



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

2022/23 quarter 3 analysis report of the Department of Water & Sanitation

For the period 01 October to 31 December 2022

Presented by:

**Dr Sean Phillips
Director-General**

28 February 2023

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PURPOSE

To brief the Portfolio Committee on the Department of Water and Sanitation's third quarter performance for the 2022/23 financial year

PART A: EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

- DWS continues to implement measures to accelerate key service delivery programmes.
- For the third quarter the Department's performance targets achievement is 71% with 61% of the budget spent.
- A number of factors led to poor productivity on construction projects including, amongst others; inadequate planning and work scheduling, lack of collaboration and communication between stakeholders on projects, as well as inadequate capacity of Water Boards and Municipalities.
- The DWS is implementing various interventions to improve project implementation including:
 - Infrastructure Procurement Strategy
 - Improved project management processes
- Turnaround and Financial Recovery Plan is being implemented to deal with historic challenges of the department.
- Continuous improvement initiatives aimed at acceleration of service delivery and strategic support of municipalities are also ongoing.
- Significant progress has been made to stabilise the department, including in relation to collaborating with law enforcement agencies which has resulted in recovery of funds from previous years' irregularities by the Special Investigating Unit.

Quarter 3 comparison of non-financial and financial performance

Programme		% actual achievement	% budget spent	Areas of under performance
1	Administration	80%	71%	<ul style="list-style-type: none"> • Vacancy rate for engineers and scientists • Expenditure on annual budget • Reduction of debtor days
2	Water Resources Management	72%	91%	<ul style="list-style-type: none"> • Cabinet approval of the National Water Amendment Bill • National Water Resources Strategy -3 gazette • Raw water projects in implementation readiness and under construction • Dam safety rehabilitation projects • River systems monitored for the implementation of resource directed measures • Stakeholder consultation on the water economic regulator • Regulation for advancement of water allocation reform • Wastewater systems monitored against the regulatory requirements • Job opportunities from infrastructure projects
3	Water Services Management	63%	51%	<ul style="list-style-type: none"> • Completion of regional bulk implementation readiness studies • District municipalities (DMs) with developed 5-year water and sanitation reliability plans • Large regional bulk infrastructure project phases under construction • Small WSIG projects under construction • Bucket toilets eradicated • Cabinet approval of the Water Services Amendment Bill • Water boards' performance against plans • Assessment of systems against Blue Drop standards • Water supply systems assessed against regulatory requirements
Total		71%	61%	

PART B: OVERVIEW OF NON-FINANCIAL PERFORMANCE

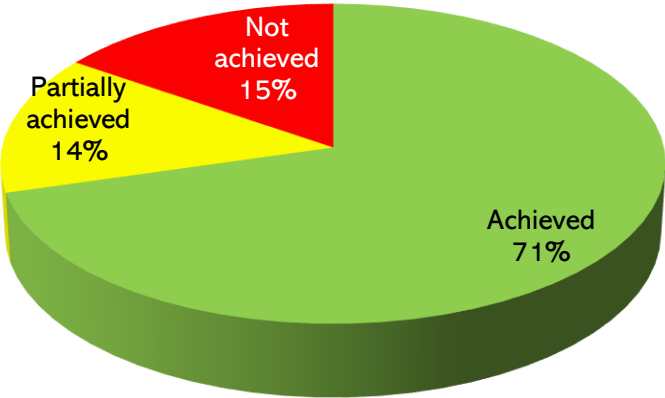
- **OVERVIEW OF THE OVERALL FIRST QUARTER PERFORMANCE**
- **PROGRESS IN IMPLEMENTING THE 2017 PREFERENTIAL PROCUREMENT REGULATIONS**
- **CONSOLIDATED PROGRESS FOR DESIGNATED GROUPS**

OVERVIEW OF NON-FINANCIAL PERFORMANCE

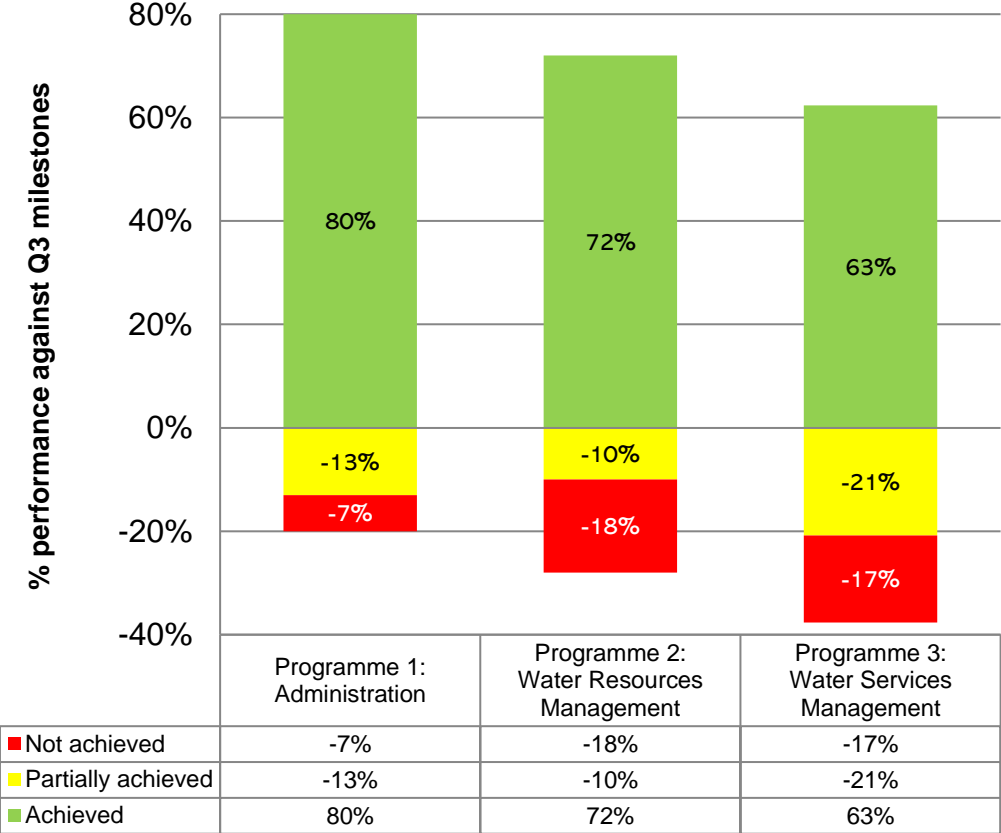
- OVERVIEW OF THE OVERALL THIRD QUARTER PERFORMANCE
- PROGRESS IN IMPLEMENTING THE 2017 PREFERENTIAL PROCUREMENT REGULATIONS
- CONSOLIDATED PROGRESS FOR DESIGNATED GROUPS

OVERVIEW OF THE OVERALL THIRD QUARTER PERFORMANCE OF THE DEPARTMENT

Consolidated performance

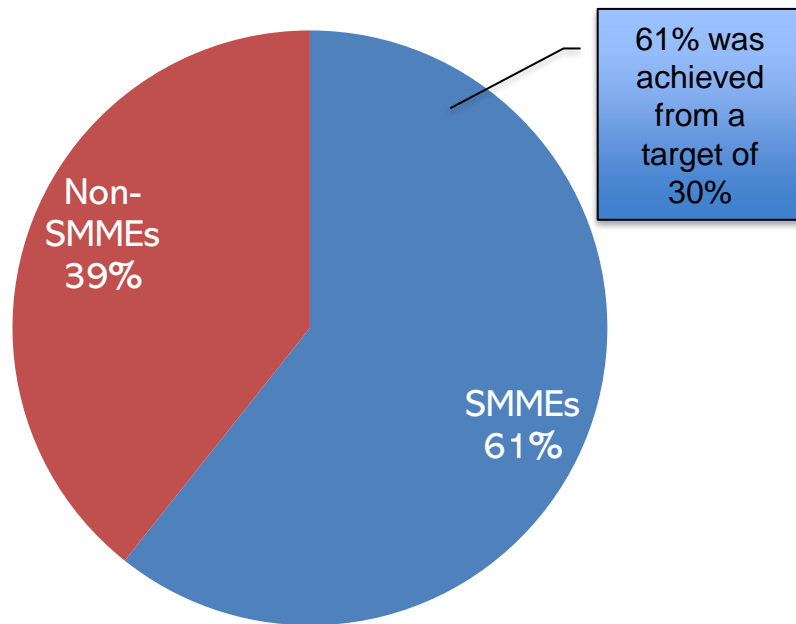


Consolidated performance per programme

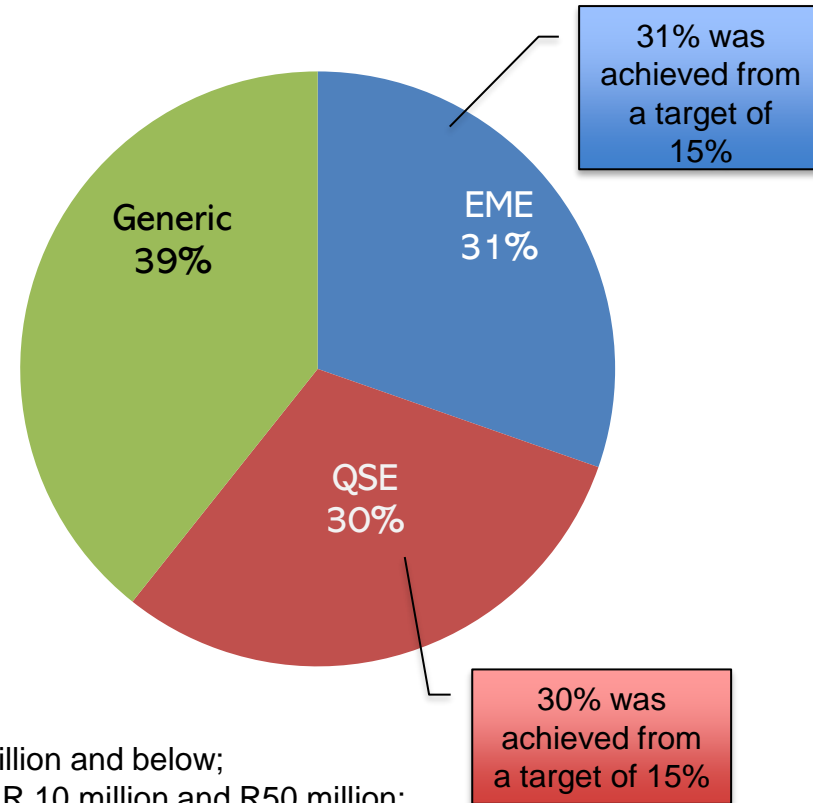


CONSOLIDATED PROGRESS IN IMPLEMENTING THE 2017 PREFERENTIAL PROCUREMENT REGULATIONS

Consolidated second quarter procurement



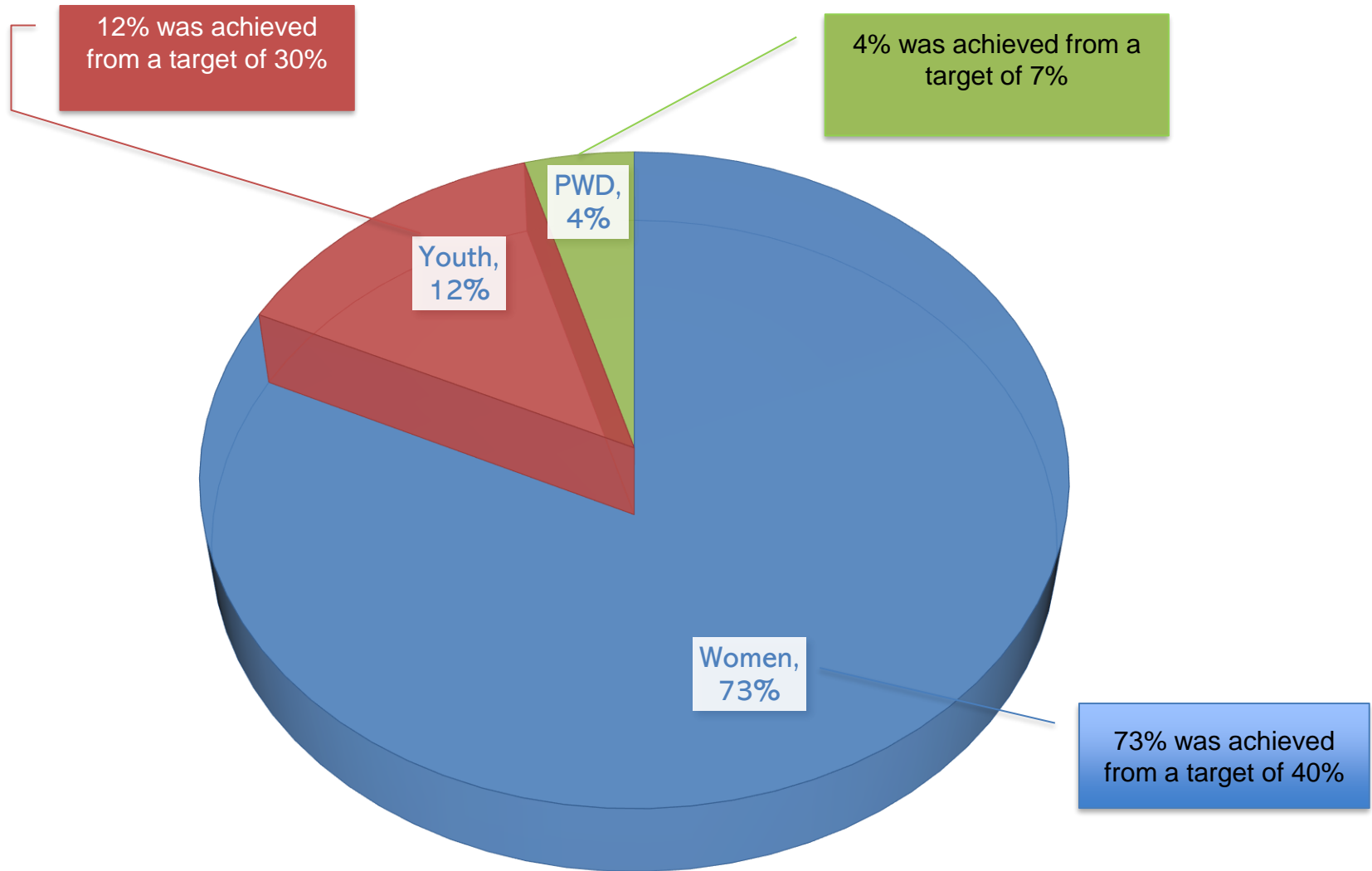
Consolidated second quarter procurement per B-BBEE status level



Legend:

- **Exempted Micro Enterprise (EME):** annual turnover of R10 million and below;
- **Qualifying Small Enterprise (QSE):** annual turnover between R 10 million and R50 million;
- **Generic enterprise:** annual turnover above R50 million

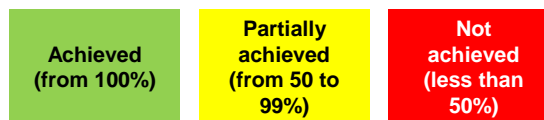
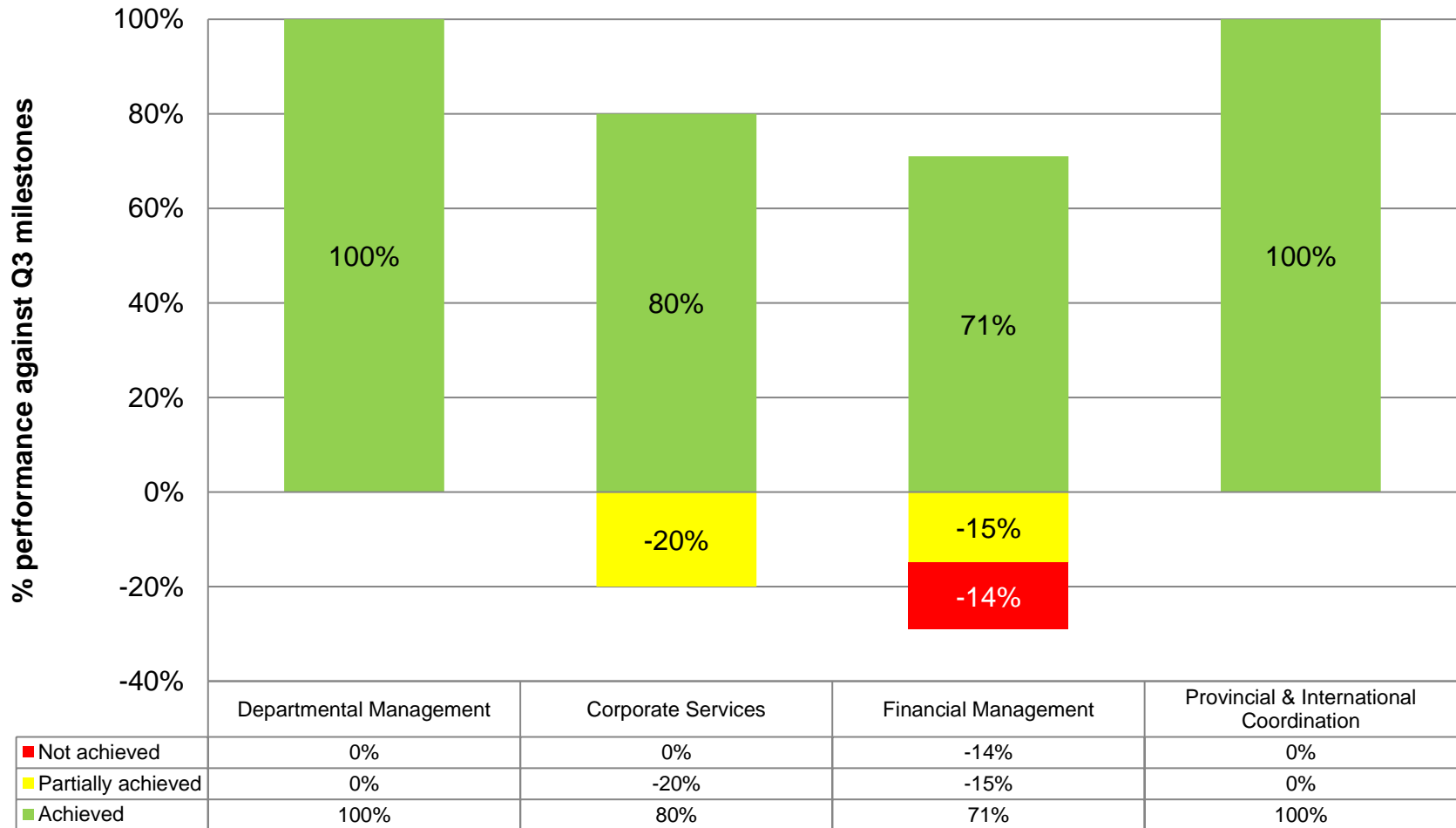
CONSOLIDATED PROGRESS FOR DESIGNATED GROUPS



ANALYSIS OF PERFORMANCE: ADMINISTRATION (PROGRAMME 1)

- OVERVIEW SUB-PROGRAMME PERFORMANCE
- SUMMARY OF SUB-PROGRAMME ACHIEVEMENTS FOR THE QUARTER
- DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

OVERVIEW SUB-PROGRAMME PERFORMANCE



SUMMARY OF SUB-PROGRAMME ACHIEVEMENTS FOR THE QUARTER

Departmental Management	Corporate Services
<ul style="list-style-type: none"> • 78% compliance with the approved audit action plan • 100% compliance with the implementation of risk management plan 	<ul style="list-style-type: none"> • 48% training interventions implemented • 20 safety and security assessments conducted • Maintained 100% availability of information technology systems • Implementation of 1338 communication and public participation programmes
Financial Management	Provincial and International Coordination
<ul style="list-style-type: none"> • SMME procurement at 61% of which: <ul style="list-style-type: none"> ❑ 31% targeted procurement spent on exempted micro enterprises ❑ 30% targeted procurement spent on qualifying small enterprises • Implementation of financial recovery plan at 91% 	<ul style="list-style-type: none"> • Implementation of 2022/23 annual international relations programme as follows: <ul style="list-style-type: none"> ❑ 2 initiatives ❑ 7 agreements ❑ 19 obligatory • Implementation of 40 activities for stakeholder management and partnership programme

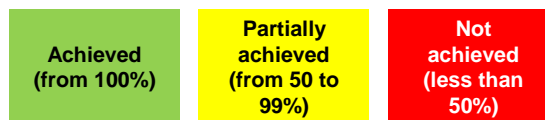
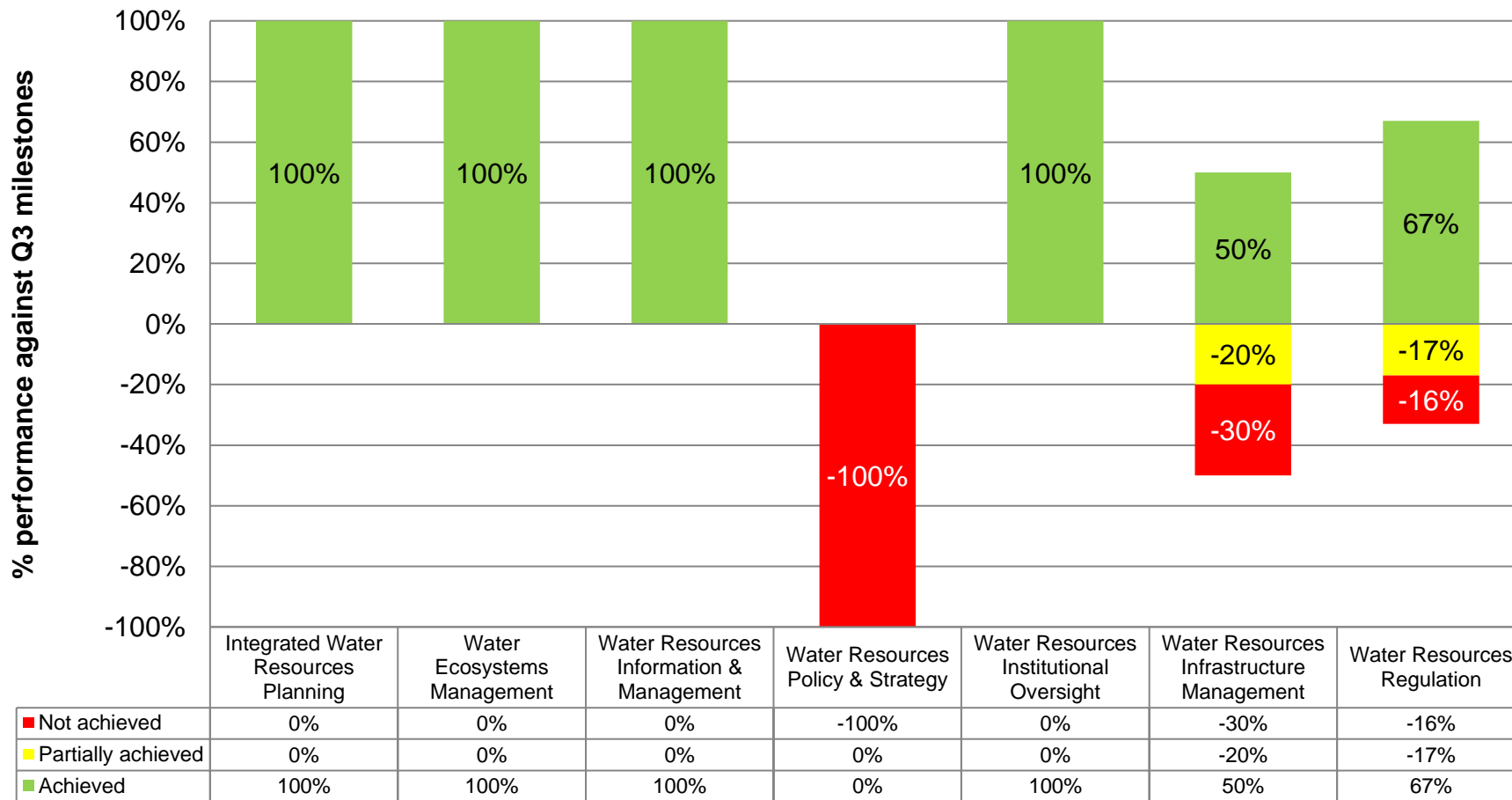
DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

Performance indicator		2022/23 Q3 target	2022/23 Q3 achievement	Deviation from Q3 target	Comments
Corporate Support Services					
1.1.3	Percentage vacancy rate for engineers and scientists	≤10%	80% (859 out of 1072 posts)	Under by 10% (i.e. 107 posts)	Target partially met The approved organisational structure increased the number of technical posts from 751 to 1072. Mitigation: A total of 122 post technical posts have been advertised to be filled within water use authorisation.
Financial Management (Main Account)					
1.4.2	Percentage expenditure on annual budget	75%	61.4%	Under by 13.6%	Target partially met Compensation of employees, Goods & services, Transfers & subsidies and Capital payments Mitigation: Implementation of Infrastructure procurement strategy and timely budget reprioritisations.
Financial Management (Water Trading)					
1.1.5	Number of debtor days	150 days	195 days	Increased by 45 days	Target not met The debtors book increased as a result of non-payment by customers. Mitigation: The department has appointed a panel of debt collectors and continues to engage through IGR processes.

ANALYSIS OF PERFORMANCE: WATER RESOURCE MANAGEMENT (PROGRAMME 2)

- OVERVIEW SUB-PROGRAMME PERFORMANCE
- SUMMARY OF SUB-PROGRAMME ACHIEVEMENTS FOR THE QUARTER
- DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

PERFORMANCE OVERVIEW PER SUB-PROGRAMME



SUMMARY OF SUB-PROGRAMME ACHIEVEMENTS FOR THE QUARTER

Integrated Water Resource Planning	Water Ecosystems Management
<ul style="list-style-type: none">• Status report on NWSMP implementation developed• Status report on reconciliation strategies for Mgeni, Amathole, Orange and Crocodile West• Operating and specialist studies for Western Cape WSS• Global climate change scenarios downscaled for South Africa's water sector produced• Status reports on environmental impact study for Clanwilliam Bulk Conveyance Infrastructure and Lower Coerney Balancing Dam	<ul style="list-style-type: none">• Approval to gazette the final legal notice for the Thukela river system
Water Resources & Information Management	Water Resources Institutional Oversight
<ul style="list-style-type: none">• River Eco-status Monitoring Programme implemented in 76 rivers• 5 water resource monitoring programmes reviewed and maintained• 6 water and sanitation information systems maintained• Status on the development of the National Digitised Integrated Water and Sanitation Monitoring System design• Bavaria gauging station at 96% completion	<ul style="list-style-type: none">• 2022/23 quarterly reports for 2 CMAs, TCTA and WRC• Draft business case for Mzimvubu-Tsitsikamma CMA developed• Stakeholder consultation finalised on National Water Resource Infrastructure Agency Bill• Stakeholder consultations conducted for the transformation of Klerksdorp, Pholela and Letsitela irrigation boards into water user associations

SUMMARY OF SUB-PROGRAMME ACHIEVEMENTS FOR THE QUARTER

Water Resources Infrastructure Management

- 2 bulk raw water projects under construction (Hazelmere and Mzimvubu advance works)
- 122 maintenance projects completed as planned
- 24 unscheduled maintenance projects completed
- Vaalkop Dam and Elandskuil Dam safety evaluations completed
- Rehabilitation projects under construction: Nkadimeng Dam at 76% completion and Marico Bosveld Dam at 82% completion
- 2.043 kilometres of conveyance systems rehabilitated
- Adherence to water supply agreements / authorisations and operating rules at 328%

Water Resources Regulation

- Draft mitigation strategies on mine water and wastewater works for Upper Olifant and Limpopo catchments developed
- Draft implementation plans developed for Orange and Mzimvubu-Tsitsikamma catchment developed on mine water and wastewater management
- Stakeholder comments on waste discharge charge strategy registered
- 2023/24 raw water charges approved
- 2023/24 Water Research Levy approved
- 113% applications for water use authorisation finalised within applicable period
- 111 water users monitored for compliance
- 97 of reported non-compliant cases investigated

DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

Performance indicator		2022/23 Q3 target	2022/23 Q3 achievement	Deviation from Q3 target	Comments
Water Resources Policy & Strategy					
5.1.1	National Water Act Amendment Bill developed	Incorporation of comments received on the National Water Amendment Bill	Draft National Water Amendment Bill was preliminary certified for constitutional compliance by the office of the State Law Advisor.	Incorporation of comments received on the National Water Amendment Bill not finalised	Target not met Engagements and workshops with content leaders and task team members are underway
5.1.2	National Water Resources Strategy Edition 3 (NWRS-3) developed	Final draft of the NWRS-3 submitted to top management and cluster for endorsement.	Public consultation conducted and comments have been registered for consideration in the drafting of the final draft NWRS-3	Draft NWRS-3 has not been submitted to FOSAD clusters for endorsement	Target not met The underperformance is as a result of the knock-on effects from the delayed initiation of the process. Mitigation: fast track the drafting of the NWRS-3 so that it can be submitted to clusters for endorsement.

DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

Performance indicator		2022/23 Q3 target	2022/23 Q3 achievement	Deviation from Q3 target	Comments
Water Resources Infrastructure Management					
3.4.1	Number of bulk raw water projects in preparation for implementation	3	1	Under by 2	Target not met Activities that were not finalised: <ul style="list-style-type: none"> • Nwamitwa Dam: land • Coerney Dam: Design work
3.4.2	Number of bulk raw water projects under construction	4	2	Under by 2	Target partially met Activities that were not finalised: <ul style="list-style-type: none"> • Tzaneen Dam: construction has not commenced • Clanwilliam Dam: construction still at 12%
3.5.4	Number of dam safety rehabilitation projects completed	Nkadimeng Dam at 80% completion	Nkadimeng Dam at 76% completion	Under by 4%	Target partially met Mitigation: acceleration programme is being implemented.

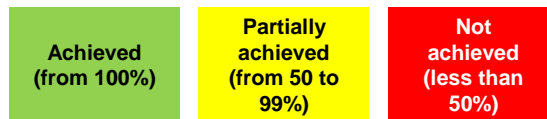
DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

Performance indicator		2022/23 Q3 target	2022/23 Q3 achievement	Deviation from Q3 target	Comments
Water Resources Regulation					
2.1.2	Number of river systems monitored for the implementation of resource directed measures	3	2	Under by 1	Target partially met Mitigation: engagement with the relevant unit to source the required data.
6.2.5	Water economic regulator gazetted for establishment	Stakeholder consultations on draft business case for establishment of the Water Regulator Version III	Commenced with the review of the business case to accommodate the Regulator Commission	Stakeholder consultation was not conducted	Target not met The stakeholder consultations will be conducted during the last quarter.
6.1.1	Regulation for advancement of water allocation reform finalised	Draft Regulation published for public comments	Legal opinion obtained on draft regulation relating to equitable allocation of water use.	Draft Regulation not published for public comments	Target not met Legislative restrictions: The NWA does not have enabling provisions for promulgation of WAR regulations.
5.1.9	Number of wastewater systems monitored against the regulatory requirements	92	88	Under by 4	Target partially met Mitigation: The wastewater systems that were not monitored are prioritised for monitoring during quarter 4.

ANALYSIS OF PERFORMANCE: WATER SERVICES MANAGEMENT (PROGRAMME 3)

- OVERVIEW SUB-PROGRAMME PERFORMANCE
- SUMMARY OF SUB-PROGRAMME ACHIEVEMENTS FOR THE QUARTER
- DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

Performance overview per sub-programme



SUMMARY OF ACHIEVEMENTS FOR THE QUARTER

Water Services & Local Management	Regional Bulk Infrastructure Grant
<ul style="list-style-type: none">• Draft water conservation and water demand management strategies developed• Water balance and data collected within the 4 large water supply systems• 4 feasibility studies completed for water and wastewater services projects (RBIG)• 21 WSAs have updated their MuSSA• Municipal priority action plan: WSAs confirmation of status report• National Sanitation Integrated Plan: Stakeholder consultation on the updated draft provincial action plans• Final Draft National Faecal Sludge Management Strategy developed.	<ul style="list-style-type: none">• A total of 69 regional bulk project phases under construction of which<ul style="list-style-type: none">• 8 are mega project phases• 52 are large project phases• 9 are small project phases• A total of 5 project phases completed of which<ul style="list-style-type: none">• 2 are large project phases• 3 are small project phases• Implementation of the Vaal and Giyani intervention projects• 76 job opportunities created
Water Services Infrastructure Grant	Water Services Regulation
<ul style="list-style-type: none">• A total of 203 projects under construction• A total of 4 projects completed	<ul style="list-style-type: none">• 2023/24 bulk tariffs: Preliminary tariff consultation for 2023/24 bulk water tariffs.• Blue Drop : 177 water supply systems assessed• 67 identified noncompliant water supply systems monitored against the regulatory requirements

Water Services Institutional Oversight

- Assessment of 8 water boards quarterly reports
- Sedibeng Water disestablished

PROVINCIAL WATER SERVICES INFRASTRUCTURE GRANTS NUMBERS

Province	Regional bulk project phases		Water services infrastructure grant projects		Intervention project(s)
	Under construction	Completed	Under construction	Completed	
Eastern Cape	11	3	25	-	-
Free State	12	-	33	1	-
Gauteng	1	-	2	-	1
KwaZulu-Natal	7	-	42	-	-
Limpopo	10	-	44	-	1
Mpumalanga	17	1	14	1	-
Northern Cape	0	1	14	2	-
North West	8	-	18	-	-
Western Cape	3	-	11	-	-
Total	69	5	203	4	2



DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

Performance indicator		2022/23 Q3 target	2022/23 Q3 achievement	Deviation from Q3 target	Comments
Water Services and Local Management					
4.1.1	Number of district municipalities (DMs) with developed 5-year water and sanitation reliability plans	Situational assessments for 5-year water and sanitation service delivery reliability completed for 10 DMs	2 situational assessments completed for for Capricorn, Ngaka Modiri Molema a District Municipalities	Under by 8	Target not met The procurement process is underway for the completion of 4 DM situational assessments. The situational assessment of 4 DMs is underway.
Regional Bulk Infrastructure Grant					
3.9.3.2	Number of large regional bulk infrastructure project phases under construction	59	52	Under by 7	Target partially met EC: Poor contractor performance for 1 project GP: Revision of project designs for 1 project KZN: financial commitments for 3 projects has been reached LP: Termination of contractor services as a result of poor performance for 1 project MP: Project designs will be finalised in quarter 4 for 1 project.

DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

Performance indicator		2022/23 Q3 target	2022/23 Q3 achievement	Deviation from Q3 target	Comments
Water Services Infrastructure Grant					
3.10.2	Number of small WSIG projects under construction	209	203	Under by 6	Target partially met Poor contractor performance, and delayed procurement within the municipal space
3.10.4	Number of existing bucket sanitation backlog systems in formal settlements replaced	1850	0	Under by 1850	Target not met The progress by the contractors to put the requisite infrastructure in place has been slow due to <i>inter alia</i> : <ul style="list-style-type: none"> • SMME's demanding a stake in the project, • unexpected very high-water tables and flooding, • changes to the designs mid-construction, • labour disputes

DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

Performance indicator		2022/23 Q3 target	2022/23 Q3 achievement	Deviation from Q3 target	Comments
Water Services Policy & Strategy					
5.2.1	Water Services Amendment Bill developed	Incorporation of comments (consultations) received on the Water Services Amendment Bill	Received the provisional preliminary certificate from OCSLA and the Bill was updated based on the comments received	Incorporation of comments on the Water Services Amendment Bill has not commenced	Target not met Delays in receiving preliminary certification has delayed the project and therefore all milestones of the year have been running behind schedule.
Water Services Regulation					
5.3.1	Number of water supply systems assessed for compliance with the Blue Drop Regulatory requirements	300	177	Under by 123	Target partially met Additional systems were identified and assessed during the process.
5.3.2	Number of identified noncompliant water supply systems monitored against the regulatory requirements	100	67	Under by 33	Target partially met Assessment of Blue Drop system and fast tracking the No Drop programme prioritised.

DETAILS ON AREAS OF PARTIAL AND NON-ACHIEVEMENT FOR THE QUARTER

Performance indicator		2022/23 Q3 target	2022/23 Q3 achievement	Deviation from Q3 target	Comments
Water Services Institutional Oversight					
6.3.1	Performance of water boards evaluated against their performance plans	Assessment of quarterly and annual report for 9 water boards	Assessment of: <ul style="list-style-type: none"> quarterly reports for 8 water boards Annual reports for 7 water boards 	Under by <ul style="list-style-type: none"> 1 water board for quarterly assessments 2 water boards for annual assessments 	Target partially met <ul style="list-style-type: none"> <u>Quarterly assessment:</u> Sedibeng Water disestablished <u>Annual assessment:</u> Delayed finalisation of Overberg Water audit and Sedibeng Water has been disestablished.

PART C: OVERVIEW OF FINANCIAL PERFORMANCE

QUARTER 3 OVERVIEW EXPENDITURE

- The department's expenditure for the period ended 31 December 2022 amounted to **R11.399 billion**, representing sixty-one per cent (61%) of the total adjusted appropriation of **R18.555 billion**, leaving total unspent funds of **R7.155 billion**.
- For the same reporting period in the 2021/22 financial year, cumulative spending was fifty-five per cent (55%), this represent a comparative increase of six percent (6%).
- When compared to the approved drawings to date of **R13.393 billion**, the department reflected an under-expenditure of **R1.993 billion** or eleven per cent (11%). Cumulative variations from projected spending within various economic classifications are as follows:
 - **Compensation of employees** is below approved drawings by **R21.104 million**, this is due to reduced rate of filling vacancies to comply with mandatory budget cuts over the Medium-Term Expenditure Framework period. Only critical prioritised posts are being filled.
 - **Goods and services** is below approved drawings by **R164.018 million** this is mainly due to unpaid invoices for KwaZulu-Natal disaster interventions which have been returned to the Service Provider for correction and other operational expenditure such as Office Rentals
 - **Transfers and subsidies** are below drawings by **R349.847 million** due to deferred local government conditional grants (Noncompliance with the Division of Revenue Act), and Water Boards transfer payments which were rescheduled for payment in the third quarter.
 - **Payments for capital assets** is below drawings by **R1.458 billion**, the significant contributor is the indirect grant allocation to Municipalities which include both the regional bulk and water services infrastructure grants, detailed analysis with corrective measures is included in the subsequent slides.

MAIN ACCOUNT 2022/23 FINANCIAL PERFORMANCE

Programmes	2022/23				2021/22	
	2022/23 Adjusted Appropriation	Year to date cumulative actual expenditure	Available budget/ Variance	Expenditure as % of Adjusted Appropriation	Year to date Cumulative Actual Expenditure	Expenditure as % of adjusted budget
	R'000	R'000	R'000	%	R'000	%
Administration	2 019 933	1 439 746	580 188	71,28%	1 093 866	55,81%
Water Resources Management	3 818 520	3 487 099	331 421	91,32%	3 203 212	88,57%
Water Services Management	12 716 557	6 472 714	6 243 843	50,90%	5 499 526	45,23%
Total Programmes	18 555 010	11 399 559	7 155 452	61,44%	9 796 604	55,24%
Economic classification						
Current payments	3 732 505	2 495 417	1 237 089	66,86%	2 157 192	52,40%
Compensation of employees	1 836 433	1 361 894	474 539	74,16%	1 295 508	69,85%
Goods and services	1 896 069	1 133 520	762 550	59,78%	861 463	38,09%
Interest and rent on land	3	3	-	100,00%	221	99,55%
Transfers and subsidies	10 665 368	6 896 057	3 769 311	64,66%	6 123 099	65,05%
Province and municipalities	6 223 417	3 060 468	3 162 949	49,18%	3 166 131	54,04%
Departmental agencies and accounts	2 612 135	2 612 135	-	100,00%	2 375 855	100,00%
Foreign governments and international organisations	250 978	227 240	23 738	90,54%	219 631	90,26%
Public corporations and private enterprises	1 543 686	974 954	568 732	63,16%	330 750	36,63%
Non-profit institutions	1 592	1 010	582	63,44%	518	39,18%
Households	33 560	20 250	13 310	60,34%	30 214	99,40%
Payments for capital assets	4 156 941	2 007 889	2 149 052	48,30%	1 516 313	36,05%
Buildings and other fixed structures	3 956 929	1 916 713	2 040 216	48,44%	1 444 534	35,71%
Machinery and equipment	148 447	49 139	99 308	33,10%	30 399	25,92%
Software and other intangible assets	51 565	42 037	9 529	81,52%	41 380	95,68%
Payments for financial assets	196	196	-	100,00%	-	0,00%
Total economic classification	18 555 010	11 399 559	7 155 452	61,44%	9 796 604	55,24%

WATER IS LIFE - SANITATION IS DIGNITY

WATER TRADING ENTITY 2022/23 FINANCIAL PERFORMANCE

Programmes	2022/23				2021/22	
	2022/23 Adjusted Appropriation	Year to date cumulative actual expenditure	Available budget/ Variance	Expenditure as % of Adjusted Appropriation	Year to date Cumulative Actual Expenditure	Expenditure as % of adjusted budget
	R'000	R'000	R'000	%	R'000	%
1. Administration	1 313 018	498 375	814 644	37,96%	467 304	41,65%
2. Implementation of water resources management activities	738 874	331 673	407 201	44,89%	396 712	57,52%
3. Operations, maintenance and refurbishment of national water resources schemes	2 331 768	757 860	1 573 908	32,50%	544 452	24,42%
4. Financing and investment in raw water infrastructure	9 540 135	5 877 784	3 662 351	61,61%	6 164 123	69,20%
5. Bulk water supply to strategic users	2 328 334	859 734	1 468 600	36,92%	798 511	31,62%
6. Implementation of dam safety	184 471	44 553	139 918	24,15%	17 880	18,19%
Total Programmes	16 436 600	8 369 978	8 066 622	50,92%	8 388 982	53,75%
Economic classification						
Compensation of Employees	1 480 854	920 580	560 274	62,17%	858 076	60,28%
Goods and Services	2 639 407	862 046	1 777 361	32,66%	992 839	40,87%
Trans Caledon Tunnel Authority (TCTA)	9 540 135	5 877 784	3 662 351	61,61%	6 164 123	69,20%
Payments for Capital Assets	2 776 204	709 568	2 066 636	25,56%	373 944	13,57%
Total economic classification	16 436 600	8 369 978	8 066 622	50,92%	8 388 982	53,75%

- Administrative: The decrease is mainly due to reduction in construction losses compared to the previous year.
- Financing and investment in raw water infrastructure: Decrease is due to December 2022 TCTA claims received in January 2023 and expenditure thereof will reflect in the third quarter of the financial year.

WATER SALES DEBT AND RECOVERIES

Region	Debt balances 31 December 2022	Recoveries 31 December 2022	Actual Recovery Percentage
	R'000	R'000	%
Eastern Cape	1 139 459	379 620	33%
Free State	6 023 146	180 072	3%
Gauteng	7 231 610	8 280 118	114%
KwaZulu-Natal	3 263 951	354 012	11%
Limpopo	3 082 277	234 925	8%
Mpumalanga	1 266 435	116 887	9%
North West	2 423 427	178 667	7%
Northern Cape	1 599 252	134 356	8%
Western Cape	537 463	264 459	49%
Grand Total	26 567 020	10 123 116	38%

- WTE collected R10.123 billion which is 38% of the debt book. In addition to credit control measures the Department continues to participate in Inter-Governmental Relations forums including Department of Cooperative Governance and Traditional Affairs, South African Local Government Association and National Treasury.
- Incentive Scheme is currently implemented, this scheme encourages customers to settle the capital balance within a reasonable period of time and the interest is waived.
- The total amount of repayment agreements entered with the customers amounted to R2.6 billion of which an amount R434 million has been received as at 31 December 2022. These category of customers whom the payments have been received includes amongst other Municipalities, Water Boars and Companies.
- 15 Debt Collectors have been appointed to assist the department with the recovery of the debt book of R3.8 billion, R36 million has been collected to date and the 730 payment arrangements amounting to R105 million have been entered into.

STRENGTHENING CREDIT CONTROL IN THE WATER SECTOR

- DWS and the water boards are putting in place the following measures to strengthen billing and revenue collection by DWS and the Water Boards:
 - DWS will collaborate with National Treasury to ensure that equitable share allocations are withheld from non-paying municipalities.
 - DWS will ensure that standardised credit control and debt recovery processes will be put in place across all the water boards. This will include consistent enforcement of water limitations/restrictions on non-paying municipalities and legal processes to attach municipal bank accounts where necessary.
 - Bulk prepaid meters will be installed by water boards in municipalities with a poor payment record.
 - The Minister is in the process of consulting with Mayors about the measures to be taken before implementation

INDIRECT GRANTS INFRASTRUCTURE EXPENDITURE

- The adjusted 2022/23 financial year allocations-in-kind to municipalities amounts to R3.471 billion for the Regional Bulk Infrastructure Grant and R771.336 million for the Water Services Infrastructure Grant. The overall spending is 47% and 49% respectively up to December 2023.
- Based on the latest projections for the fourth quarter, it is estimated that the Bulk Infrastructure Grant allocation will underspend the budget by R416.580 million. The provinces contributing to this underspending are Eastern Cape, Free State, Gauteng, Limpopo, Northern Cape, Western Cape and the Bucket Eradication Programme.
- There is projected under expenditure within the Disaster Response allocations for Eastern Cape and KwaZulu-Natal provinces due to late appointment of Services Providers (Eastern Cape: Amatola Water) and outstanding supporting documents from the Service Provider (KwaZulu-Natal).
- However, management has implemented a range of measures to minimize under-expenditure and will focus on these over the next quarter.
- Some of the provinces recorded expenditure in line with the projections, however, others recorded low expenditure due to the following reasons:
 - Termination of Contractors due to poor performance.
 - Delay in the submission of invoices by the Implementing Agents, and delays in payment to the service providers.
 - Work stoppages, contractual disputes and community protests.
 - Project implementation delayed due to non-responsiveness of bids.
 - Bucket Eradication Programme slow moving projects due to, inter alia, contractual disputes, changes to the designs mid-construction.
 - Instabilities within municipalities affecting the effective implementation of projects.

EARMARKED, SPECIFICALLY AND EXCLUSIVELY APPROPRIATED INFRASTRUCTURE ITEMS

Summary of Infrastructure Programmes	Revised Allocation	Year to date cumulative actual spending	Available Budget/ Variance	Expenditure as % of Revised Allocation
	R'000	R'000	R'000	%
Regional Bulk Infrastructure Grant (RBIG): 5B	2 521 420	1 067 611	1 453 809	42.34%
Regional Bulk Infrastructure Grant (RBIG): 6B	2 984 029	1 480 621	1 503 408	49.62%
RBIG- Bucket Eradication Programme (BEP): 6B	256 502	51 753	204 749	20.18%
Regional Bulk Infrastructure Grant (RBIG: GP Vaal River System)	229 860	114 613	115 247	49.86%
Total RBIG	5 991 811	2 714 598	3 277 213	45.31%
Water Services Infrastructure Grant (WSIG): 5B	3 701 019	1 992 442	1 708 577	53.83%
Water Services Infrastructure Grant (WSIG): 6B	609 149	374 671	234 478	61.51%
WSIG- Bucket Eradication Programme (BEP): 6B	87 187	1 233	85 954	1.41%
Disaster response: Water tankering services in KwaZulu-Natal and Eastern Cape	75 000	771	74 229	1.03%
Total WSIG	4 472 355	2 369 117	2 103 238	52.97%
Lepelle water board: Regional Bulk Infrastructure Grant	422 000	422 000	-	100.00%
Magalies water board: Regional Bulk Infrastructure Grant	109 284	-	109 284	0.00%
Magalies water board: (Disestablishment of Sedibeng Water)	21 165	21 165	-	100.00%
Bloem water board: (Disestablishment of Sedibeng Water)	108 835	108 835	-	100.00%
Sedibeng water board: Regional Bulk Infrastructure Grant	738 673	279 225	459 448	37.80%
Umgeni water board: Regional Bulk Infrastructure Grant	143 729	143 729	-	100.00%
Total Water Boards	1 543 686	974 954	568 732	63.16%
Water Trading Entity - Acid mine drainage and other capital projects	2 122 638	2 122 638	-	100.00%
Water Trading Entity - Contribution to operations and maintenance	221 141	221 141	-	100.00%
Water Trading Entity - Establishment of Catchment Management Agencies	70 000	70 000	-	100.00%
Water Trading Entity - Raising of clanwilliam dam olifants doorn river water resource project	195 000	195 000	-	100.00%
Komati Basin Water Authority (KOBWA)	248 278	224 941	23 337	90.60%
Total - Water Trading Entity and KOBWA	2 857 057	2 833 720	23 337	0
Total	14 864 909	8 892 389	5 972 520	59.82%

RBIG 6B SPENDING AND PROJECTIONS PER PROVINCE

Provinces (Capex) RBIG	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Eastern Cape	355 681	171 662	220 659	135 022
Free State (RBIG)	691 129	289 583	638 816	52 313
Free State (BEP)	254 688	50 727	88 123	166 565
Gauteng	454 891	152 587	250 486	204 405
Limpopo	807 856	450 738	767 345	40 511
Mpumalanga	364 696	225 979	483 026	(118 330)
Northern Cape (RBIG)	54 643	40 453	51 284	3 359
Northern Cape (BEP)	1 814	1 026	2 150	(336)
North West	239 936	149 488	321 911	(81 975)
Western Cape	15 197	151	151	15 046
Total	3 240 531	1 532 394	2 823 951	416 580

Provinces (Goods & Services)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	%	
Gauteng: VRS Intervention	229 860	114 613	229 860	-
Total	229 860	114 613	229 860	-

Grand Total	3 470 391	1 647 007	3 053 811	416 580
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WSIG 6B SPENDING AND PROJECTIONS PER PROVINCE

Provinces (Capex) WSIG	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Eastern Cape	84 738	20 884	69 666	15 072
Free State	15 120	7 282	22 257	(7 137)
Free State BEP	40 136	1 233	9 233	30 903
Gauteng	31 384	16 470	16 694	14 690
KwaZulu-Natal	32 600	-	32 439	161
Limpopo	187 690	119 666	403 419	(215 729)
Mpumalanga	127 576	152 041	227 920	(100 344)
Northern Cape	37 994	20 953	26 994	11 000
Northern Cape BEP	47 051	-	6 992	40 059
North West	92 047	37 376	60 463	31 584
Total	696 336	375 905	876 077	(179 741)

Provinces (Goods & Services)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Eastern Cape	10 000	-	-	10 000
KwaZulu-Natal	65 000	771	771	64 229
Total	75 000	771	771	74 229

Grand Total	771 336	376 676	876 848	(105 512)
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RBIG & WSIG 5B FINANCIAL PERFORMANCE PER PROVINCE

Provinces (RBIG)	Revised Allocation	Year to date DoRA cumulative payment schedule	Year to date cumulative actual spending	Available Budget/ Variance	Variance – Payment Schedule and actual expenditure	Projected spending	Expenditure as % of Revised Allocation	Variance - Drawings and actual expenditure
	R'000	R'000	R'000	R'000	R'000	%	%	%
Eastern Cape	431 907	184 427	144 427	287 480	40 000	42.70%	33.44%	9.26%
Free State	204 407	151 907	151 907	52 500	-	74.32%	74.32%	0.00%
Gauteng	-	-	-	-	-	0.00%	0.00%	0.00%
KwaZulu-Natal	228 810	175 247	175 247	53 563	-	76.59%	76.59%	0.00%
Limpopo	154 584	77 292	77 292	77 292	-	50.00%	50.00%	0.00%
Mpumalanga	697 142	459 000	454 000	243 142	5 000	65.84%	65.12%	0.72%
Northern Cape	135 102	60 000	20 000	115 102	40 000	44.41%	14.80%	29.61%
North West	399 581	201 084	80 503	319 078	120 581	50.32%	20.15%	30.18%
Western Cape	269 887	212 030	212 030	57 857	-	78.56%	78.56%	0.00%
Total	2 521 420	1 520 987	1 315 406	1 206 014	205 581	60.32%	52.17%	8.15%

Provinces (WSIG)	Revised Allocation	Year to date DoRA cumulative payment schedule	Year to date cumulative actual spending	Available Budget/ Variance	Variance – Payment Schedule and actual expenditure	Projected spending	Expenditure as % of Revised Allocation	Variance - Drawings and actual expenditure
	R'000	R'000	R'000	R'000	R'000	%	%	%
Eastern Cape	498 051	277 137	272 137	225 914	5 000	55.64%	54.64%	1.00%
Free State	332 599	225 099	218 699	113 900	6 400	67.68%	65.75%	1.92%
Gauteng	196 678	130 173	71 906	124 772	58 267	66.19%	36.56%	29.63%
KwaZulu-Natal	939 400	594 960	462 960	476 440	132 000	63.33%	49.28%	14.05%
Limpopo	463 462	325 000	255 000	208 462	70 000	70.12%	55.02%	15.10%
Mpumalanga	487 745	285 500	240 500	247 245	45 000	58.53%	49.31%	9.23%
Northern Cape	266 948	204 358	176 874	90 074	27 484	76.55%	66.26%	10.30%
North West	370 676	257 820	222 820	147 856	35 000	69.55%	60.11%	9.44%
Western Cape	145 460	80 138	71 546	73 914	8 592	55.09%	49.19%	5.91%
Total	3 701 019	2 380 185	1 992 442	1 708 577	387 743	64.31%	53.83%	10.48%

WITHHOLDING PORTION OF RBIG: 5B

Province	Municipalities affected	Amount withheld per municipality	Amount withheld per province
		R'000	R'000
Eastern Cape			40 000
	DC15 O.R. Tambo District Municipality	40 000	
Mpumalanga			5 000
	MP326 City of Mbombela	5 000	
Northern Cape			40 000
	NC085 Tsantsabane Local Municipality	40 000	
North West			120 581
	DC39 Dr Ruth Segomtsi Mompti District Municipality	120 581	
Grand total for Regional Bulk Infrastructure Grant		205 581	205 581

Withholding of RBIG 5B allocations was done in line with the provisions of the Division of Revenue Act, the affected Municipalities were engaged including National Treasury, Provincial Treasuries and provincial department's responsible for local government. Conditions of transferring water and sanitation grants:

- Municipalities must spend grant funds in line with the IRS and detailed designs approved by DWS.
- Municipalities must submit monthly financial and quarterly non-financial reports to DWS on stipulated dates .
- Municipalities must have spent at least 85 per cent of 2021/22 transferred funds to qualify for the first tranche of 2022/23.
- Municipalities must spend at least 25 per cent of their first transfer by the end of September 2022 and comply with reporting provisions before the second transfer is made.
- Municipalities must spend at least 40 per cent of their total RBIG allocations by 30 December 2022 before the subsequent transfer is made.
- Municipalities must spend at least 50 per cent of their total RBIG allocations before the final transfer is made
- Grant funds must be reflected in the capital budget of the municipality.
- All sources of funding for the cost of the project must be clearly outlined in the approved IRS.

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WITHHOLDING PORTION OF WSIG GRANT: 5B

Province	Municipalities affected	Amount withheld per municipality	Amount withheld per province
		R'000	R'000
Eastern Cape			5 000
	EC104 Makana Local Municipality	5 000	
Free State			6 400
	FS193 Nketoana Local Municipality	6 400	
Gauteng			58 267
	GT423 Lesedi Local Municipality	4 874	
	GT481 Mogale City Local Municipality	15 000	
	GT484 Merafong City Local Municipality	13 393	
	GT485 Rand West City Local Municipality	25 000	
Kwa-Zulu Natal			132 000
	DC24 uMzinyathi District Municipality	32 000	
	DC25 Amajuba District Municipality	20 000	
	DC27 uMkhanyakude District Municipality	40 000	
	KZN282 Umhlathuze Local Municipality	20 000	
	DC28 King Cetshwayo District Municipality	20 000	
Limpopo			70 000
	DC33 Mopani District Municipality	15 000	
	DC34 Vhembe District Municipality	20 000	
	LIM367 Mogalakwena Local Municipality	20 000	
	DC47 Greater Sekhukhune District Municipality	15 000	
Mpumalanga			45 000
	MP314 Emakhazeni Local Municipality	8 000	
	MP321 Thaba Chweu Local Municipality	17 000	
	MP325 Bushbuckridge Local Municipality	20 000	

WITHHOLDING PORTION OF WSIG GRANT: 5B *Continues*

Province	Municipalities affected	Amount withheld per municipality	Amount withheld per province
		R'000	R'000
Northern Cape			27 484
	NC062 Nama Khoi Local Municipality	6 000	
	NC064 Kamiesberg Local Municipality	1 500	
	NC073 Emthanjeni Local Municipality	8 000	
	NC078 Siyancuma Local Municipality	1 800	
	NC082 !Kai !Garib Local Municipality	2 700	
	NC087 //Khara Hais/Mier Local Municipality	1 500	
	NC091 Sol Plaatjie Local Municipality	5 984	
North West			35 000
	NW373 Rustenburg Local Municipality	30 000	
	NW403 City of Matlosana Local Municipality	5 000	
Western Cape			8 592
	WC022 Witzenberg Local Municipality	4 092	
	WC033 Cape Agulhas Local Municipality	4 500	
Grand total for Water Services Infrastructure Grant		387 743	387 743

MEASURES TO PREVENT UNDERSPENDING (1)

- As part of the measures to prevent underspending the Department has reprioritised budgets between projects with supporting acceleration plans. Acceleration Plans are being implemented, key projects with capacity to absorb additional funds include amongst others, Thembisile Water Scheme (Loskop), Madibeng Bulk Water Supply, Giyani Water Reticulation Project and Extension of the George water treatment capacity.
- Resultant from these interventions being implemented by the Department, there has been a significant improvement from the midterm expenditure to the year-to-date expenditure. The Department has registered commitments amounting to over **R7.308 billion** and Provincial Offices are currently working with Water Boards and Municipalities to resolve project bottlenecks.
- Based on the current projections and delayed projects it is estimated that the regional bulk infrastructure grant will underspend by a total amount of **R416.580 million**. The Department has submitted the following request to National Treasury as part of measures to mitigate underspending and improve service delivery:
 - **Giyani Water Reticulation and Household Connection Project: R282.332 million**
Reallocation of an amount of R282.332 million from the Regional Bulk Infrastructure Grant 6B allocation to Water Services Infrastructure Grant 6B allocation to support current initiatives for the reticulation of water to the affected villages. Mopani Municipality has accelerated appointment of service providers for phase 1 villages.
 - **George Potable Water Security and Remedial Works Project: R134.248 million**
Reallocation of an amount of R134.248 million from the Regional Bulk Infrastructure Grant 6B allocation to Regional Bulk Infrastructure Grant 5B allocation. George Municipality has expedited various components of the projects. The current potable water treatment constraints have also necessitated that the extension of the water treatment capacity by an additional 20MI/day, be expedited to ensure security of potable water supply.
- The Department will continue to focus on interventions aimed at minimizing under-expenditure for the remaining months of the financial year.

MEASURES TO PREVENT UNDERSPENDING (2)

The Department is also moving funds to the following projects which have the capacity to absorb additional funding:

a) Madibeng Bulk Water Supply

Magalies Water has been appointed as the implementing agent for the completion of the upgrade of the Brits plant from 60 ml/d to 80 ml/d. The overall civil works is currently at the advanced stage for completion with the mechanical and electrical commencing with their equipment and materials installations.

b) Loskop Regional Bulk Water Supply Scheme

Loskop Regional Bulk Water Supply Scheme Progress-Cross Boundary Scheme Mpumalanga and Limpopo. 3 out of 5 work packages awarded and established site (WP1,2&3). WP1 has obtained work permit from Department of Labour and have commenced with clearing and pegging. Pipe have been material ordered. Work permit has been obtained for and pegging of the pipe route done.

c) Giyani Water Reticulation and Household Connection Project

Mopani District Municipality is accelerating implementation of reticulation, storage, and yard connections phase 1 (24 villages of the 55 villages) project which encompasses refurbishment of existing reticulation and storage and installation of new reticulation, storage, and yard connections including mechanical and electrical works at Giyani Water Treatment Works.

d) George Potable Water Security and Remedial Works Project

The Municipality has expedited various components of the Budget Facility for Infrastructure projects. The current potable water treatment constraints have also necessitated that the extension of the water treatment capacity by an additional 20Ml/day, be expedited to ensure security of potable water supply.

Further details are highlighted for each province and project, PART E: APPENDIX.

PART D: OVERVIEW OF THE FINANCIAL RECOVERY PLAN

FINANCIAL RECOVERY PLAN OVERVIEW

Broad strategies	Key outputs	Status
Funding and budget management	Implementation of audit action plans	Internal and External Audit Action Plans were developed and are being implemented.
	Zero balance on overdraft	Positive bank balance achieved for both Accounts.
	Implementation of debt collection and revenue enhancement strategy	Implementation of Revenue enhancement strategy, credit control and intergovernmental relations.
Expenditure control, financial governance and accountability	Implementation of the accruals and payables management plan	Prior years accruals and payables have been reduced through payments made from reprioritised budgets.
	Fruitless and wasteful expenditure condonations and remedial measures.	Preventative measures have been implemented to ensure that no further incidents are reported.
	Irregular expenditure condonations and remedial measures report	Irregular expenditure was incurred on running contracts which were declared as irregular in the previous financial years. Dedicated capacity has been assigned to expedite investigations, disciplinary proceedings and condonations processes.
	Report on implementation of exit strategies on irregular contracts	Legal review of irregular contracts is in progress. This includes work by the SIU and Legal Services.
Alignment of strategic intent	Align strategy, annual performance plans (APP) and budgets	Strategy and APP have been aligned to Estimates of National Expenditure and Procurement Plans.
Capital budget and asset management	Comprehensive reconciliations of assets and liabilities to enable maintenance of proper accounting records for management and reporting purposes.	Status reports have been compiled for infrastructure assets with remedial actions. Annual engineer's reviews have been compiled with remedial actions

OVERVIEW OF UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

- The Department is in constant communication with National Treasury on outstanding condonation applications.
- The total Unauthorised Expenditure for an amount of R641.109 million has been submitted to National Treasury for condonation. Await Parliamentary approval.
- Irregular Expenditure to an amount of R138.732 million has been submitted to National Treasury for condonation and currently being assessed.
- Irregular Expenditure to an amount of R8.299 billion has been referred back to the Department by National Treasury for finalisation of disciplinary processes, South African Police Service and Special Investigating Unit investigations and court proceedings etc.
- Irregular Expenditure to an amount of R2.036 billion is under investigation.
- Irregular Expenditure to an amount of R5.736 billion is under assessment including collation of supporting documents thereafter these will be referred for investigation.
- Irregular Expenditure to an amount of R433.227 million have been condoned by the Director-General in line with the response from National Treasury. These includes concluded SAP licences investigations and other cases of non-compliance with internal policies.
- Increases on Fruitless and Wasteful expenditure: On the Main Account these relate to Fraudulent S&T claims and on the Water Trading Entity these relates to losses incurred on external projects and internal projects implemented by the Construction Unit. Investigation of these costs in progress.
- The Department continues to make follow-ups on irregular expenditure referred to the South African Police Service and Special Investigating Unit.

SUMMARY OF UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Details	Main Account		Water Trading Entity	
	2022/23 (Q3) R'000	2021/22 R'000	2022/23 (Q3) R'000	2021/22 R'000
Unauthorised expenditure	641 109	641 109	-	-
Fruitless and wasteful expenditure	16 577	16 813	240 628	206 808
Irregular expenditure	9 459 879	9 459 106	6 749 654	7 082 046



- No **unauthorised expenditure** was incurred since the prior period incidents.
- The Unauthorized Expenditure relates to overspending on Bucket eradication and War on Leaks programmes in prior years and was reported to National Treasury for processing to Parliament.
- **Fruitless and wasteful expenditure** relates mainly to costs that could not be recovered from projects, these were incurred on internal and external construction projects.
- Included in the **Irregular Expenditure** is an amount of R138.732 million submitted to NT for condonation, and R8.299 billion referred back to the Department to finalise compliance requirements and other legal processes.
- The reported incidents of unauthorized, irregular, fruitless and wasteful expenditure are at various processing stages, including investigations (by the Department, Special Investigating Unit and South African Police Service), disciplinary proceedings and court proceedings.
- The Department has appointed contract workers and a panel of Professional Service Providers (PSPs) to augment the current investigation capacity of the Internal Audit Unit (assisting with the investigations for irregular, fruitless and wasteful expenditure), have started with their first batch of investigations and with the timeframe to conclude by 31 March 2024.

SUMMARY OF FRUITLESS AND WASTEFUL EXPENDITURE

Details	Main Acc	WTE	Total
	2022/23 (Q3) R'000	2022/23 (Q3) R'000	R'000
Opening balance	16 813	206 808	223 621
Additions (New cases)	303	33 820	34 123
Deductions (Amounts recoverable)	-	-	-
Deductions (Amounts written-off)	(539)	-	(539)
Closing balance	16 577	240 628	257 205

- Fruitless and wasteful expenditure relates mainly to costs that could not be recovered and capitalised to projects, these were incurred on internal and external construction projects.
- Investigations are being accelerated to enable finalisation before the end of 2023/24 financial year.
- Additions/New cases include:
 - Main Account: Official submitting falsified claims, internal and SAPS investigations have been concluded.
 - WTE: Losses incurred relating to external projects, abnormal costs incurred relating to internal projects, and Mopani Project. These costs are part of the current investigations.
- Deductions/Written-off cases include:
 - Write-off approved by the Director-General based on the recommendations of the investigations and corrective action taken against responsible officials.

SUMMARY OF IRREGULAR EXPENDITURE

Details	Main Acc	WTE	Total
	2022/23 (Q3) R'000	2022/23 (Q3) R'000	R'000
Opening balance	9 459 106	7 082 046	16 541 152
Additions	773	100 835	101 608
Condonations	-	433 227	433 227
Closing balance	9 459 879	6 749 654	16 209 533
Of which:			
Condonations currently under assessment by NT	138 732	-	138 732
Condonations referred back to the Department by NT	6 026 940	2 272 275	8 299 215
Cases under Investigation	265 405	1 770 120	2 035 526
Cases under assessment	3 028 802	2 707 064	5 735 866
Total	9 459 879	6 749 654	16 209 533
Percentage breakdown			
Condonations currently assessment by NT	1%	0%	1%
Condonations referred back to the Department by NT	64%	34%	51%
Submitted for investigation	3%	26%	13%
Assessment	32%	40%	35%
Total	100%	100%	100%

- Of the irregular expenditure R16.209 billion: R138.732 million is in the process of condonation; R8.299 billion referred back to the Department; R2.036 billion submitted for investigation; and R5.736 billion under assessment.
- Additions include:
 - Main Account: Proper process not followed when appointing the official to the post of the Deputy Director.
 - WTE: Emergency procurement not supported by National Treasury in the previous financial year, and expenditure approved/incurred by non-delegated official.
- Condonations/Removal include:
 - Irregular Expenditure have been condoned by the Director-General in line with the National Instruction Note.

IRREGULAR EXPENDITURE CONDONED

Description	Main Account R'000	WTE R'000	Total R'000	Status/ Comments
Sundry Payments (Payments that are not part of Annexure B of payment procedures).	-	64 644	64 644	• This incident has been condoned in line with National Treasury response as they relate to non-compliance with internal policies.
CSIR (V&V Project)	-	73 566	73 566	• All compliance requirements including disciplinary proceedings have been adhered with in processing these cases.
Umgeni Water (Adopt-A-River)	-	10 017	10 017	
Total	-	148 227	148 227	
Unlimited SAP licences	-	285 000	285 000	• This matter relates to SAP licenses. • SIU concluded investigations, disciplinary steps were taken as a consequence of losses and irregular expenditure. • EOH paid back the Department in line with settlement agreement.
Grand Total	-	433 227	433 227	

- The total amount of R148.227 million for irregular expenditure, was condoned by the Director-General, as it was incurred due to non-compliance with the departmental internal policies, and all necessary requirements for removal was complied with accordingly.
- The amount of R285.000 million Irregular Expenditure have been condoned by the Director-General in line with the National Instruction Note as all the necessary requirements was complied with accordingly.
- The department have put remedial actions in place, to ensure that a similar irregular expenditure is not incurred in future.
- The Department have strengthened and enhanced internal controls for procurement processes, procedures and contract management to address root causes of irregular expenditure.

UNAUTHORISED AND IRREGULAR EXPENDITURE WITH NATIONAL TREASURY AND IN PROCESS OF CONDONATION

Description	Main Account	WTE	Total	Status/ Comments
	R'000	R'000	R'000	
UNAUTHORISED EXPENDITURE:				
Bucket Eradication and War on Leaks	641 109	-	641 109	Submitted to National Treasury. Feedback from National Treasury, stated that it was submitted to SCOPA.
Total	<u>641 109</u>	-	<u>641 109</u>	
IRREGULAR EXPENDITURE:				
Transfer payments	114 879	-	114 879	Submitted to National Treasury. Feedback from National Treasury, stated that it was submitted to SCOPA.
Gift of the Givers (BEP)	20 376	-	20 376	Submitted to National Treasury. The application is still the process of assessment by National Treasury.
Dube ZT of CTSAP Investigators	3 477	-	3 477	Submitted to National Treasury. The application is still the process of assessment by National Treasury.
Total	<u>138 732</u>	-	<u>138 732</u>	
Grand Total	<u>779 841</u>	-	<u>779 841</u>	

IRREGULAR EXPENDITURE REFERRED BACK TO THE DEPARTMENT, TO FINALISE COMPLIANCE REQUIREMENTS AND OTHER LEGAL PROCESSES (1)

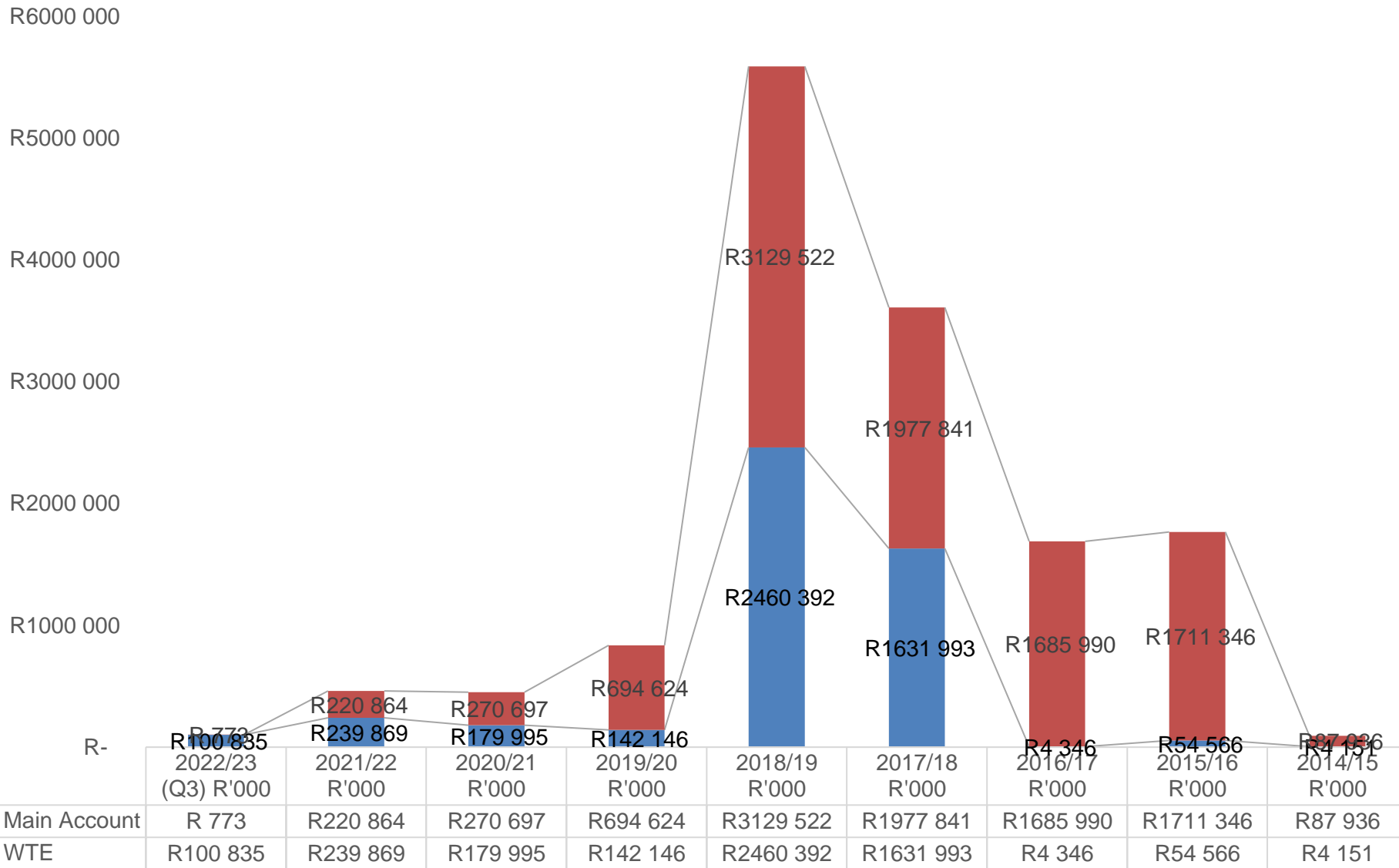
Description	Main Account	WTE	Total	Status/ Comments
	R'000	R'000	R'000	
Giyani Water Services Project	3 381 034	-	3 381 034	The employee was charged, found not guilty and the matter is currently under judicial review before the Labour Court as well as pending further investigation by the SAPS. Further thereto, it must be noted that the employee has since been dismissed on other procurement related charges on 2 November 2022.
Upgrading of the Thukela Goedertrouw Scheme	-	477 310	477 310	Two employees were implicated with the above referred to employee being charged and found not guilty. This finding also forms part of the above-mentioned Labour Court review proceedings. Regarding the other employee, charges were initially served but will be reformulated arising from a recent Special Investigating Unit (SIU) report. Revised charges are being formulated and the disciplinary process will shortly ensue.
Support and maintenance of SAP ECC6	-	285 951	285 951	Disciplinary file is currently being processed by Labour Relations.
War on Leaks Project	823 130	1 499 330	2 322 460	After considering representations from the alleged offender, the Accounting Officer, on 14 October 2022, has decided not to currently pursue disciplinary action pending the outcome of an application by the SIU for a proclamation to investigate the matter. The employee was informed accordingly. Closeout Report is also awaited from EWSETA, delays are due to the ongoing mediation hearing between EWSETA and the appointed Servicer Provider.

IRREGULAR EXPENDITURE REFERRED BACK TO THE DEPARTMENT, TO FINALISE COMPLIANCE REQUIREMENTS AND OTHER LEGAL PROCESSES (2)

Description		Main Account	WTE	Total	Status/ Comments
		R'000	R'000	R'000	
Bucket Project	Eradication	1 503 707	-	1 503 707	Based on insufficient evidence, the Accounting Officer took a decision on 14 October 2022, not to pursue disciplinary action. The employee was informed accordingly. Closeout report is being compiled to assess value for money which is part of the condonation process.
	Financial advisory services	17 901	-	17 901	The Employee has since transferred to the Gauteng Provincial Treasury and the charges were subsequently transferred in terms of Section 16B of the Public Service Act to the new department. The hearing is in process and the Department is cooperating with the current employer to bring the matter to a conclusion.
Desalination Plant Richards Bay (North Coast Water Utility)		301 168	9 684	310 852	Two employees implicated. Both employees implicated have been served with charge sheets. Hearing in respect of one employee has been concluded and found guilty. Hearing in respect of the other employee is still pending.
Total		<u>6 026 940</u>	<u>2 272 275</u>	<u>8 299 215</u>	

IRREGULAR EXPENDITURE TREND ANALYSIS

Trend Analysis of IE Per Financial Year



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IRREGULAR EXPENDITURE TRANSGRESSIONS

- Analysis of all the irregular expenditure cases incurred in the prior years and the nature of transgressions revealed the following control deficiencies within the procurement processes:
 - Bid evaluation not done in accordance with the advertised evaluation criteria.
 - Change of scope of work after bid awarded without approval by the delegated official.
 - Competitive bidding process not followed: deviations for emergency procurement not supported or approved by National Treasury.
 - Competitive bidding process not followed: Service providers appointed as sole suppliers without supporting proof.
 - Competitive bidding process not followed: Services providers handpicked, specific individual selected and recommended to serve at Departmental Bid Adjudication Committee.
 - Contracts extended without prior approval by the delegated official(s).
 - Contract signed by an unauthorised official and without legal vetting.
 - Expenditure in excess of contract amount.
 - Declarations not made by company directors employed by the state.
 - Procurement above R500 000 not done through competitive bidding.
 - Appointment of services providers not on the panel of preferred suppliers.
 - Service providers appointed without meeting the Departmental Bid Adjudication Committee quorum requirements.
 - Service providers appointed without signed valid contracts.
 - Services rendered after contract expired without approval by the delegated official(s).
 - SITA legislation requirement not complied with when advertising bids (for example, IT services not procured through SITA).

IRREGULAR EXPENDITURE TRANSGRESSIONS (CONTINUED)

- Tenders advertised for a shorter period without National Treasury approval and tenders not advertised publicly.
- Variation order exceeding the threshold and not approved by National Treasury.
- Supply Chain Management Policies and Standard Operating Procedures have been updated and communicated to staff with continuous monitoring and support of implementation processes.
- The Department has put in place various preventative measures to ensure that incidents of improper expenditure do not recur and all outstanding cases of unauthorised, irregular, fruitless and wasteful expenditure are being fast tracked for finalisation in the 2023/24 financial year as per the Department's commitment made to the Standing Committee on Public Accounts.

CONCLUSION

- The Department is implementing a turnaround and financial recovery plan which incorporates stabilisation of the Department (Leadership, ethics and organisational culture, staff training and development), improvement of systems of internal controls, preventative measures against unauthorised, irregular, fruitless and wasteful expenditure.
- Trend analysis of improper expenditure is reflecting a decline in incidents of irregular, fruitless and wasteful expenditure.
- There are no new incidents of unauthorised expenditure.
- Measures taken to eliminate irregular, fruitless and wasteful expenditure. Supported by preventative controls measures.
- An exit strategy on irregular contracts is also being implemented to ensure that the current incidents of irregular expenditure resulting from prior periods contract are terminated.
- Progress has been made on disciplinary and investigation matters including continued engagement with various law enforcement agencies.
- The Department is collaborating with the SIU for all the SIU investigations into the old unauthorised and irregular expenditure. In some cases this has resulted in the Department recovering substantial amounts of money, e.g., R413.121 million recovered from the SAP contract. EOH has agreed to pay back R191.883 million, inclusive of interest, over a period of 36 months.
- The streamlined and integrated water sector value chain support and interventions measures by the Department are also part of service delivery improvement plans.

THANK YOU



PART E: APPENDIX WITH ADDITIONAL SLIDES ON PROGRAMMES, NARRATIVES FOR WATER SERVICES INFRASTRUCTURE DEVELOPMENT GRANTS, AND BUDGET BREAKDOWNS

EASTERN CAPE REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT

Eastern Cape Provinces (CAPEX)	Revised allocation	Expenditure as at 31 Dec 2022	Projected Total Expenditure	Projected Surplus (Deficit)
		R'000		
Ndlambe Bulk Water Supply	5 000	1 226	1 226	3 774
Xhora East Water Supply	30 000	5 901	6 901	23 099
Graaf-Reinet Emergency Water Supply (WSS)	715	-	715	-
Sundays River - Paterson Bulk Water Supply	4 500	-	3 300	1 200
Ikwezi Bulk Water Supply	30 000	24 941	33 941	(3 941)
Kirkwood Water Treatment Works	5 000	66	66	4 934
Misgund Bulk Water Supply	5 000	530	3 811	1 189
James Kleynhans Bulk Water Supply (BWS)	30 000	3 854	10 379	19 621
Mount Ayliff Bulk Peri Urban Water Supply	50 000	38 597	44 639	5 361
Ngqamakhwe Bulk Water Supply (Butterworth Water Transfer Scheme)	135 153	43 350	55 850	79 303
Nooitgedagt Coega	60 313	53 197	59 831	482
Total	355 681	171 662	220 659	135 022

EASTERN CAPE REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT (NARRATIVES)

Project Name	Narratives
Ndlambe Bulk Water Supply	<p>The project is on hold due to delays by Amatola water (IA). The final notice of termination dated 02/12/2022 was issued to AW and Ndlambe LM has been appointed as the new IA to complete the project and a letter of appointment dated 19/10/2022 was issued to Ndlambe LM. Handover meeting was held on 12 December 2022; however, it could not be finalised as the hand over report needs to be revised due to an incident of vandalism that occurred at the Port Alfred BWRO in November 2022. The PSP has to take stock of what is left there in terms of the equipment/materials.</p> <ul style="list-style-type: none"> ❖ There are no contractors on the project except the PSP that was appointed by Amatola Water and security contracts. The contractors are either terminated or completed their scope of works. Ndlambe LM is to procure for the appointment of a new contractor to complete the remaining scope of works. Ndlambe LM to decide on whether they would take over the PSP through SCM deviation process. ❖ The remaining budget on the approved project cost is about R50 million. ❖ The overall estimate to complete the project is about R93,7 million, therefore, the project requires additional funding of R44million, subject to change as a result of vandadlism. ❖ The project will be implemented beyond March 2023 since its still going out to tender for the contractor procurement and Ndlambe LM is to submit the PIP including procurement plan.
Xhora East Water Supply	<p>The current project phase which is under construction is at 55% progress however the overall project progress is at 93%.</p> <ul style="list-style-type: none"> ❖ The Contractor suspended the works due to non-payment of invoices because of ADM workers strike. ❖ The contractor is back on site and submitted acceleration plan ❖ The outstanding civil works completion is anticipated in June 2023. ❖ A meeting will be held on 14 December 2022 between DWS, ADM, PSP and Contractor (decision makers only) to discuss the acceleration plan.
Graaf-Reinet Emergency Water Supply Scheme (WSS)	<ul style="list-style-type: none"> ❖ Practical Completion certificate has been issued, and the project is 100% complete. ❖ The project is on defects liability period. ❖ Therefore, the available budget of R715, 007,38 is for the release of retention before the end of 2022/23 FY provided that there are no defects.
Sundays River - Paterson Bulk Water Supply	<ul style="list-style-type: none"> ❖ The overall progress for the whole project is 82%. ❖ All the outstanding PSP invoices have been paid by AW. ❖ Contractor on site. The sub-contractor is in the process of procuring materials. ❖ It is expected that all the sub-contractors will resume on the 10th of January 2023 to complete the project. ❖ It is expected that the project will be completed before end of March 2023.

EASTERN CAPE REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT (NARRATIVES)

Project Name	Narratives
Ikwezi Bulk Water Supply	<ul style="list-style-type: none"> ❖ The project is progressing well ahead of the programme and the Contractor is fast-tracking the works on site. ❖ The current allocation with spent by the end of 2022/23 FY and an additional amount of R8m will be required. ❖ Its expected that the project will be completed before end of August 2023.
Kirkwood Water Treatment Works	<ul style="list-style-type: none"> ❖ The IA requested additional funding to the value of about R12.8m before going out tender and the tender document is ready. ❖ The IA will take about 2 to 3 months to procure and appoint the contractor to enable expenditure on the allocation. ❖ A further reduction of the 2022/23 FY Allocation is proposed, and the allocation will be spent on detailed designs and tender stage.
Misgund Bulk Water Supply	<ul style="list-style-type: none"> ❖ Contractor was appointed on the 25th of October 2022 at R11,8 million. ❖ The kick off meeting held on the 24 November 2022 on site and available budget allocation will be spent by end of FY. ❖ The project scope entails construction of the 400 kl/d capacity of the WTW (Civils and M & E works), 300 kl service reservoir, 2,3 km bulk pipelines. ❖ The project duration is 6 months and planned completion date is end July 2023
James Kleynhans Bulk Water Supply (BWS)	<ul style="list-style-type: none"> ❖ Contractor was been terminated in June 2022 due to poor performance. ❖ The appointment of the new Contractor was delayed due to non-responsive tenders. ❖ A new emergency procurement process was undertaken by the IA and the BEC meeting was held from 31 October to 01 November 2022 and BAC was held on 03 November 2022. ❖ The contractor has been appointed on 22 November 2022 and project is 9 months (September 2023). ❖ The appointment value R75 , 4 million. Civil works account to R13 million and M&E is R61 million.

EASTERN CAPE REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT (NARRATIVES)

Project Name	Narratives
Mount Ayliff Bulk Peri Urban Water Supply	<ul style="list-style-type: none"> ❖ The project is on practical completion stage and 99% complete. ❖ The WTW was commissioned by the end July 2022 and currently producing water. ❖ The additional raw water system was also commissioned on 09 December 2022 ❖ The 2022/23 FY budget allocation of R42.2 million is sufficient to complete the project.
Ngqamakhwe Bulk Water Supply (Butterworth Water Transfer Scheme)	<ul style="list-style-type: none"> ❖ The Phase 5A main Contractor – DWS Construction Unit – South was terminated in June 2022. ❖ IA is in the process of appointing a new Contractor. The BEC meeting was held on 31 October 2022, but the tenders could not be evaluated due to discrepancy in the CIDB grading. The IA has been advised by their legal unit to re-tender and IA. ❖ Current FY allocation will be spent on the pipe manufacturing, PSP costs and termination costs. ❖ Phase 5 B is at detailed design finalisation and Phase 5 C at appointment of the subconsultants.
Nooitgedagt Coega – Phase 3	<ul style="list-style-type: none"> ❖ The project is practically complete and commissioned.

EASTERN CAPE WATER SERVICES INFRASTRUCTURE GRANT: 6B PER PROJECT

	Revised allocation	Expenditure 31 December 2022	Projected Total Expenditure	Projected Surplus (Deficit)
Provinces (CAPEX)	R'000	R'000	R'000	R'000
Ndlambe Drought Project	9 525	3 440	12 972	- 3 447
Dr Kouga LM Projects	36 798	16 508	28 533	8 265
COVID19 PROJECTS	3 415	936	3 415	-
Amatola Water Drought	35 000	-	24 746	10 254
Total	84 738	20 884	69 666	15 072

Project Name	Narratives
Ndlambe Drought Project	<ul style="list-style-type: none"> ❖ Revised Business plan has been approved for the refurbishment of Bathurst WTW and drilling of boreholes. ❖ The proposed budget of R9,5 million will be spent before the end of FY.
Kouga Local Municipality	<ul style="list-style-type: none"> ❖ Two of the projects have been completed and there is impact on the ground. ❖ The other projects are still on procurement stage.
Covid 19 projects	<ul style="list-style-type: none"> ❖ Projects that were not ready for implementation due to water sources that were not confirmed were terminated. ❖ 2 x Village projects were terminated as Alfred Nzo was already implementing water infrastructure development projects under MIG. ❖ The remaining projects are progressing on site and more expenditure is anticipated. ❖ The completion of the projects is anticipated before the end of the current FY.
Amatola Water Drought	A submission was approved on further drawdown of R35 million to enable the completion of the Amatola water drought Programme.

FREE STATE REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT

Free State Province (Capex) RBIG	Revised allocation	Expenditure as at 31 Dec 2022	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Nketoana Regional Water Supply	28 000	10 230	27 730	270
Tokologo Regional Water Supply 2	40 000	23 083	40 583	(583)
Dihlabeng Bulk Water Supply Phase 3	30 000	40 858	57 316	(27 316)
Mathjabeng Bulk Sewer (Welkom)	150 000	42 602	132 602	17 398
Jagersfontein/Fauresmith Bulk Water Supply	800	-	1 200	(400)
Brandford bulk sewer	9 000	7 632	8 932	68
Lindley Sewer	9 000	-	4 000	5 000
Refurbishment of Fika-patso WTWs	20 000	11 292	30 985	(10 985)
Mantsopa water and sanitation intervention	10 000	2 321	9 999	1
Mafube water and sanitation intervention	15 000	-	10 000	5 000
Tswelopele Bulk Water Supply	33 329	18 858	33 329	-
Maluti-a-Phofung BWS Phase 2	40 000	10 457	14 457	25 543
Maluti-a-Phofung Intervention	100 000	-	81 300	18 700
Frankfort Bulk Sewer (Mafube)	30 000	16 836	25 000	5 000
Upgrading of Deneysville WWTW	50 000	30 933	49 501	499
Welbedacht Pipeline	79 400	71 105	76 396	3 004
Masilonyana Bulk Water Supply	15 000	-	10 600	4 400
Refurbishment of Kroonstad WWTW and Pumpstations	15 000	-	15 000	-
Construction of Reversal Gravity Pipeline in Qwaqwa	16 600	2 886	9 886	6 714
Dr-Qwaqwa: Comet To Ha Rankopane	-	490	-	-
Total	691 129	289 583	638 816	52 313

FREE STATE REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT (NARRATIVES)

Project Name	Narratives
Nketoana Regional Water Supply	❖ Nketoana LM has appointed two contractors for the Petrus Steyn and Lindley Reservoirs. The contractor's have established site, and have submitted invoices to Nketoana LM. Nketoana LM to submit the invoices by 14 February 2023. Furthermore, Nketoana LM aim to appoint four contractors in February 2023 for the remaining Lindley Reservoir, Arlington Reservoir, 12km pipeline in Petrus Steyn, and construction of the Reitz WTW High Lift Pump Station.
Tokologo Regional Water Supply 2	❖ The municipality is in a process of appointing the contractors. Two contractors will be appointed by 15 February 2023.
Dihlabeng Bulk Water Supply Phase 3	❖ Dihlabeng LM are accelerating the project, therefore, the allocation for the project is to be increased from R30m to R55m.
Mathjabeng Bulk Sewer (Welkom)	❖ In progress ; (3) contractors on site for network unblocking and repair , Procurement of contractor in progress for refurbishment of 52 Pump Stations and WWTW.
Jagersfontein/Fauresmith Bulk Water Supply	❖ A Municipality is in a process of engaging Bloemwater to complete the Jagersfontein WTWs.
Brandford bulk sewer	❖ The project is completed. Currently in a process to prepare retention invoice. Invoice to be submitted by 12 March 2023.
Lindley Sewer	❖ The Feasibility Study has been approved and communicated to Nketoana LM and the PSP. The PSP has commenced with the Implementation Readiness Study. Project might underspend by R5 million.
Refurbishment of Fika-patso WTWs	❖ In Progress Contractor on Site 54% Completed. Project is progress well.
Mantsopa water and sanitation intervention	❖ In Progress Drill 17 Boreholes, Further testing and equipping 3 boreholes. Sanitation in progress to accelerate Refurbishment of Ladybrand WWTW from 50% Completion to final completion.
Mafuleni water and sanitation intervention	❖ In progress RFQ for appointment of contractor for 102 and 108 household sewer connection by 01 March 2023. Planning- condition assessment, 100% completed, Prefeasibility for contraction of 4 ML Reservoir in progress 70 %
Tswelopele Bulk Water Supply	❖ Municipality has just appointed a new contractor for phase 4 of the project in terms of the set milestones. Phase 3 project is 100% complete. Municipality to submit invoice for retention by 13 February 2023.

FREE STATE REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT (NARRATIVES)

Project Name	Narratives
Maluti-a-Phofung BWS Phase 2 (Sterkfotein WTWs)	❖ Main contractor was terminated due to liquidation process. In Progress RFQ for the appointment of the contractor for outstanding mechanical, electrical and instrumentation scope of work. Contractor to be appointed by 01 March 2023.
Maluti-a-Phofung Intervention	❖ In Progress RFQ issued for: 1. The Stock Material for R17million ❖ 2. Service Provider Appointed for Leak detection for about R35million, ❖ 3. RFQ for 3 Bulk Water Pipeline for appointment of the contractors issued 07/02/2023. Site establishment to be done by 01 March 2023. ❖ 4. RFQ to procure the Automation- Instrumentation & Telemetry and Installation of flow meter by 10 March 2023.
Frankfort Bulk Sewer (Mafube)	❖ The financial constraints of the Contractor results in slow progress because sufficient material and equipment cannot be procured ❖ Contractor has been assisted by weekly technical meetings to guide the Contractor in terms of work scheduling to improve cashflow and progress, but it did not reap the intended results. ❖ The Contractor was put on terms and will be terminated upon which another Contractor will be appointed to finish the project. The full allocation will not be spent by R5 million.
Upgrading of Deneysville WWTW	❖ The Project Engineer (Consultant) passed away at the end of November 2022. Management and supervision of the project have to be handed over to a new Engineer. Negotiations and collaborations between DWS, Metsimaholo LM and the Consultants were concluded in the first week of February 2023. ❖ The project is at 99% completion and commissioning is scheduled to commence in March 2023 with the completion of the project anticipated to be May 2023. The full allocation for the 2022/2023 fy will be spent.
Welbedacht Pipeline	❖ In progress: Construction 90% overall . To complete by 30/03/2023.
Masilonyana Bulk Water Supply	❖ Municipality is currently engaging with the service providers that were terminated to conduct final account. Furthermore, municipality is preparing to go tender for consultant for WTWs and clear water pipeline for Winburg town
Refurbishment of Kroonstad WWTW and Pumpstations	❖ Contractor appointed by 10 February 2023. ❖ Discussions / negotiations with the Consultant was concluded on 06/02/2023 and fee structure finalized. Which will allow the processing of the claim (5million) from the Consultant.
Construction of Reversal Gravity Pipeline in Qwaqwa	❖ Bloemwater to engage Construction Unit to come back to site. R6 million owed to contractors to be paid by 15 March 2023

FREE STATE WATER SERVICES INFRASTRUCTURE GRANT: 6B PER PROJECT

Provinces (Capex)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
DR-Smithfield 2 Pump & Inst Sen	730	722	722	8
DR Cornelia boreholes	1 500	1 497	1 497	3
DR Viljoenskroon boreholes	230	222	222	8
DR-Ngwathe Refurb WTW	390	389	389	1
DR-Qwaqwa Dev & Eqp Boreholes	2 300	3 367	3 367	(1 067)
DR-Qwaqwa Rep Valve, Pipeline & Leaks	30	27	13 311	(13 281)
DR-Qwaqwa : Comet to Ha Rankopane	4 940	1 058	2 749	2 191
DR-Windburg/ Brandford EQP Boreholes	5 000	-	-	5 000
Total	15 120	7 282	22 257	- 7 137

FREE STATE BEP WATER SERVICE INFRASTRUCTURE GRANT: 6B PER PROJECT

Free State BEP Provinces (Capex) WSIG	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Senekal WWTW	40 136	1 233	9 233	30 903
Total	40 136	1 233	9 233	30 903

Project Name	Narrative
DR-Smithfield 2 Pump & Inst Sen	❖ None
DR Cornelia boreholes	❖ Planning done. Project to be moved to WSIG 5B
DR Viljoenskroon boreholes	❖ Planning done. Project to be moved to WSIG 5B
DR-Ngwathe Refurb WTW	❖ None
DR-Qwaqwa Dev & Eqp Boreholes	❖ Project completed
DR-Qwaqwa Rep Valve, Pipeline & Leaks	❖ Project progress well through Bloemwater
DR-Qwaqwa : Comet to Ha Rankopane	❖ Project on hold due to non-payment by Sedibeng water /Bloemwater
DR-Windburg/ Brandford EQP Boreholes	❖ Project on hold due to non-payment by Sedibeng water /Bloemwater
Senekal WWTW	❖ Contractor appointed. Project just started with the construction. Project might underspend by R25million

GAUTENG REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT

GAUTENG Provinces (Capex)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Meyerton WWWT	2 000	1 527	1 527	473
Vaal River System Intervention	362 346	77 666	178 832	183 514
Sedibeng Regional Waste	10 545	8 841	-	10 545
Sebokeng Waste Water	45 000	32 972	38 172	6 828
Rothdene Pump Station	35 000	31 581	31 955	3 045
Total	454 891	152 587	250 486	204 405

Vaal River Intervention (CAPEX)

	R'000	R'000	R'000	R'000
Vaal River System Intervention	6 768	4 373	4 373	2 395
1.3 Gravity	49 963	4 939	47 042	2 921
Critical Pipes Replacement	196 007	45 311	55 482	140 525
Refurbishment of Critical	109 608	23 043	105 806	3 802
Total	362 346	77 666	212 703	149 643

Vaal River Intervention (Goods and Services)

	R'000	R'000	R'000	R'000
RL62-Vaal River System	183 789	85 979	187 216	- 3 427
RL62 - Unblocking	14 294	12 544	26 032	- 11 738
RL62 - Biosolid	31 777	16 090	20 041	11 736
Total	229 860	114 613	233 289	- 3 429

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GAUTENG REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT (NARRATIVES)

Project Name	Narratives
Meyerton WWTW	The project was put on hold at 83% due to contractor liquidation. The civil contractor to be appointed by Rand Water to complete the remaining works and complete the project. An amount of R28 million will not spent in this current financial year and the budget has been committed towards implementation of 24 Collapsed pipes in the Vaal Integrated System.
MRS Intervention (CAPEX)	<p>Contractors are on site and work is currently in progress. The available budget will be spent by 31 March 2022 including the following key work packages.</p> <ul style="list-style-type: none"> An amount of R64.142 million work packages was issued for replacement of 21 collapsed pipes completion date scheduled for in April 2023 and May 2023 in line with revised programme. It is estimated that an amount of R9,8 million would not be spent by the end of March 2023 due to poor performance of the contractor (Impoqo Trading (PTY) LTD due to poor performance. The Department is in the process of terminating the contract and reappoint other contractors to complete the project. An amount of R49.962 million work package for the construction of 1,3 km long 710mm diameter gravity main to pump station 2 was also issued to the contractor (Impoqo Trading (PTY) LTD, it must be noted that the expenditure is lower in comparison with project implementation programme. The region raised concerns regarding performance of the contractor hence the recorded expenditure is lower and requested the contractor to revised and accelerate the project. In terms of the cashflow projections received from the contractor, it is anticipated that an amount of R15.857 million would remain unspent by 31 March 2023 An amount of R131.865 million work packages were issued to five contractors from the framework panel of contractors for the replacement of 24 remaining critical collapsed pipes in Emfuleni Local Municipality on a rotational basis, Purchase orders are to be issued to the contractors after reassessment of designs, BOQ's and costs estimates. It is anticipated that 10% of the contractual value would be spent in the current financial year. The remainder of the work packages will be completed in May 2023, this translate into R119 million which will remain unspent. R109.608 million work packages for the refurbishment of the critical pump stations with scheduled completion date of 11 April 2023, this is due to the lead times given by the suppliers for the delivery of material. It must be noted that total amount of R12.345 million will not be spent by end of March 2023.
Sedibeng Regional WWTW	The project is at design and tender stage, Rand Water is currently in the process of advertising tenders and closing dates for various tenders are in January and February 2023. The appointment of contractors is anticipated to be in the next financial year. An amount of R34.370 million will not spent in this current financial year and the budget has been committed towards implementation of 24 Collapsed pipes in the Vaal Integrated System
Sebokeng WWTW	The bulk of expenditure under this project relates to historical disputed invoices paid in this current financial year not new project implemented in the current financial year. Rand Water is currently in the process of advertising tenders and closing dates for various tenders are in January and February 2023. The appointment of contractors is anticipated to be in the next financial year. The remaining R11 million on this project will be utilised to settle Retention (PCISA) R3.544 millions.
Rothdene Pump Station	Project is completed.

GAUTENG REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT (NARRATIVES)

Project Name	Narratives
VRS Intervention (OPEX)	<p>The Department issued an advance of R173.789 million to Rand Water as the Implementing Agent (IA) in respect of the ministerial directives in terms Section 41 (1) (ii) of the Water Services Act, 1997 (Act No. 108 of 1997)</p> <ul style="list-style-type: none"> To date an amount of R84.257 million has been spent against the advance paid to Rand Water Total invoices to amount of R27.186 million are being verified and reviewed against the scope of work in line with the Implementation Agent (IA) agreement, expensed against the relevant budget codes. Rand Water further projected that the following will be expensed by 31 March 2023 <ul style="list-style-type: none"> Security Services - R29.316 million Leeuwkuil, Ruitspruit and Sebokeng repairs R24.101 million Supply and delivery of various pumps and tools R12.862 million <p>In light of the above analysis, it is estimated that the advance payment made to Rand Water will be fully accounted for and expensed against the relevant budget codes.</p> <p>The project manager monitors project implementation to accelerate to ensure that funds are being spent, 7 civil contractors, 3 mechanical contractors and consulting engineers appointed to implement the project. Total remaining commitment of R203.9 million has been recorded on the financial year records to be spent in the current financial year.</p>

GAUTENG WATER SERVICES INFRASTRUCTURE GRANT: 6B PER PROJECT

Provinces (Capex)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Emfuleni Local Municipality	4 666	-	-	4 666
Midvaal Local Municipality	10 192	8 036	10 191	1
Merafong City Local Municipality	10 192	2 155	224	9 968
Rand West Local Municipality	6 334	6 279	6 279	55
Total	31 384	16 470	16 694	14 690

Project Name	Narratives
Emfuleni Local Municipality	An amount of R4.666 million unspent funds has been declared on Emfuleni Local Municipality's allocation due to no/ slow spending.
Midvaal Local Municipality	The project is completed, the contractor (Mbonelaphanda Civils) issued practical completion certificate.
Merafong City Local Municipality	<p>The municipality has committed the allocation and appointed contractors to implement Covid19 phase 2 sustainability project.</p> <ul style="list-style-type: none"> Requires additional budget of R8.581 million under goods and services classification to defray excess expenditure relating to invoices for water tinkering services under Merafong Local Municipality. The capital portion of the allocation will be used to install/construct a water supply pipeline to connect the Welverdiend and Khutsong Ext.5 water network with a 150 diameter HDPE pipeline approximately 250m in length, all in accordance with the SANS 1936 and related standards for the construction of water supply pipeline on dolomite land. The connection will thus provide for a ring feed between the two townships to feed each other when one experiences interruption. Through this intervention, the need for water tinkering when one of the townships suffers an interruption in water supply will be eliminated.
Rand West Local Municipality	Project is completed.

KWAZULU-NATAL WATER SERVICES INFRASTRUCTURE GRANT: 6B PER PROJECT

KZN Provinces (CAPEX) WSIG	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Umkhanyakude DM Intervention	32 600	-	32 439	161
Total	32 600	-	32 439	161

Project Name	Narratives
Umkhanyakude DM Intervention	Budget allocation was R32.600 million and Invoices to be submitted during next quarter.

LIMPOPO REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT

LP Provinces (Capex) RBG	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Giyani Water Services	213 000	89 073	139 634	73 366
Mametja Sekororo Bulk Water Supply	28 993	10 707	24 131	4 862
Giyani Bulk Water Supply Drought Relief	140 000	157 980	214 159	(74 159)
Bambanana Pipeline	90 949	70 984	123 988	(33 039)
Sinthumule Kutama Bulk Water Supply	70 000	34 604	52 919	17 081
Mogalakwena Bulk Water Supply	80 000	49 778	85 917	(5 917)
Moutse Bulk Water Supply	100 799	25 816	75 660	25 139
Nebo Bulk Water Supply	40 000	-	26 139	13 861
Mooihoek/Tubatse Bulk Water Supply	44 115	11 796	24 798	19 317
Total	807 856	450 738	767 345	40 511

LIMPOPO REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT

Project Name	Narratives
Giyani Water Services	The projections provided by the engineer indicate that the project will underspend with about R73mil. This is due to poor performance by contractor and terminated support contractor (October Integrated). The excess will be reallocated to overspending projects, e.g. Giyani BWS project
Mametja Sekororo Bulk Water Supply	The projections provided by the Municipality indicate underspending on the project by R4mil. This is due to poor performance by the contractors and delay in submission of invoices by IA. This project is expected to be complete by March 2023. The underspent budget must be reallocated to performing projects
Giyani Bulk Water Supply Drought Relief	The project is overspending on the allocated budget due to accelerated programme. Budget will be reallocated from Giyani WS to cover the deficit
Bambanana Pipeline	The projections provided by the engineer indicate that the project will overspend with about R33million. Budget will be reallocated from underspending projects to cover for deficit
Sinthumule Kutama Bulk Water Supply	The projections provided by the IA indicate that the project will underspend by about R17mil. This is due to delays on Luvuvhu GWS section and underperformance by M&E contractor.
Mogalakwena Bulk Water Supply	The projections provided by IA indicate that the project will overspend as new appointment is made to commission phase 1. Budget will be reallocated from underspending projects to cover the deficit
Moutse Bulk Water Supply	The projections provided by IA indicate that the project will underspend by about R25mil. This is due to procurement of ductile pipes and approval of VO by the Municipality that took long time.
Nebo Bulk Water Supply	The projections provided by the IA indicate that the project will underspend by about R13mil. This is due to delayed approval of VO for engineer by the IA which was done recently and delays in appointment of labourers by the contractor due to disputes of PSC and community . The contractor is back on site from Feb 2023. Budget must be reallocated to performing projects
Mooihoek/Tubatse Bulk Water Supply	The projection provided by the IA indicate that the project will underspend with about R19mil. This is due to delays in finalizing appointment of contractor for Phase 4G1.1 by the IA. The Municipality committed to complete the process by end of Feb 2023. The budget must be reallocated to performing projects

LIMPOPO WATER SERVICES INFRASTRUCTURE GRANT: 6B PER PROJECT

Provinces (Goods & Services)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
CVD-Mopani DM	633	507	507	126
Giyani wat Ser retic interven	90 000	71 113	354 866	- 264 866
Thabazimbi Development of BWSS	17 508	14 543	14 543	2 965
Lephalale dev of W&S Sup Serv	16 375	15 198	15 198	1 177
Modimolle WTWSS	27 508	1 581	1 581	25 927
Sekhukhune WTSS	14 666	2 623	2 623	12 043
DR Sekhukhune Dr Projects	-	10 525	10 525	- 10 525
CVD Polokwane	5 250	418	418	4 832
CVD Bela-Bela	5 250	1 158	1 158	4 092
CVD- Molemole	-	243	243	- 243
CVD-Lepelle-Nkumpi LM	5 250	299	299	4 951
CVD Capricorn DM	5 250	1 458	1 458	3 792
Total	187 690	119 666	403 419	- 215 729

Project Name	Narratives
CVD-LEPELLE-NKUMPI	The remaining budget to be reallocated to Giyani water services reticulation intervene.
CVD- MOLEMOLE	The remaining budget to be reallocated to Giyani water services reticulation intervene.
CVD-BELABELA	The remaining budget to be reallocated to Giyani water services reticulation intervene.
CVD-MOPANI	The remaining budget to be reallocated to Giyani water services reticulation intervene.
CVD-POLOKWANE	The remaining budget to be reallocated to Giyani water services reticulation intervene.
CVD- CAPRICORN	The remaining budget to be reallocated to Giyani water services reticulation intervene.
THABAZIMBI DEVELOPMENT OF BWSS	Invoices at hand amount to R3 792 532,28. No commitment to be spend. The remaining budget will be reallocated to Giyani intervention.
LEPHALALE DEV OF W&S SUP SERV	Projections submitted are unrealistic. SA projected to spent on unapproved projects. The remaining one project under construction is undergoing termination due to poor performance.
MODIMOLLE WTWSS	Invoices at hand amount to R3 549 860.74, February projection is R14 410 000,00, March projection is R8 217 323,74. According to the WSA ,The remaining budget will be 92% spent.
SEKHUKHUNE WTSS	No commitment to spend the remaining budget. One project still at BEC and one awaits approval of VO. The remaining budget will be reallocated to Giyani intervention.
GIYANI WAT SER RETIC INTERVENTION	Twelve contractors have been appointed for eight villages, the total appointment value is R292.520 million, plans to expedite appointments for the remaining villages include increased working capacity of the supply chain management teams with a target to appoint 8 contractors per week and the Service Provider is expected to establish sites within 5 working days.

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MPUMALANGA REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT

MP Provinces (Capex)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Thembisile Water Scheme (Loskop)	140 000	31 434	201 310	(61 310)
Western Highveld (Rust de Winter) Bulk Water Scheme	5 000	6 656	8 000	(3 000)
Balf/Siyat/Greyl/Willem/Nthor Bulk Water Supply	110 000	149 055	153 229	(43 229)
Lekwa Waster Services	20 000	2 765	39 819	(19 819)
Amsterdam and Sheepmore Bulk Water Scheme	20 000	1 745	18 872	1 128
Embalenhle Bulk Sewer and WWTW's refurbishment & upgrading	10 000	-	-	10 000
Sibange Bulk Water Supply	30 000	20 448	30 765	(765)
Driekoppies Upgrading	29 696	13 876	31 031	(1 335)
Total	364 696	225 979	483 026	(118 330)

MPUMALANGA REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT (NARRATIVES)

Project Name	Narratives
Thembisile Water Scheme (Loskop)	<p>The following 3 contractors out of 5 work packages identified;</p> <p>WP1: has been awarded on 5th September 2022 to Mpfumelelo Business Enterprise at an amount of R475 850 889.30 and started construction on 9th November 2022. The project is scheduled to be implemented over a period of 18months with completion expected on 08th May 2024 and projected to spend an amount of R55.82million by March 2023</p> <p>WP2: has been awarded on the 5th September 2022 to Unik JV Diphatse at an amount of R546 956 488.01 and has started on 09th November. The project is scheduled to be implemented over a period of 24months with completion expected on 08th November 2024 and is projected to spend an amount of R54.96million by March 2023</p> <p>WP3: has been awarded on the 05th September 2022 to JCP JV Kgotso Mokone Traders at an amount of R438 355 421.89 and has started construction on 09th November 2022. The project is scheduled to be implemented over a period of 24months with completion expected on 8th November 2024 and projected to spend R24.27million by March 2023.</p> <p>WP4 & WP 5: Are at evaluation/adjudication stage and contractors are expected to be appointed in December and January respectively. Due to the complexity of the project a works permit is required from the Department of Labour with a turn around time of 30days upon submission of the application</p>
Western Highveld (Rust de Winter) Bulk Water Scheme	The project expenditure is inline with the spending trends
Balf/Siyat/Greyl/Willem/Nthor Bulk Water Supply	The project has spent more than what was initially allocated and hence a reallocation to increase the budget allocation from R50million to R110million was provided.
Lekwa Waster Services	Re-purposing of funds by National Treasury has been granted/approved. Projects identified are at tender stage and due to be awarded in December 2022, with construction expected to commence in January after builders holiday
Amsterdam and Sheepmore Bulk Water Scheme	<p>WULA has been obtained in July •Concurrence from Kingdom of Eswatini for the construction of dam has been obtained in July</p> <p>•Department of Minerals and Energy has in principle agreed to waiver mining permit (July) •IA finalising application to DWS for Permit to construct (due for submission in Mid August)</p> <p>• Project has been advertised and compulsory site inspection was held on 23rd November 2022. The tender was initially scheduled to close on 14 December 2022, however bidders have requested extension of time given the complexity of the project and the IA is evaluating the application. Construction is expected to commence in February and the project is estimated to cost over R380million</p>
Embalenhle Bulk Sewer and WWTW's refurbishment & upgrading	The appointment of Gert Sibande District as the Implementing Agent has been approved. The Municipality is currently finalizing the appointment of the PSP to commence with Planning including Detailed designs and expenditure is expected in February 2023.
Sibange Bulk Water Supply	Release of retention for 3 contracts are due in February and Phase 2 is still progressing expected to complete construction in December and an amount of R6,5million is expected to be paid out in January
Driekoppies Upgrading	The allocation has been further reduced by R10million in the last adjustment that was approved on the 14November 2022. And the remaining budget will be spent on the 2 contracts in place .

MPUMALANGA WATER SERVICES INFRASTRUCTURE GRANT: 6B PER PROJECT

Provinces (Capex)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Rooikoppen Sewer Upgrade	82 013	79 30	149 357	(67 344)
Delmas WWTW Upgrade	45 563	72 311	78 563	(33 000)
	127 576	152 041	227 920	(100 344)

Project Name	Narratives
Rooikoppen Sewer Upgrade	Project is on track, allocation will be spent in full as at 31 March 2023.
Delmas WWTW Upgrade	Project is on track, Allocation will be spent in full as at 31 March 2023.

NORTHERN CAPE REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT

NC Provinces (Capex)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Upington Wasterwater treatment works	36 367	39 663	50 494	(14 128)
Warrenton Wasterwater treatment works	18 276	790	790	17 486
Total	54 643	40 453	51 284	3 358

Project Name	Narratives
Upington Wasterwater treatment works	2 suppliers appointed namely Alveo and Bigen Africa Services. Date appointed 19 March 2021, Contract amount-R 65 723 012 for construction and an estimated R10 million professional fees. The project is anticipated to be completed by end March 2023 , Additional funds (R 14 128 Million required to complete the project.) 5% Retention will be due in the next financial year.
Upgrading of Warrenton Wasterwater Treatment Works	The Municipality indicated the intention to terminate the contracts with the non-performing Civil and Mechanical Contractors Remaining available budget of R 17 486 000 will be shifted to the Upington WWTW project discussed above, as this project will require funding to complete.

NORTHERN CAPE WATER SERVICES INFRASTRUCTURE GRANT: 6B PER PROJECT

Provinces (Capex)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Windsorton/Holpan	908	-	908	-
Covid- Sol Plaatje LM Sust Wat Supp	3 771	2 771	2 771	1 000
Covid- Siyancuma LM Sust Wat Supp	17 061	1 928	7 061	10 000
DR Joe Moro LM:Conti of Var Prj	16 254	16 254	16 254	-
Total	37 994	20 953	26 994	11 000

Northern Cape BEP RBIG Project	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Northern Cape - Griekwastad	1 814	1 026	2 150	(336)
TOTAL	1 814	1 026	2 150	(336)

Project Name	Narratives
Windsorton to Holpan Bulk Water Supply	The funding allocation relates to the appointment of a Consulting Engineering company to complete the design and documentation. Specification committee appointed and Procurement documentation to be finalised. Log compiled and will be submitted to SCM in January when log are open for processing.
Drought relief Joe Morolong	Fully paid
CVD-Siyancuma	Awaiting billing from DWS construction .Sol Plaatje Municipality and Siyancuma municipalities are implementing agents. Total amount to be spent R 5 133 million from 22 Nov 2022 to 31 March 2023 There will be a saving on the project as DWS construction indicated final billing is expected to be approximately R5 million.
CVD-Sol Plaatje	Project completed and paid. R1 million declared a saving on the project.

NORTH WEST REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT

NW Provinces (Capex) RBIG	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Madibeng Bulk Water Supply (Brits)	135 608	107 799	242 542	(106 934)
Moretele South Bulk Water Supply (Klipdrift)	30 000	29 101	51 420	(21 420)
Mafikeng South Bulk Water Supply	20 000	3 199	6 979	13 021
Ratlou Bulk Water Supply	24 328	3 322	7 124	17 204
Potchefstroom Waste Water Treatment Works upgrade (Tlokwe) Phase 1 to 5	30 000	6 067	13 846	16 154
Total	239 936	149 488	321 911	(81 975)

Project Name	Narratives
Madibeng Bulk Water Supply (Brits)	<ul style="list-style-type: none"> The bulk of project material under Mechanical and Electrical is currently under manufacturing Projected delivery date March 2023. Total value of work packages for Mechanical amounts to R170m and delivery date is February 2023. Total value of work packages for Electrical amounts to R104m and delivery date is March 2023. Total value of work packages for Civil amounts to R38m and delivery date is January 2023.
Moretele South Bulk Water Supply (Klipdrift)	<ul style="list-style-type: none"> R19 million with Magalieswater ,to be submitted to DWS for payment end of February 2023
Mafikeng South Bulk Water Supply	<ul style="list-style-type: none"> Project is experiencing a delay due to slow procurement process to appoint mechanical and electrical components. Civil contractor ,low expenditure due to inability to procure special pipes and other materials ,to complete civil portion.
Ratlou Bulk Water Supply	<ul style="list-style-type: none"> The remaining work on civil ,electrical and mechanical work in Setlagole is R4 million to project completion. Phase 2 Madibogo- to commence in the new Financial year
Potchefstroom Waste Water Treatment Works upgrade (Tlokwe) Phase 4 to 5	<ul style="list-style-type: none"> New appointment on civil contractor total value of work packages amounts to R79 million. R1,926 600. Contractor Jan 2023 –invoice R327,084.46 Professional Fees Invoice

NORTH WEST WATER SERVICES INFRASTRUCTURE GRANT: 6B PER PROJECT

Provinces (Capex) WSIG	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	R'000	R'000
Madibeng Refub & Augm of Wtr Inf	32 577	19 143	26 692	5 885
Derby Groundwater restoration- Koster BWS Project-	21 817	15 220	20 438	1 379
Mafikeng & Ramtsh Mla RWS	37 653	3 013	13 333	24 320
	92 047	37 376	60 463	31 584

Project Name	Narratives
Madibeng Refub & Wwtw	<ul style="list-style-type: none"> All 3 projects are under construction . Completion of 2 projects end of March 2022 . Eexpected invoice end of Feb 2023-R4.4 million 1 project to overlap into new a financial year .
Koster BWS Project	<ul style="list-style-type: none"> 1 x BWS project ,under construction R2.5 million invoices for construction Expected invoice as per cash flow end of February 2023-R2.2 million
Mafikeng & Ramtsh Mla RWS	<ul style="list-style-type: none"> 3 projects to be implemented by Magalieswater All projects still to undergoes out of tender to appoint the contractors Only Psp appointed ,still investigating and to compile a detail design Dinokana water Supply, Motswedi Water Supply and Shupingstad Water Supply Low expenditure expected invoice R2 million end of February 23

WESTERN CAPE REGIONAL BULK INFRASTRUCTURE GRANT: 6B PER PROJECT

Provinces (Goods & Services)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	%	
Clanwilliam /Lambertsbaai Regional Water Supply and Desalination	15 197	151	151	15 046
Total	15 197	151	151	15 046

Project Name	Narratives
Clanwilliam /Lambertsbaai Regional Water Supply and Desalination	R15.197 million was allocated for 2022/23 financial year, R10.000 million was declared as savings during September 2022 the funds were set aside for refurbishment of the Desalination Plant, however Implementing agent never submitted the proper costing of refurbishment hence the Region decided to declare the refurbishment budget as savings further R4.456m was declared as savings during November 2022 due to delay as the contractor on site is encountering geotechnical problems on drilling. R741 thousand is set aside to cover costs that relate to consultant fees(attached is the detail submission and confirmation from Implementing Agent).

DISASTER RESPONSE WATER SERVICES INFRASTRUCTURE GRANT: 6B PER PROJECT

Provinces (Goods & Services)	Revised allocation	Expenditure as at 31 Dec 22	Projected Total Expenditure	Projected Surplus (Deficit)
	R'000	R'000	%	
Eastern Cape	10 000	-	-	10 000
KwaZulu-Natal	65 000	771	771	64 229
Total	75 000	771	771	74 229

Project Name	Narratives
Eastern Cape	There is projected under expenditure within the Disaster Response allocations for Eastern Cape and KwaZulu-Natal provinces due to late appointment of Services Providers (Eastern Cape: Amatola Water) and outstanding supporting documents from the Service Provider (KwaZulu-Natal).
KwaZulu-Natal	

REGIONAL BULK INFRASTRUCTURE GRANT: WATER BOARDS PER PROJECT AND PROVINCE

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WATER BOARDS FINANCIAL PERFORMANCE

Water boards	Revised Allocation	Year to date cumulative approved drawings	Year to date cumulative actual spending	Available Budget/ Variance	Variance - Drawings and actual expenditure	Projected spending	Expenditure as % of Revised Allocation	Variance - Drawings and actual expenditure
	R'000	R'000	R'000	R'000	R'000	%	%	%
Lepelle northern water: Regional Bulk Infrastructure Grant	422 000	422 000	422 000	-	-	100.00%	100.00%	0.00%
Magalies water: Regional Bulk Infrastructure Grant	109 284	-	-	109 284	-	0.00%	0.00%	0.00%
Magalies water: Regional Bulk Infrastructure Grant (Disestablishment of Sedibeng Water)	21 165	21 165	21 165	-	-	100.00%	100.00%	0.00%
Bloem water board: Regional Bulk Infrastructure Grant (Disestablishment of Sedibeng Water)	108 835	108 835	108 835	-	-	100.00%	100.00%	0.00%
Sedibeng water: Regional Bulk Infrastructure Grant	143 729	143 729	143 729	-	-	100.00%	100.00%	0.00%
Umgeni water: Regional Bulk Infrastructure Grant	738 673	246 244	-	738 673	246 244	33.34%	0.00%	33.34%
Total	1 543 686	811 973	695 729	847 957	116 244	52.60%	45.07%	7.53%

- The budget provision to cover the Disestablishment of Sedibeng process has been set aside during the Departmental budget reprioritization. An amount of **R21.165 million** and **R108.835 million** has been allocated in the budget adjustment respectively for Magalies and Bloem Water Boards.
- Lepelle Northern Water: **R422 million** has been processed.
- Magalies Water: **R109 million** - has been processed in January 2023 as per the approved drawings.
- Sedibeng Water: **R143.7 million** - transferred during the first quarter as per the approved drawings, part of ring-fenced funds to Bloem Water upon disestablishment of Sedibeng Water.
- Umgeni Water: **R246.2 million** - has been processed in January 2023

REGIONAL BULK INFRASTRUCTURE GRANT: 5B PER PROVINCE / MUNICIPALITIES

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REGIONAL BULK INFRASTRUCTURE GRANT (RBIG): 5B PER PROVINCE & MUNICIPALITY

Name of Municipality	Grant Allocation	Transfer		Spent
	2022 Division of Revenue Bill (DoRB) allocation	Year to date DoRA cumulative payment schedule	Year to date actual transfers	Expenditure as % of Revised Allocation
	R'000	R'000	R'000	%
Eastern Cape Province	431 907	184 427	144 427	33,44%
DC13 Chris Hani District Municipality	216 907	124 427	124 427	57,36%
DC14 Joe Gqabi District Municipality	15 000	-	-	0,00%
DC15 O.R. Tambo District Municipality	200 000	60 000	20 000	10,00%
Free State Province	204 407	151 907	151 907	74,32%
FS163 Mohokare Local Municipality	4 407	4 407	4 407	100,00%
FS191 Setsoto Local Municipality	150 000	107 500	107 500	71,67%
FS203 Ngwathe Local Municipality	50 000	40 000	40 000	80,00%
Kwa-Zulu Natal Province	228 810	175 247	85 247	37,26%
DC26 Zululand District Municipality	15 247	15 247	15 247	100,00%
DC28 Uthungulu District Municipality	213 563	160 000	70 000	32,78%
Limpopo Province	154 584	77 292	-	0,00%
LIM354 Polokwane Local Municipality	154 584	77 292	-	0,00%
Mpumalanga Province	697 142	459 000	454 000	65,12%
MP301 Chief Albert Luthuli Local Municipality	165 142	128 000	128 000	77,51%
MP302 Msukaligwa Local Municipality	175 000	125 000	125 000	71,43%
MP313 Steve Tshwete Local Municipality	145 000	100 000	100 000	68,97%
MP324 Nkomazi Local Municipality	200 000	100 000	100 000	50,00%
MP326 City of Mbombela	10 000	5 000	-	0,00%
MP321 Thaba Chweu Local Municipality	2 000	1 000	1 000	50,00%
Northern Cape Province	135 102	60 000	20 000	14,80%
NC065 Hantam Local Municipality	50 000	20 000	20 000	40,00%
NC085 Tsantsabane Local Municipality	85 102	40 000	-	0,00%
North West Province	399 581	201 084	-	0,00%
DC39 Dr Ruth Segomtsi Mompti District Municipality	399 581	201 084	-	0,00%
Western Cape Province	269 887	212 030	212 030	78,56%
WC011 Matzikama Local Municipality	10 000	10 000	10 000	100,00%
WC022 Witzenberg Local Municipality	19 239	12 030	12 030	62,53%
WC044 George Local Municipality	240 648	190 000	190 000	78,95%
Total Regional Bulk Infrastructure Grant (RBIG)	2 521 420	1 520 987	1 067 611	42,34%

WATER SERVICES INFRASTRUCTURE GRANT: 5B PER PROVINCE / MUNICIPALITY

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WATER SERVICES INFRASTRUCTURE GRANT: 5B PER PROVINCE & MUNICIPALITY

Name of Region and Municipality	Grant Allocation		Transfer	Spent
	2022 Division of Revenue Bill (DoRB) allocation	Year to date DoRA cumulative payment schedule	Year to date actual transfers	Expenditure as % of Revised Allocation
	R'000	R'000	R'000	%
Eastern Cape Province	498 051	277 137	272 137	55%
EC101 Camdeboo/Baviaans/lkwezi	-	5 000	5 000	0,00%
EC101 Dr Beyers Naude Local Municipality	10 939	2 000	2 000	18,28%
EC102 Blue Crane Route Local Municipality	10 000	5 000	5 000	50,00%
EC104 Makana Local Municipality	16 112	8 000	3 000	18,62%
EC105 Ndlambe Local Municipality	85 000	36 500	36 500	42,94%
EC106 Sundays River Valley Local Municipality	20 000	14 000	14 000	70,00%
DC12 Amathole District Municipality	86 000	38 000	38 000	44,19%
DC13 Chris Hani District Municipality	60 000	47 237	47 237	78,73%
DC14 Joe Gqabi District Municipality	60 000	40 000	40 000	66,67%
DC15 O.R. Tambo District Municipality	50 000	30 000	30 000	60,00%
DC44 Alfred Nzo District Municipality	100 000	51 400	51 400	51,40%
Free State Province	332 599	225 099	218 699	65,75%
FS161 Letsemeng Local Municipality	20 000	10 400	10 400	52,00%
FS162 Kopanong Local Municipality	20 000	10 400	10 400	52,00%
FS163 Mohokare Local Municipality	22 088	17 008	17 008	77,00%
FS181 Masilonyana Local Municipality	23 334	12 967	12 967	55,57%
FS182 Tokologo Local Municipality	15 720	9 104	9 104	57,91%
FS183 Tswelopele Local Municipality	12 276	9 452	9 452	77,00%
FS184 Matjhabeng Local Municipality	25 800	13 866	13 866	53,74%
FS185 Nala Local Municipality	11 528	8 877	8 877	77,00%
FS191 Setsoto Local Municipality	15 301	11 781	11 781	76,99%
FS192 Dihlabeng Local Municipality	13 000	10 010	10 010	77,00%
FS193 Nketoana Local Municipality	20 000	8 400	2 000	10,00%
FS194 Maluti- a-Phofung Local Municipality	38 896	29 950	29 950	77,00%
FS195 Phumelela Local Municipality	15 328	11 803	11 803	77,00%
FS196 Mantsopa Local Municipality	11 720	9 024	9 024	77,00%
FS201 Moghaka Local Municipality	10 292	7 924	7 924	76,99%
FS203 Ngwathe Local Municipality	15 000	11 550	11 550	77,00%
FS204 Matjhabeng Local Municipality	22 216	17 183	17 183	77,00%

WATER SERVICES INFRASTRUCTURE GRANT: 5B PER PROVINCE & MUNICIPALITY

Name of Region and Municipality	Grant Allocation		Transfer	Spent
	2022 Division of Revenue Bill (DoRB) allocation	Year to date DoRA cumulative payment schedule	Year to date actual transfers	Expenditure as % of Revised Allocation
	R'000	R'000	R'000	%
Gauteng Province	196 678	130 173	71 906	36,56%
GT422 Midvaal Local Municipality	18 864	14 000	14 000	74,22%
GT423 Lesedi Local Municipality	18 874	12 874	8 000	42,39%
GT481 Mogale City Local Municipality	45 160	30 000	15 000	33,22%
GT484 Merafong City Local Municipality	40 420	23 299	9 906	24,51%
GT485 Rand West City Local Municipality	73 360	50 000	25 000	34,08%
Kwa-Zulu Natal Province	939 400	594 960	462 960	49,28%
DC21 Ugu District Municipality	70 000	45 000	45 000	64,29%
KZN225 Msunduzi Local Municipality	60 000	36 000	36 000	60,00%
DC22 uMgungundlovu District Municipality	85 600	51 360	51 360	60,00%
DC23 uThukela District Municipality	80 800	60 800	60 800	75,25%
DC24 uMzinyathi District Municipality	80 000	48 000	16 000	20,00%
KZN252 Newcastle Local Municipality	48 000	28 800	28 800	60,00%
DC25 Amajuba District Municipality	70 000	40 000	20 000	28,57%
DC26 Zululand District Municipality	95 000	50 000	50 000	52,63%
DC27 uMkhanyakude District Municipality	60 000	40 000	-	0,00%
KZN282 Umhlathuze Local Municipality	50 000	30 000	10 000	20,00%
DC28 King Cetshwayo District Municipality	65 000	45 000	25 000	38,46%
DC29 ILembe District Municipality	80 000	60 000	60 000	75,00%
DC43 Harry Gwala District Municipality	95 000	60 000	60 000	63,16%
Limpopo Province	463 462	325 000	255 000	55,02%
DC33 Mopani District Municipality	50 000	35 000	20 000	40,00%
DC34 Vhembe District Municipality	60 000	40 000	20 000	33,33%
LIM354 Polokwane Local Municipality	77 160	55 000	35 000	45,36%
DC35 Capricorn District Municipality	115 000	80 000	80 000	69,57%
LIM366 Bela Bela Local Municipality	62 010	45 000	45 000	72,57%
LIM367 Mogalakwena Local Municipality	47 640	35 000	35 000	73,47%

WATER SERVICES INFRASTRUCTURE GRANT: 5B PER PROVINCE & MUNICIPALITY

Name of Region and Municipality	Grant Allocation		Transfer	Spent
	2022 Division of Revenue Bill (DoRB) allocation	Year to date DoRA cumulative payment schedule	Year to date actual transfers	Expenditure as % of Revised Allocation
	R'000	R'000	R'000	%
Mpumalanga Province	487 745	285 500	240 500	49,31%
MP301 Chief Albert Luthuli Local Municipality	62 745	44 000	44 000	70,13%
MP302 Msukaligwa Local Municipality	60 000	40 000	40 000	66,67%
MP303 Mkhondo Local Municipality	55 000	20 000	20 000	36,36%
MP304 Pixley Ka Seme Local Municipality	20 000	6 000	6 000	30,00%
MP311 Victor Khanye Local Municipality	20 000	13 000	13 000	65,00%
MP312 Emalahleni Local Municipality	15 000	12 000	12 000	80,00%
MP313 Steve Tshwete Local Municipality	35 000	20 000	20 000	57,14%
MP314 Emakhazeni Local Municipality	20 000	10 500	2 500	12,50%
MP315 Thembisile Local Municipality	25 000	20 000	20 000	80,00%
MP321 Thaba Chweu Local Municipality	40 000	20 000	3 000	7,50%
MP324 Nkomazi Local Municipality	50 000	30 000	30 000	60,00%
MP325 Bushbuckridge Local Municipality	55 000	25 000	5 000	9,09%
MP326 City of Mbombela	30 000	25 000	25 000	83,33%

WATER SERVICES INFRASTRUCTURE GRANT: 5B PER PROVINCE & MUNICIPALITY

Name of Region and Municipality	Grant Allocation		Transfer	Spent
	2022 Division of Revenue Bill (DoRB) allocation	Year to date DoRA cumulative payment schedule	Year to date actual transfers	Expenditure as % of Revised Allocation
	R'000	R'000	R'000	%
Northern Cape Province	266 948	204 358	176 874	66,26%
NC451 Joe Morolong Local Municipality	40 000	32 000	32 000	80,00%
NC452 Gasegonyana Local Municipality	30 000	24 000	24 000	80,00%
NC453 Gamagara Local Municipality	5 000	4 000	4 000	80,00%
NC061 Richtersveld Local Municipality	10 000	7 000	7 000	70,00%
NC062 Nama Khoi Local Municipality	20 000	16 000	10 000	50,00%
NC064 Kamiesberg Local Municipality	5 000	4 000	2 500	50,00%
NC065 Hantam Local Municipality	11 000	8 800	8 800	80,00%
NC066 Karoo Hoogland Local Municipality	13 000	8 000	8 000	61,54%
NC071 Ubuntu Local Municipality	9 000	7 200	7 200	80,00%
NC072 Umsobomvu Local Municipality	15 000	12 000	12 000	80,00%
NC073 Emthanjeni Local Municipality	16 000	10 000	2 000	12,50%
NC075 Renosterberg Local Municipality	5 000	2 500	2 500	50,00%
NC076 Thembelihle Local Municipality	10 000	8 000	8 000	80,00%
NC078 Siyancuma Local Municipality	6 000	4 800	3 000	50,00%
NC082 !Kai !Garib Local Municipality	9 000	7 200	4 500	50,00%
NC084 Kheis Local Municipality	5 000	2 500	2 500	50,00%
NC085 Tsantsabane Local Municipality	6 000	4 800	4 800	80,00%
NC086 Kgatelopele Local Municipality	12 000	9 600	9 600	80,00%
NC087 //Khara Hais/Mier Local Municipality	5 000	4 000	2 500	50,00%
NC091 Sol Plaatje Local Municipality	19 948	15 958	9 974	50,00%
NC093 Magareng Local Municipality	5 000	4 000	4 000	80,00%
NC094 Phokwane Local Municipality	10 000	8 000	8 000	80,00%

WATER SERVICES INFRASTRUCTURE GRANT: 5B PER PROVINCE & MUNICIPALITY

Name of Region and Municipality	Grant Allocation		Transfer	Spent
	2022 Division of Revenue Bill (DoRB) allocation	Year to date DoRA cumulative payment schedule	Year to date actual transfers	Expenditure as % of Revised Allocation
	R'000	R'000	R'000	%
North West Province	370 676	257 820	222 820	60,11%
NW371 Moretele Local Municipality	65 000	40 000	40 000	61,54%
NW373 Rustenburg Local Municipality	70 000	60 000	30 000	42,86%
NW375 Moses Kotane Local Municipality	65 000	40 000	40 000	61,54%
DC39 Dr Ruth Segomtsi Mompti District Municipality	90 000	55 000	55 000	61,11%
NW403 City of Matlosana Local Municipality	15 676	10 000	5 000	31,90%
NW404 Maquassi Hills Local Municipality	30 000	26 320	26 320	87,73%
NW405 JB Marks Local Municipality /	35 000	26 500	26 500	75,71%
Western Cape Province	145 460	80 138	71 546	49,19%
WC011 Matzikama Local Municipality	9 196	4 660	4 660	50,67%
WC013 Bergrivier Local Municipality	3 150	1 355	1 355	43,02%
WC022 Witzenberg Local Municipality	15 701	7 203	3 111	19,81%
WC025 Breede Valley Local Municipality	5 107	3 407	3 407	66,71%
WC032 Overstrand Local Municipality	27 439	18 900	18 900	68,88%
WC033 Cape Agulhas Local Municipality	17 000	14 000	9 500	55,88%
WC034 Swellendam Local Municipality	6 437	6 437	6 437	100,00%
WC047 Bitou Local Municipality	9 079	4 195	4 195	46,21%
WC051 Laingsburg Local Municipality	17 360	12 000	12 000	69,12%
WC052 Prince Albert Local Municipality	6 552	2 550	2 550	38,92%
WC053 Beaufort West Local Municipality	28 439	5 431	5 431	19,10%
Total Water Services Infrastructure Grant (WSIG)	3 701 019	2 380 185	1 992 442	53,83%

END

