

WRC
ANNUAL REPORT
2022/23
FINANCIAL YEAR



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Overview of the WRC Mandate



Strategic Overview



Vision

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



Mission

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

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

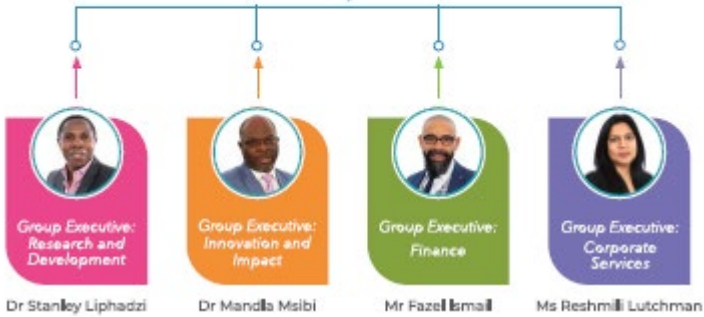


Values

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



Organizational Structure



Performance Environment



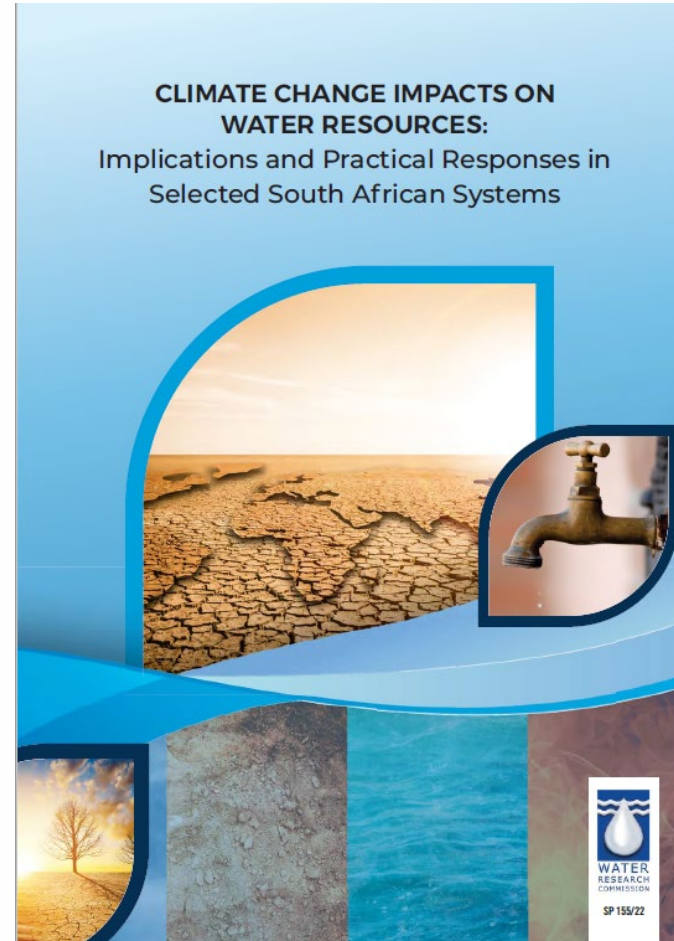
Outcomes

- A water secure country
- A knowledge and innovation driven and responsive water sector
- A transformed society that use and support sustainable development solutions for:
 - Evidence-based decision making in planning, policy development and implementation
 - Economic growth and partnerships
 - Community development
- A high-performing organization
- A financially sustainable organization



Research and Development: Performance

- Generation of new knowledge and innovation
- Enhanced human capital, and skills development for sustainable water management
- R&D undertaken through 3 business units:
 - Water resources and ecosystems
 - Water use, wastewater and sanitation futures
 - Water utilisation in agriculture
- 121 - research projects finalised in 2022/23
- 432 - students supported



Objective	Performance Indicator	Achieved 2020/21	Achieved 2021/22	Target 2022/23	Achieved 2022/23	Variance	Comments
Strategic objective: To enhance knowledge across the water knowledge and innovation cycle							
To enhance knowledge through new RDI projects initiated	The number of new RDI projects initiated in the 2022/23 financial year	120	110	95	121	+26	Target exceeded as a result of projects funded and co-funded by WRC research partners
To maintain a portfolio of RDI projects that enhance water knowledge and the innovation cycle	The total number of RDI projects managed by the WRC in the 2022/23 financial year	344	371	230	378	+148	Target exceeded as a result of projects funded and co-funded by WRC research partners
To complete and finalise RDI projects scheduled in the financial year	The number of research projects completed in the 2022/23 financial year	84	113	80	150	+70	Annual target met and exceeded due to: <ul style="list-style-type: none"> • The COVID-19 pandemic resulted in delays in the finalisation of research projects. Projects that were delayed in 2021/22 had to be finalised and have now been completed in 2022/23. • The recovery has now resulted in finalisation/completion of many more projects as the backlog had been cleared

Growing a more inclusive water and sanitation science community of practice	The total number of WRC managed projects led by female project leaders	144	162	100	172	+72	Annual target exceeded because of extra projects funded and co-funded by partners, and due to the previous year's delayed finalisation of some projects, owing to COVID-19 impact
	The number of new projects led by female project leaders	57	55	n/a	n/a	n/a	None
	The total number of WRC managed projects led by black male project leaders	108	109	70	127	+57	Annual target met and exceeded as a result of the implementation of the transformation agenda of the WRC which encourages project leadership by designated group researchers
	The number of new projects led by black male project leaders	32	34	n/a	n/a	n/a	None
	The total number of WRC managed projects led by black female project leaders	54	65	45	86	+41	Annual target met and exceeded as a result of the implementation of the transformation agenda of the WRC which encourages project leadership by designated group researchers

Objective	Performance Indicator	Achieved 2020/21	Achieved 2021/22	Target 2022/23	Achieved 2022/23	Variance	Comments
Growing a more inclusive water and sanitation science community of practice	The number of young project leaders leading new WRC projects (35 years and younger)	n/a	n/a	10	24	+14	Annual target met and exceeded as more young researchers were encouraged to lead research teams in support of leadership development
Goring a more inclusive water and sanitation sector community of practice	Emerging project leaders (> 35 years) in new (initiated) WRC projects	n/a	n/a	5	32	+27	Annual target met and exceeded as there were more emerging project leaders than were estimated found to be leading WRC-funded projects
To increase the number of new innovations/ products and services produced from WRC research	The number of innovations/ products and services produced from WRC research	43	48	30	47	+17	Annual target met and exceeded as more guidance and support was provided to research teams to produce and identify new knowledge and innovations created by WRC-funded projects

Innovation and Impact: Performance

- Enhanced science-based decision-making solutions for the water sector
- Development & demonstrations of sustainable, innovations and smart tech
- Development of new water and sanitation products
- Advanced and inspired water conversations



Objective	Performance Indicator	Achieved 2020/21	Achieved 2021/22	Target 2022/23	Achieved 2022/23	Variance	Comments
To influence policy- and decision-makers with research-based knowledge	The number of Ministerial briefs produced by the WRC and received by the Minister's Office	12	12	n/a	n/a	n/a	None
	The number of Parliamentary briefs produced and disseminated	6	6	n/a	n/a	n/a	None
	The number of working papers produced that support decision-makers with research-based knowledge	12	12	n/a	n/a	n/a	None

Strategic Goal: To Inform policy- and decision-making

<p>To influence policy- and decision-makers with research-based knowledge</p>	<p>The number of science briefs produced by the WRC and disseminated to the relevant departments and other key stakeholders</p>	<p>n/a</p>	<p>n/a</p>	<p>12</p>	<p>12</p>	<p>n/a</p>	<p>Target met</p>
	<p>The number of policy briefs produced and distributed to relevant government departments and other entities</p>	<p>12</p>	<p>12</p>	<p>6</p>	<p>6</p>	<p>n/a</p>	<p>Target met</p>
<p>To ensure that the WRC invests in the multiplier effect by driving public communication of science by the number of outputs that feed into public communications of science and positions the WRC as a trusted science partner</p>	<p>The collective number of opinion pieces, press releases, and research articles published</p>	<p>n/a</p>	<p>n/a</p>	<p>15</p>	<p>15</p>	<p>n/a</p>	<p>Target met</p>

Objective	Performance Indicator	Achieved 2020/21	Achieved 2021/22	Target 2022/23	Achieved 2022/23	Variance	Comments
Strategic goal: To develop Innovative products and services to economic growth							
To support innovation business incubation services	The number of completed evaluations and IP due diligence reports issued	8	8	10	11	+1	Annual target met and exceeded
Establishing a Business Case towards innovation and investment in the water sector	Business Case established	n/a	1	n/a	n/a	n/a	None
To develop products and services that are demonstrated in the field or scaled environment	The number of demonstrations and pilots initiated through Wader, SASTEP and the RDI portfolio	12	12	10	10	n/a	Target met

<p>To position the WRC as a competitive and key development partner and leader in water and sanitation science and innovations nationally and globally (with a specific focus on Africa)</p>	<p>The number of strategic and collaborative engagements with strategic Water RDI international institutions, with a focus on African partnerships in 2022/23 to disseminate knowledge, build capacity and drive strategic conversations on key water and sanitation areas</p>	5	4	4	6	+2	Target met and exceeded
<p>To position the WRC as a competitive and key development partner and leader in water and sanitation science and innovations nationally and globally (with a specific focus on Africa)</p>	<p>The number of planned engagements with provinces and their municipalities and key stakeholders to understand water and sanitation science and innovation needs and knowledge dissemination opportunities</p>	7	6	4	6	+2	Target met and exceeded
	<p>The number of agreements signed with partnering institutions</p>	15	13	6	10	+5	Target met and exceeded

Objective	Performance Indicator	Achieved 2020/21	Achieved 2021/22	Target 2022/23	Achieved 2022/23	Variance	Comments
Strategic Goal: To promote transformation and redress							
To increase inclusivity for researchers and institutions to participate in WRC funding instruments, specialised contracts and general water and sanitation management issues	The number of WRC 101 workshops held in the financial year	6	6	3	3	n/a	Target met
	The number of WRC Roadshows to rural communities	n/a	4	n/a	n/a	n/a	None
Strategic Goal: To drive sustainable development solutions							
To create valuable platforms that enable the knowledge services strategy of the organisation	Develop the Knowledge Portal strategy by Q4	n/a	n/a	1	1	n/a	Target met
To ensure that the WRC drives science-based knowledge and sustainable solutions in the water sector through robust knowledge dissemination and adoption strategies	The number of workshops held in partnership with other institutions	24	24	30	30	n/a	Target met
	The number of WRC dialogues with partners and science institutions	19	12	6	6	n/a	Target met
	The number of conferences/summits with the WRC as a host	2	2	1	1	n/a	Target met

Corporate Services: Performance

- Implemented enhanced IT tools to enable dynamic and agile modality of work
- Achieved compliance to the legal and regulatory framework
- Supported the advancement of people empowerment
- Build an ethical culture
- Embraced diversity



Objective	Performance Indicator	Achieved 2020/21	Achieved 2021/22	Target 2022/23	Achieved 2022/23	Variance	Comments
To promote transformation and redress and cultivate a high-performance organisational culture	The total number of black employees	87%	88%	88%	89%	1%	The variance came as a result of employing the best candidate in vacant positions
	The total percentage of female employees	62%	57%	52%	58%	None	The variance came as a result of employing the best candidate in vacant positions
	The total percentage of employees with a disability	5%	4%	3%	6%	None	The variance came as a result of employing the best candidate in vacant positions
To improve employee development and growth	Maintain the number of staff with Master's degrees	16	16	22	22	None	n/a
	The number of staff with PhDs	16	15	15	16	+1	The WRC was able to attract and appoint one additional staff member with a PhD

Finance: Performance

1. Clean audit – which means an **unqualified audit** opinion with no material findings on financial statements or achievement of performance objectives and associated reporting
2. The WRC continue to focus on achieving unqualified audit results through meeting the required accounting and auditing standards and complying with legislative prescripts.



Current Ratio

Indicator of financial sustainability – Current ratio	
Current Assets	471 241 447
Current liabilities	188 955 408
➤ Current ratio	2,5 : 1

The current ratio demonstrates the WRC liquidity position.

A 2.5 to 1 ratio shows the WRC's ability to meet its current financial obligations as they fall due.

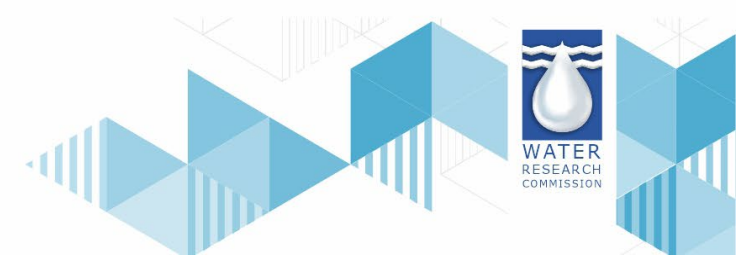


Objective	Indicator	Annual Performance target	Actuals	Variance	Reasons for variances
Maintain income growth	Initiate contracts with other organisations that increase leverage funding	3	5	+2	Annual target exceeded due to interest of leverage funders
Improve responses to internal audit results	The percentage of the internal audit queries fully addressed.	100% of all internal audit queries fully addressed	100%	No variance	No variance
Improve response to external audit results	The achievement of a clean audit report	Clean audit report achieved	Clean audit report achieved	No variance	No variance
	The percentage of the internal audit queries fully addressed.	100% of all external audit queries fully addressed	100%	No variance	No variance

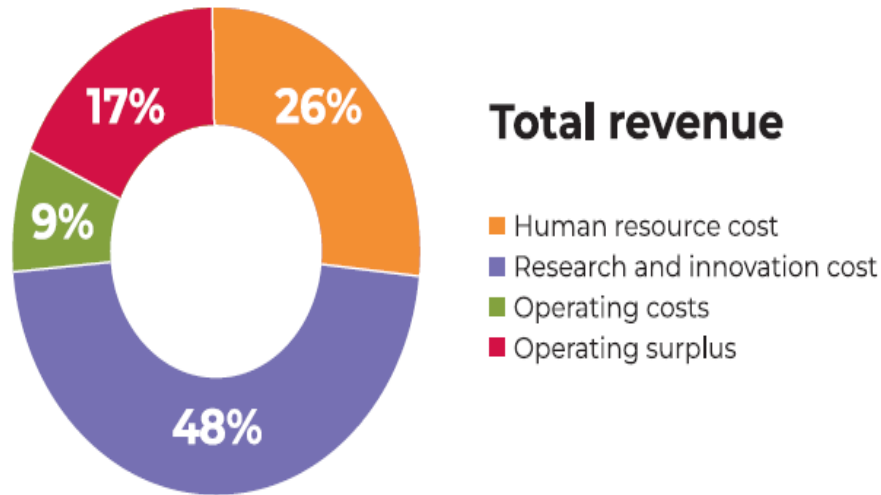
Statements of Financial Position

	Notes	Group 2023 R	Group 2022 R	WRC 2023 R	WRC 2022 R
Assets					
Current assets					
Receivables	3	60,427,799	113,072,859	60,424,246	113,066,095
Cash and cash equivalents	4	410,844,361	310,306,400	410,817,201	310,277,542
Total current assets		471,272,160	423,379,259	471,241,447	423,343,637
Non-current assets					
Property, plant and equipment	5	4,873,508	5,785,073	4,873,508	5,785,073
Intangible assets	6	3,098,201	3,512,568	3,098,201	3,512,568
Investment in wholly controlled entity	7	-	-	1	1
Receivables	3	1,302,157	1,221,743	1,302,157	1,221,743
Total non-current assets		9,273,866	10,519,384	9,273,867	10,519,385
Total assets		480,546,026	433,898,643	480,515,314	433,863,022
Liabilities					
Current liabilities					
Finance lease obligation	8	-	62,894	-	62,894
Operating lease liability	9	7,805,264	8,723,727	7,805,264	8,723,727
Payables	10	151,882,241	184,114,204	151,877,834	184,114,204
Accrual for Leave	11	9,666,116	10,395,506	9,666,116	10,395,506
Provision for performance bonus and performance-based incentives	12	19,268,196	10,950,190	19,268,196	10,950,190
Provision for settlement fees	13	738,424	452,860	738,424	452,860
Revolving credit facility	4	337,999	196,557	337,999	196,557
Total current liabilities		189,698,240	214,895,938	189,693,833	214,895,938
Non-current liabilities					
Employee benefit obligation	14	4,815,106	3,480,742	4,815,106	3,480,742
Total liabilities		194,513,346	218,376,680	194,508,939	218,376,680
Net assets					
Accumulated surplus / (accumulated deficit)		286,032,680	215,521,963	286,006,375	215,486,342
Total net assets		286,032,680	215,521,963	286,006,375	215,486,342

- The Statement of Financial Position:
 - WRC is financially sound and a going concern.
 - A total net asset value of R286 million at year end 2023.
- A reduction in receivables since 2022, a positive indication that debtors are paying.
- Cash and cash equivalents increased by R100m compared to 2022.
- Current liabilities reduced from R214m to R189m, from timeous settlement of creditors



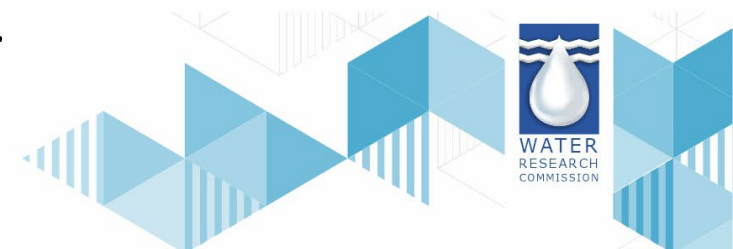
Expenditure: Revenue 2022/23



Notes to the above figure

1. Percent of the total revenue spent on human resources costs: 26%
 - Human resources costs / total revenue generated (as per Statement of Financial Performance)
2. Percent of total revenue spent on research and innovation costs: 48%
 - Total research and innovation costs incurred / total revenue generated (as per Statement of Financial Performance)

The majority (48%) of the revenue generated by the WRC is utilised for research, development and innovation activities in the furtherance of the mandate of the entity.



Financial Performance: 2020- 2023

- ❑ The Water Research Levy (WRL) is the WRC's main source of revenue accounting for 75% of its total revenue, consistent over the last 4 years.
- ❑ Leverage income arises in partnership with other organisations for research and innovation projects. In 2022 there was a sharp increase to R131m (mirrored in RDI costs of R236m), compared to the comparative years
- ❑ General expenses during the 2023, increased significantly due to expenditure on professional fees related to risk management, WRC strategy, ICT Strategy and legal fees.
- ❑ The expenditure trends in respect of depreciation, employee costs, finance costs, leases and RDI is in line with inflation.

	2020	2021	2022	2023
Revenue from exchange transactions				
Leverage Income	65,235,235	73,651,170	130,752,173	87,533,567
Other income	243,174	139,774	312,222	1,104,085
Interest received	6,773,400	5,303,926	6,806,405	14,302,139
Total revenue from exchange transactions	72,251,809	79,094,870	137,870,800	102,939,791
Revenue from non-exchange transactions				
Water research levies	258,967,111	265,578,717	279,625,422	305,682,857
Total revenue from non-exchange transactions	258,967,111	265,578,717	279,625,422	305,682,857
Total revenue	331,218,920	344,673,587	417,496,222	408,622,648
Expenditure				
Depreciation, amortisation and impairment	4,630,717	4,388,620	2,994,393	2,662,708
Employee related costs	94,801,301	101,656,694	113,088,061	108,609,273
Finance costs	542,615	537,331	533,799	372,154
General expenses	13,220,315	9,283,122	14,916,132	19,056,707
Lease rentals on operating lease	11,420,737	11,024,352	10,894,259	10,929,445
Repairs and maintenance	129,800	189,086	146,729	231,728
Research, development and innovation	175,771,899	151,202,261	236,230,197	194,435,399
Total expenditure	300,517,384	278,281,466	378,803,570	336,297,414
Operating surplus / (deficit)	30,701,536	66,392,121	38,692,652	72,325,234
Gain/(loss) on disposal of assets and liabilities	1,567,660		8,925	30,003
Actuarial gains/(losses)	- 457,634	71,199	- 1,607,311	- 1,835,204
Surplus / (deficit) for the year	31,811,562	66,463,320	37,094,266	70,520,033



**THANK
YOU**



**WATER
RESEARCH
COMMISSION**