

PORTFOLIO
COMMITTEE
PRESENTATION
SEPTEMBER
2019
Financials



VISION

To have highly informed water decision-making through science and technology at all levels, in all stakeholder groups, and innovative water solutions through research and development for South Africa, Africa and the world.



MISSION

To be a global water knowledge node and South Africa's premier water knowledge hub active across the innovation value chain that:

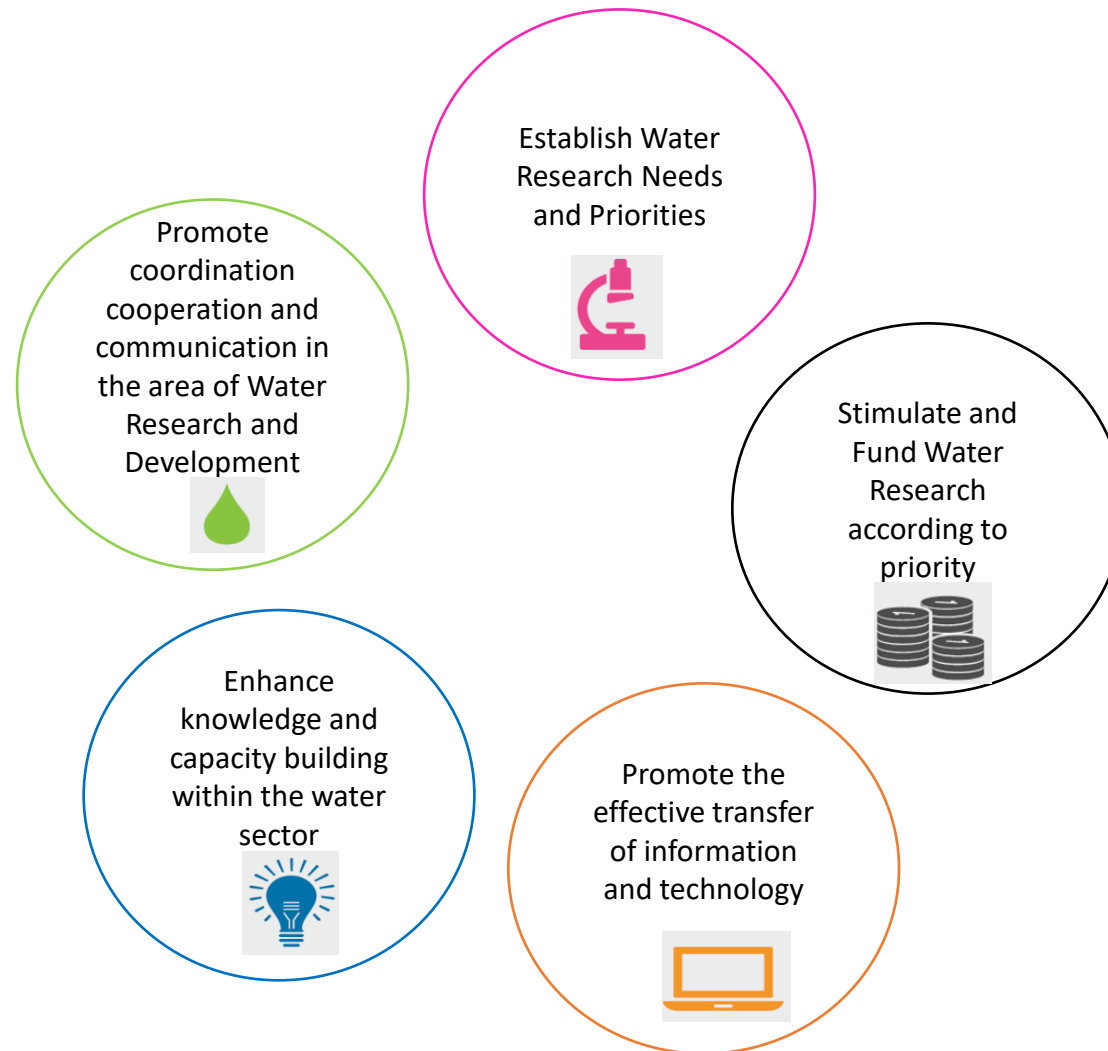
- informs policy and decision making;
- creates new products, innovation and services for socio-economic development;
- develops human capital in the water science sector;
- empowers communities and reduces poverty;
- supports the national transformation and redress project; and
- develops sustainable solutions and deepens water research and development in South Africa, Africa and the developing world.



VALUES

- A culture of learning and sharing
- Innovation and creativity
- Integrity and fairness
- A spirit of professionalism and service orientation
- Facilitating empowerment and social change
- Good governance

PURPOSE OF THE WRC



CORE PRINCIPLES OF THE STRATEGY



STRATEGIC GOALS

1

Inform policy and decision-making

The WRC aims to commission appropriate evidence-based knowledge generated to guide decision-making, influencing the development of policy, practice or service provision, shaping legislation, altering behaviour, contributing to the understanding of policy issues, and reframing debates.

2

Develop new products and services for economic development

The WRC capitalises on those projects that have potential to develop new intellectual property or to introduce innovations which create new or improved technologies, products and services that can be used in the real economy. Effectively, this is the WRC's contribution to job creation and economic development through water science innovations.

3

Enhance human capital development (HCD) in the water and science sectors

The WRC strives to have high levels of student participation in its projects. Although the emphasis is on post-graduate degrees, inclusion of undergraduates has also been investigated. There is also a particular emphasis on previously-disadvantaged individuals (PDIs) and women. The WRC also aims to support institutional development through mentorship provided to new research leaders.

4

Empower communities

The WRC places an emphasis on projects that (a) include communities not only as end-users of research but as active participants in the research process from the project design phase; (b) have a direct impact on the livelihoods of communities through water-related interventions; and (c) build sufficient capacity to assist with the post-project sustainability of those interventions.

5

Promote transformation and redress

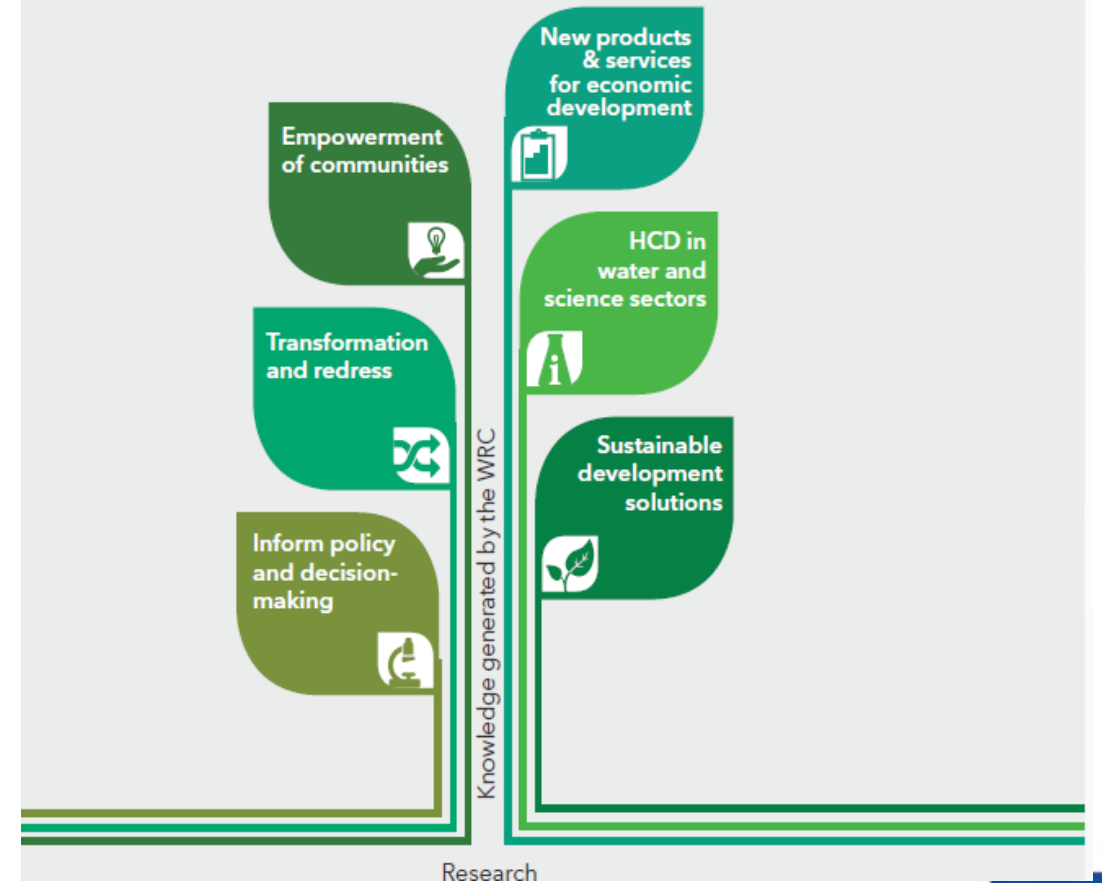
This goal focuses on growing PDI involvement/leadership in projects, as well as helping to promote socio-economic development through the reduction of poverty and inequality in South Africa, particularly of marginalised groups such as women and youth.

6

Drive sustainable development solutions

The WRC prioritises those projects that provide sustainable development solutions that have had positive effects on the environment, economy and society, including: protection of water resources, optimal water use, equity between generations, equitable access, environmental integration and good governance. Additionally, this goal focuses on developing knowledge products that are fit-for-use to ensure the uptake of research.

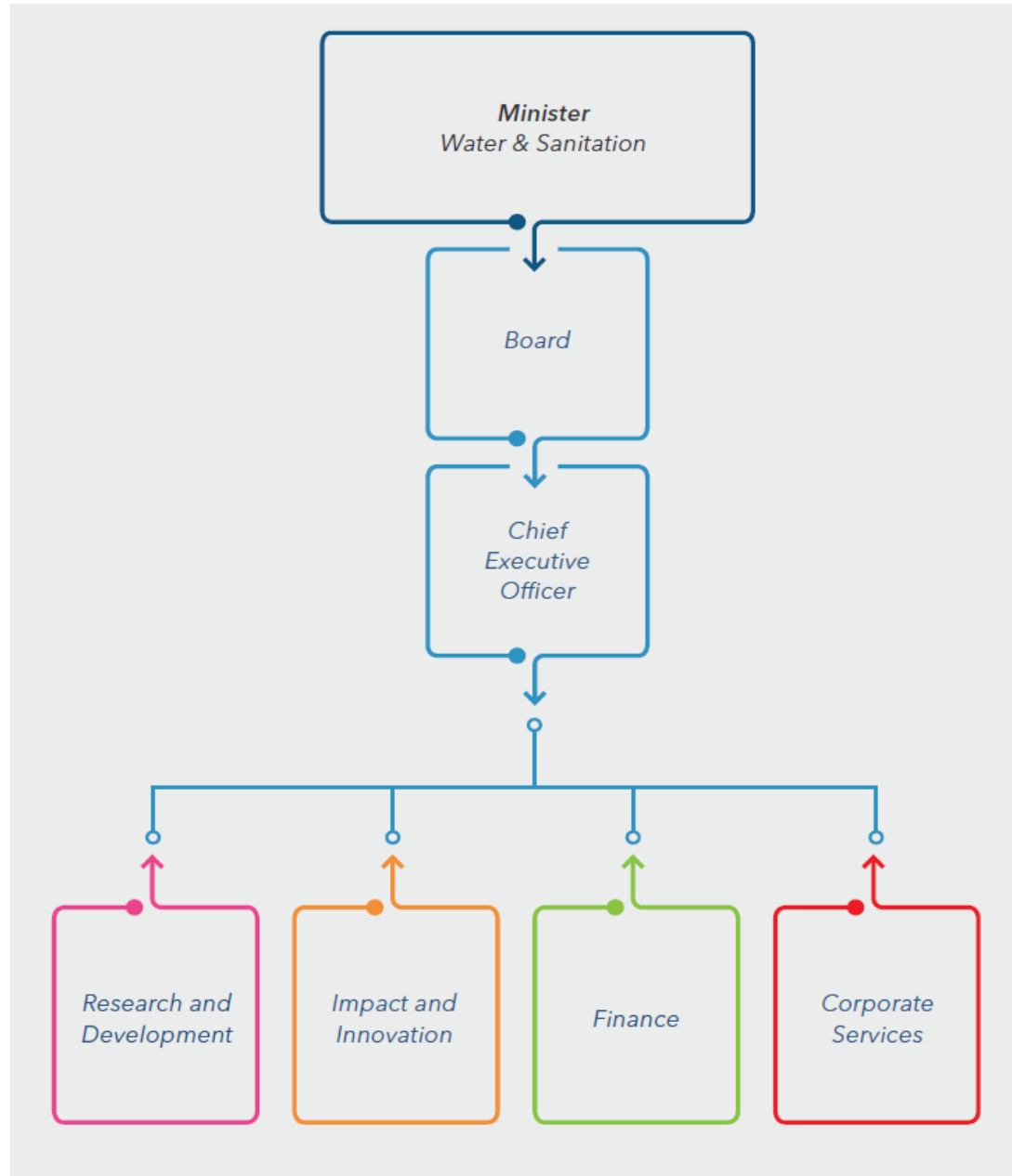
The WRC Knowledge Tree



BASELINE SUMMARY

INDICATOR	2016	2017	2018
Number of projects approved	75/ 262	60/261	64/ 158
Budget over projects period	R106 122 621	R50 712 178	R60 588 123
Total budget (1st year)	R29 320 276	R13 565 698	R18 873 147
Projects with SMME as lead	22 (31%)	17 (28%)	11 (17 %)
Community-based projects	14 (18%)	27 (45%)	29 (45 %)
Number of projects led by Youth	-	8 (13%)	12 (19%)
Number of students (distinct) in proposals	173	110	137
HDI (Univ.) participation (contracting organisation lead)	11 (15 %)	6 (10%)	10 (16 %)
Number of projects led by Female project leaders	28%	25 (41.7%)	27 (42%)
Number of projects led by Black project leaders	19 (26%)	18 (30%)	24 (38%)
Number of projects led by African Black females	-	-	11 (17%)

ORGANISATIONAL STRUCTURE



CORE TEAMS



Research and Development - which focuses on the generation of new knowledge as well as the mechanisms needed to support this, including human capital development and skills development



Impact and Innovation - which entails a redefined focus on technology, product and industry development, business development and innovation realisation on the one hand, and enabling mechanisms such as knowledge dissemination, communication and marketing on the other.



Finance - which focuses on improved efficiencies and effectiveness within the WRC's supply chain and the enhancement of financial planning capabilities which will contribute towards creating an appropriately funded and financially stable environment.



Corporate Services - which focuses on the world of work within the WRC. This includes people and culture, information technology, corporate social responsibility, legal and compliance as well as facilities.

Alignment –Government Outcomes and NDP Objectives

WRC KNOWLEDGE TREE GOALS		ALIGNMENT WITH GOVERNMENT OUTCOMES	ALIGNMENT WITH NDP OBJECTIVES
Inform policy and decision-making			
Strategic Outcome-Oriented Goal 1	The WRC aims to commission appropriate evidence-based knowledge generated to guide decision-making, influencing the development of policy, practice or service provision, shaping legislation, altering behaviour, contributing to the understanding of policy issues, and reframing debates. Through the R&D that it commissions it also aims to inform decision-making at all levels within government but also in non-governmental arenas. WRC projects also aim to improve basic services, with special emphasis on delivery of water and sanitation services.	<ol style="list-style-type: none"> 1. Government Outcome 9: A responsive, accountable, effective and efficient local government system. 2. Government Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship. 	Building a capable and developmental state objectives: Chapter

Alignment –Government Outcomes and NDP Objectives- Continued

WRC KNOWLEDGE TREE GOALS		GOVERNMENT OUTCOMES	WITH NDP OBJECTIVES
Develop new products and services for economic development			
Strategic Outcome-Oriented Goal 2	The WRC capitalises on those projects that have potential to develop new intellectual property or to introduce innovations which create new or improved technologies, products and services that can be used in the economy. Effectively, this is the WRC's contribution to job creation and economic development through water and sanitation science innovations. Additionally, WRC projects support water availability by finding solutions to problems related to bulk water supply and assisting the development of appropriate regulations regarding water quantity, quality, and usage.	<ol style="list-style-type: none"> 1. Government Outcome 4: Decent employment through inclusive economic growth. 2. Government Outcome 6: An efficient, competitive and responsive economic infrastructure network. 	<p>Economy and employment objectives: Chapter 3</p> <p>Economic infrastructure objectives: Chapter 4</p>
Enhance human capital development (HCD) in the water and science sectors			
Strategic Outcome-Oriented Goal 3	The WRC strives to have high student participation in its projects. Although the emphasis is on post-graduate degrees, inclusion of undergraduates has also been investigated. There is also a particular emphasis on previously disadvantaged individuals (PDIs) and women. The WRC also aims to support institutional development through mentorship provided to new research leaders.	<ol style="list-style-type: none"> 1. Government Outcome 1: Improved quality of basic education. 2. Government Outcome 5: A skilled and capable workforce to support an inclusive growth path. 	Improving education, training and innovation objectives: Chapter 9
Empower communities			
Strategic Outcome-Oriented Goal 4	The WRC places an emphasis on projects that: (a) include communities not only as end-users of research but as active participants in the research process from the project design phase; (b) have a direct impact on the livelihoods of communities through	<ol style="list-style-type: none"> 1. Government Outcome 6: Vibrant, equitable and sustainable rural communities with food security for all. 	Environmental sustainability and resilience objectives: Chapter 5

Alignment –Government Outcomes and NDP Objectives- Continued

WRC KNOWLEDGE TREE GOALS		GOVERNMENT OUTCOMES	WITH NDP OBJECTIVES
Strategic Outcome-Oriented Goal 4 <i>continued</i>	water-related interventions; and (c) build sufficient capacity to assist with the post-project sustainability of those interventions. Additionally, the WRC has projects addressing water utilisation in agriculture, as well as in informal settlements and peri-urban communities. The use of water by small-scale farmers (smallholders) and water allocation reform are being addressed. The WRC will continue to support the wise use of water for agriculture, and to reduce water demand from irrigation.	2. Government Outcome 7: Sustainable human settlements and improved quality of household life.	Inclusive rural economy objectives: Chapter 6 Transforming human settlements objectives: Chapter 8
Promote transformation and redress			
Strategic Outcome-Oriented Goal 5	This goal focuses on growing PDI involvement/leadership in projects, as well as helping to promote socio-economic development through the reduction of poverty and inequality in South Africa, particularly of marginalised groups such as women and youth.	1. Government Outcome 5: A skilled and capable workforce to support an inclusive growth path. 2. Government Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World. 3. Government Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.	Improving education, training and innovation objectives: Chapter 9 Transforming human settlements objectives: Chapter 8 Building a capable and developmental state objectives: Chapter 13 Nation building and social cohesion objectives: Chapter 15

Alignment –Government Outcomes and NDP Objectives- Continued

WRC KNOWLEDGE TREE GOALS		ALIGNMENT WITH GOVERNMENT OUTCOMES	ALIGNMENT WITH NDP OBJECTIVES
Promote transformation and redress			
Strategic Outcome-Oriented Goal 6	The WRC prioritises those projects that provide sustainable development solutions that have had positive effects on the environment, economy and society, including: protection of water resources, optimal water use, and equity between generations, equitable access, environmental integration and good governance. Additionally, this goal focuses on developing knowledge products that are fit-for-use to ensure the uptake of research. Examples include technologies and strategies to reduce water loss in distribution systems, better sanitation solutions and improved wastewater treatment. The WRC will continue to invest in studies on climate change and related energy issues. Biodiversity related to aquatic life and ensuring ecosystem health	<ol style="list-style-type: none"> 1. Government Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all. 2. Government Outcome 8: Sustainable human settlements and improved quality of household life. 3. Government Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced. 	<p>Environmental sustainability and resilience objectives: Chapter 5</p> <p>Inclusive rural economy objectives: Chapter 6</p> <p>Transforming human settlements objectives: Chapter 8</p>

Alignment –Department of Water and Sanitation

DWS STRATEGIC OBJECTIVES	WRC STRATEGIC OBJECTIVES
Sound cooperative governance and an actively engaged citizenry	<ol style="list-style-type: none"><li data-bbox="777 396 2074 486">1. To enhance the governance of water in South Africa through knowledge and practice derived through research<li data-bbox="777 486 2074 576">2. To enhance human capital development through support of students in water research projects as well as the development of researchers<li data-bbox="777 576 2074 666">3. To contribute to economic transformation by supporting SMMEs in water research, development and innovation<li data-bbox="777 666 2074 756">4. Enhance the diversity of project leadership as part of the broader national transformation project to promote the ongoing transformation of the water R&D sector<li data-bbox="777 756 2074 846">5. Achieve efficient and effective institutional governance including a good audit report<li data-bbox="777 846 2074 936">6. Enhance the relevance and presence of the WRC locally and globally by coordinating strategic local and international partnerships by establishing MoUs, knowledge-sharing agreements/understandings or strategic partnership agreements with knowledge-sharing institutions and/or strategic partners<li data-bbox="777 936 2074 1026">7. Strengthen the WRC's strategic position regarding water research and development

Alignment –Department of Water and Sanitation - Continued

DWS STRATEGIC OBJECTIVES	WRC STRATEGIC OBJECTIVES
Equitable access to reliable, sustainable and acceptable water resources and sanitation services	<ol style="list-style-type: none"> 1. To increase knowledge on water and sanitation services by initiating new research projects 2. To provide the country with supportive knowledge via completed projects 3. To improve knowledge dissemination (number of final research reports and technical briefs published) 4. To promote the uptake and communication of WRC research in the form of manuals, guidelines, and other supporting materials produced 5. To engage the sector in knowledge-sharing events through public dialogues and workshops
Enhances and protects water resource across the value chain	<ol style="list-style-type: none"> 1. To increase water science focusing on protection of water across the value chain by initiating new research projects 2. To provide the country with supportive knowledge via completed projects 3. To improve knowledge dissemination (number of final research reports and technical briefs published) 4. To promote the uptake and communication of WRC research in the form of manuals, guidelines, and other supporting materials produced 5. To engage the sector in knowledge-sharing events through public dialogues and workshops

Performance Information

OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2018/19	ACHIEVED 2018/19	VARIANCE	COMMENTS
To enhance knowledge through new research projects initiated	The number of new RDI projects initiated in the 2018/19 financial year	80	99	+19	The positive variance arises from the WRC's ability to accommodate new projects as funds became available either through leverage funding, savings or partnerships
To maintain a portfolio of RDI projects that enhances water knowledge and the innovation cycle	The total number of RDI projects managed by the WRC in the 2018/19 financial year	250	353	+103	The positive variance arises from the WRC's ability to accommodate new projects as funds became available either through leverage funding, savings or partnerships
To complete and finalise RDI projects scheduled in the financial year	The number of research projects that have been completed in the 2018/19 financial year	80	104	+24	Target has been exceeded due to increased efforts to shorten the finalisations timeline from the final report to Executive approval
Growing a more inclusive water and sanitation science community of practice	The total number of project leaders on WRC managed projects that are female	80 (32%)	140*	+60	The targets were exceeded due to the WRCs quest to have maximum transformation on its research projects
	The total number of project leaders on initiated projects that are female	26 (33%)	42*	+16	
	The total number of project leaders on WRC managed projects that are black male	85 (34%)	90*	+5	
	The total number of project leaders on initiated projects that are black male	20 (25%)	31*	+11	
	The total number of female and black project leaders on initiated projects	50 (63%)	73*	+23	

Performance Information -Continued

OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2018/19	ACHIEVED 2018/19	VARIANCE	COMMENTS
To increase the number of new innovations/ products and services produced from WRC research	The total number of project leaders on WRC managed projects that are female and black	120 (48%)	228*	+108	The targets were exceeded due to the WRCs quest to have maximum transformation on its research projects
	The number of students supported on all WRC managed research projects distributed as follows:	300	411	+111	The WRC excelled in ensuring increased interests from students on WRC managed projects
	Post-docs, PhDs and Masters	210 (70%)	354	+144	The WRC attracted and increased the number of students from the Post-doc, PhD and Masters categories
	Honours and others	90 (30%)	57	-33	The WRC attracted and increased the number of students from the Post-doc, PhD and Masters categories, which resulted in a shortfall in this category
	The number of innovations/ products and services produced from WRC research	24	38	+14	The WRC has more innovations that emanated from its research projects which can be attributed to inventive and innovative strategy used in the selection of projects

Examples of completed projects

DELINEATING SOUTH AFRICA'S WATER SOURCE AREAS

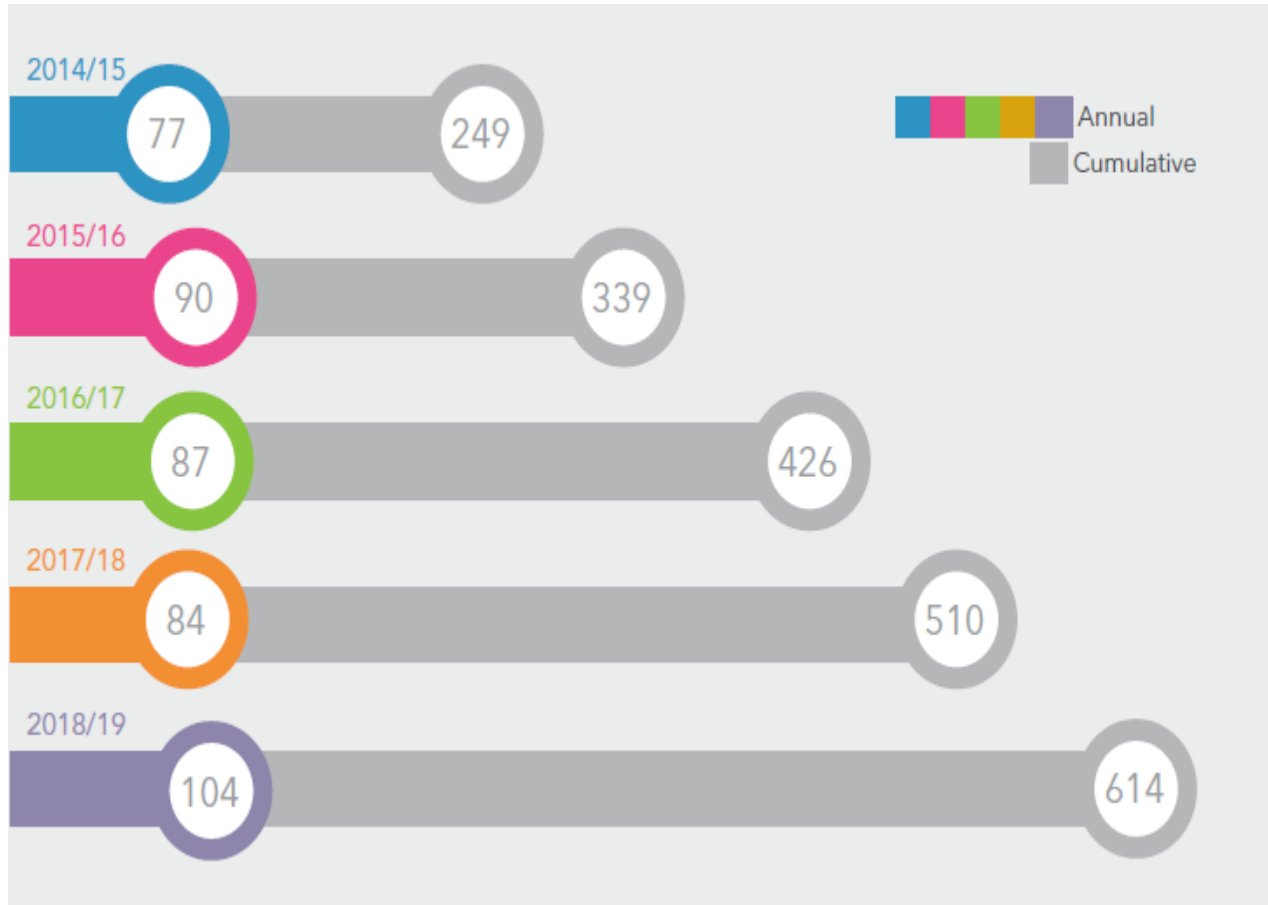
During the year under review, the WRC completed a project that used hydrological and run-off data to map the areas that produce most of the country's water resources, for example water in streams, rivers, groundwater and wetlands. The project also, for the first time, provided information on strategically important groundwater source areas. It was found that the regionally strategic water source areas make up only 10% of the land area of South Africa, Lesotho and Swaziland, yet they provide 50% of our water.

INVESTIGATING NATIONAL WATER ACCOUNTS

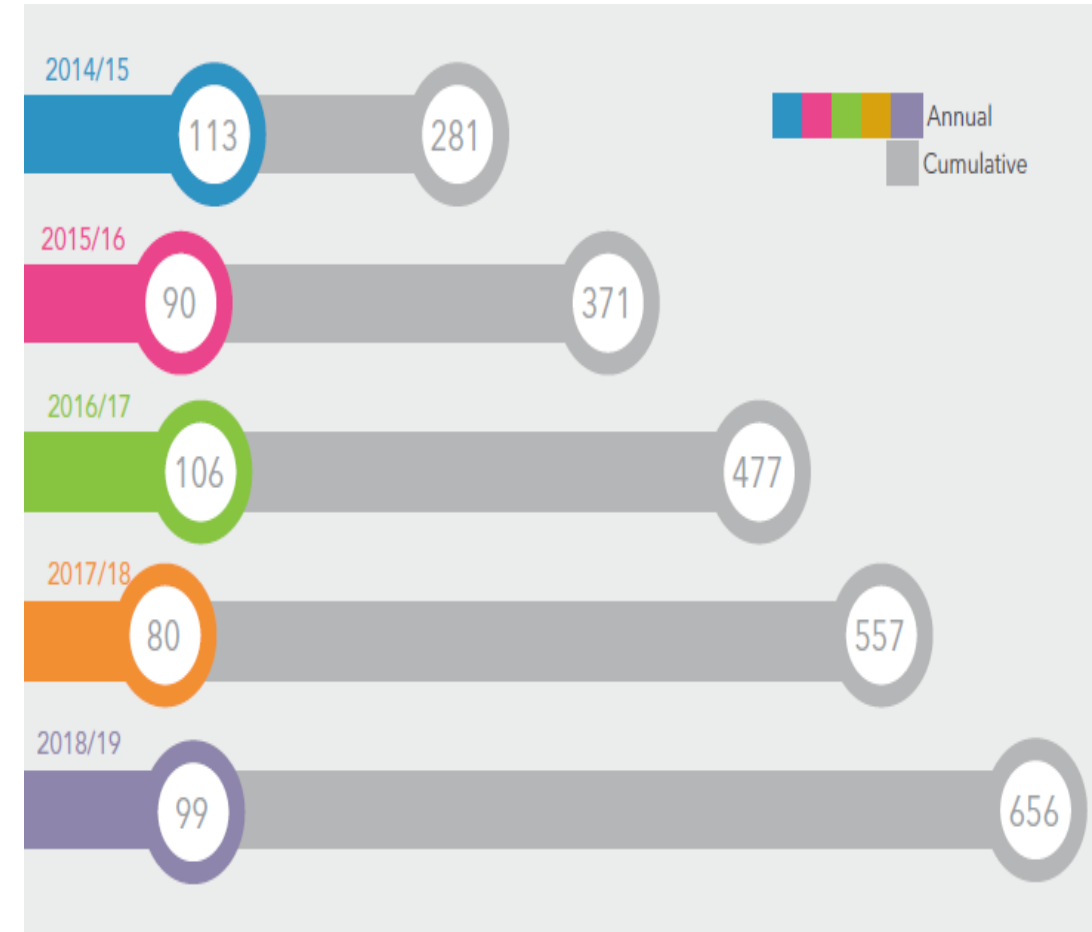
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Achievements

Cumulative Number of Completed Projects



Cumulative Number of New Projects



Number of black female project leaders on initiated projects

73

A horizontal bar chart with a purple bar. At the right end of the bar is a white circle with a purple border containing the number 73.

Number of students supported by
WRC in 2018/19

411

A vertical bar chart shaped like a pencil. The body of the pencil is yellow and contains the number 411. The eraser is grey and the lead tip is dark grey.

Number of PhD and Masters students

354

A vertical bar chart shaped like a pencil. The body of the pencil is blue and contains the number 354. The eraser is grey and the lead tip is dark grey.

Performance Information - Continued

OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2018/19	ACHIEVED 2018/19	VARIANCE	COMMENTS
To capitalise on projects that develop intellectual property or to introduce innovations which create new or improved technologies, products and services used in the economy	The number of innovations, products and services that have been supported and/ or implemented/ demonstrated / piloted	12	13	+1	The WRC excelled in its ability to drive the focus on more innovative projects and to fast-track innovations to application/demonstration
To ensure that the WRC increasingly drives sustainable solutions for the water sector by hosting events that promote robust engagement around critical emerging water management issues	The number of WRC dialogues	18	19	+1	The WRC exceeded its target by one as the outcomes of a research project needed to be engaged urgently
To promote the uptake and application of sustainable solutions by the water sector	The number of conferences/ summits with the WRC as a host	2	2	0	
To influence policy and decision-makers with research-based knowledge	The number of policy briefs produced and distributed to relevant government departments and other entities	12	12	0	
	The number of ministerial briefs produced by the WRC and received by the Minister's Office	14	14	0	

Example of events

Women in Water and Social Entrepreneurship Summit
25-26 October 2018



The main objectives of the Summit were to drive excellence in social entrepreneurship through promotion of the science agenda, facilitation and support of enterprise development and creation of a platform for shared learning and empowerment of women in three projects under the Eastern Cape Social Franchising Programme.

Joint AfricaSan and Faecal Sludge Management
Conference (WRC a key organiser)
18-22 February 2019



- Attended by 1 300 delegates from 36 countries



Performance Information - Continued

OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2018/19	ACHIEVED 2018/19	VARIANCE	COMMENTS
To enhance the profile of project partnership as part of the national transformation project to promote the ongoing transformation of water research and development	To develop an inclusive strategy that assists the tertiary institutions to add value to their activities in the water domain	Executive approved strategy in Q4	1	0	
To better enable researchers to participate in WRC funding instruments and specialised contracts	The number of WRC 101 workshops held in the financial year	6	6	0	
To ensure that the WRC invests in projects that result in the multiplier effect by partnering with strategic traditional and non-traditional partners to complement the WRC's mandate on either side of the value chain for water sector and societal impact	The number of workshops held in partnership with other institutions	20	23	+3	The target was exceeded due to increased opportunities for knowledge sharing events at the WISA conference
	The number of partnership agreements signed with partnering institutions	4	9	+5	The WRC excelled in its business development initiatives and secured 5 additional contracts with partnering institutions

Innovations – WADER programme

Water Technologies Demonstration Programme (Wader) - partnership between the DSI and the WRC.

In 2018/19:

- 34 testbed sites set up across the country
- Technology demonstrations at 2 municipalities
- Nine new innovations approved



wader

WATER TECHNOLOGIES DEMONSTRATION PROGRAM
Initiative of the Department of Science and Technology

Performance Information - Continued

OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2018/19	ACHIEVED 2018/19	VARIANCE	COMMENTS
To ensure social and corporate responsibility	The total number of active research and non-research community-based projects	106	116	+10	Communities showed interest in a number of WRC projects being implemented. The projects were able to accommodate the communities and build capacity The positive variance arises from the WRC's ability to accommodate new projects as funds become available either through leverage funding, savings or partnerships
	The total number of initiated community-based research projects	27	29	+2	
	The total number of SMMEs supported on WRC managed projects	120	135	+15	
	The total number of SMMEs supported on WRC managed initiated research projects	20	42	+22	
To promote transformation and redress and cultivate a high-performance organisational culture	To increase employee engagement by conducting surveys that establish the gap between current reality (what employees are experiencing) and the vision (what organizational culture employees want to experience)	Current reality and vision surveys completed	2	0	

Community project: School gardens

- Vegetable school gardens at Bula Dikgoro and Mahlasedi Masana primary schools, in Mamelodi East, Pretoria
- In association with ARC
- Gardens provide nutrition to school children



Community project 2: MUS project

- Action research project – ‘Operationalising community-driven multiple use water services’
- 4-year project, in Limpopo Province
- Aims to:
 - demonstrate participatory planning for sustainable multi-purpose infrastructure in selected rural villages;
 - enhance the knowledge base of MUS and to upscale the MUS approach at district, provincial and national level



Financial Results for 2018/19

**UNQUALIFIED AUDIT OPINION
FOR FINANCIAL YEAR 2018/19**

INCOME & EXPENDITURE	Actuals 2018/19	Budget 2018/19
	(R)	(R)
INCOME		
Water Research Levies	236 607 699	239 711 905
Interest Received and other income	5 420 927	11 600 643
Leverage Income	42 269 973	45 452 590
TOTAL INCOME	284 298 599	296 765 138
EXPENDITURE		
Research & Development Funding	164 701 987	173 092 046
Human Resource Costs	87 385 676	92 253 879
Operating costs	25 950 789	27 113 797
Capital Expenditure	4 504 026	4 305 416
TOTAL EXPENDITURE	282 542 478	296 765 138

Supporting sustainable development through research funding, knowledge creation and dissemination

Actual Income R12.5m lower than budget projections due to:

- Other income budget variance of R5.8m relate to delays in transfer of Marumati that only materialised on 12 July 2019
- Levy income variance of R3.1m resulted from 2018/19 levy increase not being approved by Minister of Finance
- Leverage income variance of R3.2 m is primarily due to challenges in respect of finalising funding contracts with leverage partners

Lower income dictated a reprioritisation of expenditure in particular

- Cost saving initiatives R857k on IT related costs, professional fees, promotions and publications
- HR costs R4.9m lower than budgeted due to lower bonus payments, postponement of new appointments and filling of vacant posts
- RDI expenditure R8.4 m delays and challenges in achieving project deliverables



Financial Results for 2018/19



Water Research Commission (WRC) and subsidiary Financial Statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

		Group	
	Note(s)	2019 R	2018 R
Assets			
Current Assets			
Loans to wholly controlled entity	3	-	-
Receivables	4	45 352 057	43 823 732
Cash and cash equivalents	5	161 304 984	134 133 209
		206 657 041	177 956 941
Non-Current Assets			
Property, plant and equipment	6	11 735 229	14 866 548
Intangible assets	7	4 353 817	2 524 109
Investment in wholly controlled entity	8	-	-
Receivables	4	1 036 560	968 078
		17 125 606	18 358 735
Total Assets		223 782 647	196 315 676
Liabilities			
Current Liabilities			
Finance lease obligation	9	503 385	1 061 638
Operating lease liability	10	7 182 228	5 412 247
Payables	11	121 484 089	93 939 920
Accruals - leave and bonus	12	6 670 460	6 980 073
Provision	13	-	637 500
Revolving credit facility	5	372 288	272 600
		136 212 450	108 303 978
Non-Current Liabilities			
Finance lease obligation	9	-	497 179
Employee benefit obligation	14	5 333 109	6 201 425
		5 333 109	6 698 604
Total Liabilities		141 545 559	115 002 582
Net Assets		82 237 088	81 313 094
Accumulated surplus		82 237 088	81 313 094

- ❑ Receivables of R45m include WRC levies R32m, Rhodes contract R10m, Prepayments R3,2m
- ❑ Cash of R161m, include Partner Leverage funds advanced R89m and R72 m working capital for payment of creditors and other operating expenses.
- ❑ PPE reduced from R14.8m to R11.7m relates to depreciation charges of some R4m and additions of R1m
- ❑ Intangible assets increased R2.5m to R4.4m relates to development of new BMS application
- ❑ R7m operating lease liability relates to straight lining of office rental GRAP requirement
- ❑ Leave accruals R6.6m relate to value of leave days owed to staff
- ❑ Employee benefit obligation R5.3m relates to medical aid benefit for retired employees only apply to qualifying staff employed at WRC pre 2008.



Financial Results for 2018/19



Irregular expenditure	R
Prior years to be condoned	744 468
Current year 2018/19 – Delays in transfer of Marumati Building	854 714
Current year 2018/19 – Other payments in respect of expired contracts	473 019
Total	2 072 201

Delays in respect of transfer of Marumati Building (Expired Contracts)

The transfer of the Marumati Building owned by ERF 706 has been delayed by a number of events beyond the WRC control. There was an expectation that the transfer would be finalised by November 2017. The WRC had to ensure that the important contracts related to essential services security, cleaning and hygiene services remained in place as the building would otherwise have been at risk of being vandalised without security services. The cleaning and hygiene services was an integral part of the rental agreements with tenants. Due to the uncertainty of transfer timing the contract terms that would be applicable to a potential new service provider could not be clearly defined. There was also a risk of entering into a contract with the possibility of early termination and then facing legal challenges from service providers. Potential Service Providers have also indicated their reluctance to bid for contracts and incur set up costs in respect of contracts that may be terminated at any time.

Other payments in respect of expired contracts

Prior to the expiry of some of the critical IT services related to cloud hosting which is critical to WRC services, Supply Chain Management (SCM) processes were followed to obtain competitive bids. However a number of unforeseen challenges arose including-

- During the evaluation and adjudication process it was found that the Bidders who submitted bids did not meet the required minimum technical standards, resulting in the procurement process being restarted and delaying the regularising of contracts.
- Subsequent SCM processes resulted in the qualifying Bidders pricing being significantly higher than the WRC's available budget allocated for these services.
- One of the Service Providers subsequent to winning the bid for cloud hosting was unable to successfully migrate the services and eventually the WRC had to terminate their contract.

Supporting sustainable development through research funding, knowledge creation and dissemination



Financial Results for 2018/19



Fruitless and Wasteful Expenditure - R29 342

Interest paid on settlement

During the 2017/2018 financial year a former employee of the Water Research Commission took the entity to the Commission for Conciliation, Mediation and Arbitration (CCMA) on the grounds of unfair dismissal. On 23 April 2018, the CCMA issued an award of R637,500 in favour of the dismissed employee. Upon assessment of the award it was concluded that all merits of the case were not considered by the Commissioner and a decision was taken that the matter be taken to the labour court. The board recommended that the WRC accept the award issued by the CCMA. This assessment resulted in a delay in payment within the time period specified in the CCMA award with interest amounting to R29 342 as a consequence.

Supporting sustainable development through research funding, knowledge creation and dissemination



Budget for the next 5 years

DESCRIPTION	BUDGET ESTIMATES 2019/20	BUDGET ESTIMATES 2020/21	BUDGET ESTIMATES 2021/22	BUDGET ESTIMATES 2022/23	BUDGET ESTIMATES 2023/24
Levy income	261 884 068	288 072 475	316 879 723	348 567 695	383 424 464
Interest received	5 166 912	4 860 467	4 537 167	4 196 087	3 836 246
Leverage income	50 861 578	53 658 964	56 610 207	59 723 769	63 008 576
Sales/ commercial income	6 002	6 332	6 680	7 047	7 435
Miscellaneous income	124 813	131 677	138 920	146 560	154 621
Total income	318 043 372	346 729 915	378 172 697	412 641 158	450 431 343
Fixed costs	13 069 944	14 065 132	15 138 483	16 296 318	17 545 483
Running costs	12 381 349	12 981 924	13 612 122	14 273 428	14 967 401
Human resource costs	107 288 306	121 792 376	137 230 259	151 649 994	167 002 376
Research, development and innovation costs	178 052 843	191 662 564	205 442 933	222 653 579	241 944 324
Corporate expenses	2 963 905	3 126 919	3 298 900	3 480 340	3 671 758
Capital expenditure	4 287 026	3 100 000	3 450 000	4 287 500	5 300 000
Total expenditure	318 043 372	346 729 915	378 172 697	412 641 158	450 431 343

Levy income is a key budget driver and in real terms it is decreasing:

- Low or no levy increase history
- Lower and reducing consumption volumes (affected by drought)

Financial planning & mitigating steps:

- Aggressively pursuing new business opportunities
- Continues monitoring of business development initiatives & progress
- The WRC business and strategic plan require investment in HR, Systems and infrastructure
- Ongoing review of financial performance and where required taking corrective steps

Thank you