described in paragraph 63 of IFRS 15 and did not adjust the promised amount of consideration for the effects of a significant financing component because it has assessed that for most of the contracts, the period between when the Corporation transfers the goods and services to the customer and when the customer pays for the consideration is one year or less.

Revenue from the sale of potable water is recognised over time at the metering point, this is the point where the units of water supplied to the customer for a specific period is read for billing purposes, and recognised as revenue. This is performed at an agreed point in time during a calendar month period. The Corporation thereafter recognises other services and goods sold at a point in time when (or as) it satisfies a performance obligation by transferring a promised good or service (that is, an asset) to the customer.

15. Revenue Recognition (continued)

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

16. Dividend Distribution

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

17. Financial Risk Management

17.1 Financial Risk Factors

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

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

(a) Market Risk

(i) Foreign Exchange Risk

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

As at 31 March 2023, the Corporation was not exposed to any foreign currency exchange risk.

17. Financial Risk Management (continued)

17.1 Financial Risk Factors (continued)

(a) Market Risk (continued)

(ii) Price Risk

The Corporation is exposed to securities price risk because of investments held by the Corporation and classified on the statement of financial position as at fair value through profit or loss financial assets. These assets are investments in African Alliance Eswatini Managed Fund unit trusts and Stanlib Eswatini unit trusts. The fair values of these unit trust prices of these managed funds 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 and Stanlib Eswatini unit trust prices on the Corporation's post-tax profit for the year. The analysis assumes that the unit trust price had changed by 5% with all other variables held constant:

	Impact on post-tax profit	
	2023 E	2022 E
Increase of 5% in unit prices	4 282 904	1 673 295
Decrease of 5% in unit prices	(4 282 904)	(1 673 295)

(iii) Cash Flow and Fair Value Interest Rate Risk

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

The prevailing prime borrowing rate that the Corporation's borrowings are linked to was 10.75% as at 31 March 2023 (2022: 7.5%). The ranges of the borrowings are as follow, per category:

	Range %	2023 E	2022 E
Bank loans	Prime less 0.5%–1.55%	31 323 593	29 248 862
Finance lease	Prime plus 1%	20 981 908	28 719 799
Eswatini Government	2% above inflation	3 253 921	7 255 297

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

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

	Impact on post-tax profit	
	2023 E	2022 E
Interest rates – increase by 25 basis points	138 899	922 112
Interest rates – decrease by 25 basis points	(138 899)	(922 112)

17. Financial Risk Management (continued)

17.1 Financial Risk Factors (continued)

(b) Credit Risk

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

(i) Risk Management

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

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

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.

(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:

	2023 E	2022 E
TRADE RECEIVABLES		
Counterparties without external credit ratings		
– Low risk: Government accounts	53 129 578	83 193 597
– Medium risk: Corporate clients and companies	8 732 104	19 002 117
– High risk: Mainly individual accounts	185 562 699	178 585 050
Total trade receivables	247 424 381	280 780 764
CASH AT BANK AND SHORT-TERM BANK DEPOSITS		
Cash on hand	8 644	7 420
Standard Bank Eswatini Limited	100 594 719	143 687 715
Nedbank Swaziland Limited	79 972 776	141 748 727
First National Bank of Eswatini Limited	7 365 030	47 068 160
Eswatini Savings and Development Bank	192 548 718	158 588 449
Swaziland Building Society	50 646 872	6 751 930
	431 136 759	497 852 401

17. Financial Risk Management (continued)

17.1 Financial Risk Factors (continued)

(b) Credit Risk (continued)

	2023 E	2022 E
INVESTMENTS AT AMORTISED COST		
Counterparties without external credit ratings:		
– African Alliance promissory notes	45 845 296	42 346 551

(iii) Impairment of Financial Assets

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

- Trade receivables
- Investment in promissory notes

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 March 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

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

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

17. Financial Risk Management (continued)

17.1 Financial Risk Factors (continued)

(b) Credit Risk (continued)

The provision for impairment as at 31 March 2023 and 31 March 2022 was determined as follows for the trade receivables:

	Current	30 days	60 days	Over 90 days	Total
31 March 2023					
Expected loss rate	2.4%	2.2%	1.9%	93.5%	
Government	206 413	206 991	155 387	440 671	1 009 462
Corporate	97 823	40 008	11 782	16 297	165 910
Individuals	2 227 070	2 148 838	1 920 081	99 659 301	105 955 290
Provision for impairment	2 531 306	2 395 837	2 087 250	100 116 269	107 130 662
31 March 2022					
Expected loss rate	3.0%	14.4%	19.2%	33.2%	
Government	8 406	9 628	6 498	15 818	40 350
Corporate	242 963	226 131	267 107	622 751	1 358 952
Individuals	12 767 942	8 449 789	7 514 069	21 412 390	50 144 190
Provision for impairment	13 019 311	8 685 548	7 787 674	22 050 959	51 543 492

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

	2023 E	2022 E
Opening balance	51 543 492	55 484 030
Provision for impairment raised	65 762 294	1 820 000
Provision utilised	(10 175 124)	(5 760 538)
Closing balance	107 130 662	51 543 492

17. Financial Risk Management (continued)

17.1 Financial Risk Factors (continued)

(b) Credit Risk (continued)

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

› Other financial assets at amortised cost: promissory notes

The loss allowance for other financial assets at amortised cost as at 31 March 2023 is E543 421.

(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 2023					
Borrowings	23 013 064	43 917 643	–	66 930 707	55 559 422
Trade payables	228 743 293	–	–	228 743 293	228 743 293
	251 756 357	43 917 643	–	295 674 000	284 302 715
At 31 March 2022					
Borrowings	28 390 178	42 293 678	3 390 544	74 074 400	65 223 958
Trade payables	233 862 160	–	–	233 862 160	233 862 160
	262 252 338	42 293 678	3 390 544	307 936 560	299 086 118

(ii) Financing Arrangements

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

	2023 E	2022 E
FLOATING RATE		
Letters of guarantee facility	8 000 000	8 000 000
Forward exchange contracts	2 000 000	2 000 000
Revolving credit facility	20 000 000	15 000 000
Multi optional facility	2 000 000	4 000 000

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17. Financial Risk Management (continued)

17.2 Capital Risk Management

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

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

The gearing ratios at 31 March 2023 and 2022 were as follows:

	2023 E	2022 E
Total borrowings (note 9.5)	55 559 422	65 223 958
Less: cash and cash equivalents (note 9.3)	(431 136 759)	(497 852 401)
Net debt	(375 577 337)	(432 628 443)
Total equity	828 214 621	762 396 631
Total capital	452 637 284	329 768 188
Gearing ratio	0%	0%

Loan Covenants

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

› Interest cover ratio of not less than 3 times calculated as EBITDA/interest expense
› Debt to equity ratio of not more than 1.25 times
› Debt service cover ratio (DSCR) of no less than 1.0 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 90 days as impaired. The Corporation applies this policy consistently and the Corporation's management is of the view that, even though this is an accounting estimate, it is the best estimate of the amount that may not be recovered from the Corporation's customers. Refer to note 9.1 for disclosure on the provision for impairment of trade receivables.

18. Critical Accounting Estimates and Assumptions (continued)

(b) Review of Useful Lives

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

(c) Income Taxes

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

(d) Lease Liability

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

(e) Net Realisable Value of Inventory

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

19. Comparatives

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2023 E	2022 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	1 668 559	1 271 209
Impairment loss raised/(reversal) of financial assets	65 674 555	(3 940 538)
Fees for services	20 664 084	20 537 501
– Public Enterprise Unit management fees	7 128 780	7 927 241
– Other services	13 535 304	12 610 260
Directors' emoluments for services as directors	264 863	367 217
Staff-related expenses	13 120 527	22 094 781
Printing and stationery costs	2 615 145	2 678 558
Loss on disposal of property, plant and equipment	40 122	(2 043 699)
Operating lease expenses	–	368 034
Repairs and maintenance expenditure		
– Property, plant and equipment	5 410 727	6 949 626
2. Revenue		
Water charges	318 676 446	311 113 958
Sewer charges	87 171 563	79 620 417
Basic charges	85 823 639	76 683 749
Penalty charges	1 674 037	1 376 219
Miscellaneous water supply services	8 700 986	6 538 109
Connection charges – new customers	3 334 286	3 366 990
Trade effluent charges	8 189 671	9 403 593
	513 570 628	488 103 035

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

Water, Sewer and Basic Charges – Residential and Commercial

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

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

Connection Charges

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

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

2. Revenue (continued)

Penalty Charges

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

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

Trade Effluent Charges

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

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

Miscellaneous Water Supply Services

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

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

	2023 E	2022 E
3. Finance Income and Costs		
Finance income	32 618 956	18 249 280
Interest from financial assets at amortised cost	27 355 950	11 716 986
Fair value changes in financial assets held at fair value	5 263 006	6 532 294
Finance costs	(4 572 039)	(4 622 021)
Interest expense on financial borrowings	(4 323 587)	(4 253 987)
Interest expense – lease liability	(248 452)	(368 034)
Net finance income	28 046 917	13 627 259

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

	2023 E	2022 E
Salaries, wages and allowances	136 487 858	133 143 721
Provident fund contribution	1 195 340	1 109 183
Medical aid contribution	7 994 177	7 312 945
Retirement benefits	12 728 670	12 045 151
	158 406 045	153 611 000

	2023 E	2022 E
5. Income Tax Expense		
The Corporation's income tax expense is as follows:		
– Current tax	–	–
– Deferred tax charge (note 14)	10 653 898	24 973 572
	10 653 898	24 973 572
Numerical reconciliation of income tax expense		
Profit before income tax	76 471 888	129 077 647
Tax calculated at statutory tax rate (27.5%)	21 029 769	35 496 353
Tax effects of:		
Expenses not deductible for tax purposes	295 742	224 460
Income not taxable	(10 671 613)	(10 746 177)
Prior period deferred tax adjustment	–	(1 064)
Tax charge	10 653 898	24 973 572
6. Other Income		
Ecowater sales	4 217 244	2 047 364
Amortisation of deferred grant income	38 805 864	39 077 005
Rental income	4 187 973	4 427 407
Sundry income	5 077 795	624 911
Total	52 288 876	46 176 687

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

Ecowater Sales

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

Rental Income

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

Government Grant Amortisation

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

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

Sundry Income

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

7. Property, Plant and Equipment

7.1 Property, Plant and Equipment

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

	Cost E	Accumulated depreciation E	2023 Net carrying amount E	2022 Net carrying amount E
At 31 March 2023				
Land and buildings	380 312 794	(61 088 175)	319 224 619	226 093 430
Dams and reservoirs	155 981 688	(43 663 854)	112 317 834	105 312 879
Treatment works	468 468 618	(83 981 676)	384 486 942	377 555 316
Mains and reticulation	1 044 564 784	(222 890 009)	821 674 775	679 858 210
Mechanical electrical plant and systems	388 363 088	(121 540 900)	266 822 188	185 414 747
Furniture and equipment	64 427 386	(41 095 602)	23 331 784	24 179 916
Motor vehicles and mobile plant	80 295 642	(43 630 273)	36 665 369	42 562 257
Capital work in progress	826 887 443	–	826 887 443	854 652 225
Total	3 409 301 442	(617 890 489)	2 791 410 954	2 495 628 980

7. Property, Plant and Equipment (continued)

7.1 Property, Plant and Equipment (continued)

	Opening net carrying amount E	Additions E	Disposals E	Transfers from capital projects E	Depreciation charge E	Closing net carrying amount E
Year ended 31 March 2022						
Land and buildings	232 003 215	–	(299)	–	(5 909 486)	226 093 430
Dams and reservoirs	106 474 497	–	–	2 318 192	(3 479 810)	105 312 879
Treatment works	384 939 099	–	–	238 135	(7 621 918)	377 555 316
Mains and reticulation	698 425 647	–	–	3 596 566	(22 164 003)	679 858 210
Mechanical electrical plant and systems	196 034 781	–	(6 479)	3 796 820	(14 410 375)	185 414 747
Furniture and equipment	19 464 039	–	(48 155)	9 069 986	(4 305 954)	24 179 916
Motor vehicles and mobile plant	29 421 878	–	(2 894 103)	21 135 985	(5 101 503)	42 562 257
Capital work in progress (note 8)	730 601 793	164 684 155	(478 039)	(40 155 684)	–	854 652 225
Total	2 397 364 949	164 684 155	(3 427 075)	–	(62 993 049)	2 495 628 980

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

7. Property, Plant and Equipment (continued)

7.1 Property, Plant and Equipment (continued)

	2023 E	2022 E
Leased assets (motor vehicles and trailers) included in property plant and equipment are as follows:		
Cost	121 981 775	129 155 188
Accumulated depreciation	(20 618 446)	(18 013 148)
Net carrying amount	101 363 329	111 142 040
Land and building owned by the Corporation are as follows:		
Land purchased at Shiselweni Forest (Nkawini T/Works)	3 500	3 500
Portion 457 of Farm No. 2 Hhohho District	110 000	110 000
Lot No. 585 Extension 3 – Checkers, Hhohho	180 000	180 000
Portion 1165 of Farm 188	195 000	195 000
Portion 1259 of Farm Dalriach No. 188	280 000	280 000
Portion 8 of Farm No. 1194 Hhohho District	290 000	290 000
Erf 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 Swaziland	8 575 503	8 575 503
Portion 124 (of Portion 49) of Farm 57, Hhohho	4 850 000	4 850 000
Lot 618 Nhlangano extension 4 – Nhlangano staff housing	790 000	–
Lot 619 Nhlangano extension 4 – Nhlangano staff housing	130 000	–
Lot 620 Nhlangano extension 4 – Nhlangano staff housing	390 000	–
Lot 621 Nhlangano extension 4 – Nhlangano staff housing	770 000	–
Lot 189 Hlathikhulu – Hlathikhulu reservoir 2	2 180 000	–
Lot 301 Hlathikhulu extension 4 – Hlathikhulu supervisor houses	660 000	–
Lot 302 Hlathikhulu extension 4 – Hlathikhulu staff houses	970 000	–
Portion 20 of Farm 1170 Lavumisa township – Lavumisa treatment plant	4 270 000	–
Lot 42 of Lavumisa township – Lavumisa staff houses – plumber	225 000	–
Lot 39 of extension 2 Mankayane – old reservoirs	1 530 000	–
Lot 44 of extension 2 Mankayane – old dam and treatment plant	3 150 000	–
Portion 1 of Lot 273 Manzini – old sewer ponds	440 000	–
Portion 1 of Lot 868 Manzini – vacant land along Mzimnene	1 200 000	–
Portion 2 of Lot 1139 Manzini – kelly booster pump	895 000	–
Lot 844 of ngwane park Manzini – Ngwane Park reservoir	3 890 000	–
Remainder of Lot 188 of Matsapha township – Matsapha raw water pumphouse	6 600 000	–
Lot 546 of Pigg's Peak township – Piggs Peak EWSC revenue offices	6 090 000	–
Lot 1760 of Msunduza extension 4 Mbabane – old house at Gobholo	310 000	–
Lot 1957 of Msunduza extension 4 Mbabane – working house at Gobholo	215 000	–
Lot 1759 of Msunduza extension 4 Mbabane – Gobholo sewer ponds intake works	9 350 000	–
Remainder of Portion 5 of Farm 188 Mbabane – Sidwashini old plant and reservoirs	320 000	–
Portion 1186 of Farm 2 Mbabane – new EWSC Checkers staff houses	12 320 000	–
Portion 1187 of Farm 2 Mbabane – Checkers old staff houses	12 030 000	–
Portion 1193 of Farm 2 Mbabane – Upper Fonteyn reservoir	5 900 000	–

7. Property, Plant and Equipment (continued)

7.1 Property, Plant and Equipment (continued)

	2023 E	2022 E
Lot 357 of Woodlands township ext 2 Mbabane – Woodlands township sewer pump and sump	392 850	–
Lot 358 of Woodlands township ext 2 Mbabane – proposed Woodlands staff housing	392 850	–
Lot 31 of Mabuya township Mbabane – Mabuya township sewer pump and sump	226 350	–
Portion 5 of Farm 1209 Ngwenya – Ngwenya EWSC staff houses	2 080 000	–
Lot 309 of Siteki – Siteki senior staff housing	960 000	–
Lot 310 of Siteki – Siteki senior staff housing	965 000	–
Lot 311 of Sitek – Siteki senior staff housing	950 000	–
Lot 312 of Siteki – Siteki senior staff housing	966 000	–
Lot 325 of Siteki – Siteki regional and revenue offices	3 600 000	–
Farm 328 (Bham Bham) Lubombo	1 367 756	–
99-year lease of Lot 337 at Mhobodleni measuring 3 759M	131 565	–
Woodlands Township Lot 523, 5 094SQM	78 246	–
Building at depreciated cost	192 339 910	188 124 338
	319 224 619	226 093 430
The cost of assets which are fully depreciated but still in use are as follows:		
Fencing	1 115 578	1 702 508
Mains reticulation and meters	108 931	4 313 880
Motor vehicles	254 447	12 418 370
Laboratory equipment	–	2 853 521
Furniture and equipment	1 342 835	1 915 935
Office equipment	–	4 893 921
Mobile plant	–	316 739
IT hardware and systems	–	–
Water tanker and trailer	–	763 171
Plant and machinery	–	466 667
Motorcycles	–	485 950
	2 821 791	30 130 662

7. Property, Plant and Equipment (continued)

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:

	2023 E	2022 E
RIGHT-OF-USE ASSETS		
As at 31 March 2023		
Acquisition cost	5 929 120	5 929 120
Accumulated depreciation	(4 523 959)	(2 887 112)
Net value	1 405 161	3 042 008
Opening balance	3 042 008	2 065 870
Additions	–	2 241 327
Depreciation	(1 636 847)	(1 265 189)
Balance as at year end	1 405 161	3 042 008
LEASE LIABILITIES	1 912 332	3 632 404
Current	1 126 300	2 016 074
Non-current	786 032	1 616 330
MATURITY ANALYSIS OF LEASE LIABILITIES		
Less than one year	1 240 946	1 968 521
One year to five years	826 883	2 067 829
	2 067 829	4 036 350
Less future finance charges	(155 497)	(403 946)
	1 912 332	3 632 404
RECONCILIATION OF LEASE LIABILITY		
Opening balance	3 632 404	3 048 120
Interest expense capitalised for the period	248 452	368 034
Additions	–	2 241 327
Lease payments – Capital	(1 720 072)	(1 657 043)
Lease payments – interest	(248 452)	(368 034)
Balance at year end	1 912 332	3 632 404

8. Capital Projects in Progress

	2023 E	2022 E
Internal projects (Note 8.1)	168 059 548	152 848 192
Government funded projects (Note 8.2)	385 241 725	420 095 974
African Development Bank funded projects (Note 8.3)	202 247 573	264 474 324
External loan and grant funded projects (Note 8.4)	71 338 597	17 233 735
Total capital work in progress (Note 7.1)	826 887 443	854 652 225

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

8.1 Internal Projects

	2023 E	2022 E
Opening net carrying amount	152 848 192	101 799 981
Additions	100 620 474	73 263 189
Reclassification	(228 364)	(3 000 019)
Disposal/derecognised	(2 441 166)	(478 036)
Commissioned – transfers to property, plant and equipment	(82 739 588)	(18 736 923)
Closing net carrying amount	168 059 548	152 848 192

8.2 Government Funded Projects

	2023 E	2022 E
Opening net carrying amount	420 095 974	383 587 434
Additions	47 076 389	33 508 521
Reclassification	228 364	3 000 019
Disposal/derecognised	(66 362)	–
Commissioned – transfers to property, plant and equipment	(82 092 640)	–
Closing net carrying amount	385 241 725	420 095 974

8.3 African Development Bank Funded Projects

	2023 E	2022 E
Opening net carrying amount	264 474 324	240 916 264
Additions	74 701 160	23 558 060
Disposal/derecognised	(136 927 911)	–
Closing net carrying amount	202 247 573	264 474 324

8.4 External Loan and Grant Funded Projects

	2023 E	2022 E
Opening net carrying amount	17 233 735	4 298 114
Additions	55 055 834	34 382 516
Commissioned – transfers to property, plant and equipment	(950 972)	(21 438 894)
Disposal/derecognised	–	(8 001)
Closing net carrying amount	71 338 597	17 233 735

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	Assets at amortised cost	Total
	E	E	E
31 March 2023			
Assets as per statement of financial position			
Trade and other receivables	–	161 034 065	161 034 065
Investments	118 149 086	45 845 296	163 994 382
Cash and cash equivalents	–	431 136 759	431 136 759
	118 149 086	638 016 120	756 165 206
Liabilities as per statement of financial position			
Trade and other payables	–	228 743 293	228 743 293
Borrowings	–	55 559 422	55 559 422
	–	284 302 715	284 302 715

9. Financial Assets and Liabilities (continued)

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

9.1 Trade and Other Receivables

	2023	2022
	E	E
Trade receivable	247 424 381	280 780 764
Less: provision for impairment of receivables	(107 130 661)	(51 543 492)
Net trade accounts receivable	140 293 720	229 237 272
Staff receivables	1 134 522	1 054 793
UDP and Government advance payment	8 934 639	2 801 000
Sundry receivables	10 671 184	6 652 967
	161 034 065	239 746 032

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.

9. Financial Assets and Liabilities (continued)

9.1 Trade and Other Receivables (continued)

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

	2023 E	2022 E
Financial assets at amortised cost (i)	45 845 296	42 346 551
Financial assets at fair value through profit or loss (ii)	118 149 086	49 727 450
	163 994 382	92 074 001
(i) Financial assets at amortised cost		
Non-current assets		
– Promissory notes	45 845 296	42 346 551

Promissory Notes

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

Classification of Financial Assets at Amortised Cost

The Corporation classifies investments at amortised cost if:

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

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

Impairment and Risk Exposure

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

9. Financial Assets and Liabilities (continued)

9.2 Investments (continued)

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

	2023 E	2022 E
Non-current assets	3 614 977	3 567 579
– SBS Permanent shares	3 614 977	3 567 579
Current assets	114 534 109	46 159 871
– Stanlib Unit Trust Account	19 248 834	18 110 801
– African Alliance Managed Fund	95 285 275	28 049 070
	118 149 086	49 727 450

African Alliance Managed Fund and Stanlib Unit Trust Account

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

SBS Permanent Shares

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

Classification of Financial Assets at Fair Value Through Profit or Loss

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

Amounts Recognised in Profit or Loss

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

Impairment and Risk Exposure

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

9.3 Cash and Cash Equivalents

	2023 E	2022 E
Cash at bank and in hand	249 169 170	153 407 782
Deposits at call	181 967 589	344 444 619
	431 136 759	497 852 401

Restricted Cash

The cash and cash equivalents disclosed above and in the statement of cash flows include **E5 989 360** (2022: E5 828 018) 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

	2023 E	2022 E
Trade accounts payable and accruals	137 029 232	148 118 150
Capital projects accruals	26 432 349	29 842 108
Contractors' retention	31 521 981	24 494 811
Consumer deposits	33 759 731	31 407 091
	228 743 293	233 862 160

Trade accounts and other payables

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

Capital projects accruals

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

Contractors' retention

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

Consumer deposits

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

Fair Values of Trade and Other Payables

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

9.5 Borrowings

	2023			2022		
	Current E	Non-current E	Total E	Current E	Non-current E	Total E
Secured						
Bank loans	7 802 819	23 520 774	31 323 593	9 114 551	20 134 311	29 248 862
Lease liabilities	7 168 223	13 813 685	20 981 908	8 132 451	20 587 348	28 719 799
Total secured	14 971 042	37 334 459	52 305 501	17 247 002	40 721 659	57 968 661
Unsecured						
Eswatini Government	3 253 921	–	3 253 921	7 255 297	–	7 255 297
Total unsecured	3 253 921	–	3 253 921	7 255 297	–	7 255 297
Total borrowings	18 224 963	37 334 459	55 559 422	24 502 299	40 721 659	65 223 958

9. Financial Assets and Liabilities (continued)

9.5 Borrowings (continued)

Secured Liabilities and Assets Pledged as Security

The entire **E31 323 593** (2022: E29 248 862) of the bank loans are secured in the following manner by the below listed assets:

- First Mortgage Bond for E12 543 322 over Portion 80 (a Portion of Portion 61) of Farm 51, Hhohho District 1st Mortgage Bond over Lot 14, Nhlangano Shiselweni District.
- Second Mortgage Bond for E13 456 678 over Portion 80 (a Portion of Portion 61) of Farm 51, Hhohho District.
- Third Mortgage Bond for E16 500 000 of Farm 51, Hhohho District.
- First Mortgage Bond for E13 500 000 over Lot 14 Nhlangano, Shiselweni District.
- Insurance policy over properties; Portion 80 (a portion of portion 61) of Farm 51, Hhohho District and Lot 14, Nhlangano Shiselweni District with Nedbank's interest noted.
- Pledge over funds held on call account 20000713946.
- Deed of Hypothecation for E21 million over Water Treatment Plant.
- All risk insurance policy over the Water Treatment Plant Line with Nedbank's interest noted.
- Lien over assets financed under the Revolving Credit Line Facility.
- Comprehensive Insurance Cover for assets financed under the Revolving Credit Line with Nedbanks's interest noted.

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 **E3 253 921** (2022: E7 255 297) is unsecured.

Compliance with Loan Covenants

The Corporation has complied with all financial covenants of its borrowing facilities during the 2023 and 2022 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 upon settlement of the amounts owed.

	2023 E	2022 E
Less due within 1 year	7 168 223	8 132 451
Due after 12 months but not later than 5 years	13 813 685	20 587 348
Total liability	20 981 908	28 719 799
Finance lease liabilities – minimum lease payments		
Not later than 1 year	9 003 807	10 323 207
Later than 1 year and not later than 5 years	14 487 286	22 553 176
Total lease payments	23 491 093	32 876 383
Future finance charges on finances	(2 509 185)	(4 156 584)
Present value of future finances liabilities	20 981 908	28 719 799

9. Financial Assets and Liabilities (continued)

9.5 Finance Leases (continued)

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.

9.6 Recognised Fair Value Measurements

Recurring Fair Value Measurements

	Level 1 E	Level 2 E	Level 3 E	Total E
31 March 2023				
Financial Assets				
Financial assets at FVPL	–	118 149 086	–	118 149 086
Total financial assets	–	118 149 086	–	118 149 086
31 March 2022				
Financial Assets				
Financial assets at FVPL	–	49 727 450	–	49 727 450
Total financial assets	–	49 727 450	–	49 727 450

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

	2023 E	2022 E
Chemicals	1 462 354	1 822 589
Building materials	300 043	307 341
Petrol and diesel	468 202	632 500
Spares fittings and pipes	6 846 765	6 908 980
Ecowater	1 404 175	909 780
	10 481 539	10 581 190

10. Inventories (continued)

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 **E58 173 348** (2022: E52 258 254). These were included in “raw materials & consumables used” in profit or loss.

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

	2023 E	2022 E
11. Share Capital		
Issued and fully paid up		
30 222 580 ordinary shares of E1 each	30 222 580	30 222 580
All authorised ordinary shares have been issued and fully paid up		
12. Provisions		
Provision for leave pay (12.1)	3 453 700	3 906 254
12.1 Provision for Leave Pay		
Balances at the beginning of the year	3 906 254	4 077 907
Raised during the year	277 848	679 147
Utilised during the year	(730 402)	(850 800)
Balances at year end	3 453 700	3 906 254

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

	2023 E	2022 E
Eswatini Government:		
– Nhlangano – Water Supply and Treatment Plant	538 702 390	547 153 506
– Urban Development Projects (Packages 6, 7, 8 ,10, 18, A & B, and 20)	53 345 279	55 549 573
– Pigg's Peak Dam	2 429 808	2 535 718
– Hlatikhulu Treatment Works	1 621 422	1 704 927
– Siteki – Lomahasha Water Supply	125 970 290	130 397 198
– Ezulwini – Lobamba Water Supply	16 161 912	16 806 008
– Lukhaba Gravity Mains	2 890 367	3 024 323
– Mankayane Water Supply	7 423 545	7 729 685
– Enhlambeni Water Supply	8 778 733	9 148 032
– Government forex subvention	22 543 343	23 598 021
– Currency ratio subvention – Package 18	38 925 356	40 616 687
– Land transferred from the Government to EWSC	90 769 450	3 431 400
– Raw water for Tex Ray factory	4 147 764	4 320 859
– Sikhuphe Water Supply	81 465 690	83 015 506
– Matsapha Sewer treatment plant relocation	279 303 856	283 106 310
– Hlane Water Supply	19 796 708	20 464 859
– Imphilo reservoir	827 028	860 109
– Mbabane Water Supply Augmentation	21 620 857	21 895 748
– Luphohlo Mbabane Water Supply	78 000 000	78 000 000
European Union financial project		
Siphofaneni Somntongo and Matsanjeni Water Supply	246 778 479	254 274 503
Eswatini National Housing Board Grants:		
Makholokholo Project	545 373	573 915
Eswatini National Trust Commission:		
Mlawula Workstation	549 255	572 140
Micro Projects		
Nhlambeni Water Supply	2 835 567	2 562 420
Makhewu Water Supply	1 796 388	1 884 383
Mbikwakhe Water Supply	2 062 926	2 127 393
Mhlumeni Water Supply	5 448 330	5 458 226
Nsongweni Water Supply	7 643 400	1 425 502
Maseyisini Water Supply	9 373 263	6 963 508
KADEDA Water Supply Scheme	584 369	584 369
Mpolonjeni Water Supply	478 712	478 712
Mpolonjeni Water Supply	4 889 437	4 916 089
Mayaluka Water Supply	982 594	1 009 889
Matsetsa Water Supply	1 547 141	1 590 117
Mankayane Mabovini Water Supply	1 449 990	1 491 419
Manyisa Mpolonjeni	6 256 629	2 308 524
Bambisanani Water Supply Scheme	263 220	270 334
African Development Bank/Eswatini Government financed grant		
Manzini Region Sanitation and Water Supply	107 741 759	107 741 759
Ezulwini Sanitation and Water Supply	472 766 098	434 559 139
World Bank/Eswatini Government		
Eswatini Sanitation and Water Supply	111 017 916	54 561 445
Total deferred grants	2 379 734 644	2 218 712 255

14. Deferred Income Tax

	2023 E	2022 E
Deferred income tax assets and liabilities are offset when there is a legally-enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:		
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	32 931 097	32 274 831
– Deferred tax asset to be recovered within 12 months	949 768	1 074 220
	33 880 865	33 349 051
Deferred tax liabilities:		
– Deferred tax liability to be settled after more than 12 months	(95 339 294)	(83 703 449)
– Deferred tax liability to be settled within 12 months	(386 419)	(836 552)
	(95 725 713)	(84 540 001)
Deferred tax liability – net	(61 844 848)	(51 190 950)
The gross movement on the deferred income tax account is as follows:		
Opening balance	(51 190 950)	(26 217 378)
Statement of comprehensive income charge (note 5)	(10 653 898)	(24 973 572)
End of year	(61 844 848)	(51 190 950)

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

Deferred income tax liability	Accelerated depreciation E	Tax losses E	Provisions E	Right of use E	Lease liability E	Total E
At 01 April 2022	(83 703 445)	20 645 073	11 705 063	(836 552)	998 911	(51 190 950)
Charged to income statement (note 5)	(11 635 849)	(10 335 568)	11 340 405	450 133	(473 019)	(10 653 898)
At 31 March 2023	(95 339 294)	10 309 505	23 045 468	(386 419)	525 892	(61 844 848)
At 01 April 2021	(69 604 788)	30 552 287	12 565 004	(568 114)	838 233	(26 217 378)
Charged to income statement (note 5)	(14 098 657)	(9 907 214)	(859 941)	(268 438)	160 678	(24 973 572)
At 31 March 2022	(83 703 445)	20 645 073	11 705 063	(836 552)	998 911	(51 190 950)

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

		2023 E	2022 E
15.1	**Cash Generated from Operations:**		
	Profit before tax	76 471 888	129 077 647
	Adjustment for items not involving cash flow:		
	Grant amortisation (Refer note 15.3)	(38 805 864)	(39 077 005)
	Depreciation (Refer note 7.1 & 7.2)	68 100 394	64 258 239
	Loss/(profit) on disposal of property, plant and equipment	40 122	(2 043 699)
	Interest income (Refer note 3)	(27 355 950)	(11 716 986)
	Fair value gains on financial assets (Refer note 3)	(5 263 006)	(6 532 294)
	Expected credit losses provision raised	65 762 294	1 820 000
	Interest expenses (Refer note 3)	4 572 039	4 622 021
		143 521 917	140 407 923
	Working capital changes:	7 477 903	445 905
	Decrease/(increase) in inventories	99 651	(646 762)
	Decrease/(increase) in trade and other receivables (Refer to note 15.7)	12 949 673	(73 122 960)
	(Decrease)/increase in trade and other payables	(5 118 867)	74 387 280
	Decrease in provisions	(452 554)	(171 653)
	Cash generated from operations	150 999 820	140 853 828
15.2	**Reconciliation of Cash Flows Arising from Financing Activities Related to Borrowings**		
	Borrowings at the beginning of the year	65 223 958	64 349 945
	– Current	24 502 299	25 192 303
	– Non-current	40 721 659	39 157 642
	Cash flows	(9 664 536)	874 013
	– Proceeds from borrowings	13 047 435	20 730 095
	– Repayment of borrowings	(22 711 971)	(19 856 082)
	Borrowings at the end of the year	55 559 422	65 223 958
	– Current	18 224 963	24 502 299
	– Non-current	37 334 459	40 721 659
	Borrowings at the end of the year	55 559 422	65 223 958
15.3	**Reconciliation of Deferred Grant**		
	Opening balance	2 218 712 255	2 061 977 747
	Grant amortised	(38 805 864)	(39 077 005)
	Grant from donated land	87 338 050	–
	Grant received	112 490 203	195 811 513
	Closing balance	2 379 734 644	2 218 712 255
15.4	**Reconciliation of Interest Received**		
	Interest income in the year	27 355 950	11 716 986
	Accrued interest	(5 801 177)	(1 650 066)
	Interest received relating to prior period	1 650 066	1 694 940
		23 204 839	11 761 860

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

		2023 E	2022 E
15.5	**Reconciliation of Property, Plant and Equipment Additions**		
	Additions per movement schedule	364 791 907	164 684 155
	Non-cash flow additions	(87 338 050)	–
	Total additions – note 7	277 453 857	164 684 155
15.6	**Proceeds from Investments Reconciliation**		
	Opening balance	92 074 000	53 696 543
	Interest for the period	7 769 271	6 532 294
	Accrued interest	5 801 177	1 650 066
	Interest received in current year	(1 650 066)	(1 694 940)
	Closing balance	(163 994 382)	(92 074 000)
		(60 000 000)	(31 890 037)
15.7	**Reconciliation of Movement In Trade and Other Receivables**		
	Opening balance	239 746 032	168 443 072
	Provision raised	(65 762 294)	(1 820 000)
	Closing balance	(161 034 065)	(239 746 032)
		12 949 673	(73 122 960)

16. Unrecognised Items

		2023 E	2022 E
16.1	**Capital Expenditure Commitments:**		
	Contracted	293 763 025	346 673 956
	Authorised but not yet contracted	1 697 890 916	1 337 416 830
	Total future capital expenditure	1 991 653 941	1 684 090 786

16.2 Leasing Arrangements:

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

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

	2023 E	2022 E
Within one year	752 796	782 083
Later than one year but not later than five years	1 206 146	993 437
	1 958 942	1 775 520

17. Retirement Benefits

The EWSC 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

	2023 E	2022 E
Key management personnel compensation		
Short-term employee benefits	5 631 600	5 180 584
Post-employment benefits	964 800	1 032 450
	6 596 400	6 213 034

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

20. Leasing Commitments

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

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

	2023 E	2022 E
Within one year	1 240 946	1 968 521
Later than one year but not later than five years	826 883	2 067 829
	2 067 829	4 036 350

21. Raw Materials and Consumables Used

	2023 E	2022 E
Ecowater bottles	2 542 474	807 556
Water purification chemicals	13 091 546	13 910 789
Plumbing material	37 046 525	36 842 957
Electricity	66 494 645	62 208 320
Vehicle maintenance	9 099 886	8 303 671
Fuel	14 130 907	9 881 541
	142 405 983	131 954 834

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

DETAILED STATEMENT OF COMPREHENSIVE INCOME

ANNEXURE 1

FOR THE YEAR ENDED 31 MARCH 2023

	2023 E	2022 E
Revenue	513 570 628	488 103 035
Cost of sales	(142 405 983)	(131 954 834)
Ecowater bottles	2 542 474	807 556
Water purification chemicals	13 091 546	13 910 789
Plumbing material	37 046 525	36 842 957
Electricity	66 494 645	62 208 320
Vehicle maintenance	9 099 886	8 303 671
Fuel	14 130 907	9 881 541
Gross profit	371 164 645	356 148 201
Other income	52 288 876	46 176 687
Ecowater sales	4 217 244	2 047 364
Amortisation of deferred grant income	38 805 864	39 077 005
Rental income	4 187 973	4 427 407
Sundry income	5 077 795	624 911
Net interest income	28 046 917	13 627 259
Investment income	32 618 956	18 249 280
Interest expense	(4 572 039)	(4 622 021)
Less expenses	(375 028 550)	(286 874 500)
Loss/(profit) on sale of fixed assets	(40 122)	2 043 599
Protective clothing	(2 920 088)	(2 407 004)
Staff uniforms	(8 309)	189 370
Medicare and first aid	(227 101)	(272 465)
Health and safety	(775 960)	(723 023)
Sports and social	(832 565)	33 381
Licence	(5 212 267)	(3 265 099)
Celebrations	(2 691 633)	(1 700 044)
Corporate gifts	(155 198)	(446 621)
Printing stationery and designs	(2 398 283)	(2 414 392)
Cleaning materials	(1 113 783)	(1 126 270)
Other printing	–	(6 900)
Periodicals and books	(147 087)	(229 112)
Office furniture	(376 560)	(194 826)
Office equipment repairs	(11 984)	(50 289)
Office equipment	(87 081)	(221 082)
Telephones	(2 208 850)	(2 148 190)
MTN cell phone expenses	(4 143 266)	(3 079 125)
Board members fees	(264 863)	(367 217)
Audit fees	(1 668 559)	(1 271 209)
Legal fees	(891 969)	(296 799)
Compensation for resettlement	(1 000)	–
Other professional fees	(7 128 780)	(7 927 241)
Collection fees and customs tax	(568)	(1 247)
Fines	(2 886)	–

ANNEXURE 1

	2023 E	2022 E
Local travelling expenses	(1 597 421)	(1 197 639)
Foreign travelling expenses	(1 178 432)	(41 427)
Subsistence	(1 120 398)	(436 999)
Allowances	(2 571 524)	(2 069 654)
Swazi Bank car advance subsidy	–	(13 574)
Executive utilities allowance	–	(23 200)
Rents offices	(31 396)	(5 549)
Rents houses	(80 772)	(82 254)
Rates	(1 799 980)	(1 470 624)
Insurances	(2 887 195)	(3 104 806)
Advertising and publicity	(3 001 573)	(1 930 844)
Promotional events	(622 370)	(745 030)
Subscriptions	(436 776)	(390 535)
Computer charges	(443 149)	(233 076)
Bank charges	(2 198 087)	(1 359 175)
Services	(13 535 304)	(12 610 260)
Organisational recruitment and review expenses	(76 819)	(60 267)
Social responsibility	(180 570)	(519 418)
Conference hire expenses	(139 371)	(211 624)
Staff meeting expenses	(1 010 003)	(538 072)
Courier charges	(102 787)	(147 963)
Management car travelling expenses	(10 088 373)	(10 152 187)
Training expenses	(4 158 448)	(2 248 002)
Commission charges	(479 324)	(237 570)
Surveys and research	(76 121)	(107 500)
Provision for bad debts	(65 674 555)	(1 820 000)
Electricity and maintenance borehole	–	(3 959)
Emergency response	(305 730)	(1 150 803)
Rent other fees	(860 685)	(75 297)
Mechanical spares	(72 492)	(55 850)
Instruments spares	(29 893)	–
Printing accessories	–	(2 973)
Protective clothing	(90 750)	(2 835)
Printing stationary and design	(69 775)	(25 182)
Cleaning material	–	(24 078)
Marketing and promotion	(214 474)	(792)
Licence fees	(55 988)	–
Discounts allowed	(2 603)	(24 438)
Entertainment expenses	(20 161)	–
Bank transfer	(50)	–
Depreciation	(68 100 394)	(64 258 239)
Employee benefits expense	(158 406 045)	(153 611 000)
Profit before tax	76 471 888	129 077 647
Income tax expense	(10 653 898)	(24 973 572)
Profit after tax	65 817 990	104 104 075

ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
AMR	Automated Meter Reading
CBD	Central Business District
CSR	Corporate Social Responsibility
DMA	District Metered Areas
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
NDP	National Development Plan
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

NOTES

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