

# ANNUAL REPORT



2022/23

FINANCIAL YEAR | VOTE 41

WATER IS LIFE - SANITATION IS DIGNITY  
SOUTH AFRICA IS A WATER- SCARCE COUNTRY



**water & sanitation**

Department:  
Water and Sanitation  
REPUBLIC OF SOUTH AFRICA





# PART A



## GENERAL INFORMATION

### 1 DEPARTMENT GENERAL INFORMATION

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## 2 LIST OF ABBREVIATIONS/ACRONYMS

Abbreviation / acronym	Description
ACFE	Advanced Certificate in Fraud Examination
ACL	Audit Command Language
AfWA	African Water Association
AGSA	Auditor-General of South Africa
AIDS	Acquired Immunodeficiency Syndrome
AMCOW	African Ministers' Council on Water
AMD	Acid Mine Drainage
AO	Accounting Officer
AOA	Annual Operating Analysis
AOR	Annual Operating Rules
APP	Approved Professional Person
AU	African Union
B-BBEE	Broad-Based Black Economic Empowerment
BBTS	Breede-Berg Water Transfer Scheme
BEP	Bucket Eradication Programme
BGCMA	Breede-Gouritz catchment management Agency
BWS	Bulk Water Supply
CAPEX	Capital Expenditure
CFO	Chief Financial Officer
CHDM	Chris Hani District Municipality
CHS	Construction Health and Safety
CIDB	Construction Industry Development Board Act
CMA's	Catchment Management Agencies
COGTA	Cooperative Governance and Traditional Affairs
CoT	City of Tshwane
COVID-19	Coronavirus Disease
CPI	Consumer Price Index
CSIR	Council for Scientific and Industrial Research
CTMM	City of Tshwane Metropolitan Municipality
DAC	Disciplinary Advisory Committee
DBC	Departmental Bargaining Chamber
DDG	Deputy Director-General
DM	District Municipality
DoRA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DWS	Department of Water and Sanitation
EC	Eastern Cape
ECO	Environmental Control Officer
EHW	Employee Health and Wellness
ELA	Enterprise License Agreement
ELU	Existing Lawful Water Use
EME	Exempted Micro Enterprises
EMI	Environmental Management Inspectorate
ENSO	El Niño-Southern Oscillation

Abbreviation / acronym	Description
EPP	Emergency Preparedness Plan
ESIED	Economic Sector, Investment, Employment and Infrastructure Development
EWSETA	Energy Water Sector Education and Training Authority
FinCom	Financial Committee
FOSAD	Forum for South African Directors-General
FS	Free State
FSC	Full Supply Capacity
FY	Financial year
GAAP	Generally Accepted Accounting Practices
GEMS	Government Employee Medical Scheme
GIS	Geographical Information System
GP	Gauteng Province
GRAP	Generally Recognised Accounting Practice
GW	Groundwater
GwLS	Groundwater Level Status
GWSs	Government Water Schemes
HCT	HIV counselling & testing
HDI	Historical Disadvantage Individuals
HDRP	Hartebeespoort Dam Integrated Biological Remediation Programme
HFL	High Flood Line
HIV	Human Immunodeficiency Virus
HO	Head Office
HR	Human Resources
HY	Hydrological year
IA	Internal Audit
IB	Irrigation Boards
ICT	Information and Communication Technology
IDP	Integrated Development Plans
IESBA	International Ethics Standards Board for Accountants
IIA	Institute of Internal Auditors
IMP	Industry, Mining and Power
IMTT	Inter-Ministerial Task Team
IRIS	Integrated Regulatory Information System
ISA	International Standards on Auditing
IUCMA	Inkomati-Usuthu Catchment Management Agency
IVRS	Integrated Vaal River System
IWA	International Water Association
KOBWA	Komati River Basin Water Authority
KZN	KwaZulu-Natal
LGSETA	Local Government Sector Education and Training Authority
LHDA	Lesotho Highlands Development Authority
LHWP	Lesotho Highlands Water Project
LIMCOM	Limpopo Watercourse Commission
LM	Local Municipality
LNW	Lepelle Northern Water
LP	Limpopo Province

Abbreviation / acronym	Description
MCS	Modified Cash Standard
MIG	Municipal Infrastructure Grant
m2	Metre squared
m3	Cubic metre
MCS	Modified Cash Standard
MEC	Member of Executive Council
MI	Megalitre
MI/d	Megalitre per day
MM	Millimetres
MMS	Middle Management Service
MP	Mpumalanga Province
MPAP	Municipal Priority Action Plan
MPSA	Ministry of Public Service and Administration
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MuSSA	Municipal Strategic Self-Assessment
NA	National Assembly
NC	Northern Cape
NCMP	National Chemical Monitoring Programme
NCOP	National Council of Provinces
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NEMA	National Environmental Management Act
NEMP	National Eutrophication Monitoring Programme
NEPAD	New Partnership for Africa's Development
NMBM	Nelson Mandela Bay Metropolitan
NMMP	National Microbial Monitoring Programme
NRF	National Revenue Fund
NT	National Treasury
NW	North West
NW&SMP	National Water and Sanitation Master Plan
NWA	National Water Act
NWRI	National Water Resources Infrastructure
NWRIA	National Water Resources Infrastructure Agency
NWSRS	National Water and Sanitation Resources Strategy
NWRS-2	National Water Resources Strategy Second Edition
NWRS-3	National Water Resource Strategy Third Edition
O & M	Operations and Maintenance
OAG	Office of Accountant General
OCSLA	Office of the State Law Advisor
OFO	Organising Framework for Occupation
OHS	Occupational Health and Safety
OPEX	Operations Expenditure
OPP	Office of the Public Protector
ORASECOM	Orange-Senque River Basin Commission
ORWRDP	Olifants River Water Resource Development Project

Abbreviation / acronym	Description
OSD	Occupational Specific Dispensation
PAA	Public Audit Act
PCWS	Portfolio Committee on Water and Sanitation
PFMA	Public Finance Management Act
PKW	Piano Key Weir
PPE	Personal Protective Equipment
PPP	Public-Private Partnerships
PPPFA	Preferential Procurement Policy Framework Act
PPR	Preferential Procurement Regulations
PRECCA	Prevention and Combating of Corrupt Activities Act
PSC	Public Service Commission
PSP	Professional Service Provider
PSR	Public Service Regulations
PWD	People with Disabilities
QSE	Qualifying Small Enterprises
RBIG	Regional Bulk Infrastructure Grant
RBIP	Regional Bulk Infrastructure Programme
RDP	Reconstruction and Development Programme
RID	Record of Implementation Decisions
ROCS	Rehabilitation of Conveyance Systems
RQOs	Resource Quality Objectives
RW	Rand Water
RWS	Regional Water Scheme
SABC	South African Broadcasting Corporation
SADC	Southern African Development Community
SALGA	South African Local Government Association
SANS	South African National Standards
SANWATCE	Southern African Network of Water Centre of Excellence
SAYWP	South African Youth Water Prize
SCM	Supply Chain Management
ScoA	Standing Committee on Appropriations
SCoPA	Standing Committee on Public Accounts
SDG	Sustainable Development Goal
SDIP	Service Delivery Improvement Plan
SIP	Strategic Infrastructure Project
SITA	State Information Technology Agency
SIU	Special Investigation Unit
SIV	System Input Volume
SLA	Service Level Agreement
SMART	Specific Measurable Achievable Realistic Time-bound
SMME	Small Medium Micro enterprise
SMS	Short Message Service
SOE	State-owned Entity
SOF	System Operating Forum
SPCHD	Social Protection Community and Human Development
SPI	Standard Precipitation Index

Abbreviation / acronym	Description
SRSS	Sedibeng Regional Sewer Scheme
SSL	Secure Sockers Layer
StatsSA	Statistics South Africa
SW	Surface Water
SWPN	Strategic Water Partners Network
TCTA	Trans Caledon Tunnel Authority
TR	Treasury Regulations
TRA	Temporary Relocation Areas
TB	Tuberculosis
VIP	Ventilated Improved Pit
VRSI	Vaal River System Intervention
V & V	Validation and Verification
VFWSEP	Vision for Water and Sanitation Education Programme
WARMS	Water Registration Management System
WB	Water Board
WC	Western Cape
WCWDM	Water Conservation and Water Demand Management
WCWSS	Western Cape Water Supply system
WDCS	Waste Discharge Charge System
WIP	Work-in-Progress
WISA	Water Institute of Southern Africa
WMA	Water Management Area
WRC	Water Research Commission
WMI	Water Management Institution
WMS	Water Management System
WRC	Water Research Commission
WS	Water Scheme
WSA	Water Service Authority
WSDP	Water Sector Development Plan
WSIG	Water Services Infrastructure Grant
WSP	Water Service Provider
WSS	Water Supply System
WTE	Water Trading Entity
WTP	Water Treatment Plant
WTW	Water Treatment Works
WUAs	Water User Association
WULA	Water Use License Application
WULATS	Water Use License Application Tracking System
WWTP	Wastewater Treatment Plant
WWTW	Wastewater Treatment Works

### 3 FOREWORD BY THE MINISTER



*Mr S Mchunu (MP)  
Minister of Water and Sanitation*

The Department of Water and Sanitation has a constitutional obligation to ensure provision of quality water and sanitation services across the length and breadth of our country. It is an obligation upon which the citizens and businesses are reliant upon to go on with their daily lives and ensures that the socio-economic and environmental needs for South Africa are met.

The 6th Administration has been besieged with various challenges since its dawn. It has been a huge test not only to the government, but also to the citizenry at large.

Together with the rest of the world, we have survived one of the worst pandemics in recent history of humankind, COVID 19. This was followed by the devastating floods experienced in the province of KwaZulu-Natal in April 2022, which led to the occurrence being declared a provincial disaster. These floods not only claimed people's lives but also caused extensive damage to properties and other vital infrastructure including water supply infrastructure, and thus interfering with the basic human right of the people of access to quality drinking water. It is a right that we remain resolute in ensuring that it is fully protected.

Chapter 2 of the Constitution, Bill of Rights, Section 27(1) (b) stipulates that "everyone has the right to have access to sufficient water." This right place an obligation on the state to provide water to everyone within the borders of our country. As such, the Department cannot afford to fail in ensuring that this crucial constitutional right is realised.

To enable the Department to meet its constitutional obligation, Section 27(2) of the Bill of Rights places the responsibility on the State to "take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights."

The National Water Act of 1998 entrusts the water resources of this country on the hands of the department, to ensure that these water resources are protected, used, developed, conserved, managed, and controlled in a sustainable and equitable manner for the benefit of all people. The Act provides the Department with a legal instrument to fulfil its mandate.

The Water Services Act, of 1997 provides the legislative and regulatory framework for provision of water and sanitation services by municipalities (Water Services Authorities), monitoring of water and sanitation services, interventions and gathering of information in a national information system to ensure that all data on the state of water and sanitation in the country is recorded. In addition, it regulates Water Boards as important water service providers.

The two legislations have placed enormous tasks on the Department not only in ensuring that we have water secured as a country, but also that we have well-functioning water supply and wastewater management systems. That we have infrastructure and systems that are resilient, reliable and sustainable.

The Department regulates 144 Water Service Authorities (WSAs) with its 1035 water supply systems and 1 004 Wastewater Treatment Works (WWTWs). These WSAs are responsible for providing monthly data for both drinking water and wastewater effluent to enable the Department to assess compliance monitoring.

It is a fact that as a country, we continue to encounter challenges in the provision of quality drinking water. Various challenges have impacted the provision of this service, and they include continuous population growth, increasing economic activity, climate change and other factors exacerbated by under-performing local government. The situation is compounded by the fact that some parts of the country continue to be affected by severe drought and therefore provision of quality water remains a challenge. The areas include the provinces of Limpopo, Northern Cape, Western Cape and Eastern Cape.

Through various platforms, the Department constantly reminds South Africans that despite a vast network of rivers and dams, the country remains a water-scarce country. The WSAs and municipalities are constantly engaged to ensure that every drop of water is utilised effectively.

In the year under review, we have reinstated the Blue, Green Drop and No Drop Certification Programme after it

had stopped in 2014. This uniquely South African regulatory tool will enable us to monitor and improve municipal drinking water quality, wastewater management as well as water conservation and demand management. It also keeps the public and stakeholders informed and updated with credible data and information about the state of water and sanitation services in the country.

Through intergovernmental relations with provincial governments, we have embarked on setting up structures that will respond to water and sanitation challenges in various municipalities that have been flagged as deteriorating in water quality and wastewater management systems. This is with the purpose of ensuring that while we regulate non-compliance, we also intervene through our Regional Bulk Infrastructure Grant (RBIG) and Water Services Infrastructure grant (WSIG) and legislative mandate in order to restore the services back to functionality and for the citizens to receive their rightfully deserved services.

This includes a multi-pronged approach of regulating, refurbishing and upgrading dysfunctional or aging infrastructure, and development and implementation of Water Conservation and Water Demand Management (WCWM).

We are continuously working with the municipalities to fix the water infrastructure to the affected communities.

In order for the Department to function effectively, it was important that the matter of the organisation structure is completed and implemented. Accordingly, we have finalised the new structure of the Department. The process of migrating the officials into the new structure is ongoing.

We have also made great strides in filling posts in Senior Management, professional and technical units as the vacant posts were advertised. Filling these posts will ensure that the Department operates at an optimal level.

Through a concerted effort of ensuring gender balance at the Senior Management Service level, the Department is filling new vacancies as an intervention to increase female representation at the SMS level.

The Department would not function without being accountable for its performance in relation to its mandate. To this extent, we extend appreciation to the Standing Committees both in the National Assembly and the National Council of Provinces for engaging with the Department in a constructive and robust manner. The Department remains grateful to these Committees for not only passing the budget but also providing monitoring and requiring accountability on how these public funds are spent.

I would like to extend my appreciation for the support to the two Deputy Ministers, Honourable David Mahlobo and Honourable Judith Tshabalala, for the advice and leadership they provide in the Ministry.

To the officials in the Ministry, your hard work and dedication is acknowledged. I also extend my gratitude to various stakeholders in the water sector including but not limited to the Water Boards, Water Catchment Management Agencies and other entities within the Department, as well as those in the private sector. To the Director-General, Dr Sean Phillips and the Executive Committee Team, employees of the Department, your support is making the Department to fulfil its mandate and I thank you for your efforts in this regard. Let us continue to work together as we strive to ensure that We Leave No One Behind.



**Mr S Mchunu (MP)**  
**Minister of Water and Sanitation**

**Date:** 27 September 2023

### 3 FOREWORD BY THE MINISTER



*Mr S Mchunu (MP)  
Minister of Water and Sanitation*

We take this opportunity to bid a warmly farewell to our BRICS partners and respective Heads of State and their delegations who in the past few weeks were in our Country attending the 15th BRICS meeting hosted by South Africa and we further congratulate HE President Ramaphosa, as a host, for the successful and prolific meeting.

As a Country and its People, we derive comfort from the Republic of China's commitment and collaboration in the field of energy that is aimed at eradicating the devastating load shedding, which has negatively impacted the water supply to communities. The collaboration also presents an opportunity between the two countries to expand on shared dedication to environmentally friendly, low-carbon and climate-resilient development. These positive gains come as a boost to the current administration's priority to stabilize the grid, as it was outlined by President Ramaphosa during the 2023 State of the Nation Address (SONA).

We have made positive strides as a country through the expansion of access to water to more than 89% of all South Africans and 84% have access to sanitation services. Despite our achievements as the ANC led government, we are the first to admit that more still needs to be done in our sector.

South Africa's growth, productivity and competitiveness as a global entity relies heavily on its economic infrastructure—from the national level through to provinces and down

to the local level. Good social infrastructure provides opportunities for social mobility while improving the length and quality of human life. The condition of public infrastructure is largely dependent upon the allocation of appropriate budgets and the development and implementation of sound maintenance systems, policies, and processes.

South Africa has an average rainfall of 465 mm, which is half the world average, and water scarcity is a serious threat. The national bulk water resources infrastructure system includes dams, abstraction works and water transfer schemes. Although ageing and in need of more maintenance, the system has been reasonably effective in meeting demand.

There have been no major structural, mechanical, or electrical failures. The quality and reliability of water supply systems continue to decline in small towns and rural areas. In some urban areas the water supply systems have been operated at full capacity and will not be able to meet growing demands unless proactive measures are taken to decrease consumption, refurbish critical components of the systems, and expedite key bulk water augmentation projects that have been delayed.

Protection of the water resources remains critical especially due to high levels of deteriorating water quality caused by infrastructure failure by many of the municipalities who are Water Services Authorities, mines and industries. The main sources of this pollution include uncontrolled discharge of mine-affected water, dysfunctional wastewater treatment systems, runoff from agricultural lands, and runoff from settlements lacking sanitation or proper refuse management.

Spending on repair, maintenance and rehabilitation of water supply systems remains inadequate. Damage due to increased theft, vandalism and service delivery protests diverts funding from maintenance and expansion budgets, exacerbating the problem. Despite our improved access to water supply, the factors above have impacted negatively on supply reliability which is decreasing in many municipalities, especially in rural and urban areas.

In ensuring that we increase the water provision to meet our demand, a process of implementing several measures to ensure the increased use of groundwater in a sustainable and reliable manner. Firstly, the management of borehole-based water service schemes by municipalities must be improved.

South Africa's development vision will only be realised if water resources are managed in a way that is sensitive and supportive of the many demands which we place upon



those resources. The operations and maintenance of dams are a very essential component of sound and sustainable water resource management. South Africa has more than 500 large dams, which are used mainly for irrigation purposes and to supply urban areas with water.

The Department also implements a Dam Safety Rehabilitation programme to ensure that the lifespan of dam structures is prolonged and to improve the safety of these structures.

In September 2022, the tailings dam failed at the Jagersfontein mine in Free State, causing huge damage in the neighbouring community. The owners of Jagersfontein mine failed to timeously inform the department when the dam reached a size requiring its registration as a dam with a safety risk in line with section 120 of the National Water Act.

In conclusion, we are encouraged by the positive strides that together with our stakeholders we achieved, in ensuring that our people receive water and decent sanitation, in doing so realizing a fundamental constitutional obligation by our Government. Through our revived Blue Drop, Green Drop and No Drop report tool, we will accelerate our pace of addressing water and sanitation challenges faced by our people.



**Mr M D Mahlobo (MP)**  
**Deputy Minister of Water and Sanitation**

**Date:** 27 September 2023

## 5 DEPUTY MINISTER STATEMENT



***Ms J N-Tshabalala (MP)***  
***Deputy Minister of Water and Sanitation***

This statement serves to give an account regarding performance of our department for the year under review, that is 2022/2023 financial year. Our mandate as set out in the National Water Act of 1998 and the Water Services Act of 1997, is to ensure that the country's water resources are protected, managed, used, developed, conserved, and controlled by regulating and supporting the delivery of effective water and sanitation

The department has a major responsibility of ensuring that equity across the nation is realised. This is critical because our people expect access to clean water and sanitation. Equity is not just by ensuring access, but includes opening business opportunities for women, youth, and people with disabilities. We cannot, as we are reporting now, be happy with our performance in this regard.

The fact that we are below our targeted 15% of set aside for preferred procurement, where we are at 14%, is nothing to smile about. For the youth and people with disabilities more work need to be done. At 0,45% and 19% respectively is way below the targets of 7% and 30% respectively.

The same effort that ensured we over-achieve regarding women's participation, reflected at 66% as against the target of 40% means we can achieve more as intended.

I wish to say to South Africans that we have seen considerable improvement in our engagements with our debtors with a positive impact on the department's

financial recovery and turnaround strategy. This was achieved through several processes.

These include the implementation of the Revenue Incentive Scheme, revenue enhancement strategy, continuous revenue oversight at the Regional Offices/ Clusters, Revenue Forums, continuous engagement with customers on outstanding accounts and participation in the National Treasury Transversal contract on debt collection which yielded positive results.

This Ministry had work session in all provinces since the 5th of August 2021. The objective of the sessions was to assess the security of water and sanitation in all provinces. We have worked hard together with the Executive Management and the rest of the DWS and the sector broadly to inspire hope to the country. We are proud to inform all South Africans that efforts are in place to ensure security of water supply and dignified sanitation to for all.

We remain a unitary state that believes in equality for all. There is no differentiation by skin colour, religion, creed, or any other means. Therefore, the delivery of services must be to the benefit of all.

As it stands, I give thanks and appreciation to Minister Mchunu for the partnership and guidance, Deputy Minister Mahlobo for the liveliness he brings to the team, Director General Phillips, and the Executive Management team he leads, and the rest of the DWS family at all levels for the support.

The water and sanitation sector is huge and broad, including all entities and partners in the private sector. We do appreciate all of you.

The journey through the learning curve is long over for us. The hard work is upon us. South Africa, this is our journey together to security of water supply and dignified sanitation.

A handwritten signature in black ink, appearing to read 'J N-Tshabalala'. The signature is stylized and written over a faint circular watermark or logo.

**Ms J N-Tshabalala (MP)**  
**Deputy Minister of Water and Sanitation**

**Date:** 27 September 2023

## 6 REPORT OF THE ACCOUNTING OFFICER



*Dr Sean Phillips*  
*Accounting Officer*

services such as human resources management, legal services, communications, corporate planning, monitoring and evaluation as well as and technology to serve internal customers. For the period under review, the implementation of the new organisational structure increased the scientist and engineering posts from 1072 to 1252. By the end of the period, the vacancy for these posts stood at 25%. To mitigate this vacancy rate, a total of 122 professional and technical WULA posts were advertised in January 2023 of which 71 are scientist and engineering posts (46 post shortlisted, 34 posts interviewed). The remaining posts are in the process of scheduling the panel approval. The Department also saw a significant increase in the attendance of training interventions as compared to the previous financial year with over 3500 scheduled interventions attended. To ensure compliance with safety and security requirements, a total of sixty-seven (67) assessments were conducted. Through the Department's academy that is designed to meet specific organisational requirements, lead a sustained campaign to secure a steady supply of high-level skills in water-related science, engineering, and technical disciplines to meet projected demands a total of ten (10) graduate trainees have been appointed in the Department for the period under review.

### 6.1 Overview of the operations of the Department

During the year under review, the Department of Water and Sanitation (DWS) implemented its priorities that contribute to the realisation of government's outcomes. Through its various programmes, it continued its commitment to effectively manage the country's water resources to ensure equitable and sustainable socio-economic development and universal access to water and dignified sanitation.

The programme performance for the period under review is summarised below:

#### Administration

The department management sub-programme provides policy and strategic direction for water and sanitation management including independent, objective assurance and advisory services to improve the department's operations such as risk management and internal audit. The compliance with the approved internal audit action plan was at 101.65% as additional support was obtained from outsourced forensic cases. The implementation of the management plan was at 96% with the plan to source an independent person to conduct the risk maturity.

The corporate support services sub-programme provides enterprise-wide needed support based on specialised

The provincial and international coordination provides for the coordination of international relations on water and sanitation with neighbouring countries. For the period under review, the Department implemented 79 of its planned annual international relations programme. A further 155 annual stakeholder management and partnership programmes were implemented during the financial year.

During the period under review, the Department's consolidated procurement from the designated groups was revised to concentrate on ownership of 50% and above. Therefore, 23%, 6% and 2% was awarded to companies with 50% or more women, youth and people with disabilities respectively.

#### Water Resources Management

The integrated water resource planning sub-programme develops comprehensive plans for adequate water resource availability (i.e. quantity or quality) in an equitable and environmentally sustainable manner to guide infrastructure development, systems and services management in the water sector. For the period under review, several status reports were developed namely, the implementation of the National Water and Sanitation Master Plan (NW&SMP); the implementation of reconciliation strategies for Mgeni, Amathole, Orange and Crocodile West water supply systems; the assessment of climate change scenarios for the water sector; and the environmental impact assessments

for Clanwilliam Bulk Conveyance Infrastructure and Lower Coerney Balancing Dam. Also, the annual operating rules were developed for the Algoa, Amathole, Crocodile West, Mgeni, Olifants, Orange, Polokwane, Vaal and Western Cape water supply systems.

The water ecosystems management sub-programme develops measures that protect water resources by developing water resource classes and determining resource quality objectives (RQOs) for river systems. This facilitates sustainable use of the water resources and maintaining ecological integrity, with specific reference to the maintenance and improvement of the present ecological state of the water resources. For the period under review the water resource classes and resource quality objectives (RQOs) for the Thukela river system was gazetted bringing the cumulative total of four (4) gazetted water resource classes and RQOs since 2019/20 financial year.

The water resource information and management sub-programme establishes, coordinates and audits water resources monitoring networks/programmes; and develops and maintains integrated water information systems for data and information acquisition, assessment and management to create a knowledge base on all water aspects for informed decisions on water management. For the period under review, the ground water, surface water, national chemical, national eutrophication and national microbial water resource monitoring programmes were maintained. Also, the national integrated, hydrological, national geohydrological, water management and flood monitoring and forecasting information systems were maintained. A status report on the design of the national digitised integrated water and sanitation monitoring system was finalised. On the development and refurbishment of gauging weirs, the construction of the Bavaria gauging station was completed during the period under review, bringing to a cumulative of two (2) gauging stations completed since the 2019/20 financial year.

The water resources infrastructure management develops, rehabilitates, and refurbishes bulk raw water resources infrastructure to meet the socio-economic and environmental needs of South Africa. For the period under review, work was underway to construct and complete the Hazelmere Dam bulk raw water project, with construction of the access road for the Mzimvubu water project progressing as planned. To ensure the maintenance of strategic water resource infrastructure, a total of 473 projects were completed as per the maintenance plan with a further 364 projects completed as unscheduled maintenance. A total of 3,5-kilometre conveyance systems identified to be in a state of disrepair were rehabilitated. A further rehabilitation of two (2) dams was underway. The good rains experience during the year, resulted in the compliance with water supply agreements/authorisations to be at 200%. Through the implementation of infrastructure projects, a total of 117 job opportunities were created.

The water resources policy and strategy sub-programme develops water resources management policies and procedures and reviews the implementation thereof. For the period under review, the National Water Amendment Bill and the third edition of the National Water Resource Strategy (NWRS-3) was endorsed by the Forum for South African Directors-General (FOSAD) cluster system to be submitted to Cabinet.

The water resources regulation sub-programme develops, implements, monitors and reviews water resource regulations particularly raw water pricing regulation; water use authorisation; compliance monitoring and enforcement; dam safety and resource protection and waste. For the period under review, the Vaal (upper, middle and lower), Letaba, Inkomati-Usuthu and Olifants-Doorn river systems were monitored for the implementation of the resource directed measures. To support the protection and restoration of ecological infrastructure, the mitigation strategies on mine water and wastewater management for the Upper Olifants and Limpopo and implementation plans for the Orange and Mzimvubu-Tsitsikamma catchments were developed. This was supported by the development of the draft waste discharge charge system strategy. To enhance the regulation of the water and sanitation sector, the 2023/24 raw water tariffs and the 2022/23 water research levy were approved with a total of 562 applications water use authorisation finalised within the regulated period. To assess the compliance within the sector, a total of 422 water users and 455 wastewater systems were monitored for compliance with water license conditions and regulatory requirements respectively. The year under review saw an increase in the number of pollution incidents reported with a total of 342 cases investigated by the end of the period. To support the streamlining of water resource management institutional arrangements, the final business case for the water regulator was developed.

The water resources institutional oversight sub-programme is responsible for institutional governance and oversight of all water resource institutions and to facilitate their establishment and development. This entails establishing fully functional entities, providing institutional support, advisory services to CMAs, TCTA, WRC and WUAs. For the period under review, the annual assessment of performance plans, annual and quarterly reports for Breede-Gouritz and Inkomati-Usuthu CMAs, the Water Research Commission and the Trans Caledon Tunnel Authority were conducted. Also, the Mzimvubu-Tsitsikamma CMA was gazetted for establishment with the reports on the transformation of Tierport, Klersdorp, Pholela, Letsitela and Apies irrigation boards into water user associations finalised. Although the National Water Resources Infrastructure Agency Bill was not finalised, Cabinet approval to publish the Bill for public consultation was obtained with extensive public consultation conducted including Labour, Community and Business constituents at NEDLAC.

## Water Services Management

The water services and local management sub-programme entails the development of strategies, guidelines, plans, information management for water and sanitation services and management across water and sanitation value chain. It supports and capacitate water and sanitation services institutions in providing planning and management frameworks, promotes water use efficiency, monitoring and evaluation of sector performance for the provision of sustainable water and sanitation services. For the period under review, four draft water conservation and demand management strategies for national, agriculture, water services and industry, mining and power (IMP) sectors were finalised. To support the assessment of water losses, the water balance data and information was collected from municipalities within the eight large water supply systems with a draft No Drop watch report finalised. To support the development of regional bulk infrastructure a total of eight (8) feasibility studies and five (5) implementation readiness studies for water and wastewater bulk infrastructure projects were finalised. To support the effective management of water and sanitation services within the districts the five-year reliability plans for Capricorn, Mopani, Ngaka Modiri Molema and Dr Ruth Segomotsi Mompati were finalised. The national Municipal Strategic Self-Assessment (MuSSA) and National Municipal Priority Action Plan reports were also finalised. To enhance the regulation of sanitation nine (9) provincial action plans in line with the national sanitation integrated plan and the national faecal sludge management strategy for on-site sanitation were finalised.

The regional bulk infrastructure grant sub-programme provides for the development of new infrastructure, and the refurbishment, upgrading and replacing of ageing infrastructure servicing extensive areas across municipal boundaries. For the period under review, a total of 100 multi-year regional bulk infrastructure project phases were under construction and eleven (11) were completed. The provincial disaggregation is a total of eighteen (18) project phases were under construction and four (4) were completed in the Eastern Cape. The Free State had a total of nineteen (19) project phases under construction with two (2) completed whilst Gauteng had one (1) project phase under construction. KwaZulu-Natal had a total of seven (7) project phases under construction with one (1) completed whilst Limpopo had thirteen (13) project phases under construction. Mpumalanga had a total of twenty-six (26) project phases under construction with two (2) completed whilst the Northern Cape had a total of three (3) project phases under construction with one (1) completed. The North West had a total of nine (9) project phases under construction whilst the Western Cape had a total of four (4) projects phases under construction and one (1) completed. The construction of the regional bulk infrastructure projects yielded a total of 872 job opportunities.

The water services infrastructure grant sub-programme provides for the construction of new infrastructure and the rehabilitation of existing water and sanitation infrastructure through the grant transfer of water services schemes to water service institutions. For the period under review, a total of 379 projects were under construction with 102 projects completed. The provincial disaggregation is a total of fifty-two (52) projects were under construction and thirty-nine (39) were completed in the Eastern Cape. The Free State had a total of forty-one (41) projects under construction with eight (8) completed whilst Gauteng had eleven (11) projects under construction. KwaZulu-Natal had a total of fifty-six (56) projects under construction with eight (8) completed whilst Limpopo had ninety (90) projects under construction. Mpumalanga had a total of thirty-two (32) projects under construction with seventeen (17) completed whilst the Northern Cape had a total of thirty-one (31) projects under construction with thirteen (13) completed. The North West had a total of forty-three (43) projects under construction with seven (7) completed whilst the Western Cape had a total of twenty-three (23) projects phases under construction and seven (7) completed. Through the sub-programme, the Vaal River and Giyani intervention projects were also implemented.

The water services policy and strategy sub-programme develops and reviews water services policies, procedure, and norms and standards; and monitors their implementation. For the period under review, the comments from the Office of the State Law Advisor (OCSLA) were addressed and the Water Services Amendment Bill was revised.

The water services regulation sub-programme develops, implements, monitors and reviews water resource regulations particularly the water service authority's compliance with water supply regulations. To enhance the regulation of the water and sanitation sector, the 2023/24 bulk water tariffs were approved. Also, to evaluate the compliance within the sector, a total of 979 water supply systems were assessed for compliance with the Blue Drop requirements with 446 non-compliant water supply systems monitored against regulatory requirements.

The water services institutional oversight sub-programme is responsible for institutional governance and oversight of all water services institutions and to facilitate their establishment and development. This entails establishing fully functional entities, providing institutional support, advisory services to water boards. For the period under review, the shareholder compacts, business plans, quarterly and annual reports for eight (8) water boards were assessed as the reconfiguration of the Sedibeng water board resulted in its disestablishment.

## 6.2 Overview of the financial results of the Department

### 6.2.1 Departmental receipts

Departmental receipts	2022/23			2021/22		
	Estimate	Actual amount collected	(Over)/under collection	Estimate	Actual amount collected	(Over)/under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	1 982	1 714	268	1 830	1 735	95
Transfers received	-	-	-	-	-	-
Fines, penalties, and forfeits	0	3 270	(3 270)			
Interest, dividends and rent on land	490	1,146	(656)	1,147	126	1 021
Sale of capital assets	214	162	52	416	242	174
Financial transactions in assets and liabilities	2 578	20 417	(17 839)	2 671	3,672	(1 001)
<b>Total</b>	<b>5 264</b>	<b>26 709</b>	<b>(21 445)</b>	<b>6 064</b>	<b>5 775</b>	<b>289</b>

### 6.2.2 Programme expenditure

Programme name	2022/23			2021/22		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 990 699	1 957 253	33 446	1 960 017	1 716 499	243 518
Water Resources Management	3 814 317	3 781 243	33 074	3 616 600	3 499 861	116 739
Water Services Management	12 749 994	11 954 920	795 074	12 158 440	9 987 154	2 171 286
<b>Total</b>	<b>18 555 010</b>	<b>17 693 416</b>	<b>861 594</b>	<b>17 735 057</b>	<b>15 203 514</b>	<b>2 531 543</b>

### 6.2.3 Virements/rollovers

Section 43(1) of the Public Finance Management Act (PFMA) provides that the Accounting Officer of the Department may utilise a saving in the amount appropriated under a main division within a vote towards the defrayment of excess expenditure under another main division within the same vote unless the relevant treasury directs otherwise.

#### 6.2.3.1 Virements approved by the Accounting Officer

From			To		
Programmes	Reasons for virement	Amount in R'000	Programmes	Reasons for virement	Amount in R'000
Administration	Savings on goods and services	(29 234)	Water Services Management	To defray excessive expenditure on goods and services and payment for capital assets under Water Services Management	33 437
Water Resources Management	Savings on goods and services	(4 203)			
<b>Total</b>		<b>(33 437)</b>	<b>Total</b>		<b>33 437</b>

#### 6.2.3.2 Requests for rollover

The Department requested to roll over the qualifying 2022/23 unspent funds of R722.7 million to the 2023/24 financial year. This will allow for the completion of various identifiable committed, contracted and/or accrued projects and activities which started in the previous financial year under the Water Services Management programme.

*The table below summarises the details for rollover of funds per economic classification:*

Details per economic classification	Amount in R' 000
Goods and services	39 061
Disaster response – KwaZulu Natal	29 061
Disaster response- Eastern Cape	10 000
Payment for capital assets	683 730
Giyani Water Reticulation to Villages	282 333
Kouga, Ndlambe and Amatola Water Projects	38 930
uMkhanyakude section 63 Intervention	32 600
Bucket Eradication - Free State and Northern Cape (WSIG)	37 792
Bucket Eradication - Free State and Northern Cape (RBIG)	292 075
<b>Total</b>	<b>722 791</b>

The table below summarises the details for rollover of funds per programme:

Programme	Amount in R' 000
Water Services Management	722 791
<b>Total</b>	<b>722 791</b>

### 6.3 New or proposed activities

None.

## 6.4 Supply chain management

The Department did not conclude any unsolicited bids for the 2022/23 financial year. There were, however, challenges experienced with some implementing agents that did not adhere to supply chain management (SCM) processes resulting in several cases of irregular expenditure.

The Department, therefore, undertook various intervention measures including the enhancement of contractual arrangements and continuous engagements with the emphasis on the uniformity in the application of policies and legislation within implementing agents. The Department also enhances SCM controls through signing of MoUs with respective implementing agents whilst continuously monitoring said implementing agents' performance.

Within the Department, SCM processes and systems have been put in place to prevent irregular expenditure. A case in point is the system where all requests for contract extensions/variations are reviewed and checked by the contract management unit prior to the approval by the relevant authority.

## 6.5 Gifts and donations received in-kind from non-related parties

*The list of the in kind good and services received from parties other than related parties is tabulated below:*

Item	Amount in R' 000
Promotional material - 2 x lantern Bluetooth speakers and 2 x notebooks	1
Gift basket (Lower Orange River Forum - 2022)	5
Flight, accommodation, food and group shuttle - Nairobi - Kenya 28 Nov - Dec 2022	50
Attendance of 21 <sup>st</sup> Afaecal sludge Management Alliance Congress and Exhibition Annual General Conference in Abidjan, Cote d'Ivoire	55
<b>Total</b>	<b>111</b>

## 6.6 Exemptions and deviations received from the National Treasury

A total of seventeen (17) deviations were processed and finalised for the financial year period under review. Ten (10) transactions were relating to sole supplier and five (4) transactions were relating emergency procurement. Three (3) transactions were relating to limited bidding.

Sole supplier deviation applications were initially assessed by the demand management unit in order determine their sole supplier status and a detailed market analysis was undertaken prior to submission to the Departmental Bid Adjudication Committee (DBAC) and/or Accounting Officer for approval.

## 6.7 Events after the reporting date

None.



## 6.8 Other

### 6.8.1 Background

The Water Trading Entity was established in 1983 under the Exchequer Act as a trading account operating as an integral part of the Department. The status of government trading accounts was eventually changed through the Public Finance Management Act of 1999, converting trading accounts into trading entities.

The conversion of the Water Trading Entity was however delayed until 2006, presenting its initial financial statement in compliance with Generally Accepted Accounting Practices (GAAP) at the end of 2005/6 financial year. The Water Trading Entity has converted from GAAP to General Recognised Accounting Practices (GRAP).

The entity reports directly to the Accounting Officer of the Department of Water and Sanitation. It is divided into two parts, namely the Water Resource Management unit and the Infrastructure Branch. The functions of these components are summarised below:

#### 6.8.1.1 Water Resource Management (Proto-CMAs)

This component deals with water resource management functions which primarily addresses the use, conservation, and allocation of water resources in a manner that is sustainable and equitable for the benefit of the people that are residing in the relevant water management areas.

Funding for this component is through revenue generated from water users in the area as well as partly augmentation from the fiscus which covers the shortfall where revenue is inadequate to cover the entire operations.

#### 6.8.1.2 Infrastructure branch

This component deals with the development of new infrastructure as well as operation and maintenance of existing infrastructure. Operations under infrastructure branch are divided into two (2) components, namely Integrated Systems and Bulk Water Schemes.

**Integrated Systems:** These are those schemes that cut across several provinces. This infrastructure was primarily developed to transport water from water rich catchments to water scarce catchments. A system comprises of several dams and pipelines which are operated as one interlinked system.

**Bulk Water Schemes:** These are operated as standalone water schemes primarily comprising of the former homeland government schemes. The agricultural sector is by far the largest consumer of water from this infrastructure.

Funding for both components of the infrastructure branch is through revenue generated from water resource infrastructure users. The fiscus also augments the funding stream where revenue is insufficient to cover for the general operations of the branch as well as development of new infrastructure.

## 6.8.2 Analysis of operating performance

### 6.8.2.1 Operating surplus

For the year under review, the figure below reflects an operating surplus of R9.2 billion which is a R1.395 billion increase compared to the 2021/22 financial year. This increase can be mainly attributed to the reduction in operating expenditure that was driven by the change in accounting estimates relating to the impairment of infrastructure assets.

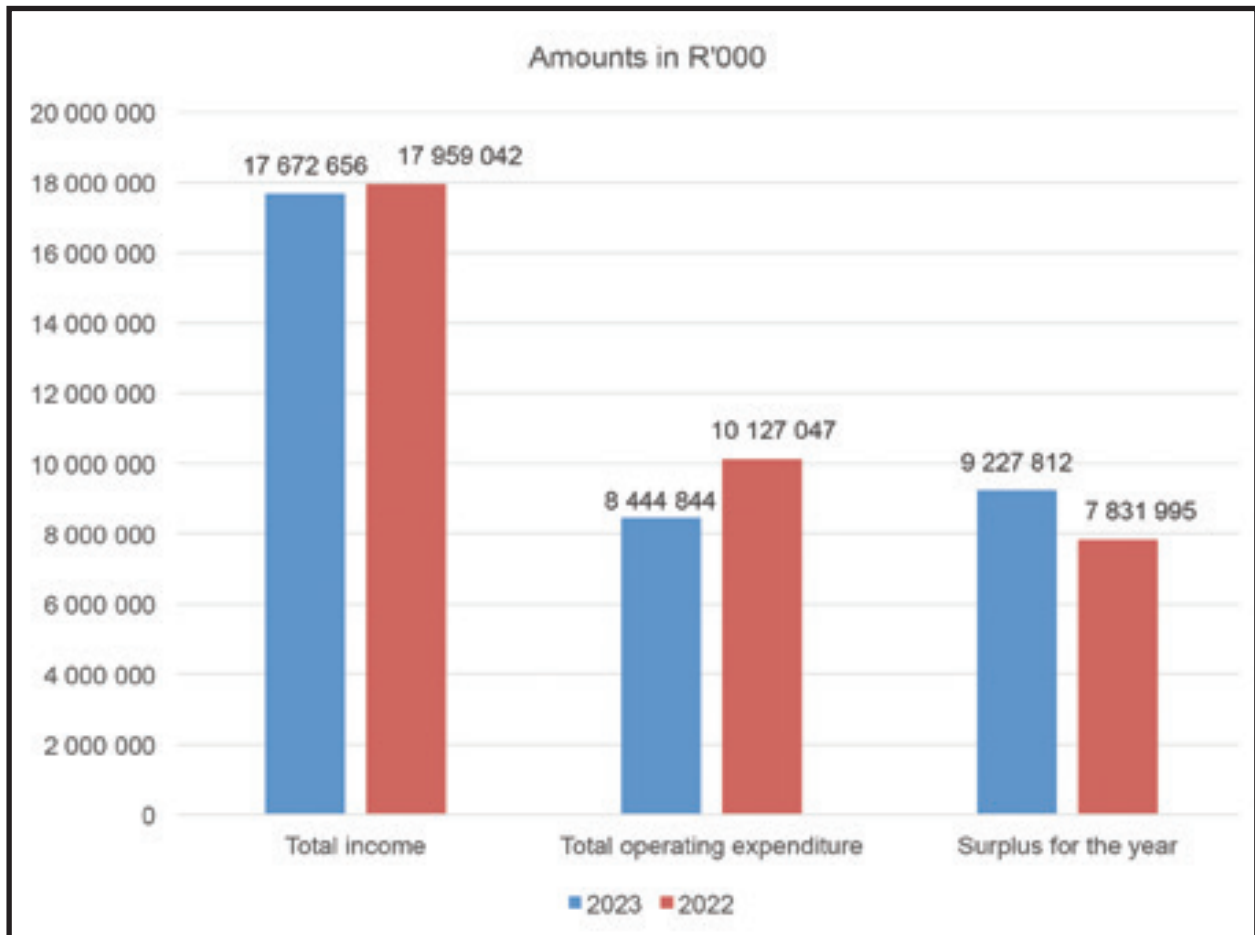


Figure 1: 2022/23 Water Trading operating surplus

### 6.8.2.2 Operating income

The figure below reflects the revenue for the year under review at R17.6 billion when it was at R17.9 billion for the 2021/22 financial year. This is a R286 million decrease (i.e. -6%) that is mainly driven by the reduction in the sale of water.

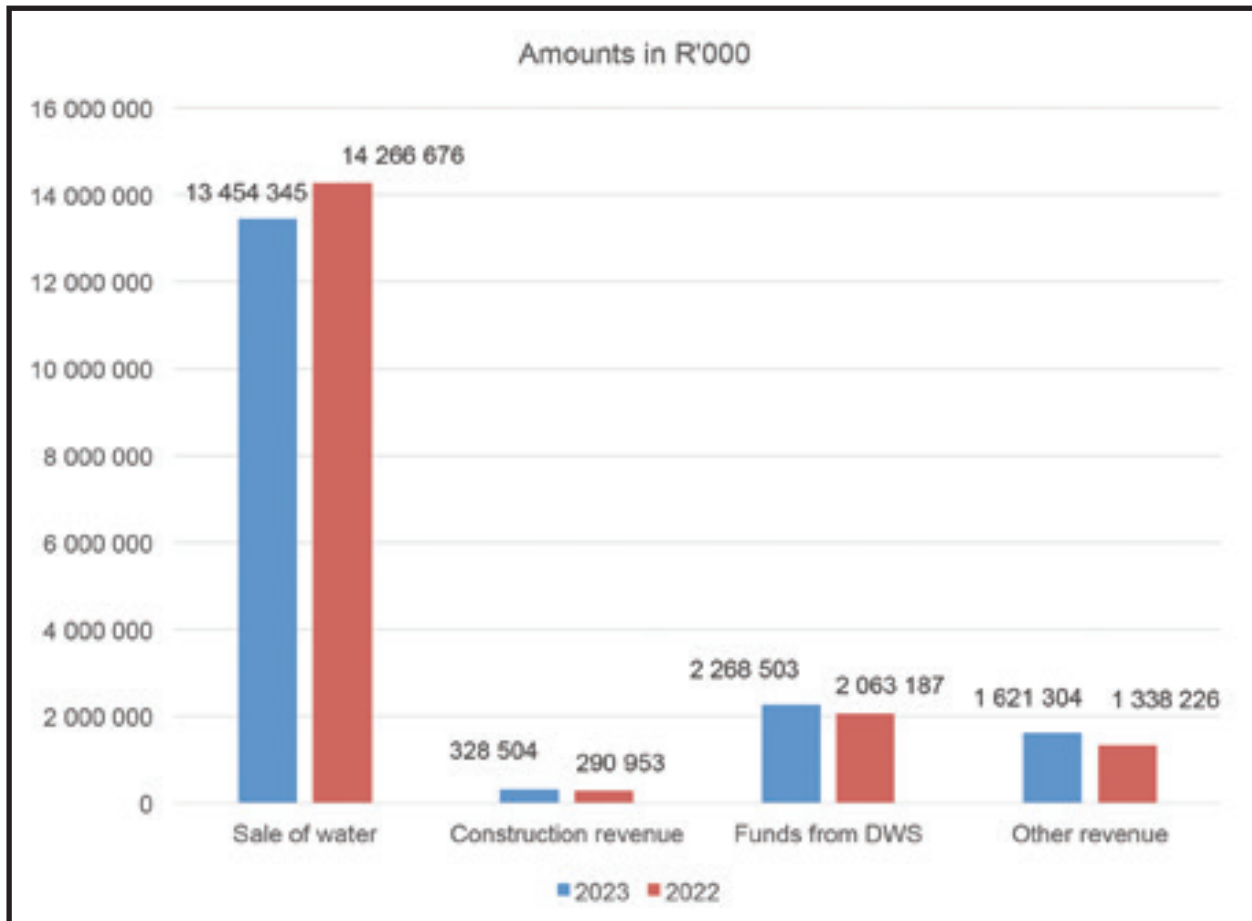
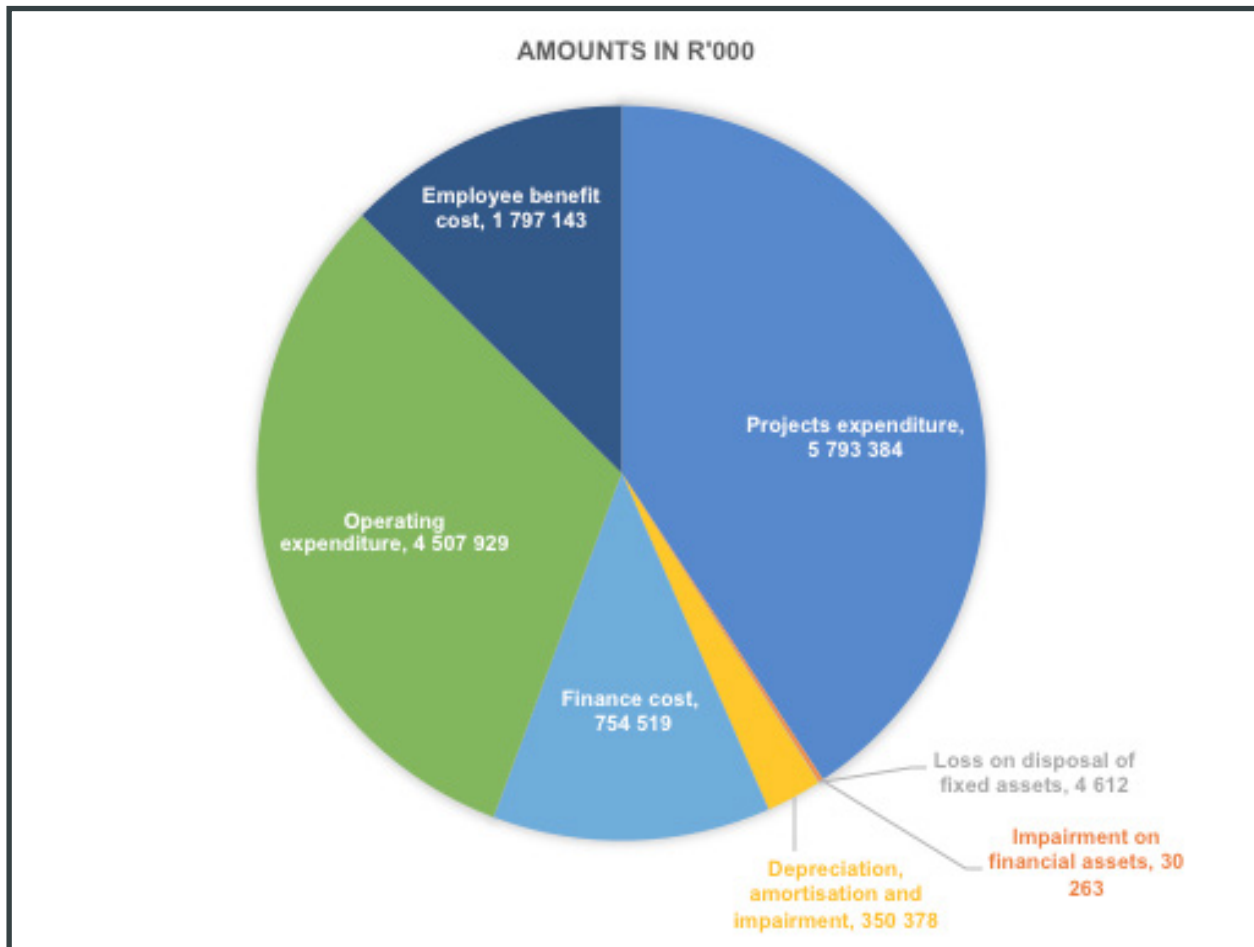


Figure 2: 2022/23 Water Trading revenue analysis

### 6.8.2.3 Total operating expenditure overview

The figure below indicates that the total operating expenditure for the period under review amounted to R8.44 billion compared to the R10.127 billion in the 2021/22 financial year. This is a R1.682 billion reduction (i.e. -17%) that is mainly due to the following:

- The change in accounting estimates of infrastructure assets.
- Reduction in finance costs relating to interest on amortised payables.
- The reversal of impairment of financial assets



*Figure 3: 2022/23 Water Trading operating expenditure*

#### 6.8.2.4 Liquidity

The current ratio of the entity has increased from 5.08:1 in the 2021/22 financial year to 7.48:1 in the 2022/23 financial year, which indicates that the entity has sufficient liquid assets to meet its short-term financial obligations.

	2022/23	2021/22
Current ratio	7.48:1	5.08:1

#### 6.8.2.5 Cash flow from operating activities

Although the cash and cash equivalent reflects a favourable balance of R1.780 billion for the period under review, it is R361 million lower than the 2021/22 financial year as the water trading struggle to collect outstanding debt from the sale of water continues. Also, the water trading issued higher number of advances to public entities amounting to R2.4 billion. To mitigate its challenges, the water trading has put measures to follow-up on the recoverable debts and implement cash flow management strategies whilst still complying with the PFMA 30-day payment requirements.

### 6.8.2.6 Debtors' collection days

For the period under review, the debtors' days reflects a regression compared to the 2021/22 financial year.

After impairment, the debtors' days moved from 308 days in 2021/22 to 389 days in 2022/23 mainly due to non-payment by various municipalities but steps have been taken to recover the outstanding debt. The debtor's collection days indicates that the entity has cash tied on the outstanding accounts.

	2022/23	2021/22
Debtor's days in sales (days)	389	308

## 6.9 Acknowledgement(s) or appreciation

I would like to express my deepest appreciation to the Executive Authority and the Department's officials for their efforts in ensuring that water is supplied to our communities.

The contribution from our water entities is also acknowledged in their endeavours to ensure that the Department's mandate is met.

To all our water sector partners we appreciate the collaboration, support and advices that you have given to take the water and sanitation sector to greater heights

## 6.10 Conclusion

We will continue to ensure that the mandate of the Department is adhered to and effectively manage the water resources of the country to ensure equitable and sustainable socio-economic development and universal access to water and dignified sanitation.

## 6.11 Approval and sign off

The programme performance information set out in pages 53 to 92 and the annual financial statements for the Main Account and Water Trading Entity set out in pages 224 to 311 and 363 to 420 respectively have been approved by the Accounting Officer.



**Dr Sean Phillips**  
**Accounting Officer**  
**Department of Water and Sanitation**

**Date:** 27 September 2023

## 7 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

**To the best of my knowledge and belief, I confirm the following:**

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (in Parts F and G) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.


The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2023.

Yours faithfully



**Dr Sean Phillips**  
**Accounting Officer**  
**Department of Water and Sanitation**

**Date:** 27 September 2023

## 8 STRATEGIC OVERVIEW

### 8.1 Vision

Equitable and sustainable water and sanitation that support socio-economic growth and development of the well-being of current and future generations.

### 8.2 Mission

To ensure the universal access of all South Africans to equitable water resources and sustainable water and sanitation services, by:

- Protecting, developing, conserving, managing and regulating water resources;
- Managing, regulating and providing efficient and effective water and sanitation services;
- Providing strategic leadership and evidence-based policy direction to a coordinated water and sanitation sector for improved sector performance and service delivery;
- Building the skills and capabilities of the sector and enhancing information management to inform decision making; and
- Enhancing communication and stakeholder partnerships with communities and sector constituencies to advance the national development agenda.

### 8.3 Values

- Promoting and maintaining high standards of professional ethics;
- Utilising resources efficiently and effectively;
- Providing services impartially, fairly, equitably and without bias;
- Responding to people's needs;
- Citizens are encouraged to participate in policy-making;
- Rendering an accountable, transparent, and development-oriented public administration.

## 9 LEGISLATIVE AND OTHER MANDATES

The legislative mandate of the water and sanitation sector seeks to ensure that the country's water resources are protected, used, developed, conserved, managed, and controlled through regulating and supporting the delivery of effective water supply and sanitation.

### 9.1 The Constitutional Mandate

9.1.1 Chapter 2 on the **Bill of Rights** makes the following provisions:

- Section 10 - "everyone has inherent dignity and the right to have their dignity respected and protected." The same provision also applies to sanitation.
- Section 24(a) - "everyone has a right to an environment that is not harmful to their health or well-being"
- Section 27(1)(b) - "everyone has the right to have access to sufficient water"
- Section 27(2) - obliges the state to "take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation" of everyone's right of access to sufficient water.

9.1.2 Chapter 6 on **Provinces** makes the following provisions

- S139 Provincial intervention in local government-

- (1) When a municipality cannot or does not fulfil an executive obligation in terms of the Constitution or legislation, the relevant provincial executive may intervene by taking any appropriate steps to ensure fulfilment of that obligation

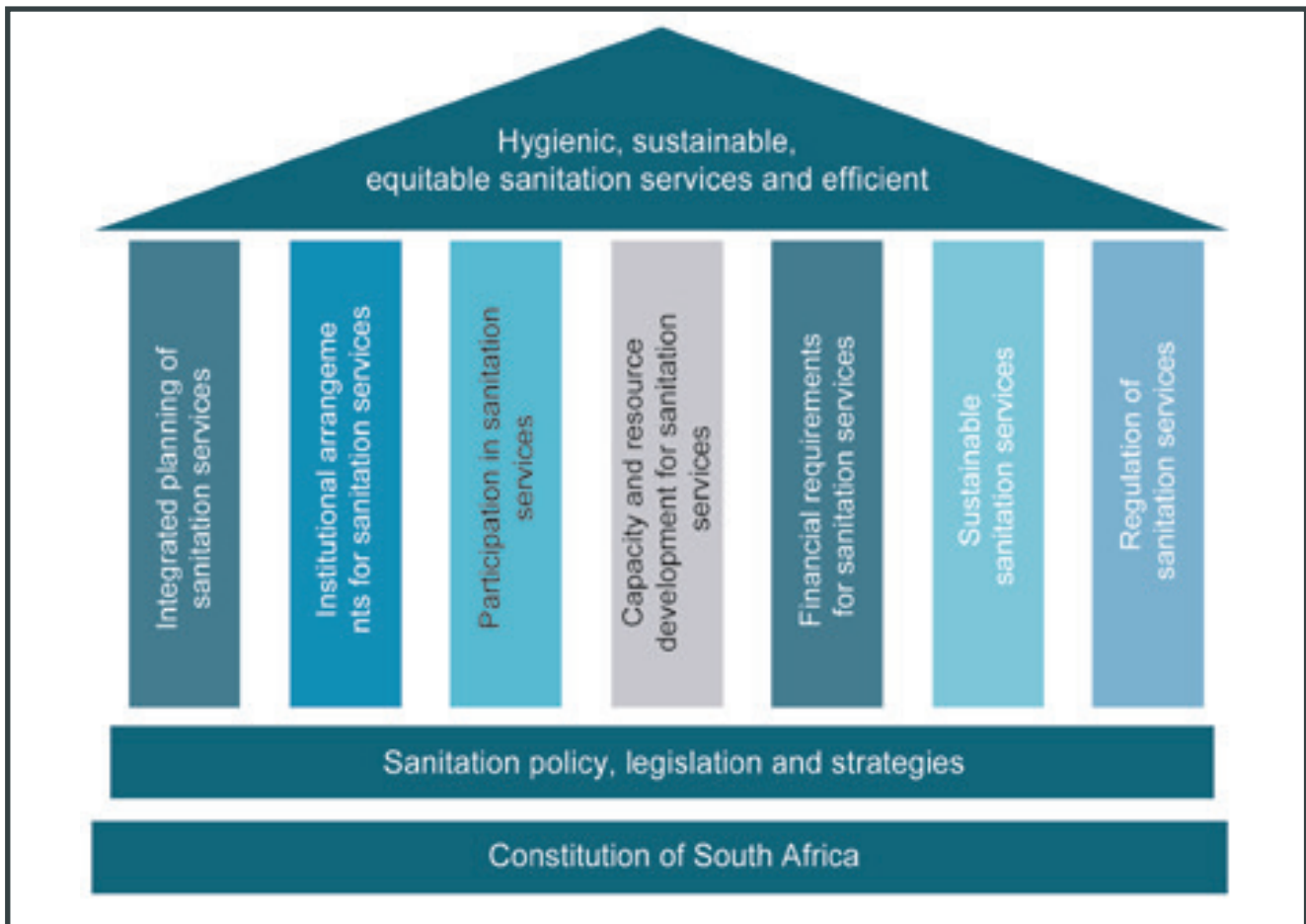
- 9.1.3 Chapter 7 on **Local Government** makes the following provisions
- S154 Municipalities in co-operative government-
- (1) The national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions
- 9.1.4 Schedule 4 on **Functional Areas of Concurrent National and Provincial Legislative Competence** makes the following provisions:
- Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems

## 9.2 Water and Sanitation policy framework

- 9.2.1 National Water Policy Review (2013):** the policy review determined unintended oversight and gaps in the existing water policies to provide amendment to address the following:
- (a) **Use-it or Lose-it:** *Any authorised water use (including existing lawful use) unutilised for a specified period should be reallocated to the public trust. This water will be reallocated to address social and economic equity.*
  - (b) **No water trading:** No form of temporary or permanent trading between authorised water users. The obligation for any holder of an entitlement to use water; if it is no longer utilised, is to surrender such use to the public trust.
  - (c) **Prioritising social and economic equity:** The decision making will have equity as the primary consideration. Priority will be accorded to water use authorisation applications that meet the equity requirement, as provided in the regulatory instruments.
  - (d) **Multiple water use approach in planning:** A multiple water use approach incorporating all water uses in an area including water supply, must be adopted in planning of bulk water infrastructure. This approach will also have equity and transformation as a priority
  - (e) **Access to basic water supply:** A water service authority (WSA) should work progressively or incrementally towards providing higher levels of a sustainable water supply to all households and public institutions, including rural areas. When planning, a WSA must consider a basic water supply which addresses current domestic and productive use requirements, as well as future growth in these requirements
  - (f) **Free basic water supply to indigent households:** Free basic water supply will be provided to indigent households only.



**9.2.2 National Sanitation Policy (2016):** the policy review addresses the entire sanitation value chain (namely the collection, removal, disposal or treatment of human excreta and domestic wastewater, and the collection, treatment, and disposal wastewater). The figure below indicates the categories under the seven (7) pillars of the policy



9.2.3 Other water and sanitation policies and strategies include the following:

- (a) White Paper on Water Supply and Sanitation (1994)
- (b) White Paper on National Water Policy for South Africa (1997)
- (c) White Paper on Basic Household Sanitation (2001)
- (d) Strategic Framework for Water Services (2003)
- (e) National Water Resources Strategy, Second Edition (2013)
- (f) Water and Sanitation Climate Change Policy (2017)

### 9.3 The Legislative Mandates

The Department and the sector draw their primary mandate from the following legislation:

#### 9.3.1 The National Water Act, 1998 (Act No 36 of 1998) as amended

The National Water Act seeks to ensure that the country's water resources are protected, used, developed, conserved, managed, and controlled in a sustainable and equitable manner for the benefit of all people.

The Act assigns the national government as the public trustee of the water resources. Acting through the Minister, it has the power to regulate the allocation, use, flow, and control of all water in the Republic. It also identifies the need to establish suitable institutions to achieve its purpose. In addition, it provides for the development of the National Water Resources Strategy (NWRS) which must be regularly reviewed and the requirement of each Catchment Management Agency (CMA) to develop a catchment management strategy for the water resources within its jurisdiction.

#### 9.3.2 The Water Services Act, 1997 (Act No 108 of 1997)

The Water Services Act prescribes the legislative duty of municipalities as water service authorities to supply water and sanitation according to national norms and standards. In addition, it regulates Water Boards as important water service providers.

The Act compels the Minister to maintain a National Water Services Information System and to monitor the performance of all water services institutions, as well as providing for the monitoring of water services and intervention by the Minister or the relevant Province when necessitated.

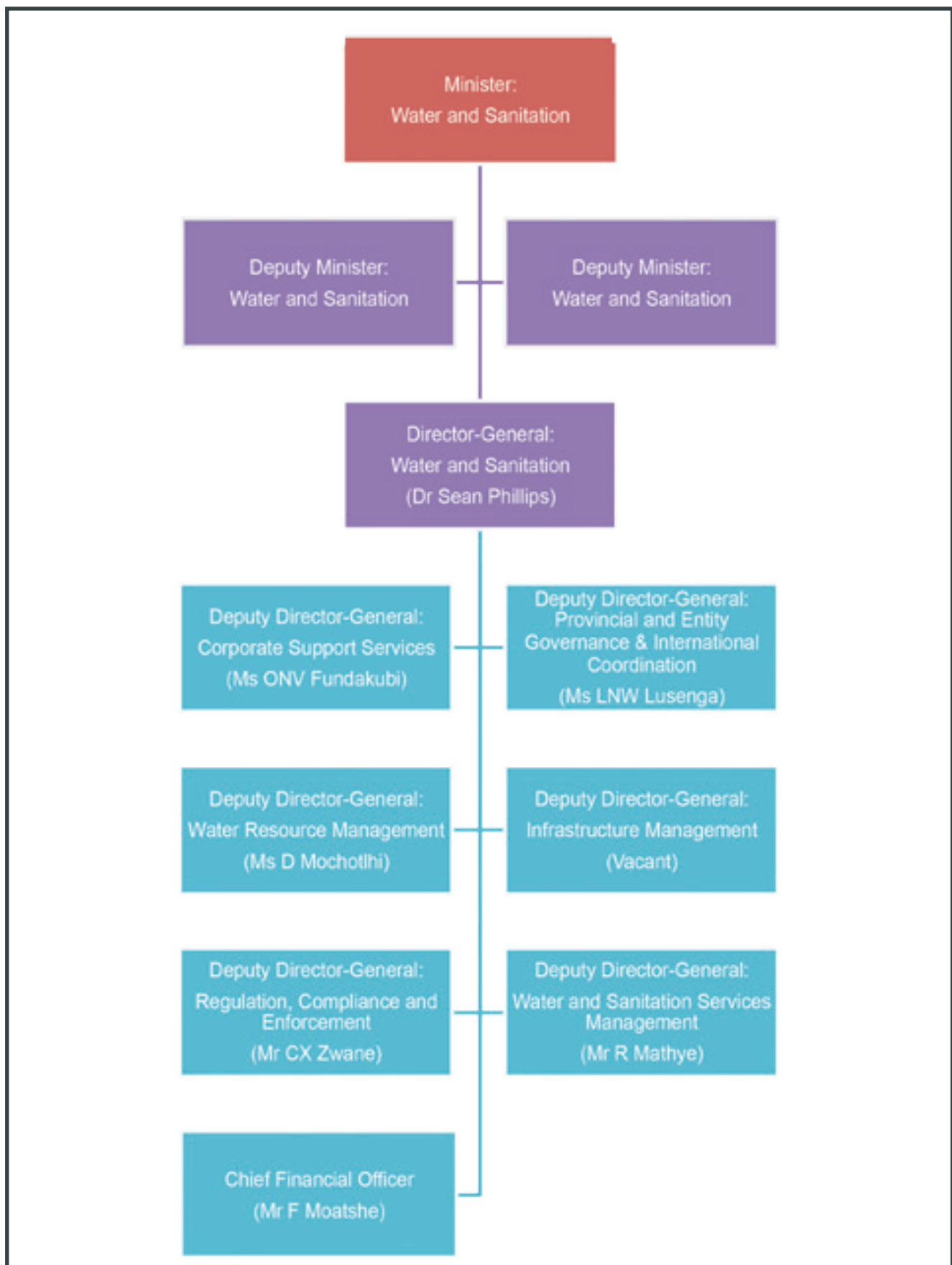
With reference to a "right to basic sanitation", this is the primary legislation relating to sanitation in South Africa. It further defines basic sanitation as: 'The prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of human excreta, domestic wastewater and sewerage from households, including informal households. Further regulations, norms and standards pertaining to sanitation can be found in the Housing Act (No.107 of 1997).

It acknowledges that although municipalities have authority to administer water supply services and sanitation services, all government spheres are required to work towards this object, within the limits of physical and financial feasibility.

#### 9.3.3 The Water Research Act, 1971 (Act No 34 of 1971)

The Water Research Act establishes the Water Research Commission and the Water Research Fund, and thus promotes water related research and the use of water for agricultural purposes, industrial purposes or urban purposes. The Minister appoints members of the Water Research Commission (the Commission), and thus exercises executive oversight over the Commission.

## 10 ORGANISATIONAL STRUCTURE



## 11 ENTITIES REPORTING TO THE MINISTER

The table below summarises the legislative mandate, the financial relationship and the nature of operation for the 12 entities that reported to the Minister during the period under review:

No	Name of entity	Legislative mandate	Financial relationship	Nature of operations
1	Trans Caledon Tunnel Authority (TCTA)	The TCTA was originally established as a Special Purpose Vehicle to fulfil South Africa's Treaty obligations in respect of the Lesotho Highlands Water Project. It has undertaken further work, which varies considerably in nature, on directive from the Minister.	TCTA is listed as schedule 2 in terms of the PFMA	To implement and fund government water schemes off budget entitled by the National Water Act to raise loans to finance the development of new water resource infrastructure.
2	Water Research commission (WRC)	To facilitate research in the water sector in terms of the Water Research Act of 1971	WRC is listed as schedule 3A in term of the PFMA	To facilitate water research and development on behalf of the nation.
<b>Catchment Management Agencies</b>				
3	Inkomati-Usuthu (IUCMA)	Catchment Management Agencies (CMAs) are established in terms of Chapter 7 of the National Water Act.	The CMAs are listed as schedule 3A entities in the PFMA.	Management water resources at catchment level in collaboration with local stakeholders (with a specific focus on involving local communities in the decision making) regarding the basic human needs, promoting equitable access to water and facilitating social and economic development.
4	Breede-Gouritz (BGCMA)			
<b>Water Boards<sup>1</sup></b>				
5	Amatola Water	Water boards are established in terms of the Water Services Act of 1997 to provide bulk water services.	Water boards are listed as schedule 3B in terms of the PFMA	All water boards provide bulk water services to the municipalities, industries, and the mines.
6	Bloem Water			
7	Lepelle Northern Water			
8	Magalies Water			
9	Mhlathuze Water			
10	Overberg Water			
11	Rand Water			
12	Umgeni Water			

<sup>1</sup> Sedibeng water board was disestablished.

# PART B



## PERFORMANCE INFORMATION

## 1 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the predetermined objectives heading in the report on other legal and regulatory requirements section of the auditor's report.

Reference is made to the AGSA report for Vote 41; set out on pages 214 to 223 in Part F (financial information) of this annual report.

## 2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service delivery environment

South Africa is naturally inclined to drought conditions because it's a semi-arid country. These drought conditions were exacerbated after the strong 2015-16 El Niño events. The El Niño impacts combined with the ongoing droughts presumably have resulted in significant declines in the water resources of the country. This drought occurrence is still evident in some climatic regions of South Africa (i.e., all year-round rainfall and winter rainfall regions). This is substantiated by the decline in dam levels, reservoir storage, and even groundwater levels mostly in the Eastern Cape and eastern parts of the Western Cape Province. This is based on the available data collected through various monitoring programmes (groundwater levels, dam levels, reservoir storage, and rainfall) managed by the Department.

River systems (mostly surface water storage) are the common surface water expression of water availability in South Africa, with others being lakes, ponds, and pans. South African river systems and catchments are characterized by a high spatial variation in rainfall, as well as variations in catchment sizes and physical properties. These result in different river patterns and dynamics within catchments and further in Water Management Areas (WMAs), which have implications for water resource availability.

Aquifer (groundwater) storage is another expression of water availability in the country, where an increased groundwater utilization in the country's water mix has been observed in the past decades, due to the significant potential of the groundwater resources in adaptation to climate change and augmenting of conventional surface water supply systems.

The western part of the country has high evaporation rates compared to the eastern part of the country. In such regions with a high potential for evaporation, a great percentage of the rainfall received is often lost through evaporation. Therefore, there is not enough recharge to the groundwater systems and the dams do not get enough water for the level to increase causing a corresponding decline of levels in the water resources. A very good recharge is required for the recovery of groundwater levels, dam levels, and reservoir storage.

### Climatic trends and their implications on water resources

In 2022, South Africa had a notably warm year, particularly in the central interior region. According to data gathered from 26 climate stations monitored by the South African Weather Services, the annual mean temperature anomaly for that year was approximately 0.4°C higher than the average temperature during the reference period of 1991-2020. This temperature rise ranks 2022 as the fourth hottest year on record since 1951 as depicted in figure 2.1.1 below. Over the period of 1951-2022, South Africa has exhibited a significant warming trend of 0.16°C per decade, reaching statistical significance at the 5% level.

During the hydrological years of 2021/22 and 2022/23, the El Niño-Southern Oscillation (ENSO) was in a La Niña phase, which typically brings above-normal rainfall to most South Africans summer rainfall regions. Notably, the rainfall patterns observed during the hydrological year 2021/22, as depicted in figure 2.1.2, exhibited above-normal precipitation across almost all parts of the country, except for a coastal strip in the southwestern coastline of the Western Cape Province. The Northern Cape Province, encompassing the Orange WMA, Middle, and Lower Vaal WMAs, experienced significantly higher rainfall levels surpassing 200% of the normal precipitation. The eastern half of the country, characterized by summer rainfall, also received notably above-normal rainfall during the past two hydrological years (2020/21 & 2021/2022). As a result, areas in South Africa experiencing drought conditions have decreased over the past four hydrological years.

In terms of highlights for the 2021/22 hydrological year, most Water Management Areas (WMAs) were classified as having above-average rainfall. These include the Mzimvubu-Tsitsikamma WMA, Pongola-Umzimkulu WMA, Vaal, and Orange WMA. Notably, surface storage dam levels in these water management areas were observed to be at their highest during the reporting period.

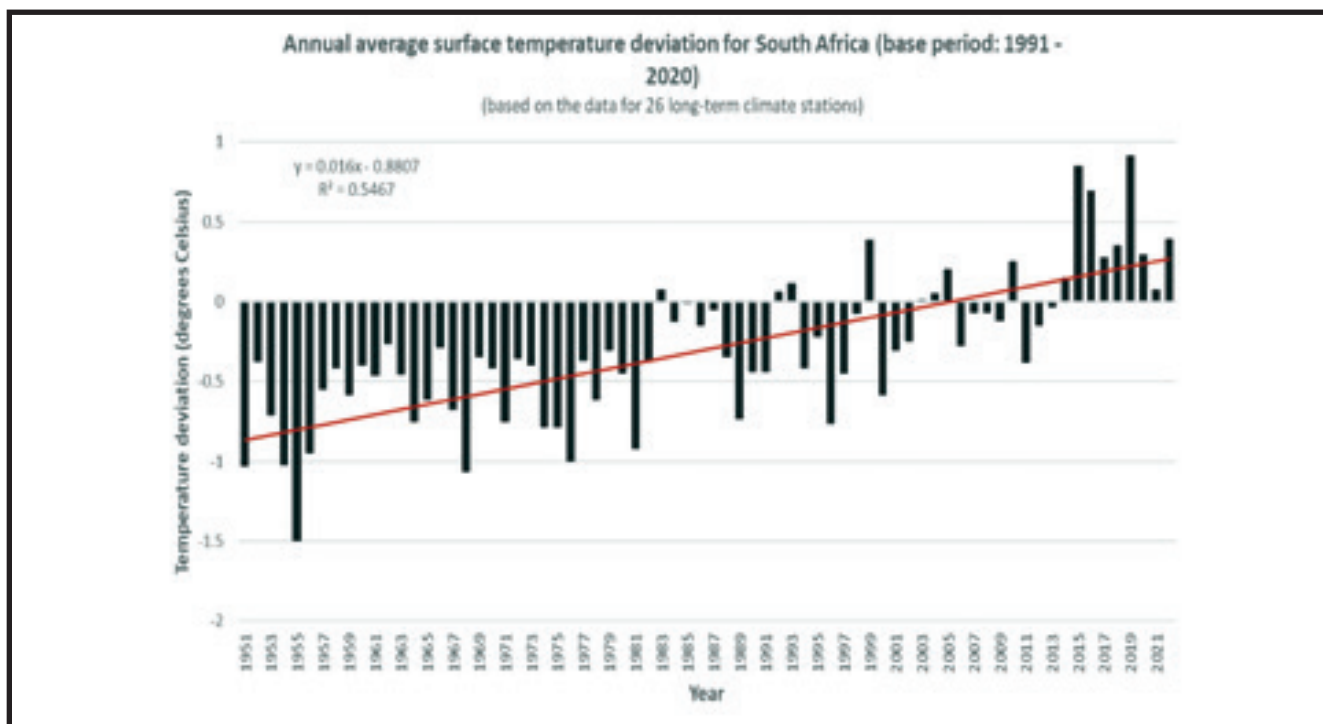


Figure 2.1.1: Average surface temperature deviation over South Africa: 1951 - 2022 (base period: 1991 - 2020). The linear trend is indicated (Source: South African Weather Service)

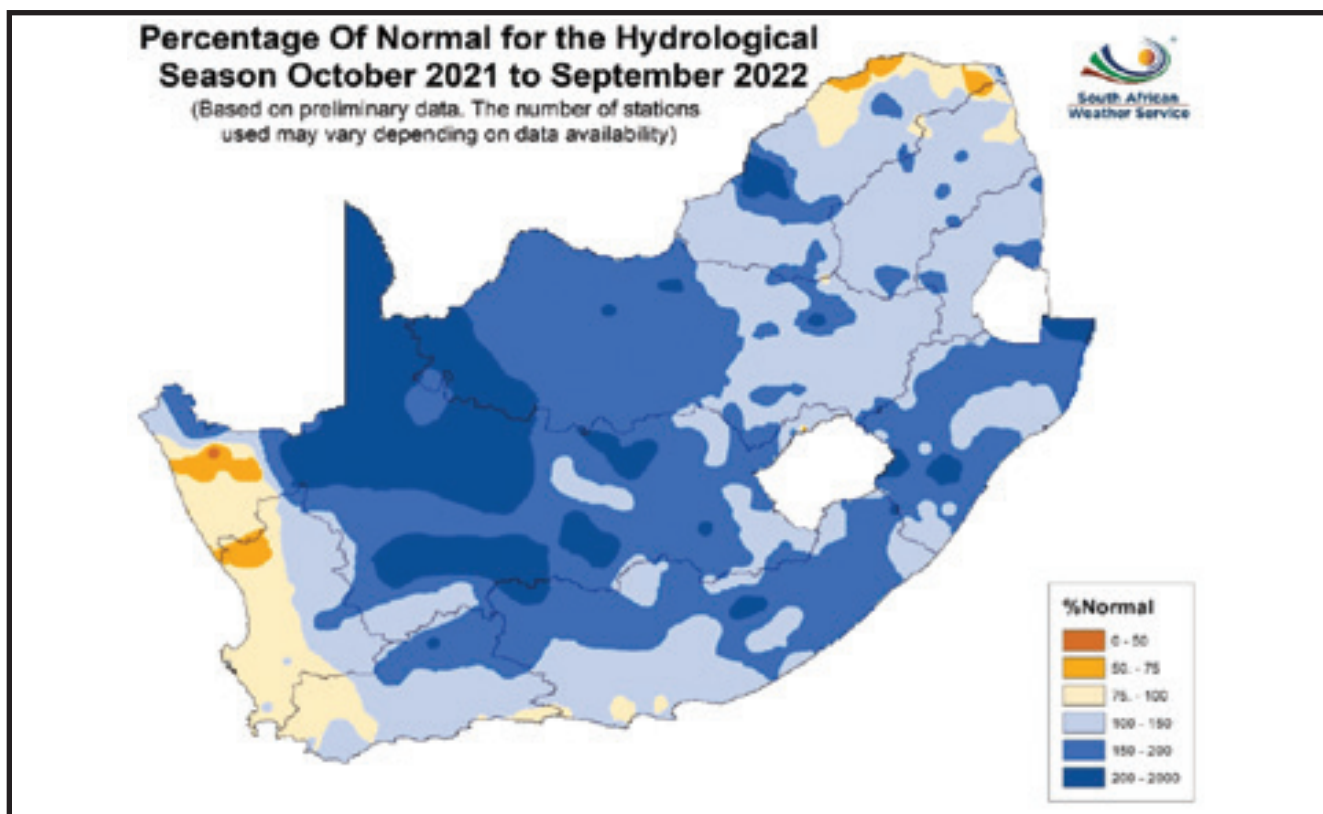


Figure 2.1.2: Seasonal total rainfall anomalies (Data source: South African Weather Service)

Despite above-normal rainfall being observed in much of the country during the reporting period, there were still areas that experienced dry conditions. These areas include isolated parts of the Limpopo Province, the southern-western regions of the Northern Cape Province, the Western Cape Province, and the southern parts of the Eastern Cape as depicted in figure 2.1.3 below.

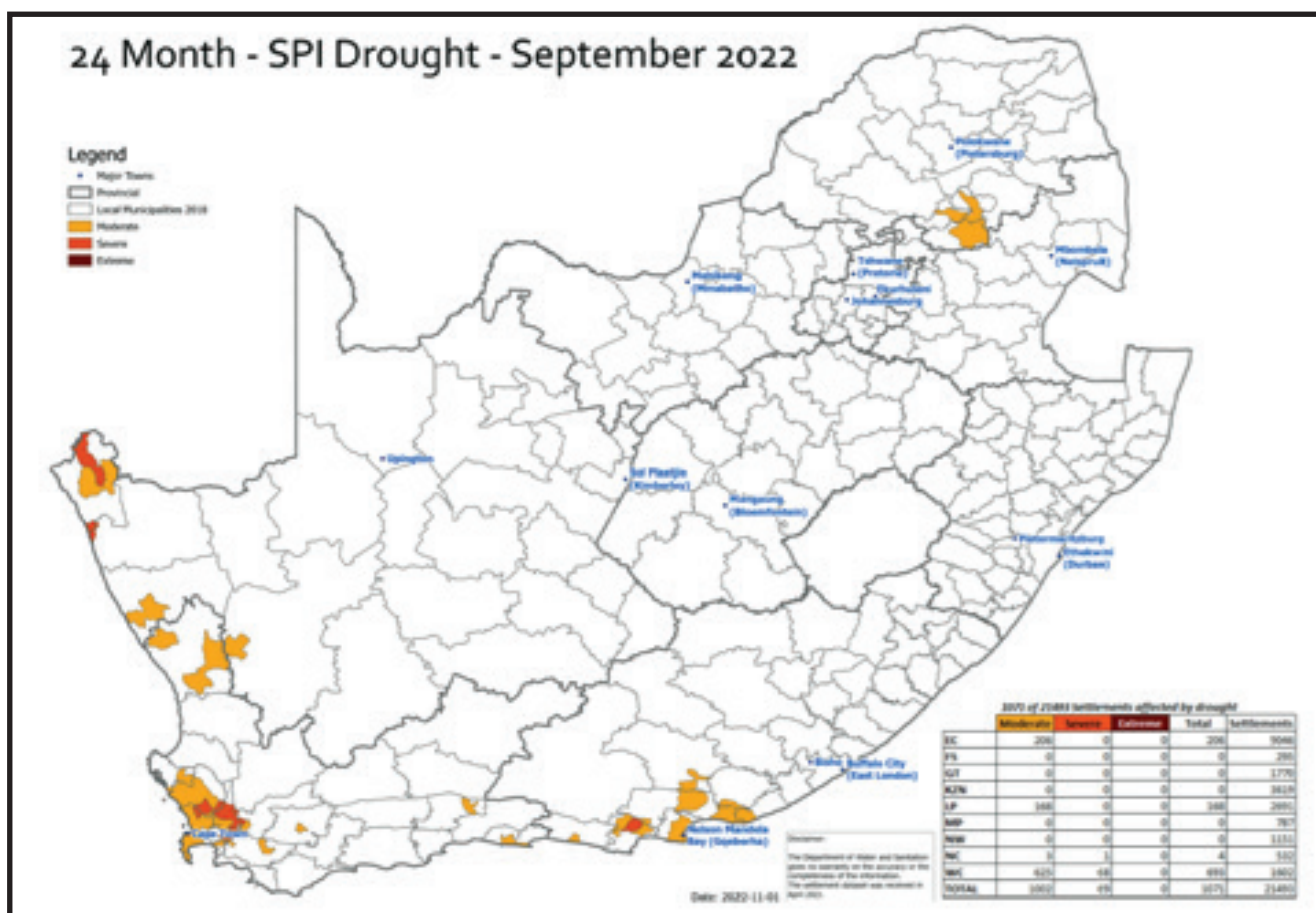


Figure 2.1.3: Twenty-four (24) months standard precipitation index (SPI) end of 2021/22 HY (Data source: Agricultural Research Council)

Since July 2016, the Eastern Cape Province has been experiencing below-normal rainfall, a trend that continues to the present day. Similarly, the Western Cape and Northern Cape Provinces have been receiving below-normal rainfall since October 2015. However, a recovery was observed in the Eastern Cape, with above-normal rainfall recorded from February 2022. In contrast, the Western Cape Province encountered below-normal rainfall from April 2022 to September 2022.

Towards the end of the wet season in most summer rainfall areas during the 2021/22 hydrological year, a surface trough known as a cut-off low weather system formed over the eastern parts of the country between May 20 and May 22, 2022. This cut-off low moved eastward from the interior towards the ocean, gaining strength and resulting in heavy rainfall in coastal areas of KwaZulu-Natal and certain parts of Mpumalanga. Accumulated rainfall ranging between 200-500 mm was recorded in KwaZulu-Natal during April and May 2022, leading to localized flooding in the region. This event was identified as one of the significant and damaging weather occurrences of 2022.

On April 13, 2022, the KwaZulu-Natal floods were officially declared a provincial disaster. On April 17, 2022, the floods resulted in 435 reported fatalities, causing extensive damage to homes, businesses, roads, bridges, as well as electricity and water infrastructure. Approximately 130,000 individuals were affected by this catastrophe, with over 19,182 houses and 264 schools destroyed. The districts most severely impacted by the floods include Ugu, eThekweni, King Cetshwayo, uMgungundlovu, and iLembe.



The KZN flood disaster has had a significant impact on water resource quality due to the damage inflicted on wastewater treatment infrastructure, such as wastewater treatment works, pump stations, trunk sewer lines, leaks, and breakages. Consequently, effluent overflows into various rivers have occurred. Among the major rivers affected are Thongathi, Umdloti, Ohlanga, Umngeni, Umbilo, Umhlathuzana, Umlazi, Isipingo, Imbokodweni, Amanzimtoti, and Amahlongwana in the eThekweni Metro area, as well as Mvoti, Uthukela, Mbizana, and Nonoti in the iLembe District, along with Uvongo and Nkhongweni in the Ugu District.

Trends on climatic conditions, surface water flow, national dam storages & groundwater level and implications to water resources

Rainfall distribution in South Africa is characterized by uneven patterns. The western part of the country typically experiences very late summer rainfall, while the south-western part receives rainfall during the winter season. The southern part, on the other hand, receives late summer rainfall as well as rainfall throughout the year. This distribution of rainfall can be observed in figure 2.1.4 below.

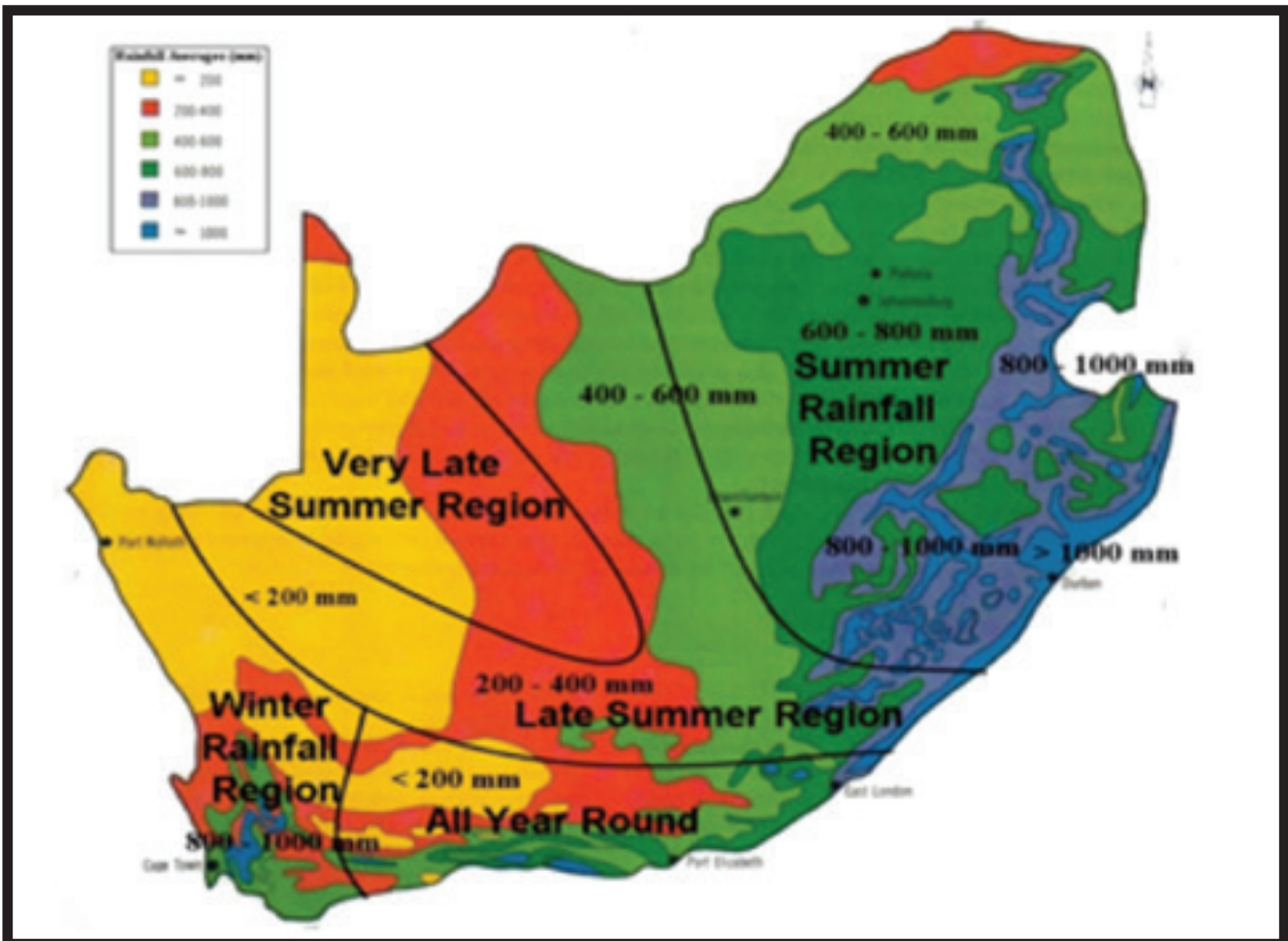


Figure 2.1.4: Rainfall patterns

The northern and eastern regions of the country typically receive good summer rainfall, while the far north tends to receive little summer rainfall.

Figure 2.1.5 displays a streamflow anomaly map, which illustrates the variation in streamflow during the 2021/22 hydrological year compared to the median period of 1981-2010. Throughout the reporting period, the Tugela River, Olifants River (Mpumalanga), Olifants River (Western Cape), Gamtoos River, and Grootis River experienced below-normal to much-below-normal flows. In contrast, the normalized flows for the Groot-Kei River, Gourits River, Crocodile (West) River, Limpopo River, Vaal River, and Orange River ranged from above-normal to extremely above-normal levels.

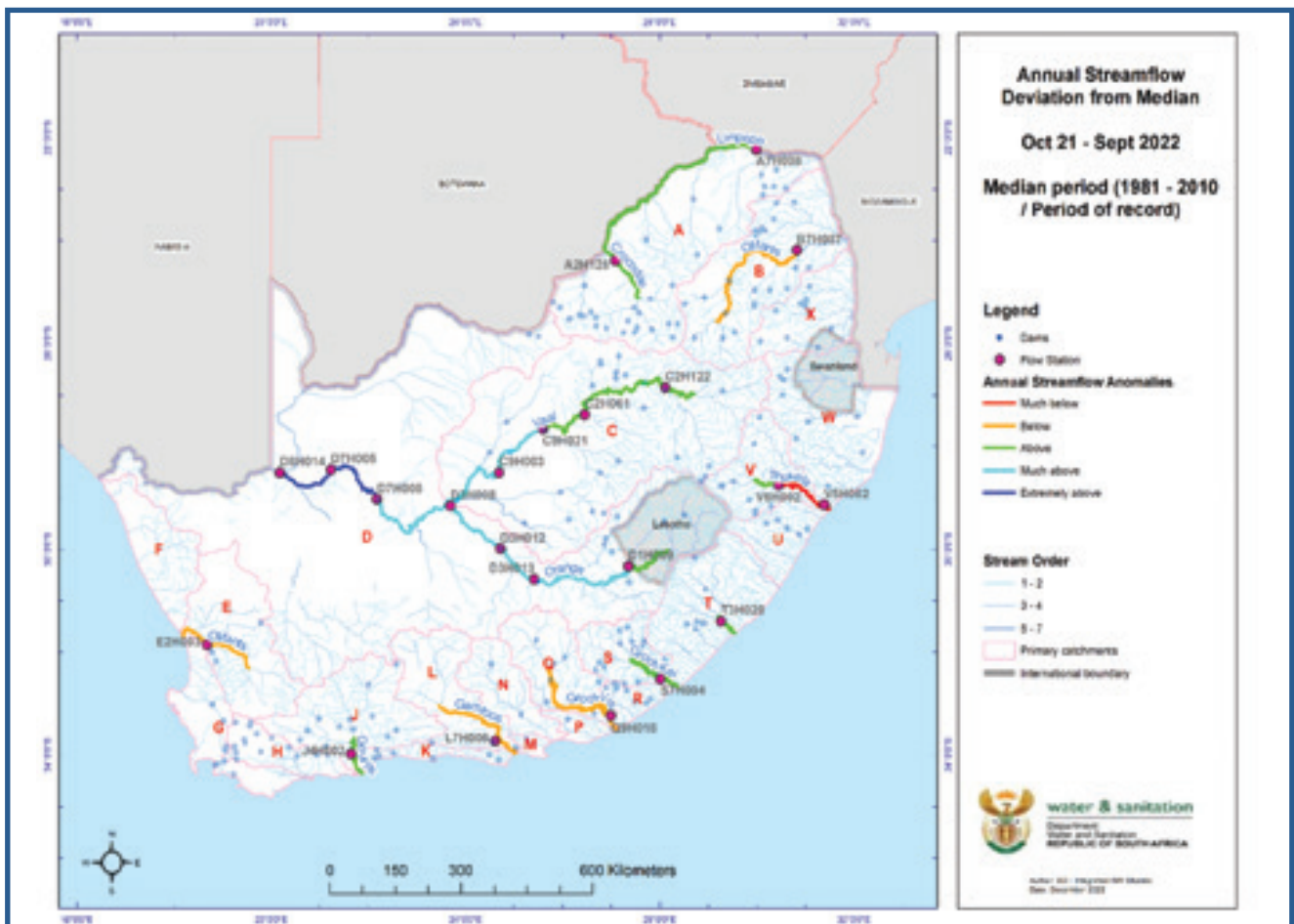


Figure 2.1.5: Annual median total streamflow anomaly for strategic river flow monitoring stations

The total volume of surface water stored in dams nationally is expressed as a percentage of full supply capacity, based on monitoring data from 221 dams. Figure 2.1.6, shows that the national dam storage levels for the past two hydrological years - 2020/21 and 2021/22, have been the highest for most of the months in the past five hydrological years. This is true, especially after the beginning of summer rainfalls received between December and April 2022 for the eastern parts of the country.

At the end of the hydrological year (i.e., September 2022), approximately 4% of the dams were at critical storage levels, 11% were at risk, and over 85% were either spilling or at optimal storage levels. Most of the dams that were at critical storage conditions at the end of the reporting period were in the Eastern Cape, Limpopo, and Western Cape – all-year rainfall, summer rainfall, and winter rainfall regions respectively.

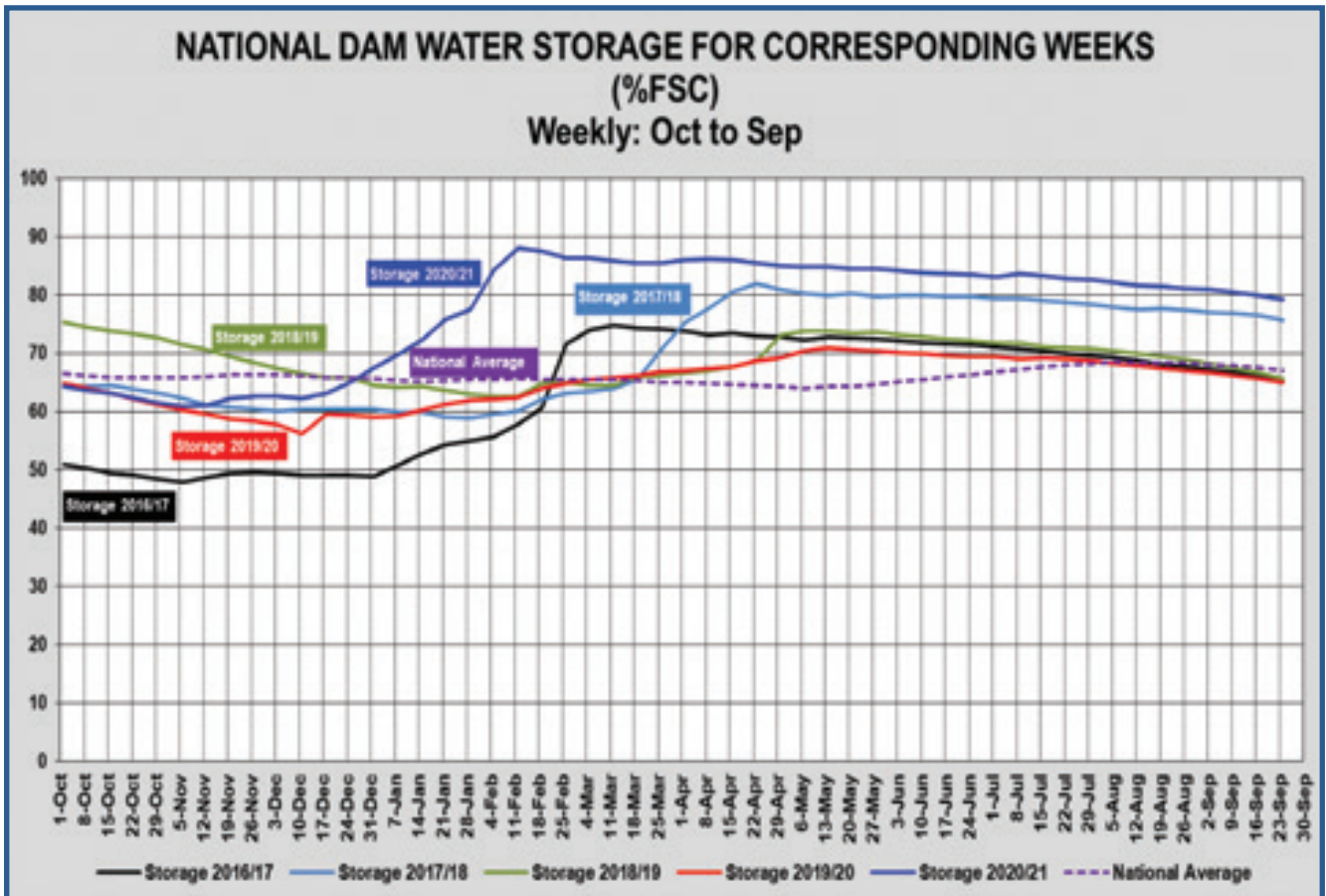


Figure 2.1.6: National Dam storage levels for the past five years compared to a national average

The long-term median storage for each province during the 2021-2022 hydrological year, compared with the previous hydrological year, is presented in Figure 2.1.7.

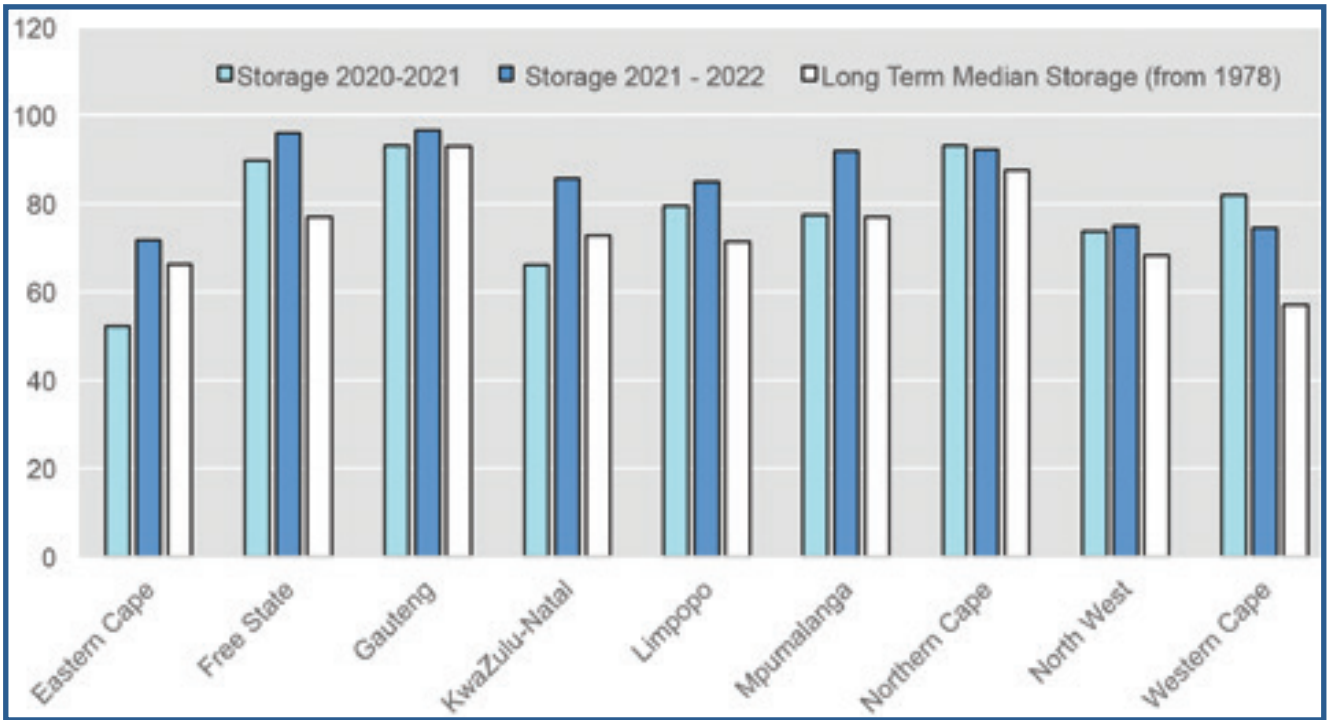


Figure 2.1.7: The storage situation in each Province during 2021-2022, compared with the previous hydrological year and the median

For the hydrological year 2021/22, 50% of the time, the dam levels for all provinces were above the long-term median storage levels. An increase or recovery to above the long-term median from last year is notable for the Eastern Cape and KwaZulu-Natal Provinces.

The comparison of the long-term historical median storage levels of water management areas and the past two hydrological years' median storage is presented in Figure 2.1.8.

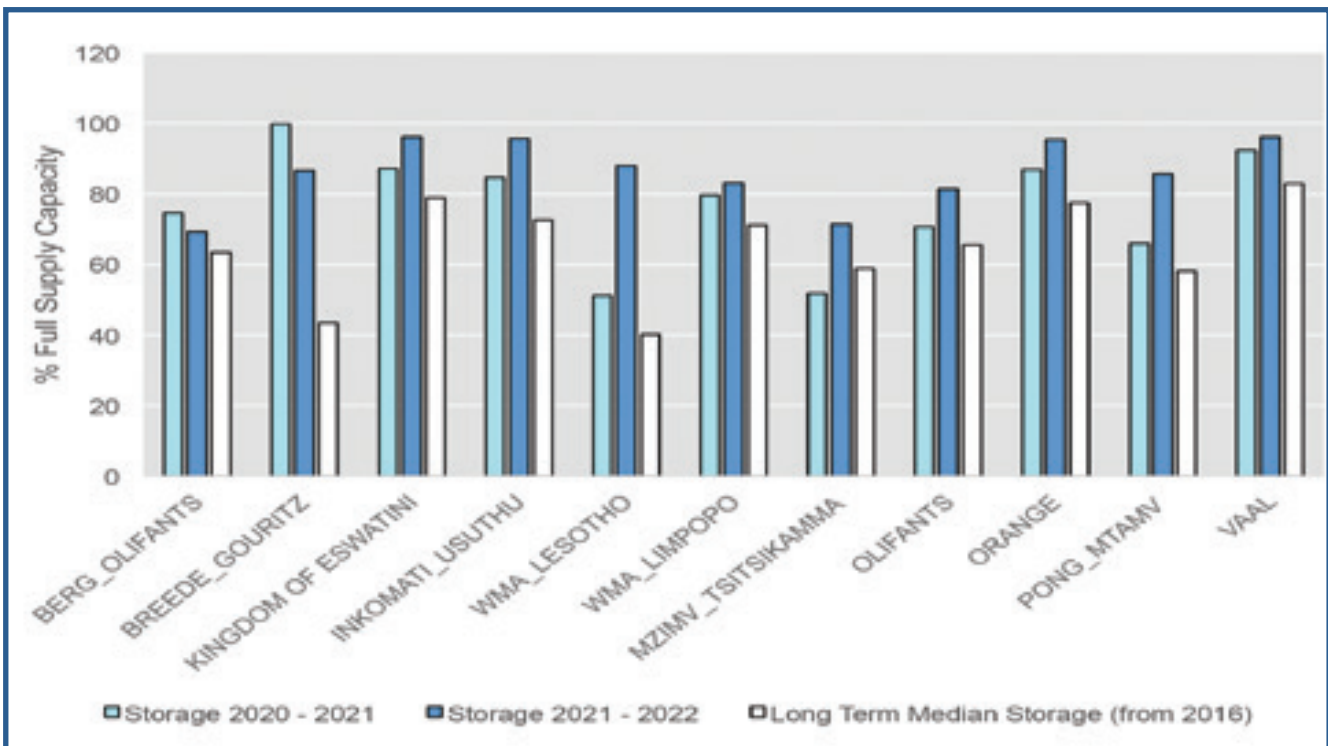


Figure 2.1.8: The storage situation in each WMA during 2021-2022, compared with the previous hydrological year and the median

The 2021/22 storages have been above the historical median for all water management areas. A similar pattern is observed for the past year (2020/21) for all WMAs except for the Mzimvubu-Tsitsikamma WMA. Notably, all median storages for the 2021/22 hydrological year are higher than the past year for all WMAs, apart from the Berg Olifants and Breede-Gouritz WMAs. However, the dam storage levels in these two WMAs remained higher than the long-term median dam levels.

In figure 2.1.9 below, the groundwater level value is presented as a percentage of the groundwater level status (GwLS). The historical groundwater level monitoring record is assessed per borehole to ensure significant results and understanding. The groundwater level status of the stations is averaged within the topo-cadastral map sheet grid (1:50 000). It is important to note that the groundwater level status depicts the groundwater level fluctuation and does not represent groundwater storage or availability. The two consecutive above-normal rainfall hydrological years, 2020/21 and 2021/22, have led to improved groundwater level recovery at most places and good aquifer recharge.

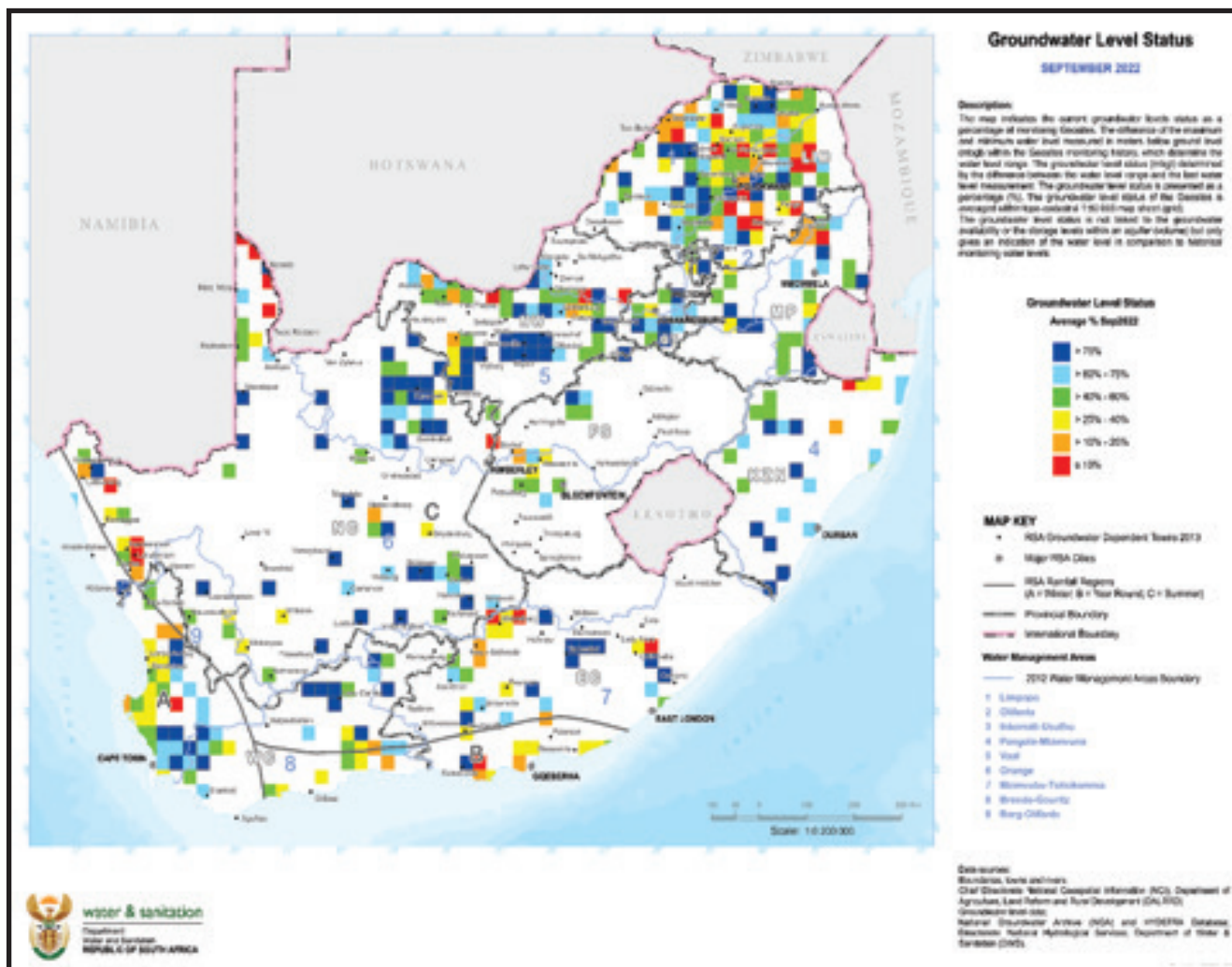


Figure 2.1.9: Groundwater Level Status September 2022

The average groundwater level status is presented against the percentiles of the historical average groundwater levels shown in figure 10. The graph provides a visual presentation to indicate drought conditions. Restrictions on groundwater abstraction can be implemented timeously before any negative impacts occur. Each grouping of boreholes will have a different severity range - seven percentile ranges.

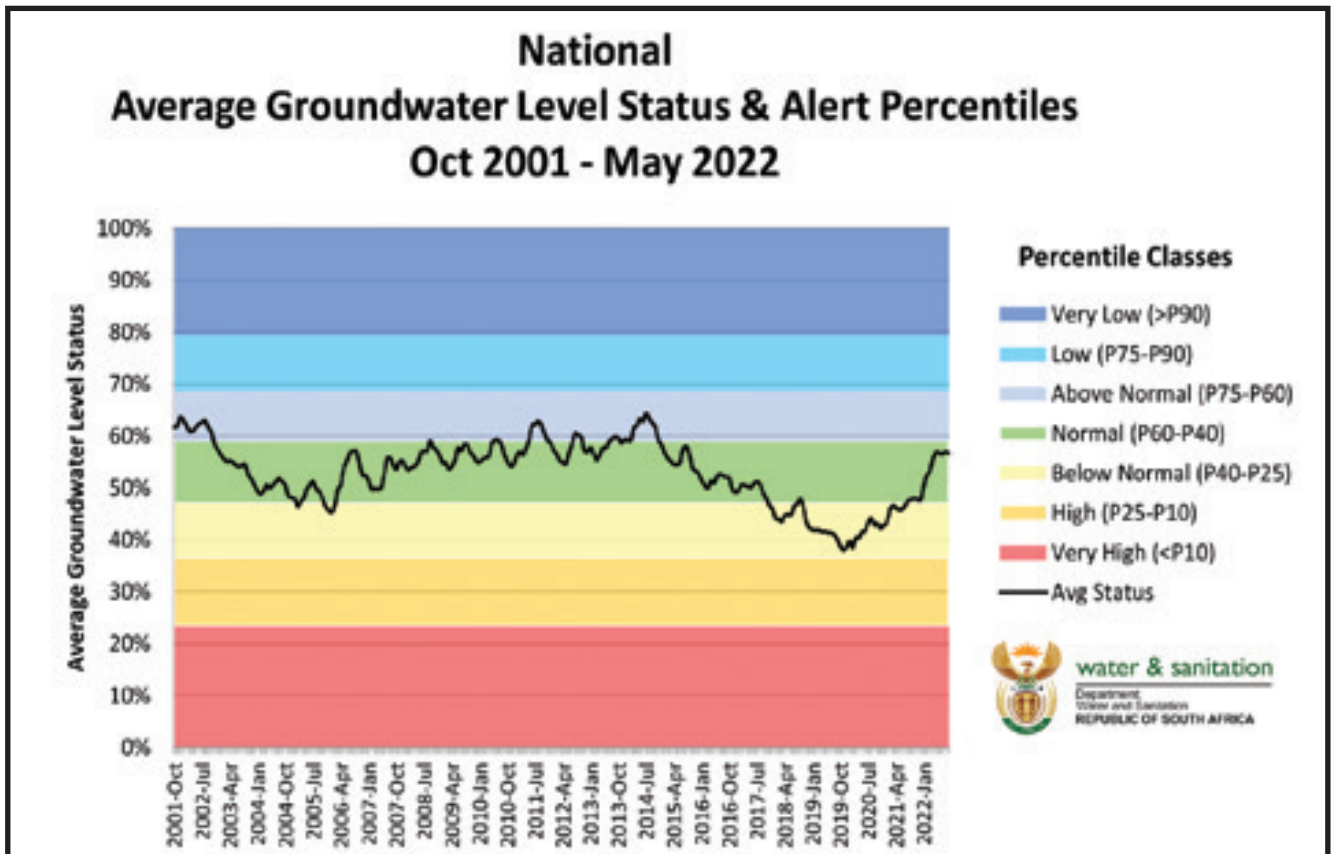


Figure 2.1.10: National Average Groundwater Level Status Severity Graph

The national average groundwater level status indicated a recovery trend from below normal in 2019 to normal in September 2022. This can be attributed to the above-normal rainfall received in the current and previous years, which has recharged aquifers.

## Performance of water resource systems operation

The Department has developed guidelines for water supply systems during normal, drought and flooding conditions. Also, formal operating rules have also been developed for the main water supply systems in the country - such as the Integrated Vaal River, the Orange River, the Algoa, the Amathole, the Western Cape, the Greater Bloemfontein, the Umgeni, the Umhlathuze and the Polokwane water supply systems. An operating rule is a procedural guide for governing the regulation of water resources for a particular system/dam to reconcile expected water requirements with availability.

The storage levels in water supply systems during the beginning of the hydrological year (October 2020), and the end of the hydrological year (September 2021) are presented in Figure 2.1.11. The decision date for most WSS in the summer rainfall areas is 1 May and 1 November for the winter rainfall areas,

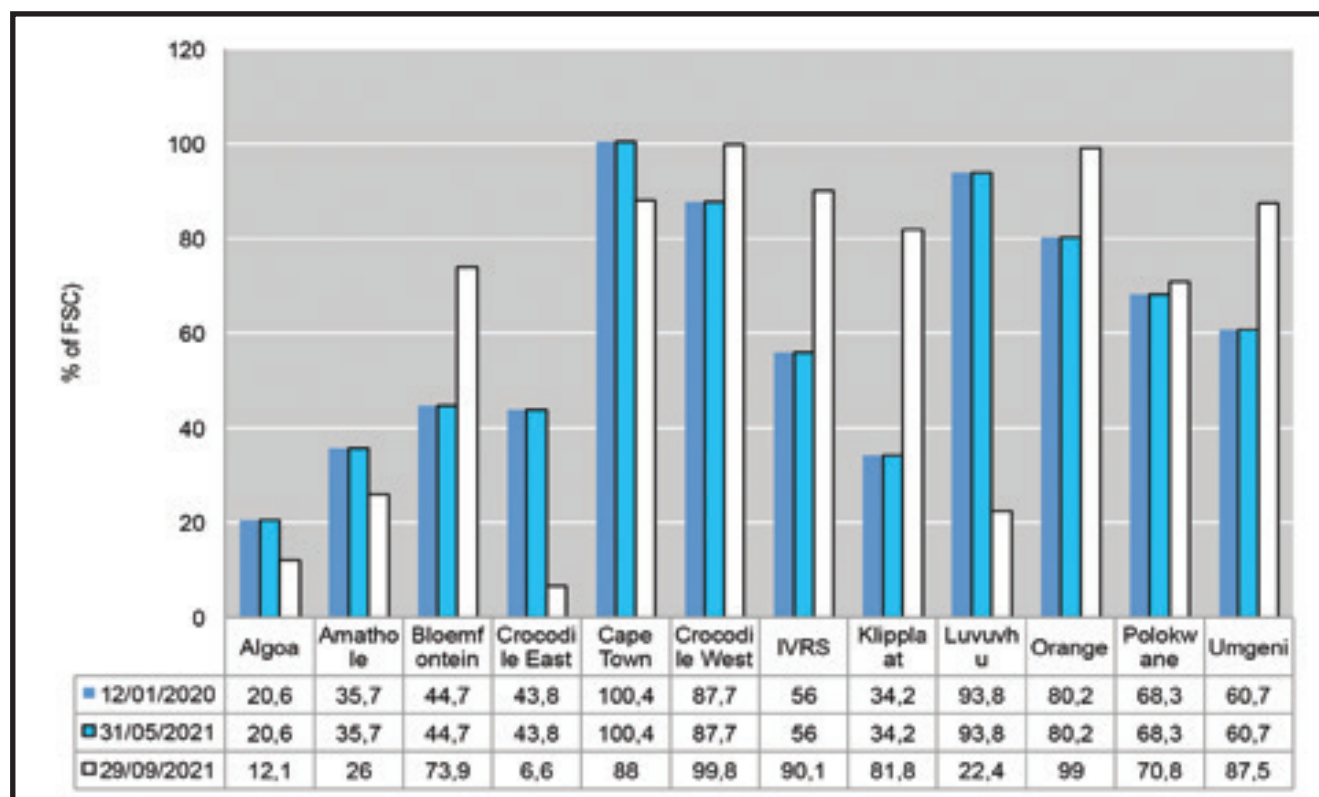


Figure 2.1.11: Comparison of Water supply storage levels through the hydrological year 2020/21

Five of the 14 water supply systems being reported on, have for this hydrological year started high in October but declined towards the end of the hydrological year. These are the Algoa, Amathole, Crocodile East, Cape Town, and Luvuvhu water supply systems. The Bloemfontein, Crocodile West, IVRS, Klipplaat, Orange, and Umgeni were at high storage levels at the end compared to the beginning of the hydrological year.

The most notable decline observed in Luvuvhu system started at 97% FSC and declined to 21% FSC at the end of the reporting period. IVRS was the most improved system at the end of September.

Monitoring of the water supply systems' performance during the period under review can be summarised as follows:

- **Algoa system:** the five (5) dams serving the Nelson Mandela Bay are sitting at a combined average of 12% compared to 20% same period last year. The situation remains critical for this system, particularly the Kouga/Loerie subsystem supplying water to Gamtoos valley and small towns like Hankey and Patensie as well as the Kromme sub-system supply the NMBM and coastal towns within the Kouga Local Municipality. Restrictions of 40% for domestic and industrial use and 80% on irrigation use were imposed for the 2020/21 hydrological year. These restrictions were still in place for 2021/22 hydrological year.
- **Amathole system:** the six (6) dams serving the Buffalo City are at a combined average of 34% compared to 45% the same period last year. There were no restrictions during the 2020/21 hydrological period of review as the system was able to supply its allocated water uses. Water restrictions of 20% on urban water use and 40% on irrigation use were implemented in the Amathole WSS during 2021/22 due to low storage levels of local dams.
- **Greater Bloemfontein system:** the four (4) dams serving mainly Mangaung recorded 81% in storage compared to 56% at the same period last year. The increase in storage was mainly because of heavy rainfall experienced during the first 3 months in 2021. While transfer from the Caledon River took place, it was not always optimal to exploit the high flows in the Caledon River because of pump outages at the Tienfontein pumping station. Twenty-four percent (24%) water restrictions were imposed on the system and remain in place until the Annual Operating Analysis (AOA) and the System Operating Forum (SOF) for the 2021/22 operating year have been concluded.

- **Western Cape Water Supply system (WCWSS):** the six (6) dams serving mainly the City of Cape Town and the irrigation sector depending on the system recorded a combined storage level of 68% compared to 53% the same period last year. There are no restrictions imposed on the system currently.
- **Crocodile West system:** the six (6) dams serving mainly Tshwane, Madibeng and Rustenburg are standing at an average storage level of 94% compared to 87% at the same time last year. No restrictions were imposed on the system last water year and the situation remain the same in the 2021/22 water year.
- **Integrated Vaal River system:** It has fourteen (14) dams that serve mainly Gauteng Rand Water, Sasol and Eskom. The system storage is at 60% compared to 66% the same time last year. There were no restrictions in the 2020/21 systems operating year and the situation remain the same until the Annual Operating Analysis (AOA) and the System Operating Forum (SOF) for the 2021/22 operating year have been concluded.
- **Polokwane system:** Dams in this system recorded an average storage level of 98% compared to 71% the previous year. In the 2020/21 water year restrictions of 20% for domestic and industrial water users were imposed. The same restrictions are still in place until the 2021/22 operating rules are finalised towards the end of this month.
- **Umgenti system:** the five (5) dams mainly serving eThekweni and Msunduzi reflected an average storage level of 85% compared to 74% the same period last year. There are no restrictions in place.
- **Umhlathuze system:** It comprises of Goedertrouw Dam and several lakes within the KwaZulu-Natal (KZN) coastline. It supplies water for irrigation, domestic and industrial use within King Cetshwayo District Municipality. Goedertrouw Dam storage is currently at 74% compared to 56% at the same time last year. In the presentation of results of the AOA to the SOF in May, it was agreed to lift the gazetted 2020/21 restrictions, considering the good storage level in the system.

Annual Operating analysis to for review operating rules and corresponding restrictions, if any, for systems in the summer and winter rainfall regions are made in May and November respectively.

## Infrastructure in terms of water resources and water services

There is a well-developed infrastructure, with more than 5 569 registered dams in South Africa. This number is only for those dams that are classified as having a potential for dam safety risk (i.e. dams with a minimum wall height of five (5) metres and are capable of storing more than fifty (50) Megalitres (i.e. 50 000 m<sup>3</sup>) water. The dams which do not fall within the above-mentioned category are not registered with the Department's dam safety.

The table below indicates the current registered ownership by the end of the 2022/23 financial year:

**Table 2.1.1: Number of registered dams and associated ownership**

Size class	Number of dams per ownership						Total	% per class
	DWS	Municipalities	Other state departments	Water Boards	Mines, Industry, Business	Agriculture		
Small	83	197	56	59	236	3679	<b>4310</b>	<b>77.4%</b>
Medium	135	120	27	51	63	689	<b>1085</b>	<b>19.5%</b>
Large	105	31	2	10	15	11	<b>174</b>	<b>3.1%</b>
<b>Total</b>	<b>323</b>	<b>348</b>	<b>85</b>	<b>120</b>	<b>314</b>	<b>4379</b>	<b>5569</b>	<b>100%</b>

The Department has an operations and maintenance (O & M) unit responsible for the management of 255 Government Water Schemes (GWSs). The operations thereof are funded by revenue obtained through the tariff charges to users. The pricing strategy dictates that the O & M charges should comprise of:

- Direct costs (pumping, O & M, distribution, administration);
- Indirect costs (overall cluster and area office costs);
- Depreciation (capital requirements for refurbishment); and
- Return on Assets (capital to be set aside of betterment and development of new infrastructure).



The existing infrastructure needs maintenance, and the country is already experiencing challenges with lack of focus on sustainable asset management. The funding pressures, however, prevent the O & M unit to receive the required allocation as per the charges posed on the users. A case in point is the Central Cluster that generated revenue of R2,3 billion but only received R1,1 billion for operations expenditure (OPEX).

For the period under review, the entire unit received R2.1 billion whilst a total of R2.2 billion was required for operation and maintenance. The total cost required for renewals of assets as per the Asset Management Plan is R2, 6 billion and only R553 million had been received. This implied that the capital expenditure (CAPEX) funding maintenance for the fifty-six (56) pump stations, 323 state dams and others strategic infrastructure are still severely affected.

There is a significant and growing backlog in maintenance and refurbishment of national water resources infrastructure. The inadequate ring-fencing of budgets poses a significant challenge to infrastructure management and has contributed to a refurbishment, renewal and maintenance backlog of R36bn comprising of:

- A refurbishment backlog of R12.5bn caused primarily by inadequate maintenance; and
- A renewal backlog of aged infrastructure of about R23bn, mostly related to the relining of canals, the renewal of mechanical equipment in dams and pump stations and the relining or replacement of selected pipelines

A financially downscaled O & M function will have a detrimental impact on the national economy. The strategic users such as Eskom and Sasol are heavily dependent on the services of this unit (as per signed user agreements), and any failure in this regard could lead to inter alia energy and fuel shortages. In addition, if the operating rules are not adhered to there is a long-term impact on water resource management.

The figure below reflects the growing backlog on maintenance budget requirements due to decreasing budget allocation.

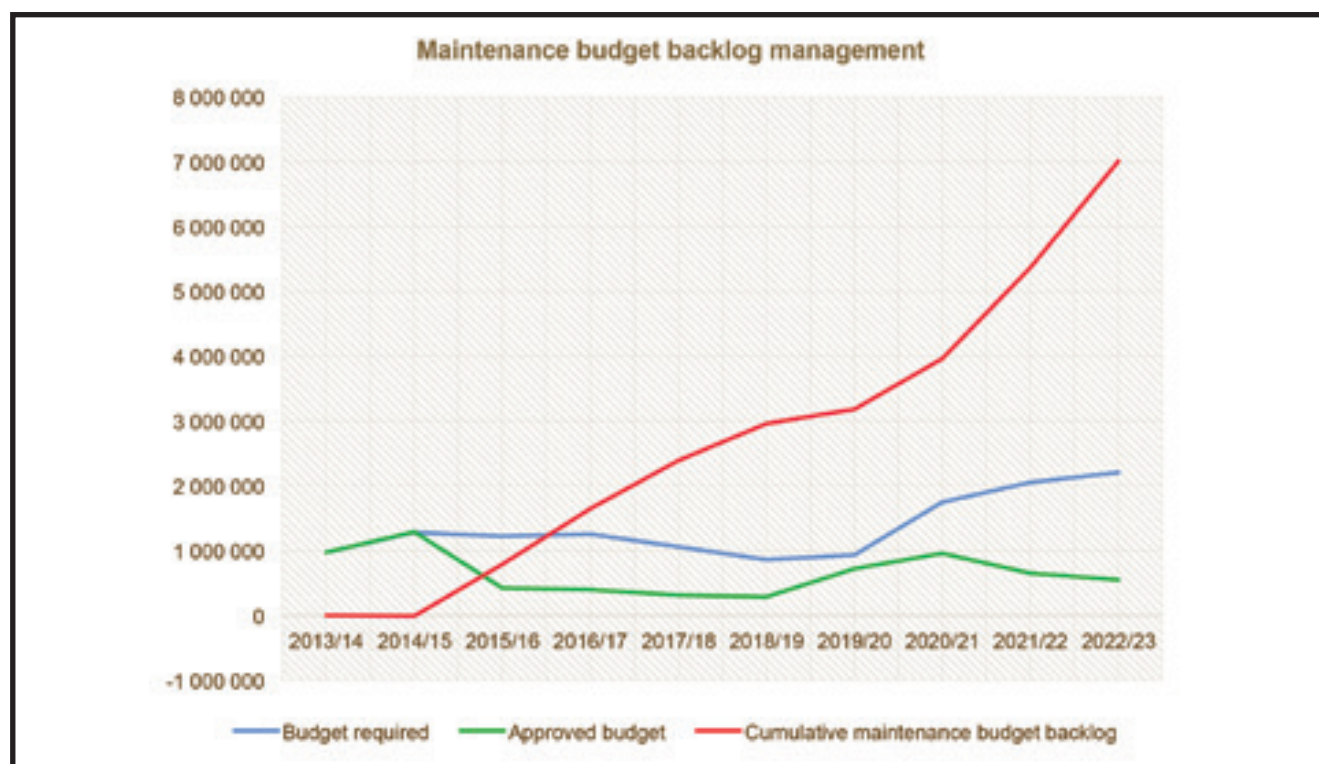


Figure 2.1.12: Backlog on maintenance due to decreasing budget allocation

The schemes also require efficient and effective operations, for which specialised skills and capabilities at all levels are needed. Major challenges are experienced regarding the capabilities of water services authorities to effectively manage the schemes on a sustainable basis. This issue needs to be dealt with decisively through a review of the mandates and policies in relation to the management of water infrastructure, and available capacity.

## Compliance monitoring and enforcement

Figures 2.1.13 and 2.1.14 below reflect that trend analysis for compliance inspections and investigation capacity have been a steady increase of fourteen percent (14%) on cases investigated and twenty-two percent (22%) on inspections conducted during the period under review in comparison to the previous financial year respectively i.e. 2022/23.

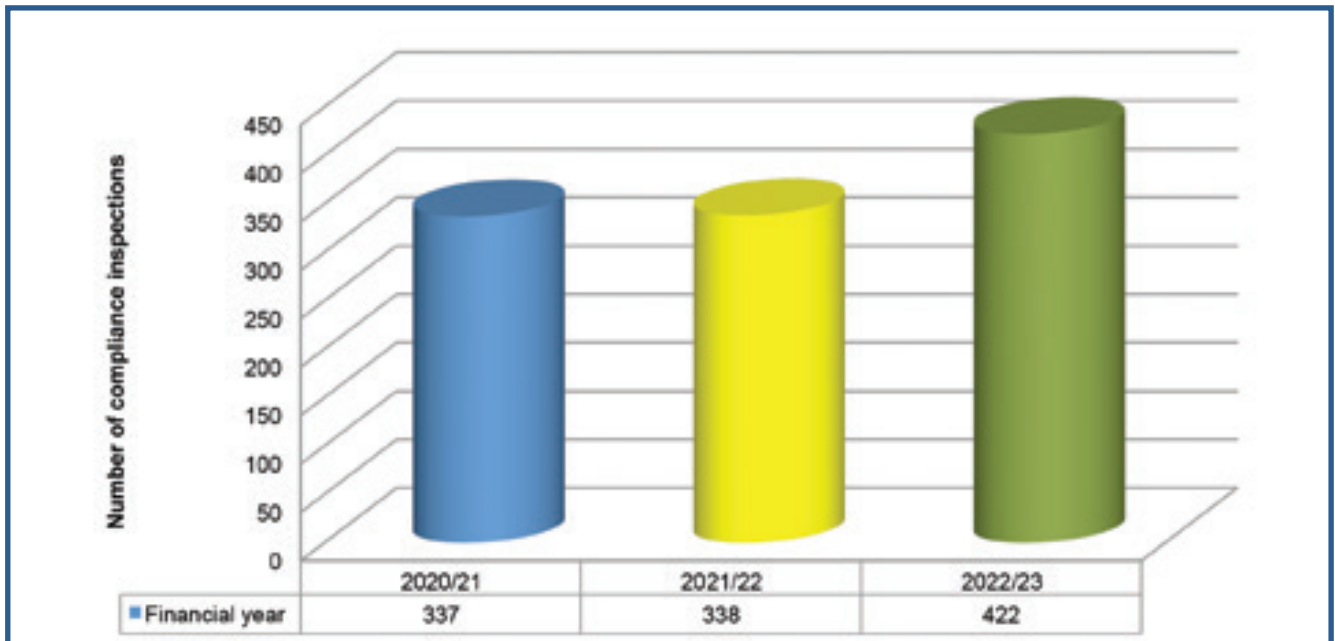


Figure 2.1.13: Trend analysis of compliance inspections per financial year from 2020/21 to 2022/23 financial years\

For the year under review, a total of three hundred and eighty-five (385) cases were subject to investigation, in contrast to the three hundred and thirty-eight (338) cases investigated during the prior financial year. This represents a notable 14% increase in the number of cases investigated when compared to the previous financial period. The surge in the volume of cases examined can be attributed to various factors, including but not limited to an elevated incidence of reported pollution cases.

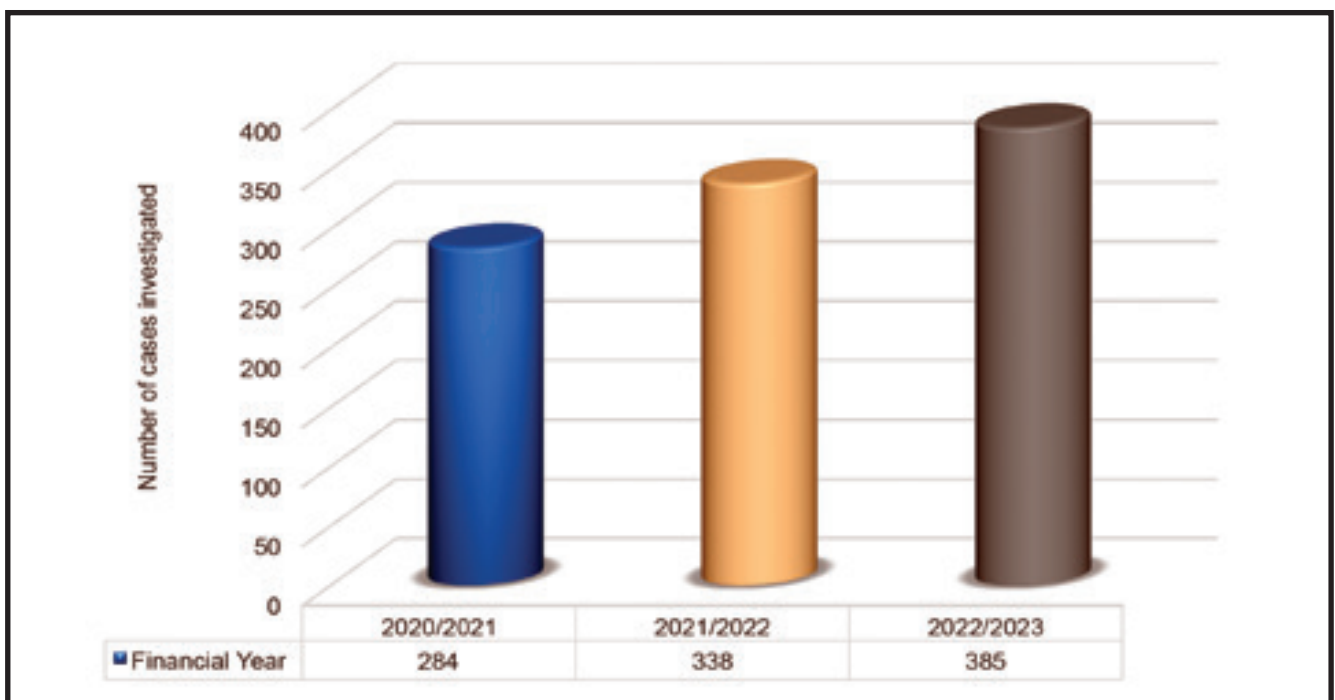
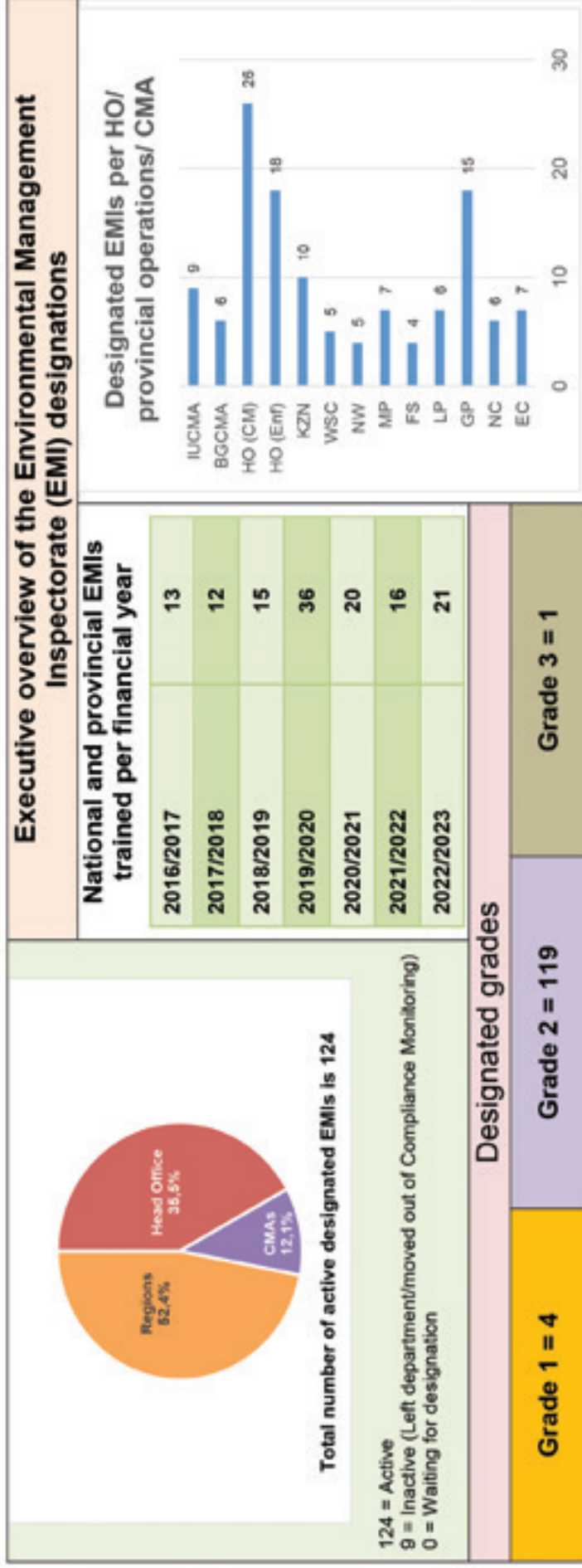


Figure 2.1.14 Trend analysis on the number cases investigated from 2020/21 to 2022/23

To mitigate the aforementioned and strengthen the compliance monitoring and enforcement capacity of the Department, a total of twenty (20) environmental management inspectors (EMIs) were trained during the period under review. The progress on establishing a designated environmental inspectorate is indicated below:



\*The approval of the following designations for 2022/2023 to give effect to officials as peace officers is underway:

Training dates	Number of officials and offices	Total passed but awaiting designation letters
Training done in May 2023	Fourteen officials trained; one (1) in BGCMA; one (1) in IUCMA; two (2) in Mzimvubu Proto-CMA; one (1) in Head Office: Compliance Management; one (1) in Northern Cape; one (1) in Free State; one (1) in KZN; one (1) in Mpumalanga; one (1) in North West; one (1) in Gauteng Region; one (1) in Northern Cape two (2) in Limpopo.	Total = n/a await results

From the compliance inspections conducted during the period under review, the mining sector continued to receive more attention as reflected in the figure below:

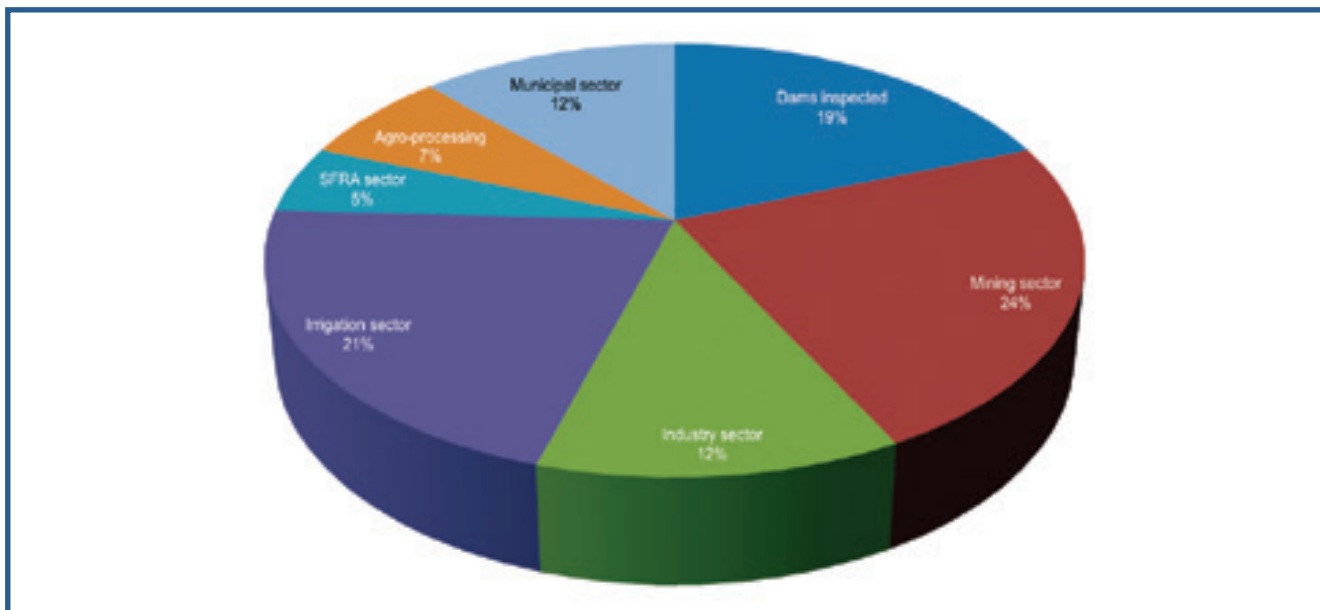


Figure 2.1.15: Compliance inspections per sector for the 2022/23 financial year

For the period under review, enforcement had a higher number of cases to investigate in the local government and agriculture sectors. These sectors also accounted for a significant proportion of the reported cases due to substantial water usage, constituting 61% of overall water consumption of the reviewed period.

The figure below illustrates the distribution of enforcement cases across various sectors. In the local government sector, the most reported cases were attributed to incidents such as malfunctioning pump stations, blockages leading to overflowing manholes, and the discharge of substandard final effluent at wastewater treatment plants, among others. Conversely, the reported cases in the agricultural sector primarily revolved around suspicions of unauthorised water usage.

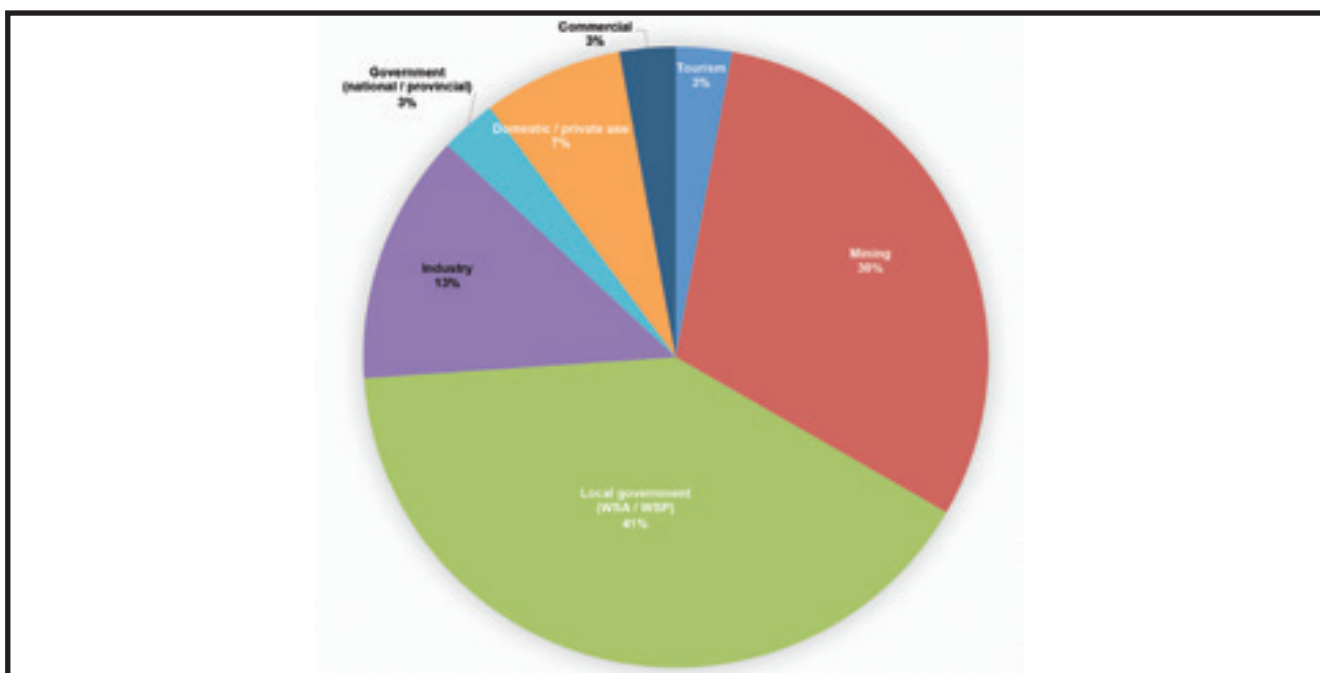


Figure 2.1.16: Enforcement cases per sector for the 2022/23 financial year

## For the period under review, the Department obtained the following judgements as tabulated below:

	Parties	CAS number	Offence(s)	Judgement
1	<p>The State vs Thaba Chweu Local Municipality</p> <p>[Joint matter between Mpumalanga Province: Department of Economic Development, Environment and Tourism and DWS]</p>	131/03/2020	<p><b>In respect of the charges:</b></p> <p><b><u>Count 1: Unauthorised disposal of waste</u></b></p> <p>THAT the Accused is guilty of contravening Section 26(1)(a) and (b) read with Sections 1, 36 (5), 67(1)(a) &amp; 68(1) and (2) of the National Environmental Management: Waste Act, 59 of 2008;</p> <p><b><u>Count 2: Failure to comply with the conditions stipulated in the water use licence issued in terms of section 28 of the NWA (Act 36 of 1998)</u></b></p> <p>THAT the accused is guilty of the offence of contravening section 21(g), 28 (1) and 151 (1) and (2) read with section 152, 153 of the National Water Act 36 of 1998, and read with GNR notice 921 of 29 November 2013, and further read with section 94 of the Criminal Procedure Act, 51 of 1977;</p> <p><b><u>Count 3: Unlawful water use</u></b></p> <p>THAT the accused is guilty of contravening Section 21(c) and (f) read with Section 151(1) and (2), and read with 152 and 153 of the National Water Act, Act 36 of 1998 and read with GNR 166 of 13 February 2009, and further read with section 94 of the Criminal Procedure Act, 51 of 1977;</p> <p><b><u>Count 4: Causing significant pollution to the environment</u></b></p> <p>THAT the accused is guilty of contravening of Section 28 (1), 49A(1)(f) and 49B (1) of the National Environmental Management, Act 107 of 1998, as amended, as well as with Sections 1 and 34 (with reference to Schedule 3) of the said Act and further read with section 94 of the Criminal Procedure Act, 51 of 1977;</p>	<p>The Accused was convicted and sentence on 13 June 2022 in respect of the plea agreement as follows:</p> <ul style="list-style-type: none"> <li>In respect of Counts 1, 4 and 5 for purposes of sentence the Accused was fined to a sum of R10 000000-00 of which half was suspended for a period of five years on certain conditions. The Accused is not convicted of any further offences in terms of National Environmental Management Act, 1998 (NEMA); National Environmental Management: Waste Act, 2008 and the National Water Act, 1998 during the period of suspension.</li> <li>In respect of Counts 2, 3, 6 and 7 the Accused was fined to a sum of R5 000 000-00 or direct imprisonment for a period not exceeding five years, wholly suspended for a period of 5 years on the following conditions. The Accused is not convicted of any further offences in terms of National Environmental Management Act, 1998 (NEMA); National Environmental Management: Waste Act, 2008 and the National Water Act, 1998 during the period of suspension.</li> <li>The Accused was ordered to utilise R4 800 000-00 out of the R5000 000-00 imposed on it on or before 1 November 2022, for the urgent and necessary repairs of all the identified equipment by the contractor in terms of the Technical Report.</li> </ul>

Parties	CAS number	Offence(s)	Judgement
		<p><b>Count 5: Unlawful, negligent disposition and distribution of raw untreated sewer</b></p> <p>THAT the accused is guilty of contravening Section 151(1)(i) read with Section (2), 152 and 153 of the National Water Act, Act 36 of 1998 and read with section 1 and 34 (with reference to Schedule 3), 49A (1) (f) and 49B (1) of the National Environmental Management, Act 107 of 1998, as amended and further read with section 94 of the Criminal Procedure Act, 51 of 1977.</p> <p><b>Count 6: Failure to comply with a directive in terms of section 19 and 53 of the National Water Act 36 of 1998 (dated 15 February 2019)</b></p> <p><b>Count 7: Failure to comply with a directive in terms of section 19 and 53 of the National Water Act 36 of 1998 (dated 14 January 2020)</b></p>	
2	The State vs Nigel Press Blaker	22/06/2021	Section 151(1)(a); (c);(d) and (j)
3	The State vs Roy Clifford Braithewaite	118/09/2021	151(1)(a); (c); (d) and (j)

The Water Services Act, 1997 provides the legislative framework for provision of water services, establishment of a regulatory framework, monitoring of water services, interventions and gathering of information in a national information system in terms of section 2 (a), (d), (f) and (h). It also provides for prescription of compulsory national standards relating to provision of water services and the quality of water taking into consideration guidelines as recommended by official standard-setting institutions to which water services institutions must comply with. It further requires the establishment and maintenance of a national information system to monitor the performance of water services institutions and hence the development of the Integrated Regulatory Information System (IRIS).

There are 144 water service authorities (WSAs) in the country that currently provide water services with 1035 water supply systems and 1004 wastewater treatment works (WWTW). These WSA are encouraged to submit monthly data for both drinking water and wastewater effluent through the IRIS to allow for compliance monitoring. For the period under review, the national drinking water quality is at microbiological 94.6%, Acute health chemical >99.0% and chronic health chemical >99.0% and with the wastewater effluent at microbiological=58% and chemical = 69.4%.

## 2.2 Service delivery improvement plan

**Table 2.2.1: Main services and standards**

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Adherence to water supply agreements/when operating the government water schemes	Domestic, industry and irrigation users	80% adherence to water supply agreements/when operating the government water schemes	A total of 80% adherence to water supply agreements/when operating the government water schemes in all four clusters	An average of 200% adherence to water supply agreements/when operating the government water schemes in three clusters
Finalise applications for water use authorisation within regulatory timelines	Agriculture, forestry, local government, mines, and industry users as well as state owned entities	80% of applications for water use authorisation finalised within regulated period	80% of applications for water use authorisation finalised within 90 days	62% of applications for water use authorisation finalised within regulated period
Investigate reported non-compliant water uses	All water users	80% of reported non-compliant cases investigated	80% of reported non-compliant cases investigated	81% of reported non-compliant cases investigated

**Table 2.2.2: Batho Pele arrangements with beneficiaries**

Current/actual arrangements	Desired arrangements	Actual achievements
Media briefings	Interactive engagements with members of the press about organisational matters.	A total of thirteen (13) media briefings were convened.
Media products and publications	Develop material on the activities of the Department	A total of: <ul style="list-style-type: none"> <li>• 406 media products were developed</li> <li>• 1 publication developed</li> </ul>
Marketing and advertising campaigns	Implement campaigns to make people aware of the Department's activities.	One marketing and advertising campaign was conducted.

Table 2.2.3: Complaints' mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Single customer interactive channel toll free is in place to register complaints 0800-200-200	Multiple customer interaction channels to register complaints using the customer's preferred channel of communication	<p>Multiple customer interaction channels created and integrated into a case management system:</p> <p><b>Telephone:</b> 0800-200-200</p> <p><b>E-mail:</b> <a href="mailto:Info@dws.gov.za">Info@dws.gov.za</a></p> <p><b>SMS:</b> 45174</p> <p><b>Fax:</b> 012 336 8664</p> <p><b>Web:</b> <a href="http://www.dwa.gov.za/CustomerCare/CustomerServicePortal.aspx">http://www.dwa.gov.za/CustomerCare/CustomerServicePortal.aspx</a></p> <p><b>Face-to-face:</b> 18 provincial walk-in centres</p>

## 2.3 Organisational environment

The internal or 'in-house' situations that affected the performance during the period under review can be summarised as follows:

### Human resource management

The water sector is inter-sectoral and multi-disciplinary in nature. Its multi-disciplinary nature covers a range of responsibilities including policy and regulation, planning and management, capital works design, construction, operation, and maintenance, ecological, water quality and social analysis, financial management, across both urban and rural environments.

The Department is the executive arm of national government with various roles including policy developer a regulator, an implementer, and an operator of water resource infrastructure. Some of these roles have a potential conflict of interest, while, water resources regulation, which is local in nature, could be performed better by a more decentralised arrangement such as a catchment management agency. To mitigate this, the Department's revised organisational structure ringfenced all functions relating to the catchment management agencies with the intention to transfer the associated human resources when these agencies are established.

Following the approval that was granted by the Minister for the implementation of the revised macro structure of the Department with effect from 1 April 2021 and where SMS Members were matched and placed, the Department embarked on the second phase of the structure review, i.e. the development of the micro structure and alignment thereof with the macro structure. In addition, some minor amendments were made to the macro level structure. Consultation on the revised structure continued during the period under review, including extensive engagement with organised labour in the Departmental Bargaining Chamber. The Minister subsequently signed off on the revised structure on 26 September 2022. Consultation on the implementation of the revised structure has taken place whereby Branches and provincial offices have been consulted on the implementation of, amongst others, the matrix reporting framework and the migration process of employees from the old- to the new structure. A change management programme was also rolled out as part of the engagement sessions.

Since the revised structure was being implemented during the 2022/2023 financial year, the complete establishment had to be created on the Persal system. Staff whose positions/roles and reporting lines were not affected, were migrated to the new establishment. Those employees whose posts do not appear on the new structure, were placed additional to the establishment with the view to identifying suitable vacancies to absorb them in. The process of matching and placing those employees is still ongoing. The vacancy rate in this HR Oversight Report, is therefore not a true reflection of the actual number of funded posts on the new structure. Once the new structure has been fully implemented on Persal and employees have been placed in vacancies, only approved, funded posts will remain on Persal. In view of the aforementioned, the vacancy rate of 36.10% as per the Oversight report, is not a true reflection of the actual vacancies. The 1422 employees additional to the establishment includes those employees who are currently in excess and who are yet to be matched and placed into alternative positions. As employees are placed in alternative positions, both the number of vacancies as well as employees additional to the establishment will decrease. Unfunded vacancies will be abolished on Persal once all employees have been successfully placed.



On 28 March 2023, the Berg-Olifants (increased operational boundaries of Breede-Gouritz), Mzimvubu-Tsitsikamma, Pongola-Umzimkhulu and Vaal-Orange catchment management agencies were listed as schedule 3A entities of the PFMA. This will affect the Department's human resources as some officials would be transferred into the established CMAs.

## Managing data and information

Effective information management, monitoring and evaluation is crucial for the successful management and regulation of water resources or water services as it provides insight to facilitate effective decision making/timely interventions/actions. This further enables management to adapt plans appropriately or plan effectively for the future. This is particularly critical in an environment facing significant change.

The lack of data and information resulting from weak monitoring systems, outdated information systems poses a high risk. In addition, monitoring and reporting has also been compromised by the high number of silo systems in the Department, resulting in duplication of data and effort. Therefore, cost effective and modernised information systems based on the 4th Industrial Revolution technologies must be developed.

The use of information communication technology (ICT) in the Department continues to play an enabling role to support the business processes. To this end, the department is embarking on a legacy technology modernisation drive while maintaining a high availability of ICT systems. However poor implementation of the ICT strategic plan due to budget constraints as well as the ageing ICT infrastructure and legacy silo applications contributes to ICT weaknesses.

The lack of internal capacity on critical ICT posts resulting in overreliance on consultants poses a threat to the Department. Digital transformation presents the Department with new opportunities to create digital service delivery platforms that integrates services as new ways and approaches for improving service delivery and efficiencies in the water resource management environment and provides new insights from data in a secured manner.

## 2.4 Key policy developments and legislative changes

The policy developments and legislative changes for the period under review can be summarised as follows:

### 2.4.1 Policies under development

**Integrated Water Quality Management:** the policy seeks to develop an intergovernmental water quality management approach to facilitate an integrated response to address water quality management challenges in the country. It aims to strengthen the existing integrated water quality management strategy that identified priority programmes to be implemented country wide. The draft policy was gazetted in the government notice on 30 March 2023 for 90 days ending on 30 June 2023 calling for the public to make written submissions. The Department is currently consolidating the inputs received with the intention to finalize the policy within the financial year 2023/24.

**Policy on Water Services Provision to People Living on Privately Owned Land:** The Policy aims to provide policy direction to Water Services Institutions on the provision of water and sanitation services to people residing on privately owned land. It therefore emphasises the incorporation of planning for such provision into institutional development planning frameworks such as the water services development plans (WSDPs) and the integrated development plans (IDPs). Public-wide consultations throughout the nine provinces were successfully undertaken. The comments received from consultations were analysed, responded to, and incorporated into the final draft Policy which will be tabled to Cabinet based on the Minister's latest recommendation.

### 2.4.2 Development of the National Water Amendment Bill

The National Water Act, of 1998 is amended to provide for the equitable and sustainable use and protection of water for current and future generation in support of the guiding principles of National Water Act (NWA). Furthermore, the Act is amended to prohibit undesirable consequences of private water trading; and to ensure redress of the past discrimination by regulating the acknowledgement of the existing lawful water use. The amendment also seeks to transform water user associations to ensure equitable water allocation. The NWA was presented to the ESIEID cluster in April 2023 and is in the process to be submitted to Cabinet for public consultation.

### 2.4.3 Development of the National Water Amendment Bill

The Water Services Act, of 1997 is amended to ensure sustainable water supply; and to regulate the provision of water and sanitation services by Water Services Authorities. The Bill is further amended to provide for the establishment and governance of the water boards in accordance with the report by the Presidential Review Committee on the establishment of SOEs.

The amendment of the Act seeks to insert and modify certain definitions; to list as one of its objects the regulation for safely managed sanitation; to include enforcement and rectification as its further objects; to provide as an object, the accountability of water services providers for management and financial transparency, disclosure and reporting on the water services provider function; to develop regulations relating to registration of persons who install and operate water service works; to provide for the quality of potable or drinking water; to provide for the establishment and governance structures of water boards, the appointment of the chief executive officer and employees of water boards; to provide for penalties for contravention of regulations and to provide for matters connected therewith.

The Water Services Amendment Bill was submitted to The Office of the Chief State Law Advisor (OCSLA) for preliminary certification, which was received, and it was passed as constitutionally sound. The Bill will be tabled to the technical working group, the FOSAD clusters and Cabinet for their approval to publish for public consultations in the 2023/24 financial year.

### 2.4.4 Development of the National Water Resources Strategy edition three (NWRS-3)

The National Water Resources Strategy (NWRS) provides a framework within which water resources of South Africa will be protected, used, developed, conserved, and managed in an efficient and sustainable manner towards achieving South Africa's development priorities over the next five to ten years. It responds to priorities set by the government within the National Development Plan (NDP) and National Water Act imperatives that support sustainable development.

The NWRS revision considers the outcome of its primary goals in line with the country's growth path National Development Plan (NDP) which seeks to eliminate poverty and reduce inequality by 2030, and to incorporate water supply and sanitation aspects to give effect to the National Water and Sanitation Master Plan (NW&SMP), which is subsidiary to, and operationalizes, the NWRS-3. As Cabinet approved the NRWS-3 on the 22 May 2023 for implementation, the Department is in the process of issuing a notice in the Government Gazette to notify the public of the outcome as per legislation and thereafter the NWRS-3 will be rolled out for implementation.

## 3 ACHIEVEMENT OF DEPARTMENTAL IMPACTS AND OUTCOMES

Outcomes		Outcome indicators		2022/23 progress
1	Efficient, effective and development orientated department	1.1	Percentage compliance with corporate governance regulatory prescripts	<b>Annual milestone exceeded</b> 95% compliance
		1.2	Annual Communication, Stakeholder Management and Partnership Programme implemented	<b>Annual milestone exceeded</b> 175% implementation
		1.3	Targeted procurement supporting SMMEs	<b>Annual milestone exceeded</b> 51% targeted procurement
		1.4	Percentage implementation of the departmental financial recovery and turnaround plan	<b>Annual milestone exceeded</b> 100% implementation
		1.5	Annual International Relations Programme implemented	<b>Annual milestone exceeded</b> 105% implementation

Outcomes		Outcome indicators		2022/23 progress
2	Ecological infrastructure protected and restored	2.1	Number of river systems with water resource classes and determined resource quality objectives	<b>Annual milestone exceeded</b> Final Legal Notice gazetted for Thukela
		2.2	Waste Discharge Charge System (WDCS) finalised for priority water management areas	<b>Annual milestone met</b> Final Draft WDCS Strategy
		2.3	Number of main stem rivers monitored for implementation of Resource Directed Measures (i.e. classification, resource quality objectives and the reserve) by 2024	<b>Annual milestone met</b> 4 main stem rivers monitored
		2.4	Number of rivers in which the river eco-status monitoring programme is implemented	<b>Annual milestone exceeded</b> 76 rivers monitored
		2.5	Number of strategies developed for AMD mitigation	<b>Annual milestone met</b> 2 mine water and wastewater mitigation strategies developed
		2.6	Mine water/wastewater management plans implemented	<b>Annual milestone met</b> 2 management plans implemented
3	Water demand reduced and water supply increased	3.1	Water conservation and water demand strategies developed for water use sectors	<b>Annual milestone met</b> 4 WCWDM strategies developed
		3.2	Water resource mix diversified	N/A
			Surface water	10 228 million m <sup>3</sup> per annum
			Ground water	2 785 million m <sup>3</sup> per annum
			Return flows/re-use	1 431 million m <sup>3</sup> per annum
		Desalination	150 million m <sup>3</sup> per annum	
		3.3	Gauging stations developed, maintained and refurbished to improve management decisions on water quantity and quality	<b>Annual milestone met</b>
Additional gauging stations developed	N/A			
Existing gauging station maintained and refurbished	1 gauging station maintained and refurbished			
4	Water and Sanitation Services managed effectively	4.1	Annual Municipal Strategic Self-Assessment (MuSSA) reports on water service authorities' performance in providing water and sanitation services	<b>Annual milestone met</b> 2022/23 MuSSA report developed
5	Enhanced regulation of the water and sanitation sector	5.1	Green Drop report on wastewater systems' compliance with regulatory requirements	N/A
		5.2	Blue Drop report on water supply systems' compliance with regulatory requirements	<b>Annual milestone not met</b>
		5.3	Timeframe for processing water use license application reduced	<b>Annual milestone partially met</b> 62% of water use license application finalised within regulated period
		5.4	Percentage level of compliance of water users in various sectors monitored for compliance with water use licenses	<b>Annual milestone met</b> 63% compliance

Outcomes		Outcome indicators		2022/23 progress
6	Water redistributed for transformation	6.1	Indication water availability for land reform projects	N/A
		6.2	Effective and efficient institutions established	<b>Annual milestone met</b>
			a) Catchment Management Agencies	<b>Annual milestone met</b> 1 CMA gazetted for establishment
			b) Regional Water Utilities	<b>Annual milestone met</b> 1 water board reconfigured
			c) Water User Associations	<b>Annual milestone met</b> 5 irrigation boards transformed into water user associations

## 4 PROGRAMME PERFORMANCE INFORMATION

### 4.1 Programme 1: Administration

Provides strategic leadership, management and support services to the Ministry and the Department through various activities such as financial management, shared corporate support services, as well as the coordination of water resources between neighbouring countries.

#### 4.1.1 Sub-programmes

**Ministry** provides for administrative support to the Minister, the Deputy Minister and their support staff, as well as making provisions for their salaries.

**Departmental Management** provides policy and strategic direction for water and sanitation management including independent, objective assurance and advisory services to improve the department's operations such as risk management and internal audit.

**Corporate Support Services** provides enterprise-wide needed support based on specialised services such as human resources management, legal services, communications, corporate planning, monitoring and evaluation as well as and technology to serve internal customers.

**Financial Management** provides for planning, organising, controlling and monitoring financial resources with a view to achieve organisational goals and objectives.

**Provincial and International Coordination** provides for the coordination of international relations on water and sanitation with neighbouring countries, salaries and operational budgets for the Department's regional office heads.

**Office Accommodation** Makes payments for rental charges on all leased office space occupied by the department, and for municipal services such as electricity, water, and sewage and waste removal.

## 4.1.2 Outcomes, outputs, performance indicators and targets

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations			
			2020/21	2021/22							
Programme 1: Administration											
<b>Sub-programme: Departmental Management</b>											
1	Efficient, effective and development orientated department	1.1	Compliance with corporate governance regulatory prescripts	1.1.1	Percentage compliance with approved audit plan	80%	107%	80%	101,65%	<b>Target exceeded</b> Over by 21.65%	There were projects rolled over from the previous quarter. Some of forensic cases were outsourced to service providers hence an over achievement in the number of forensic cases.
					1.1.2	Percentage compliance with the implementation of risk management plan	100%	96% (24 of 25)	100%	96% (24 out of 25)	<b>Target partially met</b> Under 4%
<b>Sub-programme: Corporate support Services</b>											
1	Efficient, effective and development orientated department	1.1	Compliance with corporate governance regulatory prescripts	1.1.3	Percentage vacancy rate for engineers and scientists	An average of 120%	115% (845 of 733 posts)	≤10%	25% vacancy rate (279 of 1127 posts)	<b>Target not met</b> Under by 15%	The new organisational structure under implementation increased the scientist and engineering posts from 1072 to 1252 of which 90% (i.e. 1127 posts) or more should be filled to keep the vacancy rate at 10% and below.
					1.1.4	Percentage of training interventions implemented in the department	1 coaching mentorship programme (1843 of 7681)	24%	50%	<b>60%</b> (3585 out of 5959)	<b>Target exceeded</b> Over by 10%

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations			
			2020/21	2021/22							
<b>Programme 1: Administration</b>											
		1.1.5	64	91	64	67	<b>Target exceeded</b> Over by 3	When assessments were conducted on departmental dams the neighbouring houses and/or offices were also assessed to curb the risk, resulting in the increased number of assessments conducted.			
		1.1.6	90%	99%	90%	99%	<b>Target exceeded</b> Over by 9%	The current monitoring tool is reliable and configured to generate and send alerts for proactive resolution.			
	1.2	1.2.1	172% (i.e. 1455 of 845)	163% (1602 of 965)	98%	175% (1791 out planned 1010)	<b>Target exceeded</b> Over by 77%	More issue arose in the environment which required the Department to respond accordingly			
<b>Sub-programme: Financial Management (Main Account milestones)</b>											
1	Efficient, effective and development orientated department	1.3	Targeted procurement supporting SMMEs	1.3.1.1	Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	8%	26.6.5%	15%	26%	<b>Target exceeded</b> Over by 11%	The reporting was amended to include sub-contractors.
					a) Women	-	66%	40%	36%	For the designated groups the reporting was amended to reflect only procurement awarded to companies with 50% or more ownership for women, youth and PWD respectively. This change contributed to the reduction in performance.	
					b) Youth	-	19%	30%	10%		
					c) People with disabilities	-	0.45%	7%	2%		

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 1: Administration								
	1.3.2.1	Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	37%	24%	15%	23%	<b>Target exceeded</b>	The reporting was amended to include sub-contractors.
			-	66%	40%	36%	Over by 7%	For the designated groups the reporting was amended to reflect only procurement awarded to companies with 50% or more ownership for women, youth and PWD respectively. This change contributed to the reduction in performance.
			-	19%	30%	10%		
			-	0.45%	7%	2%		
1.4	Financial recovery and turnaround plan implemented	Percentage implementation of the financial recovery and turnaround plan	69%	88%	90%	100% (8 of 8)	<b>Target exceeded</b>	There was a concerted effort on implementing and monitoring the interventions in the financial recovery plan.
			85%	85%	100%	95%	<b>Target partially met</b>	The underspending is mainly due to: <b>Reduced rate of filling vacant post</b> which resulted in an underspending of R23.399 million on compensation of employees. <b>Unpaid invoices</b> for KwaZulu-Natal and Gauteng Vaal River System of R61.868 million.. Underspending of 3.974 million on <b>transfers and subsidies under households</b> . Underspending on <b>capital payments</b> of R767.389 million due to poor performance by contractors
	1.4.2	Percentage expenditure on annual budget	85%	85%	100%	95%	<b>Target partially met</b>	The underspending is mainly due to: <b>Reduced rate of filling vacant post</b> which resulted in an underspending of R23.399 million on compensation of employees. <b>Unpaid invoices</b> for KwaZulu-Natal and Gauteng Vaal River System of R61.868 million.. Underspending of 3.974 million on <b>transfers and subsidies under households</b> . Underspending on <b>capital payments</b> of R767.389 million due to poor performance by contractors



Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations	
			2020/21	2021/22					2022/23
<b>Programme 1: Administration</b>									
<b>Sub-programme: Financial Management (Water Trading milestones)</b>									
1 Efficient, effective and development orientated department	1.3 Targeted procurement supporting SMMEs	1.3.1.2 Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	9%	14%	15%	21%	<b>Target exceeded</b> Over by 6%	The reporting was amended to include sub-contractors.  For the designated groups the reporting was amended to reflect only procurement awarded to companies with 50% or more ownership for women, youth and PWD respectively. This change contributed to the reduction in performance.	
			-	66%	40%	10%			
			-	19%	30%	2%			
			c) People with disabilities	-	0.45%	7%	0%		
		1.3.2.2 Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	43%	36%	15%	33%	<b>Target exceeded</b> Over by 18%	The reporting was amended to include sub-contractors.  For the designated groups the reporting was amended to reflect only procurement awarded to companies with 50% or more ownership for women, youth and PWD respectively. This change contributed to the reduction in performance.	
	-		66%	40%	10%				
	-		19%	30%	2%				
			c) People with disabilities	-	0.45%	7%	0%		
		1.4 Financial recovery and turnaround plan implemented	1.4.3 Number of debtor days	227 days	105 days	150 days	199 days	<b>Target not met</b> Over by 49 days	The deviation is due to the increased debtors' book because of non-payment by customers, customers not honouring the repayment plans.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations			
			2020/21	2021/22							
Programme 1: Administration											
<b>Sub-programme: Provincial and International Coordination</b>											
1	Efficient, effective and development orientated department	1.5	Annual International Relations Programme implemented	1.5.1	Percentage implementation of 2022/23 annual International Relations programme	61%	119% (25 of 21)	75%	105% (79 out of 75)	<b>Target exceeded</b> Over by 5%	Some of the international obligatory engagements that were deferred in the previous financial years were convened
		1.6	Annual stakeholder management and partnership programme implemented	1.1.6	Percentage implementation of 2022/23 annual stakeholder management and partnership programme implemented	-	New indicator	95%	144% (155 out of 102)	<b>Target exceeded</b> Over by 49%	Due to increased requirement to project visits, stakeholder and community engagements and high demand for collaboration from water sector partners

### 4.1.3 Sub-programme expenditure

Sub- programme name	2022/23			2021/22		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	60 065	59 796	269	84 934	63 842	21 092
Departmental Management	142 489	142 461	28	159 330	124 747	34 583
Corporate Services	848 582	815 927	32 655	826 762	717 880	108 882
Financial Management	255 835	255 797	38	263 510	237 753	25 757
Office Accommodation	587 785	587 785	-	514 446	490 188	24 258
Provincial and International Coordination	95 943	95 487	456	111 035	82 089	28 946
<b>Total</b>	<b>1 990 699</b>	<b>1 957 253</b>	<b>33 446</b>	<b>1 960 017</b>	<b>1 716 499</b>	<b>243 518</b>

### 4.1.4 Strategy to overcome areas of underperformance

#### 4.1.4.1 Departmental Management sub-programme

**Percentage compliance with the implementation of risk management plan:** The risk maturity assessment will be conducted during the first quarter of the 2023/24 financial year.

#### 4.1.4.2 Corporate Services sub-programme

**Percentage vacancy rate for engineers and scientists:** A total of 122 professional and technical WULA posts were advertised in January 2023 of which 71 are scientist and engineering posts (46 post shortlisted, 34 posts interviewed). The remaining posts are in the process of scheduling the panel approval.

#### 4.1.4.3 Financial Management sub-programme

**Percentage expenditure on annual budget:** To improve on the spending the Department will continue to implement the following strategies as outlined in its financial recovery plan as follows:

- Strengthen its financial monitoring and reporting tools.
- Management of invoices and payments throughout the Department.
- Daily monitoring of expenditure to ensure that any underspending is detected early.
- Implementation of Financial Committee's (FINCOM) recommendations.

Also, the Department has requested a roll-over of R683 730 million from the underspending of R861 595 million to honour commitments of the 2022/23 financial year mainly on payments for capital assets under the Regional Bulk Infrastructure Grant 6B.

**Number of debtor days:** The Department has appointed service providers who are participating in the National Treasury transversal contract on debt collection to assist Department with recovery of outstanding debts.

**Implementation of the incentive scheme:** The Department is currently engaging with customers to enter into debt repayment agreements and the interest will be waived. This measure serves to encourage our customers to settle historical debts within a reasonable period. The other measures include the following:

- Continuous debt book clean-up to address customer issues on the age analysis as well as data cleansing, clearing of unallocated payments and customer maintenance.
- Continuous revenue oversight engagements are held with provincial offices/clusters.
- Revenue forum to convened quarterly to ensure uniformity in the revenue and debt management processes.

- Monitoring of quarterly reports/monthly reports on debt recovery progress.
- Capacitation of provincial offices to ensure improved revenue functions.
- Continuous participation in the IMTT.
- Hand-over delinquent customers as per PFMA and directive from Minister of Finance.
- Participation in the multi-disciplinary revenue committee with specific focus on the water debt.
- Automated customer engagement systems
  - Automatic dunning system is in place, query lodging and resolution tracking
  - Enhancing credit control by implementing SMS for all outstanding accounts that are 30 days and above
  - Invoices and statements portal is in place where customers can download their invoices and statements real-time from the departmental website.
- Customer engagement efforts to be strengthened for the top 150 contracts making up 90% of the debtors' book suspension/slowing down of water supply.

## 4.2 Programme 2: Water Resources Management

Is responsible for the protection, use, development, conservation, management and control of water resources in a sustainable manner for the benefit of all people and the environment. It provides for the development of a knowledge base for proper planning and informed decision making. It also provides for the development of effective policies and procedures as well as oversight of all water resource management institutions.

### 4.2.1 Sub-programmes

**Water Resource Management Support** provides strategic leadership, management and support services to the programme as well as making provisions for associated salaries.

**Integrated Water Resource Planning** develops comprehensive plans for adequate water resource availability (quantity/quality) in an equitable and environmentally sustainable manner to guide infrastructure development, systems and services management in the water sector.

**Water Ecosystems Management** develops and implements measures to protect water resources through determining measures to manage water resources and developing guidelines and protocols for pollution control and rehabilitation.

**Water Resource Information and Management** establish, coordinate and audit water resources monitoring networks/programmes; and develop and maintain integrated water information systems for data and information acquisition, assessment and management in order to create a knowledge base on all water aspects for informed decisions on water management.

**Water Resources Infrastructure Management** develops, rehabilitates, and refurbishes bulk raw water resources infrastructure to meet the socio-economic and environmental needs of South Africa.

**Water Resources Policy and Strategy** develops water resources management policies and procedures and reviews the implementation thereof. This entails periodical review of the National Water Resource Strategy.

**Water Resources Regulation** develops, implements, monitors and reviews water resource regulations particularly raw water pricing regulation; water use authorisation; compliance monitoring and enforcement; dam safety and resource protection and waste.

**Water Resources Institutional Oversight** is responsible for institutional governance and oversight of all water resource institutions and to facilitate their establishment and development. This entails establishing fully functional entities, providing institutional support, advisory services to CMAs, TCTA, WRC and WUAs.



Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 2: Water Resource Management								
3.1.4		Number of updates climate change for Risk and Vulnerability Assessments completed annually for various water supply systems	2	2	<ul style="list-style-type: none"> <li>Amathole</li> <li>Crocodile West</li> <li>Polokwane</li> <li>Orange and Olifants WSSs</li> </ul>	<ul style="list-style-type: none"> <li>Amathole</li> <li>Crocodile West</li> <li>Polokwane</li> <li>Orange and Olifants</li> </ul>		
			0	0	Status quo climate change scenarios for the water sector assessed	Status quo climate change scenarios for the water sector assessed	<b>Target met</b>	N/A
3.1.5		Number of completed Record of Implementation Decisions (RID) for bulk raw water planning projects	0	0	<ul style="list-style-type: none"> <li>Annual Status on the Environmental Impact Assessment Study of Clan William Bulk Conveyance Infrastructure produced</li> <li>Annual status on the Environmental Impact Assessment Study of Lower Coemey Balancing Dam produced</li> </ul>	<ul style="list-style-type: none"> <li>Annual Status on the Environmental Impact Assessment Study of Clan William Bulk Conveyance Infrastructure produced</li> <li>Annual status on the Environmental Impact Assessment Study of Lower Coemey Balancing Dam produced</li> </ul>		
			0	0	(Annual monitoring and evaluation report for Xhariep Pipeline, Clan William Bulk Conveyance Infrastructure and Lower Coemey Balancing Dam)	(Annual monitoring and evaluation report for Xhariep Pipeline, Clan William Bulk Conveyance Infrastructure and Lower Coemey Balancing Dam)	<b>Target met</b>	N/A



Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
<b>Programme 2: Water Resource Management</b>								
	3.2.2	Number of water and sanitation information systems maintained	6	6	6 National Integrated Water Information System Hydrological Information System National Geohydrological Information System Water Management System Geographical Information System Flood monitoring and forecasting System	6 National Integrated Water Information System Hydrological Information System National Geohydrological Information System Water Management System Geographical Information System Flood monitoring and forecasting System.	<b>Target met</b>	N/A
	3.2.3	National Digitised Integrated Water and Sanitation Monitoring System Implemented	New indicator	Solution architecture of a National Digitised Integrated Water and Sanitation Monitoring System	Annual status for design of the National Digitised Integrated Water and Sanitation Monitoring System completed	Annual status for design of the National Digitised Integrated Water and Sanitation Monitoring System completed.	<b>Target met</b>	N/A



Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
<b>Programme 2: Water Resource Management</b>								
3	Water demand reduced and water supply increased	3.3 Gauging stations refurbished to improve management decisions.	3.3.1	1	0	1	1	N/A
				(Liverpool gauging station)	(Lindley gauging station at 90% completion)	Bavaria gauging station	Bavaria gauging station completed	
<b>Sub-programme: Water Resources Policy &amp; Strategy</b>								
5	Enhanced regulation of the water and sanitation sector	5.1 Water resource regulatory prescripts developed and implemented	5.1.1	1	0	1	1	
				Approval granted to deviate from the development of one Water and Sanitation Bill to the amendment of the two existing Acts for implementation in the next financial 2021/22 as outlined in the new APP.	National Water Amendment Bill was submitted to the Office of Chief State Law Advisor for initial certification	Submit National Water Amendment Bill to cabinet for approval	National Water Amendment Bill has been endorsed by the cluster system to be submitted to Cabinet.	On 12 April 2023, the SPCHD cluster endorsed the submission of the National Water Amendment Bill to Cabinet. The submission to Cabinet will be done through the SPCHD cluster
			5.1.2	Draft NWRS-3 and supporting documents were submitted to Cabinet secretariat for tabling for approval to gazette for public consultation	The final draft NWRS-3 submitted to Cabinet for the approval.	NWRS-3 submitted to cabinet for approval	The NWRS-3 has been endorsed by ESIEID Cluster on the 16 March 2023 and Technical Working Group of the SPCHD Cluster on the 28 March 2023 both respectively and forwarded for tabling at Cabinet for approval.	NWRS-3 submitted to cabinet for approval. Obtain the Executive Authority's approval to submit the draft Cabinet memorandum to Cabinet
				National Water Act Amendment Bill developed	National Water Amendment Bill submitted to cabinet for approval.	NWRS-3 submitted to cabinet for approval.	NWRS-3 submitted to cabinet for approval.	National Water Act Amendment Bill developed. Obtain the Executive Authority's approval to submit the draft Cabinet memorandum to Cabinet

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations	
			2020/21	2021/22					
Programme 2: Water Resource Management									
<b>Sub-programme: Water Resources Institutional Oversight</b>									
6	Water redistributed for transformation	Streamlined water resource management institutional arrangements	6.2.1	Performance of water resource institutions evaluated against their performance plans	13	4	Annual assessment of performance plans, annual and quarterly reports for	Annual assessment of performance plans, annual and quarterly reports for	N/A
				<ul style="list-style-type: none"> <li>• TCTA</li> <li>• WRC</li> <li>• 2CMAs</li> <li>• 9WBs</li> </ul>	<ul style="list-style-type: none"> <li>• 2 CMAs</li> <li>• TCTA</li> <li>• WRC</li> </ul>	<ul style="list-style-type: none"> <li>• 2 CMAs</li> <li>• TCTA</li> <li>• WRC</li> </ul>	<ul style="list-style-type: none"> <li>• 2 CMAs</li> <li>• TCTA</li> <li>• WRC</li> </ul>	<ul style="list-style-type: none"> <li>• 2 CMAs</li> <li>• TCTA</li> <li>• WRC</li> </ul>	
				2	2	1	1	1	
			6.2.2	Number of Catchment Management Agencies gazetted for establishment	<ul style="list-style-type: none"> <li>• Breede-Gouritz</li> <li>• Vaal</li> </ul>	<ul style="list-style-type: none"> <li>• Phongola-Mzimkhulu</li> <li>• Limpopo-North West</li> </ul>	Mzimvubu-Tsitsikamma Gazette for CMA establishment submitted to the accounting officer for approval)	Mzimvubu-Tsitsikamma Gazette for CMA establishment submitted to the accounting officer for approval)	N/A
			6.2.3	National Water Resources Infrastructure Agency gazetted for establishment	Final business case finalised	Draft legislation for establishment of the Agency	NWRIA Bill finalised	NWRIA Bill not finalised, due request from TCTA lenders to conduct independent investigation on financial assessment and legal opinion on the TCTA existing loan conditions & covenants which is currently underway	NWRIA Bill not finalised, due request from TCTA lenders to conduct independent investigation on financial assessment and legal opinion on the TCTA existing loan conditions & covenants which is currently underway

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
<b>Programme 2: Water Resource Management</b>								
	6.2.4	Number of irrigation boards transformed into Water User Associations	New indicator	1 Upington Island report	Transformation status of the 5 Irrigation Boards into Water User Associations submitted to the accounting office • Tierport • Klersdorp • Pholela • Letsitela • Apies	Transformation status report for completed. • Tierport • Klersdorp • Pholela • Letsitela • Apies	<b>Target met</b>	N/A
<b>Sub-programme: Water Resources Infrastructure Managements</b>								
3	Water demand reduced and water supply increased	3.4 Strategic water resources infrastructure projects implemented	3.4.1	0	1	4	1	See reasons below
				<b>Nwamitwa Dam:</b> Engaged with LNW to request the submission of the signed off dam boundary line drawings	<b>Nwamitwa Dam:</b> Procurement: The terms of reference for the appointment of the PSP to provide services of an archaeologist have been developed.	<b>Nwamitwa Dam:</b> Land acquisition investigations commencement	<b>Engineering:</b> The High Flood Line (HFL) and the dam boundary line drawings have been signed by the APP.  The Directorate: Spatial Information is being requested to assist with the preparation of the land schedules.	<b>Target not met</b> Under by 3 Land acquisition investigations have not commenced  Delay in the receipt of the signed dam boundary line drawings and the resultant delay in the completion of the land schedules.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 2: Water Resource Management								
			-		Coerney Dam: Design 8% complete	<b>Procurement:</b> The tender to appoint a PSP on a 5-year term contract for design, site supervision and contract administration for Coerney Dam closed on 31 January 2023. Eight tenders were received, and the tender evaluation process is under way.	Design has not commenced.	Delay in the appointment of the PSP to carry out the design work.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 2: Water Resource Management								
			-		<b>Foxwood Dam:</b> Design optimisation complete	<b>Procurement:</b> Engineering Services has submitted the Terms of Reference for the appointment of an external PSP to undertake the detailed design and construction supervision to SCM for consideration by the Bid Specifications Committee.  Design optimisation has not commenced.  Delay in the appointment of the PSP to undertake the design and construction supervision.	Design optimisation has not commenced.	Delay in the appointment of the PSP to undertake the design and construction supervision.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 2: Water Resource Management								
			<p><b>Lusikisiki Regional Water Supply Scheme: Zalu Dam:</b></p> <p><b>Engineering:</b> Tender design 20% complete</p>	<p><b>Lusikisiki Regional Water Supply Scheme: Zalu Dam:</b></p> <p><b>Engineering:</b> The overall design progress is 47% complete.</p>	<p><b>Lusikisiki Regional Water Supply Scheme: Zalu Dam:</b></p> <p>Design 35% complete</p>	<p><b>Engineering:</b> The overall design progress is 65% complete.</p> <ul style="list-style-type: none"> <li>• Spillway overall progress: 90% completed.</li> <li>• Outlet Works overall progress: 84% completed.</li> <li>• Concrete NOC overall progress: 84% completed</li> <li>• Embankment overall progress: 55% completed</li> <li>• River diversion overall progress: 34% completed</li> <li>• Geology overall progress: 50% completed</li> </ul>	Over by 30%	Acceleration plan yielded positive results

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 2: Water Resource Management								
	3.4.2	Number of bulk raw water projects under construction	1	2	4	2	<p><b>Target partially met</b></p> <p>Under by 2</p> <p>Construction has not commenced.</p>	<p><b>See reasons below</b></p> <p>Delay in the submission of the application for the Construction Permit to the Department of Employment &amp; Labour.</p>
			-	<p><b>Tzaneen Dam:</b></p> <p>the appointment of the DBSA as an implementing agent</p>	Tzaneen Dam	<p><b>Construction:</b></p> <ul style="list-style-type: none"> <li>The PSP has finalised the embankment strengthening design.</li> <li>The License-to-Construct was issued by the Dam Safety Office on 10 February 2023.</li> <li>DBSA has finalised the appointment of the Environmental Control Officer (ECO) and Construction Health and Safety Agent (CHS Agent).</li> <li>The Rules of Engagement for Construction Management (contractor) have been finalised</li> </ul>		

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 2: Water Resource Management								
			<p><b>Hazelmere Dam:</b></p> <ul style="list-style-type: none"> <li>The assessment of prior works completed.</li> <li>Site establishment completed.</li> </ul>		Hazelmere Dam	<p><b>Construction:</b></p> <p>Dam raising construction is 100% complete.</p>	N/A	N/A
			<p><b>Procurement:</b></p> <p>The request to increase the deviation amount per the priced Bill of Quantities is awaiting approval.</p>					
			<p><b>Hazelmere Dam:</b></p> <p>Construction is at 12% completion</p>	<p><b>Clanwilliam Dam:</b></p> <p>Construction is at 12% completion</p>	Clanwilliam Dam	<p><b>Construction:</b></p> <p>Construction is 12% complete</p> <p>The Contractor Construction Management has issued a number of tenders and price quotations for the procurement of goods and services that are at various stages of processing within SCM.</p>	Construction is still at 12% completion.	Delays with the procurement of goods and services has resulted in the delay in the recommencement of construction activities



Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 2: Water Resource Management								
						<ul style="list-style-type: none"> <li>Construction Management is also busy with a construction management framework contract to improve procurement processes. This will enable the Construction Unit to procure for the remainder of the project in line with the new Infrastructure Procurement Strategy.</li> <li>The PSP presented the findings of the geotechnical investigation report for the study done on the dam apron to investigate stability of the dam.</li> <li>Site maintenance is ongoing.</li> </ul>		

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations	
			2020/21	2021/22					
Programme 2: Water Resource Management									
			<b>Mzimvubu Water</b> <b>Project (Stage 1: Advance Works):</b> Preparatory work for the widening of access roads undertaken (10% complete)	<b>Mzimvubu Water</b> <b>Project (Stage 1: Advance Works):</b> Construction of access roads is at 36%	Mzimvubu Water Project (Stage 1: Advance Works)	<b>Construction:</b> The overall construction progress is at 64% complete.	N/A	N/A	
		3.4.3	Number of bulk raw water projects completed	New indicator	1	1	<b>Target met</b>	N/A	
		3.4.3.1	Number of job opportunities created through implementing augmentation infrastructure projects	37	50	65	<b>Target exceeded</b> Over by 15	Due to more labour-intensive method used during construction	
3	Water demand reduced and water supply increased	3.5	Strategic water resources infrastructure projects implemented	3.5.1	39% (474 of 1203)	44% (351 of 795)	45% (473 of 1046)	<b>Target partially met</b> Under by 5%	New term contractors were appointed midway through the financial year and required some time to acclimatise with the departmental procedures.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 2: Water Resource Management								
3.5	3.5.2	Percentage unscheduled maintenance projects completed as a proportion of planned maintenance projects	26% (307 of 1203)	39% (312 of 795)	≤30%	35% <sup>2</sup> (364 of 1046)	<b>Target partially met.</b> Over by 5%	The extended period without access to maintenance contractors, caused a deterioration which exacerbated the backlog.
	3.5.3	Number of dam safety evaluations completed	25	18	25	32	<b>Target exceeded</b> Over by 7	Internal Approved Professional Person (APP) capacity has improved. The unit was able to conduct dams inspections for more dams (including bigger dams) to reduce the back log
	3.5.4	Number of dam safety rehabilitation projects completed	0	1	2 • Nkadimeng Dam	0 79% completion	<b>Target not met</b> Under by 2 • Nkadimeng Dam not completed	<b>See reasons below</b> Due to additional scope of work to address dam safety risk
								Due to additional scope of work to address Dam Safety Risk • Marico Bosveld Dam not completed

<sup>2</sup> The desire is to remain ≤30% as a proportion of planned maintenance projects

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations	
			2020/21	2021/22					
<b>Programme 2: Water Resource Management</b>									
	3.5.5	Number of kilometres of conveyance systems rehabilitated per annum	1.9518km	4.771 kms	6kms	3.5km	<b>Target partially met</b> Under by 2.5 km	Scope of work was increased due to plant breakdown also the delays in procurement of material due to supply chain processes.	
	3.6	Adherence to Water Supply Agreements/ Authorisations and Operating Rules (Water Resource Operations)	102%	103.25%	80%	200%	<b>Target exceeded</b> Over by 120%	Good rains meant that the unit did not need to pump.	
	3.6.1.1	Number of job opportunities created through implementing operations of water resources infrastructure projects	363	311	115	117	<b>Target exceeded</b> Over by 2	Due to more labour-intensive method used during construction	
<b>Sub-programme: Water Resources Regulation</b>									
2	Ecological infrastructure protected and restored	2.1	Water resource classes and Resource Quality Objectives determined and monitored	Number of river systems monitored for the implementation of resource directed measures	4	4	4 river systems monitored <ul style="list-style-type: none"> <li>Vaal (Upper, Middle &amp; Lower)</li> <li>Letaba</li> <li>Inkomati Usutu</li> <li>Olifants Doorn</li> </ul>	Compliance monitoring reports for: <ul style="list-style-type: none"> <li>Vaal (Upper, Middle &amp; Lower)</li> <li>Letaba</li> <li>Inkomati Usutu</li> <li>Olifants Doorn</li> </ul>	<b>Target met</b> N/A

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
<b>Programme 2: Water Resource Management</b>								
2.1	Water resource classes and Resource Quality Objectives determined and monitored	2.2.1	Number of catchment mitigation strategies and plans developed for mine water and wastewater treatment works	6	6	2 mitigation strategies for • Upper Olifants • Limpopo	Mitigation strategies for: • Upper Olifants • Limpopo	N/A
				New indicator	Framework for digitised integrated water & sanitation monitoring system completed			
2.2	Wastewater management plans developed and implemented	2.2.2	Number of catchment plans implemented for mine water and wastewater management	1	2	Orange Mzimvubu-Tsitsikamma	Implementation plans for Orange Mzimvubu-Tsitsikamma	N/A
				New indicator				
		2.2.3	Waste Discharge Charge System (WDCS) piloted country wide	Methodology and management approach to implement WDCS	WDCS pilot in 3 WMAs	Final Draft WDCS Strategy	Final draft WDCS Strategy	N/A
5	Enhanced regulation of the water and sanitation sector	5.1.3	Raw water charges developed	2022/23 raw water charges developed	2023/24 raw water charges developed	2023/24 raw water charges developed	2023/24 Raw water tariffs approved by Minister on 01 December 2023	N/A
				New indicator				

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 2: Water Resource Management								
	5.1.4	Percentage of applications for water use authorisation finalised within regulated period	63% (417 of 661 applications)	63% (612 of 968 applications)	80%	62% (562 out of 902)	<b>Target partially met</b> Under by 18%	Currently officials that are performing the water use authorisation function are also performing other functions. The Department is still in the process of finalising recruitment of officials dedicated to the water use authorisation function.  Also, the function is also being performed in calendar days.
	5.1.5	Number of water users monitored for compliance	337	338	379	422	<b>Target exceeded</b> Over by 43	Overachieved due to additional identified and done by regions and WC blitz (agro-processing)
	5.1.6	Percentage of reported non-compliant cases investigated	101% (284 of 281 cases)	88% (324 of 367 cases)	80%	81% (344 out of 342) cases investigated	<b>Target exceeded</b> Over by 1%	Increased number of pollution cases reported and participation in Operation Phakisa project

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations	
			2020/21	2021/22					
Programme 2: Water Resource Management									
6	5.1.7	Water Research Commission (WRC) levy approved	New indicator	2021/22 Water Research Commission (WRC) levy approved	2022/23 Water Research Commission (WRC) levy developed	2022/23 Water Research Commission (WRC) levy developed	<b>Target met</b>	N/A	
		428	462	408	455	<b>Target exceeded</b> Over by 47	Systems prioritised due to complaints, systems at critical state and/or they were near the planned systems		
	6.1	6.1.1	Regulation for advancement of water allocation reform finalised	New indicator	Second draft Water allocations Regulations developed	Draft Regulation published for public comments	The process has been put on hold until the amendment of the NWA	<b>Target not met</b> Draft regulations not published for public comments	Legislative restrictions: The NWA does not have enabling provisions for promulgation of WAR regulations
			Water economic regulator gazetted for establishment	New indicator	Second draft business case updated but not finalised.	Business case for establishment of Water Regulator Version III Developed.	Final Business Case for Water Regulator Version III. developed.	<b>Target met</b>	N/A
	6.2	6.2.5	Streamlined water resource management institutional arrangements	New indicator	Second draft business case updated but not finalised.	Business case for establishment of Water Regulator Version III Developed.	Final Business Case for Water Regulator Version III. developed.	<b>Target met</b>	N/A

### 4.2.3 Sub-programme expenditure

Sub-programme name	2022/23			2021/22		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Water Resources Management Support	6 802	6 312	490	6 931	5 447	1 484
Integrated Water Resources Planning	69 463	69 461	2	95 466	74 819	20 647
Water Ecosystems Management	69 966	69 834	132	53 393	51 719	1 674
Water Resources Information and Management	562 729	535 599	27 130	562 352	505 972	56 380
Water Resources Infrastructure Management	2 857 057	2 857 057	-	2 613 439	2 613 439	-
Water Resources Policy and Strategy	2 770	2 620	150	8 496	2 274	6 222
Water Resources Regulation	206 942	201 782	5 160	203 335	197 748	5 587
Water Resources Institutional Oversight	38 588	38 578	10	73 188	48 443	24 745
<b>Total</b>	<b>3 814 317</b>	<b>3 781 243</b>	<b>33 074</b>	<b>3 616 600</b>	<b>3 499 861</b>	<b>116 739</b>

### 4.2.4 Strategy to overcome areas of underperformance

#### 4.2.4.1 Water Resources Policy & Strategy sub-programme

**National Water Act Amendment Bill developed:** The submission to Cabinet will be done through the SPCHD cluster

**National Water Resources Strategy Edition 3 (NWRS-3) developed:** Obtain the Executive Authority's approval to submit the draft Cabinet memorandum to Cabinet

#### 4.2.4.2 Water Resources Institutional Oversight sub-programme

**National Water Resources Infrastructure Agency gazetted for establishment:** Ongoing consultation and appointment of independent legal and financial advisor to review TCTA loans. The Department is working with organised labour, communities, and the business constituents of NEDLAC to process the Bill, as well as engage Public Service and Administration

#### 4.2.4.3 Water Resources Infrastructure Management sub-programme

**Number of bulk raw water projects in preparation for implementation:** Due to the engineering skill constraints, the internal capacity is being augmented with graduates coming through the Learning Academy as well as the appointment of a professional engineering draw-down panel. This will see more projects being prepared for implementation concurrently.

**Number of bulk raw water projects under construction:** To deal with procurement related delays, the Department adopted a new Infrastructure Procurement Strategy which will accelerate the implementation of water resource infrastructure projects. There is also collaboration with the private sector to jointly implement large projects with the objective of enhancing efficiency and bringing some fiscal relief. Various implementation models are being explored concurrently i.e., using different implementing agents, collaborating with the private sector with joint project implementation control, using internal capacity, etc.



**Percentage scheduled maintenance projects completed as a proportion of planned maintenance projects:** Underperforming contractors are informed of their non-performance by formal letters. After their responses if the Department still experience underperformance. The Department then invoke clause 1.7 of the tender document which stipulate that in case of non-performance the Department reserve the right to appoint performing contractors to assist. The Department arranged for information sessions with contractors to capacitate them on administrative requirements for maintenance project.

**Percentage unscheduled maintenance projects completed as a proportion of planned maintenance projects:** To deal with the backlog of maintenance of aged infrastructure the Department will improve its revenue strategy to increase the maintenance budget to deal with the backlog. Asset Management plan of 2017 stipulated that R1.4 billion is required every year for 10 years to deal with the backlog.

**Number of dam safety rehabilitation projects completed:** The Department developed a DWS Construction Efficiency Enhancement Strategy to improve the performance of the internal construction unit to ensure higher success rate of implementing projects within time and cost.

**Number of kilometres of conveyance systems rehabilitated per annum:** The Department will review the overall plan of the Rehabilitation of Conveyance Systems programme and apply capital rationing to ensure meaningful impact in terms of project implementation at priority projects (thus reducing the number of projects). These projects will also benefit from the Construction Efficiency Enhancement Strategy

#### 4.2.4.4 Water Resources Regulation sub-programme

**Regulation for advancement of water allocation reform finalised:** There is no action plan as a National Water Act (NWA) does not have enabling provisions for promulgation of WAR regulations.

### 4.3 Programme 3: Water Services Management

Addresses the water and sanitation services provision across water and sanitation value chain in support to water service authorities. The integration of bulk and retail water services to improve the coherence of the sector and to realise economies of scale and efficient use of water. It also provides for the development of effective policies, strategies, guidelines and procedures and plans as well as oversight and regulation of all water service management institutions.

#### 4.3.1 Sub-programmes

**Water Resource Management Support** Provides strategic leadership, management and support services to the programme as well as making provisions for associated salaries.

**Water Services and Local Management** Entails the development of strategies, guidelines, plans, information management for water and sanitation services and management across water and sanitation value chain. It supports and capacitate water and sanitation services institutions in providing planning and management frameworks, promotes water use efficiency, monitoring and evaluation of sector performance for the provision of sustainable water and sanitation services.

**Regional Bulk Infrastructure Grant** Provides for the development of new infrastructure, and the refurbishment, upgrading and replacing of ageing infrastructure servicing extensive areas across municipal boundaries.

**Water Services Policy and Strategy** Develops and reviews water services policies, procedure, and norms and standards; and monitors their implementation.

**Water Services Infrastructure Grant** Provides for the construction of new infrastructure and the rehabilitation of existing water and sanitation infrastructure through the grant transfer of water services schemes to water service institutions.

**Water Services Regulation** Develops, implements, monitors and reviews water resource regulations particularly the water service authority's compliance with water supply regulations.

**Water Services Institutional Oversight** Is responsible for institutional governance and oversight of all water services institutions and to facilitate their establishment and development. This entails establishing fully functional entities, providing institutional support, advisory services to water boards.

4.3.2 Outcomes, outputs, performance indicators and targets

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations					
			2020/21	2021/22					2022/23				
Programme 3: Water Services Management													
<b>Sub-programme: Water Services and Local Management</b>													
3	Water demand reduced and water supply increased	3.7	Water conservation and water demand management strategies developed for water sectors	3.7.1	Number of water conservation and water demand management strategies updated	New indicator	Draft inception report	4	4	Updated draft water conservation and water demand management strategies	Updated draft water conservation and water demand management strategies	<b>Target met</b>	N/A
							8	8	Water balance data and information collected from municipalities within the 8 large water supply systems	Water balance data and information collected from municipalities within the 8 large water supply systems	<b>Target met</b>		
	3.8	8 large water supply systems assessed for water losses by 2025.	3.8.1	Number of large water supply systems assessed for water losses	-	144 WSAs assessed	0	0	Draft No Drop Watch report	Low submission rate from the WSAs as 42 of the 144 had submitted IWA balance for assessment.			
				3.8.2	Number of WSAs assessed for compliance with the requirements of the No Drop Regulatory Programme		New indicator					<b>Target not met</b>	

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
<b>Programme 3: Water Services Management</b>								
3.9	Regional bulk infrastructure project implemented.	3.9.1 Number of feasibility studies for water and wastewater services projects (RBIG) completed	0 inception reports for feasibility studies	0 (3 bids were advertised and 2 evaluated for the appointment of PSPs)	8	8	<b>Target met</b>	N/A
			Tender requests awaiting approval to advertise bids for the appointment of PSPs	(Inception reports for implementation readiness studies)	5	5	<b>Target met</b>	N/A
4	4.1 District municipalities' five-year reliability plans developed	4.1.1 Number of district municipalities (DMs) with developed 5-year water and sanitation reliability plans.	0 inception reports for implementation readiness studies for water and wastewater services projects (RBIG) completed.	0 (8 out of 10 tender bids were advertised due to malfunctioning of Government Printers Tender Bulletin systems)	10	4	<b>Target not met</b> Under by 6	The procurement process for the 6-reliability plan has not been finalised
			(8 out of 10 tender bids were advertised due to malfunctioning of Government Printers Tender Bulletin systems)					

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
<b>Programme 3: Water Services Management</b>								
4.2	WSAs assessed for water services performance	Annual MuSSA reports on water services authorities performance in providing water and sanitation services	1 national report on Municipal Strategic Self-Assessments (MuSSA) within the WSAs, metros and secondary cities produced	1 report on national MuSSA	National Municipal Strategic Self-Assessments (MuSSA) within the WSAs, metros and secondary cities	National Municipal Strategic Self-Assessments (MuSSA) within the WSAs, metros and secondary cities	<b>Target met</b>	<b>N/A</b>
			New indicator	1 national MPAP report developed	National Municipal Priority Action Plan (MPAP) developed	National Municipal Priority Action Plan (MPAP) developed	National Municipal Priority Action Plan (MPAP) developed	<b>Target met</b>
5.2	Water services regulatory prescripts developed	National Sanitation Integrated Plan	National Sanitation Situational Analysis Report finalised	Draft National Sanitation Integrated Plan	9 Provincial Action Plans for National Sanitation Integrated Plan	9 Provincial Action Plans for National Sanitation Integrated Plan	<b>Target met</b>	<b>N/A</b>
			Conceptual Framework for National Faecal Sludge Management Strategy for on-site sanitation developed	Draft National Faecal Sludge Management Strategy for on-site sanitation developed	National Faecal Sludge Management Strategy for on-site sanitation developed	National Faecal Sludge Management Strategy for on-site sanitation developed	<b>Target met</b>	<b>N/A</b>
5	Enhanced regulation of the water and sanitation sector							

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations			
			2020/21	2021/22					2022/23		
Programme 3: Water Services Management											
<b>Sub-programme: Regional Bulk Infrastructure Grant</b>											
3	Water demand reduced and water supply increased	3.9	Regional bulk infrastructure project implemented	3.9.3.1	Number of mega regional bulk infrastructure project phases under construction	8	8	8	13	Target exceeded Over by 5	There was an additional budget for facility infrastructure allocation for George and lower Nkomazi phases 1 and 2
				3.9.3.2	Number of large regional bulk infrastructure project phases under construction	68	73	67 <sup>3</sup>	65	Target partially met Under by 2	<b>Driefontein BWS Ph 2 of 3:</b> The project RBIG commitment ceiling has been reached. There is no allocation for the current financial year. The project is about 99% complete and the contractor moved off-site due to the municipality's failure to pay its invoices.  <b>Nebo Ph 3 of 3:</b> The contractor vacated site due to financial challenges.

<sup>3</sup> This is a correction of the published 2022/23 annual performance plan that included 3 projects that were completed during the 2021/22 financial year.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 3: Water Services Management								
	3.9.3.3	Number of small regional bulk infrastructure project phases under construction	35	48	17	22	<b>Target exceeded</b> Over by 5	There were additional drought intervention and COVID-19 refurbishment projects that were under implementation
	3.9.4.1	Number of mega regional bulk infrastructure project phases completed	1	1	1	1	Target met	N/A
	3.9.4.2	Number of large regional bulk infrastructure project phases completed	2	4	13	5	<b>Target not met</b> Under by 8	<b>CHDM Cluster 4 Phase 4 and 5:</b> the poor contractor performance delayed the completion of these projects. <b>Ngwathe BWS Phase 3 of 3:</b> community strikes, relating to 30% sub-contracting, the project has lost many days that have affected the completion time



Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Programme 3: Water Services Management								
	3.10.2	Number of small WSIG projects completed	112	72	115	102	<b>Target partially met</b> Under by 13	The major challenge that delay completion of projects under has been the delay in appointment of contractors by the municipalities.
	3.10.3	Number of intervention projects under implementation	1	1	2	2	<b>Target met</b>	<b>N/A</b>
	3.10.4	Number of existing bucket sanitation backlog systems in formal settlements replaced	0	0	10798	0	<b>Target not met</b> Under by 10 798	There were several challenges linked to the project including: procurement for goods and services Labour and SMME disputes Inclement weather



Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations	
			2020/21	2021/22					2022/23
<b>Programme 3: Water Services Management</b>									
<b>Sub-programme: Water Services Policy and Strategy</b>									
5	Enhanced regulation of the water and sanitation sector	5.2	Water services regulatory prescripts developed	Water Services Amendment Bill developed	-	Draft WSA Bill ready to be sent to OCSLA for preliminary certificate	Submit Water Services Amendment Bill to cabinet for approval	OCSLA comments were addressed, and the final version of the bill was produced	<b>Target not met</b> Draft Bill not submitted to Cabinet for approval on improving section 63 intervention.
<b>Sub-programme: Water Services Regulation</b>									
5	Enhanced regulation of the water and sanitation sector	5.2	Water services regulatory prescripts developed	Bulk water tariffs developed	2021/22 bulk tariffs developed and approved	2022/23 bulk tariffs developed and approved	2023/24 bulk tariffs developed and approved	2023/24 bulk tariffs developed and approved	<b>Target met</b>
			5.3	Water supply systems monitored for compliance	Number of water supply systems assessed for compliance with Blue Drop regulatory requirements	0	1186	1035	979
		5.3.2	Number of identified non-compliant water supply systems monitored against the regulatory requirements	366	531	370	446	<b>Target exceeded</b> Over by 76	Non-identified water supply system were added due to public complaints or non-compliance were observed through monthly monitoring results.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
<b>Programme 3: Water Services Management</b>								
<b>Sub-programme: Water Services Institutional Oversight</b>								
6	Water redistributed for transformation	6.3 Streamlined water services management institutional arrangements	6.3.1 Performance of water boards evaluated against their performance plans		Annual assessment of shareholder compacts, business plans, quarterly and annual reports for 9 WBS	Annual assessment of shareholder compacts, business plans, quarterly and annual reports for 8 WBS <sup>6</sup>	<b>Target met</b>	<b>N/A</b>
				6.3.2 Number of regional water utilities gazetted for establishment	0	0	<b>Target met</b>	<b>N/A</b>
					Reconfiguration of Sedibeng	Reconfiguration of Sedibeng		

<sup>6</sup> Sedibeng water board was disestablished

### 4.3.3 Sub-programme expenditure

Sub- programme name	2022/23			2021/22		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Water Services Management Support	32 955	32 732	223	34 859	27 633	7 226
Water Services and Local Management	378 397	359 096	19 301	402 541	223 785	178 756
Regional Bulk Infrastructure Grant	7 604 185	7 005 594	598 591	7 064 295	5 444 553	1 619 742
Water Services Regulation	57 531	42 314	15 217	45 615	38 080	7 535
Water Services Policy and Strategy	13 480	13 479	1	12 349	12 349	-
Water Services Infrastructure Grant	4 642 692	4 480 951	161 741	4 585 931	4 233 134	352 797
Water Services Institutional Oversight	20 754	20 754	-	12 850	7 620	5 230
<b>Total</b>	<b>12 749 994</b>	<b>11 954 920</b>	<b>795 074</b>	<b>12 158 440</b>	<b>9 987 154</b>	<b>2 171 286</b>

### 4.3.4 Strategy to overcome areas of underperformance

#### 4.3.4.1 Water Services and Local Management sub-programme

**Number of WSAs assessed for compliance with the requirements of the No Drop Regulatory Programme:** A process is underway to align the No Drop Programme with the Green and Blue Drop Programmes. To support the Department with all the “Drop Programmes”, an implementing agent has been appointed to for the next three years.

**Number of implementation readiness studies for water and wastewater services projects (RBIG) completed:** To enhance the Department’s capacity a procurement process is underway to finalise the IRS during the next financial year.

**Number of district municipalities (DMs) with developed 5-year water and sanitation reliability plans:** To enhance the Department’s capacity a procurement process is underway to finalise the reliability plans during the next financial year.

#### 4.3.4.2 Regional Bulk Infrastructure Grant sub-programme

**Number of large regional bulk infrastructure project phases under construction and completed as well as number of small regional bulk infrastructure project phases completed:** The Department’s supply chain has also through instruction notes (financial circulars) provided guidance on how municipalities should appoint contractors. The department will enforce the circular/s and participate in processes that will improve contractor appointment to ensure timeous project implementation and completion.

For the 2023/24 financial year, the Department will intensify monitoring and constant engagement with various stakeholders that form part of projects implementation and completion. It will also enforce service level agreement clauses on those contractors which are under performing and ensure that penalties and/or terminations are imposed.

To avoid project disruptions, there will be constant community engagements to ensure their understanding of the employment processes.

To mitigate the delayed installation of transformers in the projects, the department has already created a platform to engage Eskom in ensuring that it fast-tracks this process.

#### 4.3.4.3 Water Services Infrastructure Grant sub-programme

**Number of small WSIG projects completed:** Most of the projects under this indicator are Schedule 5B projects where the department transfer budget to municipalities for implementation of projects. The major challenge that delay implementation and completion of projects under this Grant has been delay in appointment of contractors by the municipalities. The Supply chain processes of the municipalities has been the major challenge that contribute to underperformance of the department. The department will engage the municipalities which are under performing and provide support and technical expertise that are needed to complete the projects. The department supply chain has also through instruction note (financial circulars) aided in terms of how the department can assist the municipalities when coming to appointment of contractors. The department will enforce the circular and participate in processes that will improve appointment of contractors on time to ensure timeous project implementation and completion

**Number of existing bucket sanitation backlog systems in formal settlements replaced:** All the contractors responsible for the Bucket Eradication Programme (BEP) in Free State were engaged to understand the status quo and current challenges. The summary action plan and interventions is as follows:

- All contractors to develop an acceleration plan for system functioning by end of March 2023, while practical completing would come later in the year.
- The resolution of all pending contractual disputes that affected project progress are resolved.
- Convene continuous by-monthly meetings with all contractors to ensure compliance and project milestones measurements.
- Due to lack of design for wastewater treatment works (WWTW) for some areas to ensure-full flush system, a grey water package plant was accelerated, and some oxidation ponds will be repaired. While a decision to do proper engineering design of permanent WWTW will be undertaken as an independent project outside the BEP. This decision ensures that the BEP will be completed and closed-off without causing prices escalation due to non-clear scope of WWTW as this was originally omitted from the inception of BEP in 2012.

#### 4.3.4.4 Water Services Policy & Strategy sub-programme

**Water Services Amendment Bill developed:** Following the decision to scrutinize the proposed legal section pertaining to the licensing of Water Services Providers, the Executive Authority has directed the WRC to investigate the implications of licensing water service providers (WSPs). Once the study is concluded and the outcomes incorporated, the Bill will be advanced to Cabinet to request authorization for public consultations. The timeline for concluding this process remains uncertain, given that the WRC's study has yet to be fully conceived and its roadmap yet to be determined. However, we will closely monitor this process and report on our progress promptly.

#### 4.3.4.5 Water Services Regulation

**Number of water supply systems assessed for compliance with Blue Drop regulatory requirements:** The following measures will be put in place regarding the WTW not assessed:

- **Decommissioned plants:** The Department will remove these from the database as they are not in use anymore.
- **For untreated boreholes:** These systems will be put under regulatory focus and will be highlighted in the report as those that need to develop corrective action plan that must include commencement of monitoring of drinking water quality supplied and they must implement best practice management by implementing a Water Safety Planning principle at those boreholes.

## 5 TRANSFER PAYMENTS

### 5.1 Transfer payments to public entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		(R'000)	(R'000)	
Magalies Water Board	Implementation of Pilanesburg Bulk Water Supply project	130 449	0	Phase 2 of the Pilanesburg Bulk Water Supply (Mafenya to Phokeng/Tlhabane pipeline) has been completed.
Bloem Water Board	Implementation of the Namakwa Bulk Water Supply project	108 835	0	
Sedibeng Water Board	Replacement of the Namakwa Bulk Water Supply project	143 729	0	
Umgeni Water Board	Implementation of the following projects: Umshwathi Regional Bulk Scheme  Maphumulo Bulk Water Supply  Lower Umkhomazi Bulk Water Supply Scheme Greater Mpofana Phase 1 of 3	738 673	429 299	The progress is summarised as follows:  <b>Umshwathi Regional Bulk Scheme:</b> progress is at 65%. The project is at preparation for pipeline supply. <b>Maphumulo Bulk Water Supply:</b> progress is at 60%. The procurement process for construction of the dam repairs and the upgrade of the 6ML waterworks is underway. <b>Lower Umkhomazi Bulk Water Supply Scheme:</b> progress is at 30% <b>Greater Mpofana Phase 1 of 3:</b> the construction of the 13.4km x 660mm diameter Bruntville steel pipeline is at 95% completion.
Lepelle Northern Water Board	Implementation of the Ebenezer and Olifantspoort	422 000	157 982	

## 5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2022 to 31 March 2023

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
Regional Bulk Infrastructure Grant (RBIG)	Municipalities	<p>To develop new, refurbish, upgrade, and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality.</p> <p>To pilot regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements.</p>	Yes	2 655 668	2 655 668	-
Water Services Infrastructure Grant (WSIG)	Municipalities	<p>Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities.</p> <p>Provide interim, intermediate water and sanitation supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing, and equipping of boreholes.</p> <p>Provide on-site sanitation solutions.</p> <p>Support the existing bucket eradication programme intervention in formal residential areas.</p> <p>Support drought relief projects in affected municipalities.</p>	Yes	3 701 019	3 701 019	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
<b>Departmental agencies and accounts</b>						
Energy Water Sector Education and Training Authority (EWSETA)	Departmental agency	Payment of the skills levy in terms of the Skills Development Levy Act to the Energy and Water Sector Education Training Authority.	Yes	3 350	3 350	-
Water Trading Account: Augmentation (capital)	Departmental trading account	Funds the social portion of new infrastructure development and improvement of infrastructure, two-thirds of the acid mine drainage costs, and it also covers the head office support function.	Yes	2 608 779	2 608 779	-
Communication licences (radio and TV)	Municipalities	Boats and vehicles licencing	Yes	11	11	-
<b>Foreign governments and international organisations</b>						
Komati River Basin Water Authority (KOBWA)	International organisation	<p>The repayment of outstanding loans to various financial institutions for Driekoppies and Maguga dams; and operational overheads.</p> <p>Driekoppies Dam was funded 100% by South Africa while the Maguga Dam was funded on a 60:40 ratio by South Africa and Swaziland. The loan capital was the main source of funding for the project.</p> <p>All loans were raised by KOBWA. The loans for Driekoppies were guaranteed by the Government of South Africa alone, whereas loans for the Maguga Dam were guaranteed by South Africa with a back-to-back guarantee from Swaziland. The balance of the funds for the Project was provided directly by the governments.</p>	Yes	248 Re8	248 278	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
Limpopo Watercourse Commission (LIMCOM)	International organisation	<p>Payment for the Limpopo Watercourse Commission (LIMCOM) Secretariat's operational costs.</p> <p>To fully discharge its mandate, the LIMCOM took a decision on 30 of November 2011 to establish a Secretariat as provided for in Article 4.2 of the LIMCOM agreement, to assist in the implementation of the Council decisions. Once established, the Secretariat should act as a focal point for the Commission's activities and to provide administrative and secretarial support.</p> <p>The LIMCOM current interim secretariat is hosted by the Republic of Mozambique, Maputo. The LIMCOM work is considered essential and in line with the South African commitments to Integrated Water Resources Management (IWRM) in the SADC region as envisaged by the revised SADC Protocol on Shared Watercourses, an agreement to which South Africa is a signatory to.</p>	Yes	895	895	-
Orange-Senque River Basin Commission (ORASECOM)	International organisation	<p>Payment for the Orange-Senqu River Basin Commission (ORASECOM) Secretariat's operational costs.</p> <p>The ORASECOM was established in the year 2000 through an agreement amongst the Republic of Botswana, the Kingdom of Lesotho, the Republic of Namibia, and the Republic of South Africa. The Commission established the Permanent Secretariat in the year 2007 and is based in Centurion, Republic of South Africa.</p>	Yes	1 404	1 404	-
African Ministers' Council on Water (AMCOW) Trust Fund	International organisation	<p>Payment for the African Ministers' Council on Water (AMCOW) Secretariat's operational costs.</p> <p>The African Ministers' Council on Water (AMCOW) was formed in 2002 in Abuja Nigeria, primarily to promote cooperation, security, social and economic development, and poverty eradication among member states through the management of water resources and provision of water supply services.</p>	Yes	176	176	-



Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
<b>Non-profit institutions</b>						
South African Youth Water Prize	Water and sanitation education programme	<p>The South African Youth Water Prize (SAYWP) is a science and technology collaboration between the Department of Water and Sanitation and the Stockholm Water Foundation in Sweden. The competition's objectives are to promote the protection of the country's natural resources and increase awareness amongst young people.</p> <p>The Department has a responsibility to follow through the learners who won the competition and establish partnerships with stakeholders for piloting the innovations.</p>	Yes	244	244	-
Various Institutions:2020 Vision-Water Education Programme	Water and sanitation education programme	The 2020 Vision for Water and Sanitation Education Programme hosted 2019 National Adjudication which is a culmination of 2020 Vision for Water and Sanitation Education Programme (VFWSEP) provincial activities as per different Action Projects of the Programme.	Yes	741	741	-
NEPAD Business Foundation	Non-profit organisation	<p>AU/NEPAD Southern African Network of Water Centre of Excellence (AU/NEPAD SANWATCE) – a network of universities and research institutions in Southern Africa region.</p> <p>Funds were used for water related research agendas and initiatives which will in turn be beneficial to the Sector. The University of Stellenbosch and DWS collaborated and combined their respective expertise for mutual interests in the development, research, innovation, education and training in the Southern African Development Community (SADC) region. It provided for support of on-going activities through the AU/NEPAD SANWATCE Secretariat, within the water and related sectors through the conclusion of appropriate agreements on a project-by-project basis.</p>	Yes	500	500	-

## 6 CONDITIONAL GRANTS

### 6.1 Conditional grants and earmarked funds paid

The table below describes each of the conditional grants and earmarked funds paid by the Department.

#### Conditional Grant 6.1.1: Regional Bulk Infrastructure Grant (Schedule 5B)

Municipality to which the grant has been transferred	Various municipalities appointed as implementing agents by the Department
Purpose of the grant	<ul style="list-style-type: none"> <li>To develop new, refurbish, upgrade, and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality</li> <li>Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>42 regional bulk project phases initiated</li> <li>15 project phase phases completed</li> <li>120 501 households benefitting from completed project phases</li> <li>14 district municipalities benefitting from completed project phases</li> <li>450 of job opportunities created</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>52 bulk project phases initiated</li> <li>8 project phase phases completed</li> <li>126 995 households benefitting from completed project phases</li> <li>6 district municipalities benefitting from completed project phases</li> <li>480 of job opportunities created</li> </ul>
Amount per amended DORA (R'000)	2 655 668
Amount transferred (R'000)	2 655 668
Reasons if amount as per DORA not transferred	Allocation fully transferred
Amount spent by the municipalities (R'000)	1 085 776
Reasons for the funds unspent by the municipalities	Delays in implementation of projects have negative effect of spending. Although the funds are committed, delays such as community unrest, labour unrest hinder onsite progress
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports. Department try all the time to resolve the risks that have negative impact on implementation of projects

## Conditional Grant 6.1.2: Water Services Infrastructure Grant (Schedule 5B)

Municipality to which the grant has been transferred	Various municipalities appointed as implementing agents by the Department
Purpose of the grant	<ul style="list-style-type: none"> <li>• To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities</li> <li>• Provide interim, intermediate water supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing, and equipping of boreholes</li> <li>• Provide on-site sanitation solutions</li> <li>• To support drought relief projects in affected municipalities</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Implement 255 water supply projects in 41 district municipalities</li> <li>• Complete 98 water supply projects in 31 district municipalities</li> <li>• 90 561 households provided with water through reticulated water supply or source identification;</li> <li>• 10 798 households benefitted from sanitation projects.</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>• Implemented 328 water supply projects in 41 district municipalities</li> <li>• Completed 101 water supply projects in 31 district municipalities</li> <li>• Completed rural on-site sanitation in 773 households</li> <li>• 582 545 households provided with water through reticulated water supply or source identification.</li> </ul>
Amount per amended DORA (R'000)	3 701 019
Amount transferred (R'000)	3 701 019
Reasons if amount as per DORA not transferred	Allocation fully transferred
Amount spent by the municipalities (R'000)	2 229 398
Reasons for the funds unspent by the municipalities	Municipalities can spend funds within their financial year which run until end of June, so there is not under spending as municipalities are still within their financial year.
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports.

## 6.2 Conditional grants and earmarked funds received

The tables below detail the conditional grants and earmarked funds received during for the period 1 April 2022 to 31 March 2023.

### Conditional Grant 6.2.1: Regional Bulk Infrastructure Grant (Schedule 6B)

Purpose of the grant	<ul style="list-style-type: none"> <li>To develop new, refurbish, upgrade, and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality</li> <li>Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>50 regional bulk project phases initiated</li> <li>9 project phase phases completed</li> <li>136 654 households benefitting from completed project phases</li> <li>14 district municipalities benefitting from completed project phases</li> <li>537 of job opportunities created</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>48 regional bulk project phases initiated</li> <li>3 project phase phases completed</li> <li>68 042 households benefitting from completed project phases</li> <li>8 district municipalities benefitting from completed project phases</li> <li>392 job opportunities created</li> </ul>
Amount per amended DORA (R'000)	3 470 391
Amount received (R'000)	3 470 391
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	2 724 820
Reasons for the funds unspent by the Department	Delays by implementing agents in implementing projects, which mainly caused by slow SCM processes, litigations process due to SCM processes. Community unrest also delays progress on site.
Reasons for deviations on performance	Delays by implementing agents in implementing projects, which mainly caused by slow SCM processes, litigations process due to SCM processes. Community unrest also delays progress on site.
Measures taken to improve performance	Implementing agents to report urgently on risks that will have negative effect on the implementation of projects. Where possible reallocate budget to avoid under spending.
Monitoring mechanism by the receiving department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports. The Department tries all the time to resolve the risks that have negative impact on implementation of projects.

## Conditional Grant 6.2.2: Water Services Infrastructure Grant (Schedule 6B)

Purpose of the grant	<ul style="list-style-type: none"> <li>To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities</li> <li>Provide interim, intermediate water supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes</li> <li>Provide on-site sanitation solutions</li> <li>To support drought relief projects in affected municipalities</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>Implement 40 water supply projects in 8 district municipalities</li> <li>Complete 17 water supply projects in 2 district municipalities</li> <li>120 households provided with water through reticulated water supply or source identification;</li> <li>0 households benefitted from sanitation projects.</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>Implemented 1 water supply project in 1 district municipality</li> <li>Completed 1 water supply project in 1 district municipality</li> <li>120 households provided with water through reticulated water supply or source identification;</li> <li>0 households benefitted from sanitation projects.</li> </ul>
Amount per amended DORA (R'000)	771 336
Amount received (R'000)	771 336
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	614 975
Reasons for the funds unspent by the Department	Delay in the finalisation of service level agreements as well as non-availability locally of some of the materials
Reasons for deviations on performance	Delay in the finalisation of service level agreements
Measures taken to improve performance	Departmental Bid Adjudication Committee meetings to be held regularly to deal with service level agreement
Monitoring mechanism by the receiving department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports

## 7 DONOR FUNDS

None.

## 8 CAPITAL INVESTMENT

### 8.1 Capital investment, maintenance and asset management plan

Infrastructure projects	2022/23			2021/22		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	3 762 736	2 328 453	1 434 283	3 328 051	2 751 698	576 353
Existing infrastructure assets	427 587	295 970	131 617	538 718	426 512	112 206
Upgrades and additions	140 637	127 493	13 144	240 646	240 646	-
Rehabilitation, renovations, and refurbishments	142 148	23 633	118 515	255 519	143 313	112 206
Maintenance and repairs	144 802	144 844	(42)	42 553	42 553	-
Infrastructure transfer	9 374 210	9 374 210	-	10 827 430	10 827 430	-
Current	541 469	541 469	-	739 419	745 293	(5 874)
Capital	8 832 741	8 832 741	-	10 088 011	10 082 137	5 874
<b>Total</b>	<b>13 564 533</b>	<b>11 998 633</b>	<b>1 565 900</b>	<b>14 694 199</b>	<b>14 005 640</b>	<b>688 559</b>

# PART C



## GOVERNANCE

## 1 INTRODUCTION

The commitment by the Department to maintain the highest standards of governance is fundamental to the management of public funds.

This section reviews the Department's responsibilities and practices; policies and procedures to assess if the strategic direction ensured that the objectives were achieved, risks were managed, and resources were used responsibly and within accountability.

In other words, this section will provide the Department's performance (i.e. the ability to deliver services); conformance (i.e. how the legal requirements were met) and community expectations (i.e. Parliamentary Committees).

## 2 RISK MANAGEMENT

Risk management is a powerful management tool to deal with uncertainties in the work environment, and to establish a pre-emptive mechanism to enhance service delivery.

During the reporting period, the Department performed its annual review of the risk management governance documents and other new policies were developed.

- (a) **Risk appetite and tolerance framework** - reviewed, recommended for approval by the Risk Committee and approved by the Accounting Officer with the purpose of setting and communicating the risk appetite and tolerance level of the department and ensure it is applied in decision making regarding the effective management of risks from a portfolio view and holistic perspective. The risk appetite and tolerance threshold were aligned to the strategic risk register.
- (b) **Combined assurance model plan** - reviewed, recommended for approval by the Risk Committee and approved by the Accounting Officer with the purpose to give effect to the implementation of the Combined Assurance Framework that outlines the combined assurance activities on how the Department of Water and Sanitation will provide assurance on its significant risks
- (c) **Compliance policy and universe** - reviewed, recommended for approval by the Risk Committee and approved by the Accounting Officer with the purpose of enhancing compliance with laws and regulation in the Department.
- (d) **Risk management implementation plan** - reviewed, recommended for approval by the Risk Committee and approved by the Accounting Officer with the purpose to outline all planned risk management activities and the resources allocated to the Risk Management Chief Directorate to ensure the effective and efficient system of risk management.

The Department conducted risk assessments that covered strategic and operational risks with specific focus on the areas of project specific risk, fraud and corruption, information and communication technology, compliance risks and ethics related risks. New and emerging risks were identified during both the operational risk committee and the executive risk committee meetings to be incorporated in the risk registers and monitored throughout the financial year.

The Department continued working towards inculcating the risk culture by conducting the risk awareness, providing risk management trainings and workshops to build capacity and enhancing the risk maturity.

The department had two types of risk management committees in place during the reporting period and these are:

- (a) **Executive Risk Management Committee:** is appointed by the Accounting Officer and its role is to formulate, promote and review the department's enterprise risk management objectives, strategy and policy and monitor the process at strategic management and operational levels.

It is chaired by an independent non-executive member and focuses on assisting the Accounting Officer in addressing oversight requirements of risk management and evaluating and monitoring the Department's risk management performance.

The Committee met quarterly to review the overall system of risk management, especially the mitigation of unacceptable levels of strategic risk profile of the department.



- (b) **Operational Risk Management Committee:** is also responsible for evaluating the extent and effectiveness of integration of risk management within the branches, regional offices, clusters and units and the effectiveness of the mitigating strategies implemented to address the material operational risks of the department.

It is chaired by a Deputy Director-General and assist the Executive Risk Management Committee in discharging its governance responsibilities by overseeing the matters pertaining to departmental operational risks and ensuring that critical operational risks are escalated to the executive risk management committee.

*The Committees convened meetings in line with their charters which require meetings to be held quarterly as tabulated below:*

No	Nature of meeting	Date
Executive Risk Management Committee meetings		
1	Regular meeting	13 May 2022
2	Special meeting	03 June 2022
3	Regular meeting	08 August 2022
4	Regular meeting	31 October 2022
5	Regular meeting	27 February 2023
Operational Risk Management Committee meetings		
1	Regular meeting	05 May 2022
2	Regular meeting	27 July 2022
3	Regular meeting	19 October 2022
4	Regular meeting	13 February 2022

## 3 FRAUD AND CORRUPTION

The Department has a risk assessment process which enabled management to consider its fraud and corruption risks exposure. Measures were then put in place to minimise and/ or eliminate such exposures.

The Department has adopted a zero-tolerance stance towards fraud and corruption and has approved a fraud policy as well as an anti-corruption and fraud prevention plan. In its fraud policy, the Department subscribes to the Protected Disclosures Amendment Act 5 of 2017. This means employees who have reported incidents of fraud and corruption are protected from any form of occupational detriment.

The anti-corruption and fraud prevention plan is an overall plan that sets out how the Department will reduce fraud and corruption. It sets out the activities that the Department will carry out to limit or eliminate the exposure of corruption and fraud. This was implemented during the financial year and is reviewed annually.

The Department's Forensic Audit & Quality Assurance (FAQA) unit investigated 35 cases utilising internal resources and 42 cases were investigated using external resources. Where applicable, the finalised cases were referred to:

- Employee Relations to take disciplinary action against the officials who committed financial and other acts of misconduct;
- SAPS and the Hawks for criminal investigation; and
- Legal Services for Civil Recovery in instances where the Department has suffered financial loss.

As part of the Department's pro-active fraud prevention measures, the work performed by the Internal Audit Unit also averted irregular expenditure to the amount of R25 million. The unit also held 28 fraud awareness sessions (both physical and virtual) to various directorates within the Department where 850 officials were reached or in attendance. The awareness sessions are targeted at new officials during their induction programme and existing officials throughout the Department (including the provincial offices and operations clusters). These workshops are aimed at increasing vigilance of the officials.

The Department uses internal and external sources for identifying incidents of fraud and corruption. The external source is mainly the National Anti-Corruption Hotline (NACH), coordinated by the Public Service Commission (PSC) to ensure that all cases of fraud and corruption are reported centrally and redirected to the Department for investigation. Feedback is then provided to the Public Service Commission on how the reported matters have been handled.

The internal source is mainly through the officials reporting the incidents of fraud and corruption to the Office of the Director-General (ODG). After the DG's approval, the Department's Forensic Investigation Unit, investigates and issues reports to the DG to implement the recommendations as well as the DWS Audit Committee for noting and subsequent monitoring.

The Department's Forensic Investigations Unit remains independent, free of bias and aspires to remain free of any kind of influence. Furthermore, all managers and employees are responsible for the detection and prevention of fraud and corruption within their area of responsibility.

The Department has established an Ethics Management Committee to promote ethical behaviour with intention to prevent and manage fraud.

## 4 MINIMISING CONFLICT OF INTEREST

### 4.1 Disclosure of financial interests

The Public Service Code of Conduct sets standards for ethical conduct in the Public Service and is supported by the Financial Disclosure Framework that requires various categories of employees to declare their financial interests annually.

For the period under review, the Department had 198 SMS employees and 990 non-SMS employees that were required to declare their financial interests by the prescribed timeframes of 30 April and 31 July respectively. The table below indicates the Department's compliance with the Financial Disclosure Framework.

Category	Submitted	Not submitted	Total	Percentage compliance
	%	%	%	%
Senior management service	196	2	198	99%
Levels 9, 10 and OSD employees equivalent to levels 10 and 9.	839	151	990	85%

The Department instituted disciplinary action against the two SMS employees as they submitted the financial disclosures after 30 April. Also, disciplinary action was instituted against the 151 non-SMS officials as they failed to disclose their financial interests as prescribed.

## 4.2 Other remunerative work outside of the Department's employment

Section 30 of the Public Service Act on "other remunerative work by employees" prohibits departmental employees from performing work outside their employment except for a written permission from the executive authority.

For the period under review, the Department had a total of 73 applications for approval to perform other remunerative work. Of these, 71 were approved and two (2) were decline due to a possible conflict of interest. Employees whose application have been declined are prohibited from undertaking the remunerative work.

## 5 CODE OF CONDUCT

Chapter 2 of the Public Service Regulations 2016 lays out the principles and standards of ethical conduct required of all public service employees. Currently the department is utilising the Public Service Code of Conduct to guide the conduct of its employees.

The Department has put mechanisms in place to inculcate and ethical culture within the organisation by implementing the following:

- An Ethics Committee is in place to oversee all the ethical activities in the department and ensuring that all officials comply with the PSR 2016. The Committee meets once a quarter, and its reports are tabled in the Executive Risk Committee. Furthermore, the non-complying officials are reported to the Ethics Committee to institute consequence management.
- Ethics awareness is conducted to inform the officials on the importance of disclosure of financial interest, conducting remunerative work outside of the employment, conducting business with the state, code of conduct, etc. During the reporting period, a total of 11 awareness sessions were conducted.
- The Department has a helpdesk to train and assist employees on how to disclose financial interest on e-Disclosure.

Also, the Department has sought to supplement the generic code of conduct in Chapter 2, Part 1 of the PSR 2016 to provide for their unique circumstances of the Department. During the period under review, employees were consulted on draft Code of Conduct in May – June 2022 with the draft submitted to the Departmental Bargaining Chamber (DBC) in July 2022. A copy of the draft Code of Conduct was also submitted to the Department of Public Service and Administration (DPSA) for further inputs and the inputs were received in September 2022. The Code of Conduct is awaiting the finalisation of the consultation process at the DBC.

## 6 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

For the period under review, the Department fully restored its operations after the COVID-19 pandemic. A notable improvement in the Department's performance in its mandate to ensure a healthy and safe working environment was however noted. Occupational Health and Safety (OHS) performed 250 risk assessments, 393 inspections and 70 audits (external and internal).

Two (2) health and safety related policies namely OHS policy and the Personal Protective Equipment (PPE) policy have been submitted to the Bargaining Chamber for approval. For the first time, the Departmental National Occupational Health and Safety Committee was able to co-opt key Senior Managers into the committee to ensure strategic direction and decisive leadership. Two fatalities caused by drowning were reported in one of the Department's dams in January. The Department also suffered the misfortune of losing a senior manager to a car accident, in the line of duty.

In terms of Employee Health and Wellness (EHW), the Department acknowledged the after-effects of COVID-19 on the emotional wellbeing of staff and once again appointed a professional service provider to render Psycho-social services for a period of six (06) months. Consistent with the previous year, there was a very high utilisation rate, due to the impact of the virus on officials. Gauteng had a high utilization rate followed by KwaZulu-Natal and Mpumalanga, with the lowest reported for Eastern Cape. Personal stress (financial problems to substance abuse) and organizational problems (workplace related) topped the list of the challenges staff requested psycho-social intervention on. Over and above the psychosocial services offered to officials, the team also managed to convene activities such as Blood Donation Drives, maternal health sessions, financial wellness sessions as well as the Mental Health Talk series which are offered in-house.

## 7 PORTFOLIO COMMITTEES

Parliament is vested with legislative authority as well as overseeing service delivery to all South African citizens by the Executive. It consists of the National Assembly (NA) and the National Council of Provinces (NCOP) which are mandated with the responsibility for law-making, oversight, public participation and facilitation of co-operative government within all spheres of government. It also appropriates funding on behalf of government following scrutiny of government plans for implementation of service delivery programmes.

The multi-party committees in the NA and the NCOP ensure that government remains accountable to the people. The Committees accomplish this by monitoring the expenditure of funds and implementation of programmes in line with the priorities that government commits to in terms of their annual performance plans which are submitted and scrutinised prior to passing of budget votes.

Parliamentary committees also undertake oversight visits to different provinces to interact with different communities and verify whether services are delivered in accordance with plans tabled before Parliament. The oversight visits also afford Parliamentary Committees an opportunity to assess the impact of service delivery.

During the year under review, the department had a total of thirty interactions with Parliament Committees. These interactions are as follows:

- There were twenty-six meetings with the Portfolio Committee on Water and Sanitation (PCWS) .
- There were two engagements with the Select Committee on COGTA.
- There was one engagement the Standing Committee on Appropriations (ScaA).
- There were one engagement Standing Committee on Public Accounts (SCOPA).

Issues raised by different Committees of Parliament fall into three main categories indicated below:

- Department's performance which includes performance of the department and its entities, including the Trans-Caledon Tunnel Authority, Water Research Commission, the Catchment Management Agencies and Water Boards.
- Conformance, in terms of which the department reports on the extent to which it has complied with legal requirements.
- Matters of community interests such as how the department is addressing challenges arising in relation to delivery of water and sanitation services.

## Progress and responses on some of the issues raised by the committees are tabulated below:

Date of meeting	Topic/Agenda	Matters raised by the committee	Response by the department
<b>23 August 2022</b>	<p>Briefing by the Department of Water and Sanitation on the current interventions, findings and actions taken regarding the KZN floods.</p>	<p>The Committee enquired about the levels of bulk water supplies after the floods, considering the reports of significant damage from the floods to date.</p> <p>Regarding the shortage of treated water, reduced from 600 Megalitres to 250 Megalitres per day after the floods, how did this impact communities?</p>	<p>The Committee enquired about the levels of bulk water supplies before the floods, considering the significant reports from the floods to date.</p> <p>The department reported that the impact was severe as a large portion of eThekweni Metropolitan Municipality did not have any water supply; it lasted for a few days and mainly impacted the north of Durban, where bulk water supply was disrupted. Water tanks were provided to support the municipal tankers, shaft pumps, and alternative raw water supplies were brought into the WTW. The alternative water supplies have not reached the levels of supply before floods, but the deficit has reduced significantly from 770 to now a 20 Megalitres deficit. Total capacity is expected once repairs have been completed and significant construction work is underway, ensuring the permanent fixing of the aqueducts.</p>
		<p>Concerns were raised by the committee about the R65 million Rands spent on tankering in three months by the DWS and wanted to know if this is sustainable.</p>	<p>The Department allocated R65 million Rands from its budget with the approval of the National Treasury to hire 80 additional tankers to provide water to eThekweni Metro and affected municipalities. EThekweni had its own tankers but these had not been enough due to high demand for clean water. The Department of Cooperative Affairs and Traditional Affairs (COGTA) also assisted the municipality with the tankers. The water tankers provided by DWS would gradually be withdrawn as the water supply was restored and the municipality reached a level where it can manage its tankers</p> <p>The department acknowledged that there had been a neglect of refurbishment and infrastructure maintenance in many municipalities. The department encourages municipalities to pay sufficient attention to maintenance and proper water and sanitation infrastructure operation.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
<p><b>13 September 2022</b></p>	<p>DWS briefing to the Portfolio Committee on the:</p> <ul style="list-style-type: none"> <li>• Hartebeespoort Dam Integrated Biological Remediation Programme [HDRP]</li> <li>• Progress Report on the Vaal Section 63 Intervention.</li> </ul>	<p>Regarding the Remediation Programme at the Hartebeespoort Dam the Members commented that money was being thrown at something that could not be fixed if it did not address the upstream catchment problems of WWTW that were functioning above capacity, leading to extensive sewer spillages.</p> <p>The Committee enquired about the role of municipalities in the process of pollution remediation in the NW and Gauteng provinces.</p> <p>Committee asked about whether there was a role of the Committee in the process of setting water tariffs in the future</p> <p>Department asked about the different components of the VRSI project and the role of Rand Water</p>	<p>While the DWS was going to support municipalities with their wastewater treatment works, on the side of regulation, it would use the carrot and stick approach and arrest those who violated them. The costs were ultimately being paid by the taxpayer, because government was spending a lot of money to do remediation or rehabilitation at Hartebeespoort alone over all these years.</p> <p>The DWS indicated that there were plans for the department to engage with all the municipalities in Gauteng, the South African Local Government Association and the Department of Cooperative Governance and Traditional Affairs. The department will support the municipalities around wastewater management. Transgressions of regulations will incur action against municipalities that discharge effluent that does not meet the standard.</p> <p>The department reported that there are stringent timelines for approving tariffs on a year-to-year basis. The revision of the pricing strategy and the Norms and Standards allows the multi-year tariff scheme; once that has been approved and the legislation is amended, there will be a window period for parliament to be consulted before tariffs are approved.</p> <p>The DWS indicated that Rand Water was appointed as the Implementing Agent for the VRSI project.</p> <p>Project comprises of unblocking of blocked sewer pipelines; the upgrade and refurbishment of wastewater treatment works (WWTWs) and pump stations; repairs of pump stations and collapsed pipelines.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
01 November 2022	Briefing to the Portfolio Committee on Water and Sanitation on dam safety and status of tailings dams	<p>What management techniques are used to address the sedimentation in dams?</p> <p>Members raised concerns about the structural issues reported on the Clanwilliam Dam in the Western Cape.</p> <p>Members raised concerns about the high-risk part of dams' safety across the country.</p>	<p>The department has a unit responsible for sedimentation surveys, which are regularly undertaken to record the sedimentation levels in dams. The department is continuously engaging the Water Research Commission to acquire scientific management techniques to address sedimentation in dams. The current work by the Water Research Commission is quite groundbreaking, and the expectation of deliverables of research products on the issue will be available within a year.</p> <p>The DWS reported that:</p> <ul style="list-style-type: none"> <li>• One of the key concerns about the dam is that the Dam Safety Office found its wall quite very low and not safe. The department's plans were to raise the dam wall on the initial design and extend the foundation significantly on the downstream side to ensure structure stabilization.</li> <li>• The Dam Regulation Office requires the department to do more intensive geotechnical studies on the rock formations downstream of the dam before excavations can be permitted.</li> </ul> <p>The dam surveillance team is looking at all dams to ensure that alarm systems are in place and functional to inform and activate the EPP that will respond to any alarm received. Deflection surveys are conducted by the survey unit to ensure structural deflection monitoring.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<p>Does the department have an audit report of all the non-compliant dams?</p> <p>Members enquired how the Department was involved in the Jagersfontein Dam incident?</p> <p>Which rivers were affected by the collapse of that dam, and what is the impact it had on water supply in the area, including the Kalkfontein Dam?</p>	<p>The department intends to publish a dam safety report annually for public consumption to raise awareness on the dangers that lie upstream where the dams are located. There are current engagements and studies undertaken with international bodies regarding the simulation of the Emergency Preparedness Plans.</p> <p>The department reported that it was in the process of appointing an independent panel of experts to conduct a forensic investigation on the cause of the failure of the Jagersfontein Tailings Dam. Furthermore, it was reported that:</p> <ul style="list-style-type: none"> <li>• The independent report will form part of current prescription processes with the involvement of the department and affected mining companies. The department told the Committee that the failing status of the dam was brought to the attention of the Dam Safety Office in December 2021</li> <li>• A meeting with the mine engineers was held to classify the dam as a safety risk and inform the mine engineers of the requirements that had to be fulfilled to make the dam safe.</li> <li>• Unfortunately, before more work could be done, the dam failure incident happened.</li> </ul> <p>The Riet River, which supplies the Kalkfontein dam was affected by the sludge.</p> <p>Rehabilitation of the affected rivers and dams is ongoing.</p> <p>The department is working with appointed specialists, entities and government departments, including the University of Free State, to assess the rehabilitation plan and ensure that the water quality is suitable for human consumption.</p> <p>Water supply from the Kalkfontein dam is reported to be safe for consumption.</p>



Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
<p><b>31 January 2023</b></p>	<p>Responses of the department to resolutions on the Water and Sanitation sector issues; resolutions on the recommendations made by the Committee on the 2022-23 Annual Performance Plans of the department and entities; and resolutions on the recommendations of the oversight visit to Eastern Cape</p>	<p>Committee members enquired about the department's collaboration with the Department of Cooperative Governance and Traditional Affairs (COGTA) and National Treasury (NT) to improve the financial stability of the water sector.</p> <p>Committee enquired about the nature of the problems experienced by municipalities and the causes thereof and the extent to which the DWS and COGTA are engaging on stakeholders to strengthen the financial contributions and unpack roles to ensure citizens can access water?</p> <p>What are the challenges encountered in the reconfiguration of Water Boards?</p> <p>What is the criteria for reconfiguring of water boards in the manner in which it being implemented?</p> <p>Whether the National Water Resource Infrastructure Agency Bill - will be carried on to the 7th Parliament or still finalised during the 6th parliament?</p>	<p>The department reported that it engages continuously with respective stakeholders and that a workshop was held recently which dealt specifically with issues of strengthening the financial situation in the sector and revenue collection.</p> <p>The department will implement an action plan in collaboration with the National Treasury which includes standardizing credit control measures across all the water boards</p> <p>Poor governance and weak management in WSAs, in turn resulting in weaknesses in revenue collection and management.</p> <p>People with inappropriate skills are employed to manage water and sanitation functions and this leads to poor O&amp;M of infrastructure critical for water delivery.</p> <p>DWS understands the challenges is making efforts to resolve problems as and when they arise in different provinces. This is being done together with municipalities in different municipalities in the NW, KZN, Limpopo, Mpumalanga</p> <p>Challenge is that the municipalities have not understood the intention of the Gazette.</p> <p>The intention is not to take over the municipalities but to support municipalities where there is no access to water service reconfiguration to give municipalities an understanding that neither the department nor the water boards intend taking over the municipal functions. The reconfiguration is mainly intended to support the municipalities in terms of the bulk supply, where there is no access to reliable water supply for communities.</p> <p>The key criteria were to:</p> <ul style="list-style-type: none"> <li>• extend coverage areas where there is no service delivery coverage</li> <li>• Strengthen the capacity and capability of the entities in provinces (leveraging on existing technical skills)</li> <li>• Improve and enhance institutional efficiencies and rationalise the number of institutions in the water sector to ensure economies of scale,</li> </ul> <p>Maintain financial viability and enhance the ability to raise capital from the market for infrastructure projects</p> <p>The DWS intends to table the Bill to Parliament within the 2023 financial year, following approval by Cabinet.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
29 March 2022	Meeting of the Portfolio Committee on Progress Reports on Giyani and the Vaal - Section 63 Interventions	<p>People of Sekhukhune do not have water despite the De Hoop Dam being nearby – The villages of Gamalekane, Jane Furse areas have no water.</p> <p>Members asked about how the department was dealing with previous years' irregular expenditure</p>	<p>The DWS reported that it has funded g other projects that will provide water to Sekhukhune such as the Loskop Dam</p> <ul style="list-style-type: none"> <li>• Also, other projects being implemented under WSIG – upgrading of water infrastructure.</li> <li>• Other projects funded by RBIG – Moutse BWS, Mooihoek BWS &amp; Nebo BWS</li> <li>• A partnership with DWS and Lebelelo Water Users Association (WUA) launched on 27 October 2022 – to facilitate water provision to Sekhukhune villages. 24bn project to be implemented over 6 years – 38 villages to benefit from the project</li> <li>• Flag Boshielo – Mogalakwena is another portion of the project to benefit 96 villages from the partnership with the Lebelelo WUA</li> </ul> <p>The department reported that:</p> <ul style="list-style-type: none"> <li>• It has put in place measures to strengthen controls to prevent further incidents of irregular expenditure.</li> <li>• It is still in the process of implementing consequence management for previous irregular expenditure</li> </ul>
		<p>Members appreciated the turnaround strategy/ recovery plan on the Giyani Water Supply Project and the initiative taken by the Department to assign a Senior manager to oversee the project and ensure progress on the project to deliver water to Giyani</p> <p>Whether the DWS can give guarantees from the department that water and sanitation service delivery will not crumble again when the DWS and Rand Water exit the project in the Emfuleni municipality</p> <p>Members suggested that Rand water should continue with the operation and maintenance of the infrastructure in the Emfuleni municipality to ensure that the funds will not go to waste</p>	<p>Minister indicating that the Ministry intervened and resolved the issues with traditional leadership in the Nandoni</p> <p>The Department also reported that the Nandoni-Nsami pipeline was to deliver water to the Nsami WTW by the end of 2022 and that there was an initiation to implement a reticulation project in partnership with Mopani DM to get the water to the people of Giyani to be funded by the DWS' Water Services Infrastructure Grant.</p> <p>Rand water is to build capacity and move out of the space so the municipality can continue in its role as a water service authority</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<p>Members appreciated the turnaround strategy/ recovery plan on the Giyani Water Supply Project and the step taken by the Department to assign a Senior manager to oversee the project and ensure progress.</p> <p>Whether the DWS can give guarantees from the department that water and sanitation service delivery will not crumble again when the DWS and Rand Water exit the project</p>	<p>Minister indicating that grants will be ringfenced to ensure that the transfers are utilised for the purpose in which it is allocated.</p> <p>Also indicating that there have been stoppages in the work in the Vaal due to demands by communities to have a stake in the project in terms of jobs and contracts.</p> <p>DWS prioritising the removal of sewer from the homes and communities in the Emfuleni Municipality.</p>
<b>3 and 4 May 2022</b>	Annual Performance Plan of the Department of Water and Sanitation and Entities for the 2022/23 Financial year	<p style="text-align: center;"><b>Department's conformance</b></p> <p>What is the overall effect of the debt owed to DWS and Water Boards by Municipalities</p>	<ul style="list-style-type: none"> <li>• The effect of insufficient revenue collection to adequately operate and maintain water and sanitation infrastructure was highlighted.</li> <li>• Municipalities are in debt with water boards that do not have enough money to use their infrastructure or borrow money to build new infrastructure.</li> <li>• The water boards owe money to the Water Trading Entity, which impedes the Department's work in infrastructure development.</li> <li>• The Department is working closely with the Department of Cooperative Governance and the National Treasury to strengthen support in municipalities.</li> </ul>
		<p>Committee on Water and Sanitation in 2019/20 and 2021/22 raised several issues on the financial status of the Department of Water and Sanitation in terms of accruals and payables, underspending, and fruitless and wasteful expenditure.</p> <p>2021/22 raised several issues on the financial status of the</p>	<p>The challenges were noted by the DWS and it was further indicated that measures are place to work towards strengthen its financial capabilities. DWS reported that there have been improvements since the implementation of the financial recovery plan in 2019 including:</p> <p>Maintained a positive bank balance with the accruals and payables being continuous managed every month to ensure that it does not over-commit available budget.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<p>Department was requested to explain the reasons for under-expenditure in the 2020/21 financial year.</p> <p>The Portfolio Committee recommended that the Department provide plans/interventions to address this issue and provide details on whether it is considering Public-Private Partnerships to develop mega infrastructure projects</p>	<p>Had intentions to appoint a panel of Professional Service Providers (PSPs) to augment the current investigation capacity of the Internal Audit Unit</p> <ul style="list-style-type: none"> <li>• (assisting with the investigations for irregular, fruitless and wasteful expenditure),</li> <li>• Internal and external Audit Action Plans were developed and are being implemented.</li> <li>• Preventative measures have been implemented to ensure that no further incidents are reported.</li> </ul> <p>Department reported that the reasons for the under-expenditure in the 2020/21 financial year were mainly due to:</p> <ul style="list-style-type: none"> <li>• Underspending on Compensation of Employees due to funded vacant posts across all programmes.</li> <li>• Underspending on capital payment resulted from the government-enforced Covid-19 lockdown restrictions, which impacted the implementation of the projects and some disputed invoices</li> </ul> <p>The Department participated in the establishment of a Water Partnership Office with the assistance of the Development Bank of Southern Africa, to explore and assist with the establishment of partnerships with the</p> <p>The Department informed the Committee that the Partnership Programme was still in its infancy and that there were a few projects in the pipeline as follows:</p> <ul style="list-style-type: none"> <li>• The Department engaged with mining houses in Limpopo and in the Northern Cape to implement the Olifants Management Model (R24 billion) and the Vaal Gamagara (R10 billion) respectively.</li> <li>• These mega projects however are not classified as Public-Private Partnerships as per the financial definition since the partnership is limited to funding and operations arrangements.</li> </ul> <p>The ownership of the assets will reside with Government. Hence it is classified as projects being implemented in collaboration with the private sector.</p> <p>There was progress in KZN and the Eastern Cape because of the war rooms that had been established, in conjunction with various municipalities to collaborate on recovery efforts to ensure continued delivery of water and sanitation services</p>
	2022/23 Annual Performance Plans of the DWS and WRC	The Chairperson began the meeting by acknowledging the progress that had been made in the Eastern Cape and KwaZulu-Natal (KZN) in dealing with the flood damage.	

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<p>Key issues of the presentation of in terms of the APP tabled to Parliament</p>	<p>As part of its priorities for the 2022/23 FY the DWS planned to:</p> <ul style="list-style-type: none"> <li>• implement a range of major projects to augment the national bulk water resource infrastructure,</li> <li>• guide and lead the development of other water resources, including groundwater and desalination.</li> <li>• strengthen its role in supporting and intervening in municipalities where municipal water and sanitation services were failing.</li> <li>• The regulatory interventions would address the issues of pollution of the environment and communities from wastewater. \</li> <li>• reduce irregular, unauthorised and wasteful expenditure and ensure consequence management for financial misconduct.</li> <li>• It would improve revenue collection across the water value chain and guide and lead an increase in water-use efficiency and demand, and conservation management.</li> </ul> <p>Continue to improve water-use licence turnaround times and promote transformation in water use.</p>
<b>31 May 2022</b>	<p>Department of Water and Sanitation (DWS) briefing: assessment of water boards in respect of mandate, institutional arrangement, governance, budget, and operations</p>	<p>Filling of vacancies senior management posts</p> <p>Members also asked about the impact of the non-payment of the sustainability of Water Boards</p>	<p>All vacant senior management posts have been filled. Including the posts of the Director General, Chief Financial Officer, Deputy Director Generals for Regulation and Compliance Enforcement, Water Services and Corporate Services</p> <p>The Department reported that:</p> <ul style="list-style-type: none"> <li>• Non-payment by municipalities has great impact on the sustainability of Water Boards.</li> <li>• As of 31 March 2022, the Water Trading Entity was owed R23 billion, and this amount was rising due to continued non-payment by municipalities.</li> <li>• Water Boards are owed almost R14 billion as of 30 Mar 2022, and they are rising due to non-payment by municipalities.</li> <li>• There are inadequate investments in infrastructure, which will have an adverse impact on meeting the current and future increased demand for water services. This in addition to the inadequate money allocated to operations and maintenance with high risk of unreliable services negatively impacting water quality and quantity, and health and hygiene, and critically on the environment.</li> <li>• There is a potential collapse of the institutions operating under the Department. For example, Sediberg Water was in the process of disestablishment because of non-payment by municipalities.</li> </ul>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<p>Members observed that there were many officials involved in the matter of Lepelle Northern Water (LNW) including the Chief Financial Officer and requested the department to clarify on consequence management actions that had been taken to deal with irregularities at the entity.</p>	<p>The Department reported that there were two ongoing Special Investigating Unit (SIU) investigations into Lepelle Northern Water the detail of which were:</p> <ul style="list-style-type: none"> <li>• The first was the Proclamation No R22 of 2016: The awarding of contracts to LTE Consulting by the Lepelle Northern Water and Gauteng Department of Human Settlements (extended by Proclamation No R39 of 2019),</li> <li>• Proclamation No 27 of 2019: Lepelle Northern Water: Contract awarded to Blackhead. There is potential for another proclamation.</li> <li>• Furthermore, SIU had assessed allegations about drought relief, and has applied to the President for proclamation to investigate.</li> </ul> <p>On the two current SIU investigations, although they are not yet completed, the SIU had made certain referrals – including the ongoing Civil Litigation Action, to set aside the contract with LTE Consulting (Pty) to the value of R4.1 billion.</p>
		<p>The Members enquired about what measures were being put in place to stabilise Amatola Water Board.</p>	<p>The department indicated that the Minister had intervened at the Amatola Water Board because of governance challenges and the board of Amatola Water Board had been replaced with an Interim Board. The department reported that it was working closely with the Interim Board, and the entity was stabilising.</p>
		<p>Members expressed concerns about irregular, fruitless and wasteful expenditure of R8 billion by Water Boards.</p>	<p>The Department indicated that the office of the CFO was working with the CFOs of various water boards to manage the historic irregular, fruitless and wasteful expenditure, and that the DWS is also working with National Treasury on incidents that require a condemnation process. As a request by the PC Members, when the DWS present the quarterly reports, it will include the status of each case.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
7 June 2022	Briefing by the Department of Water and Sanitation on the 2022 Green Drop Report and progress report of work undertaken to date by the Anti-Pollution Task Team.	<p>The Committee sought a progress report on the Rooiwal Wastewater Treatment Works (WWTW) and wanted to know if there are any current investigations happening. Furthermore, are any plans in place to get City of Tshwane Metropolitan Municipality (CTMM) to hand over the plant to be run by a water board?</p> <p>The Committee enquired about the frequency the department will follow in undertaking work and drafting the Green Drop and Blue Drop reports going forward.</p> <p>A question was raised on whether the department is working or have partnerships with the institutions of higher learning.</p> <p>The Committee wanted to know if the department is monitoring the quality of water in rivers and streams.</p>	<ul style="list-style-type: none"> <li>The department had issued four directives regarding non-compliance of the WWTW and some of the directives have been resolved.</li> <li>However, there is insufficient improvement in the effluent quality, which in turn contaminates water sources used to provide water to the community.</li> <li>On non-compliance of the directives, the department reported it had initiated a civil act action against CoT, which it defended. The CoT's view was that the department should provide funds to complete the remedial work and rehabilitation of the WWTW.</li> </ul> <p>The department does not fund metropolitan municipalities. However, National Treasury issued a letter stating that the municipality make use of the Urban Development Grant managed by the Department of Human Settlements. The construction is underway, and the expected completion is October 2022.</p> <p>The process is structured in a way that is that in one year, municipalities will undertake the detailed Green Drop Report; and the following year, it will be the Blue Drop Report. The No Drop Report will follow the same frequency.</p> <ul style="list-style-type: none"> <li>The department is working with various universities across the country to ensure that its work is aligned with the latest research.</li> <li>The universities also acquire information and learning from the department in terms of practical realities that are picked up through the internal audits.</li> </ul> <p>The Water Research Commission is also doing very well in leading the research, whilst working with various universities across the country in respect of water quality.</p> <p>The department has a national monitoring programme on areas such as microbial, chemical and physical quality on major rivers and streams throughout the country.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
20 September 2022	Department of Water and Sanitation 2022/23 1st Quarterly Performance and Expenditure Report	<p>Regarding the Vaal River water project, the Committee asked whether the department applied to rollover the unspent budget?</p> <p>The Committee expressed serious concerns regarding the reported condonation of the previous irregular expenditure.</p> <p>The Committee sought clarity and more information regarding the construction unit within the department.</p> <p>The Committee enquired about youth programmes that the department has put in place.</p> <p>Reprioritisation of funds from underspending projects to higher spending projects.</p> <p>DWS should strengthen oversight on job creation by the private sector – how does the DWS have oversight on a matter where there is no guarantee as to whether the public sector will implement it or not</p> <p>Requirements must be put in place beforehand on the employment of local residents?</p>	<p>The Committee reported that an application was sent to National Treasury (NT) for rollover of funds from the previous financial year as the application was partially approved only for goods and services. This is not constraining in terms of implementing bulk projects, as adequate sufficient funds are budgeted for this financial year, for all the work that has been planned for. Additionally, there are sufficient funds budgeted in the Medium-Term Expenditure Framework.</p> <p>The department noted that there is a set framework of processes and rules from National Treasury to be followed before any condonation is approved on irregular expenditure. The department must meet all these requirements to apply for condemnation.</p> <p>The construction unit was established and operating for the past four decades. The construction unit has managed to construct the very many large dams presently found in the country. The unit has considerable capacity for the construction of water-related infrastructure, and forms part of the organisational structure, funded by the Water Trading Entity.</p> <p>The department provided a detailed report on various successful programs in place to develop and transfer skills to the youth. These programmes include bursaries, internships and graduate trainee programmes. There is also an Academy of Learning focusing on developing technical skills. There are about 600 candidates that have already been appointed to contract positions in the department as candidate engineers and candidate scientists. Three hundred (300) of them have been recruited into permanent positions. This has reduced the entry-level vacancies from 24% to 3%.</p> <p>Unspent funds are reallocated during the current financial year from the municipalities that are unable to spend and get allocated back in the next financial year.</p> <ul style="list-style-type: none"> <li>• It is mainly implementing Agents that monitor the employment of local residents</li> <li>• The job creation component is part of the conditions during the bidding process ensuring the creation of jobs for local labour</li> <li>• Local ward councillors are also involved in the process of ensuring the employment of local labour</li> </ul> <p>Progress reports re- issues are submitted to municipalities where projects are implemented to facilitate proper monitoring by municipalities</p>



Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
11 October 2022	Annual Report of the Department of Water & Sanitation: Vote 41	<p>Committee expressed concern about the underspending by the Department which has a direct impact on the delivery of essential water and sanitation services to the people.</p> <p>Committee welcomed the improvement and progress in the audit outcome of the department, the underspending of over R2 billion across the department's programmes negates the good governance being achieved.</p> <p>Committee called on the DWS to address the root causes identified that lead to underspending, including, inadequate project management, inadequate supervision of contractors resulting in the late identification of poor performance of contractors and protracted supply chain management processes.</p>	<p>Department reported that the under-expenditure was due to inadequate project management, inadequate supervision of contractors resulting in the late identification of poor performance of contractors and protracted supply chain management processes.</p> <p>This was noted and the DWS further reported efforts were underway to improve programme performance and improve in expenditure.</p> <p>Department indicated that:</p> <ul style="list-style-type: none"> <li>It was in the process of implementing a procurement strategy anchored on a financial recovery plan and that the plan aims to improve the overall financial environment including improving the audit opinions for the DWS.</li> <li>DWS also indicated that the plan includes implementation of the Infrastructure Procurement Strategy to improve procurement within the department and the Implementing Agents and that this was expected fast-track implementation of projects and increase efficiency.</li> </ul>
		<p>Committee called on the DWS to work closely with the Water Research Commission and products produced by the entity to resolve the water losses challenge which continues to be a challenge across the system.</p> <p>Committee welcomed the progress in investigating incidents of irregular, fruitless and wasteful expenditure, it has called on the department to conclude all investigations and implement consequence management.</p>	<p>Department indicated that it was working closely with the DPT across many areas of significance including the exploration of new technologies and curbing water losses across the country.</p> <p>The department reported that it was collaborating with law enforcement agencies including the SIU and the SAPS and investigations were ongoing with some having been finalised. DWS also reported that a trend analysis of improper expenditure had begun to reflect a decline in incidents of irregular, fruitless and wasteful expenditure.</p> <p>DWS indicated that the following was being done to curb further incidences of fraud and corruption:</p> <ul style="list-style-type: none"> <li>Improvement of systems of internal controls, preventative measures against fraud and corruption</li> <li>There are no new incidents of unauthorised expenditure.</li> <li>There are also measures taken to eliminate irregular, fruitless and wasteful expenditure. Supported by preventative controls measures.</li> </ul>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
<b>25 October 2023</b>	Turnaround plans to address Water Trading Entity challenges and audit outcomes	<p>The Department was asked about the rationale for the establishment of the National Water Resource Infrastructure Agency (NWRRIA)</p>	<ul style="list-style-type: none"> <li>An exit strategy on irregular contracts is also being implemented to ensure that the current incidents of</li> <li>irregular expenditure resulting from prior periods contract are terminated.</li> <li>Progress has been made on disciplinary and investigation matters including continued engagement with various law enforcement agencies.</li> </ul> <p>The streamlined and integrated water sector value chain support and interventions measures by the Department are also part of service delivery improvement plans.</p> <p>The Department indicated that one of its priorities for the next two years was to ensure water security. To this end the Department was busy with various schemes including:</p> <ul style="list-style-type: none"> <li>The Lesotho Highlands Water Project (LHWP)-2, where there were two weeks left for government to clarify</li> <li>The UMKomazi offtakes had been finalised and the Department was making progress in signing off the offtakes and was ready for funding to start the project.</li> <li>DWS was getting ready to launch a water supply project with mines in Limpopo via the Lebelelo Water User Association. A 50-50 partnership would lead to various villages in Limpopo getting water. The project would cover 96 villages, while 38 other villages in the west wing of the project and would be getting water from the Flag Boshello dam.</li> <li>Implementation of the Loskop Dam project, which would provide water to the Thembelele Hani and the Dr JS Moroka municipalities.</li> <li>The funds currently available from the fiscus and the TCTA were insufficient compared to the amount required for water resource infrastructure to meet the country's economic and social needs in the long term. The current TCTA and fiscus funding model was constrained. The TCTA funding model depended on government guarantees from National Treasury (NT), which were limited. There was no more scope for the NT to provide more guarantees to the TCTA. The National Water Resource Infrastructure Agency would be better positioned than the Department to raise funds from sources other than the fiscus.</li> </ul>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
			<ul style="list-style-type: none"> <li>Establishing the NWRIA would strengthen governance and transparency in the water sector by separating the roles of player and referee. In other words, the DWS would retain responsibility for regulation, policy and price setting, whilst the Agency would finance, build, operate and maintain water resource assets.</li> <li>The NWRIA (incorporating TCTA and WTE) and all the water resource infrastructure assets in the WTE) would be able to raise additional funding or enter into blended finance agreements or other forms of partnership with the private sector without NT guarantees on the strength of its balance sheet, credit rating and current and future revenue collection. This could enable the current build programme to be increased from investing approximately R10bn per year, to a threefold increase of approximately R30bn a year.</li> </ul>
06 May 2022	Select Committee on Co-Operative Governance and Traditional Affairs, Water, Sanitation and Human Settlements on the Section 63 intervention in the Umkhanyakude District	<p>Matters of community interest</p> <p>The Department was requested to explain the need to implement the Section 63 intervention in the Umkhanyakude District.</p> <p>Committee enquired on the procedures followed to effect the Section 63 Intervention</p>	<ul style="list-style-type: none"> <li>Water supply projects in Umkhanyakude have been halted even though MIG and WSG of R83 million allocations to address backlogs were not spent.</li> <li>Furthermore, a significant percentage of communities were unserved and exceeding the national norms and standards in 2014/15.</li> <li>Drought relief boreholes were not functional but had been commissioned.</li> <li>The Municipality did not have maintenance since 2018, and there was a thriving secondary private water market to unserved.</li> <li>There was no effective performance on WSA function, where water supply has collapsed. There is very little adherence to norms and standards or self-assessment tools.</li> <li>There were no information systems needed for asset care in place.</li> </ul> <p>There was no billing and a threat of an uncontrolled debt spiral which further exposes water trading entity and uMhlatuze Water to a collections risk. In addition, the Municipality was under administration.</p> <ul style="list-style-type: none"> <li>On 3 February 2022, the Minister of Water and Sanitation notified the uMkhanyakude District Municipality, the Minister of the Department of Cooperative Governance and Traditional Affairs and the NCOP of the decision to issue directive to uMhlatuze Water to undertake management, operations and maintenance of water and sanitation infrastructure at uMkhanyakude District Municipality, to restore effective water services function.</li> </ul>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
12 May 2022	Briefing by the Department of Water and Sanitation on the progress report regarding the status of disciplinary hearings, including cases investigated by the Special Investigating Unit.	<p>Members enquired on the Implementation Plan of the DWS to effect the objectives of the intervention</p>	<p>The Department reported that it was in the process of reviewing the infrastructure implementation plan, preparing an associated business plan and implementing scheduled projects to accelerate the design and implementation of bulk regional water schemes aimed at water supply and wastewater schemes, as contained in the WSA's Master plan. The Department also indicated that it was</p> <p>Updating the business plan and associated costs to implement the reconfigured water supply scheme and associated reticulation.</p> <p>Implementing the outstanding work at Jozini Water Works and associated reticulation water schemes, to increase the supply of water to communities.</p> <p>Preparing the required business plans and costing for the design and implementation of the required operational and information technology, to enable the WSA to monitor and operate the supply of water to communities.</p> <ul style="list-style-type: none"> <li>Was developing a plan to build and transfer skills to enhance technical and operational capability and capacity within the WSA, in all the aspects of the directive given.</li> </ul>
		<p>The Committee raised serious concern over the costs incurred by the department concerning the establishment of various Ministerial Advisory Committees, such as the Disciplinary Advisory Committee (DAC), established between 2019/20 and 2021/22 financial years at the cost of about R63 million. These committees duplicated the work done by officials and added no quantifiable value to the department and its operations.</p> <p>The Committee wanted to know if criminal charges will be made against officials who resigned before investigations against them are concluded.</p>	<p>The department told the Committee that the legal prescripts of the Disciplinary Action does not allow the Committee to take action. However, the Terms of Reference of the Disciplinary Advisory Committee allows it to support and advise the Minister and Director-General. The department also reported that the appointment of the DAC was regular</p> <p>The department reported that cases are referred to SAPS for further investigations where there is evidence of criminal activities. The department does not have a criminal investigating capacity but is committed to ensuring that the money that was looted from the department is recovered and those that resigned ahead of disciplinary hearings are pursued.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<p>What is the department doing to improve its controls and reduce the risk of corruption and irregular expenditure in the future?</p> <p>The Committee expressed serious concerns regarding the reported billions of irregular expenditures and the department's pace in recovering the funds.</p> <p>The Committee enquired about the 2 million files reported by Daily Maverick, which contain the department's critical information regarding details of officials' complicity in corruption and violations of law throughout the country.</p>	<p>The department has put in various controls, particularly around delegation and policies. The department reported that it had reviewed its policies and delegation both internally and externally, especially those related to the oversight and monitoring of the implementing agents. Furthermore, the department ensures that the implementing agents adhere to procurement processes. Also, as part of improving controls, the department is training all the employees whose work is related to Supply Chain Management and Procurement Committees.</p> <p>The department told the Committee that disciplinary processes are ongoing, and there are also investigations that the department is concluding. Furthermore, the Committee reported that National Treasury does not condone it until the department has demonstrated that loss determination has been completed.</p> <p>The department does not know of the existence of the files and their content, and asked Mr Begg from Daily Maverick to bring forward the files to the department or SIU.</p>

## 8 SCOPA RESOLUTIONS

There were no SCOPA resolutions during the period under review.

## 9 PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
<b>Department of Water and Sanitation</b>		
Unqualified audit opinion with other matters in compliance. <ul style="list-style-type: none"> <li>Underspending of the vote</li> <li>Irregular expenditure</li> </ul>	2020/21	Clean audit action plan put in place to follow up and resolve outstanding matters
Unqualified audit opinion with other matters in compliance. <ul style="list-style-type: none"> <li>Underspending of the vote</li> <li>Irregular expenditure</li> </ul>	2021/22	Clean audit action plan put in place to follow up and resolve outstanding matters
Unqualified audit opinion with other matters in compliance. <ul style="list-style-type: none"> <li>Underspending of the vote</li> <li>Restatement of corresponding figures</li> </ul>	2022/23	Clean audit action plan put in place to follow up and resolve outstanding matters
<b>Water Trading</b>		
Unqualified audit opinion with other matters in compliance. <ul style="list-style-type: none"> <li>Non-compliance with GRAP</li> <li>Non-compliance with the PFMA and National Treasury SCM Regulations</li> </ul>	2020/21	Clean audit action plan put in place to follow up and resolve outstanding matters

## 10 INTERNAL CONTROL UNIT

Internal controls are the mechanisms, rules, and procedures implemented by the Department to ensure the integrity of financial and accounting information, promote accountability and prevent fraud. Internal controls aid the Department in complying with laws and regulations and preventing employees from stealing assets or committing fraud.

They ensure compliance with laws and regulations as well as accurate and timely financial reporting and data collection. It helps to maintain operational efficiency by identifying problems and correcting lapses before they are discovered in an external audit.

The key function of the Internal Control unit is to assist management through monitoring and conducting an on-going evaluation to ascertain adequate and effective internal control systems are in place and that the department complies with the financial management prescripts in its pursuit to achieve the strategic objectives. The Unit performed activities that were in its Annual Operation Plan for the financial year end 31 March 2023.

The activities during the period under review are summarised below:

### **Assurance services facilitation**

The Unit played a vital role in the coordination of audits conducted by both the Office of the Auditor-General and the Internal Audit Unit of the Department. It administered audit queries raised by the Auditor-General and Internal Audit and developed audit implementation action plans to address internal control deficiencies identified by both Internal Audit and Auditor-General of South Africa. During the 2022/23 financial year, the Unit monitored quarterly the implementation of Internal Audit and Auditor-General audit action plans to address internal control deficiencies identified by assurance providers and reported progress to the branch managers and Audit Committee to ensure that corrective actions are taken.

### Internal control systems

The Internal controls are accounting, and auditing processes used in a department finance that ensure the integrity of financial reporting and regulatory compliance. Internal controls help Departments to comply with laws and regulations and prevent fraud. They also helped to improve operational efficiency by ensuring that budgets are adhered to, policies are followed, capital shortages are identified, and accurate reports are generated for leadership.

In relation to internal control systems in the Department, the Unit reviewed, and quality assured policies of the department (revised and new policies) to ensure that they are aligned with the applicable laws and regulations, and that the key control measures are in place to prevent or detect errors and fraud.

The unit also quality checked quarterly commitments, accruals and payables and financial statements, in the form of IFS during the year and AFS at the end of the financial year submitted to Internal Audit to ensure compliance with laws and regulations as well as accurate and timely financial reporting and data collection.

The Department worked together in ensuring that it succeeds in the implementation of internal controls. It was not limited by personnel who cut control activity corners for the sake of operational efficiency and by those employees who work together to conceal fraud. The Department is well under way in trying to ensure that they are aligned with the applicable laws and regulations, and that the key control measures are in place to prevent or detect errors and fraud.

## 11 INTERNAL AUDIT AND AUDIT COMMITTEES

The Accounting Officer has established an Internal Audit Activity under the control and direction of the Audit Committee complying with and operating in accordance with the PFMA of 1999, Section 77 and Treasury Regulation, section 3.1.

The key objective of the Internal Audit Activity is to add value and improve the department's operations by providing objective assurance and consulting services. This is done by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of internal controls, risk management and governance processes.

Key activities of the Internal Audit Activity included:

- Development of Three-year Rolling Internal Audit Coverage Plan and Annual Coverage Plan approved by the Audit Committee and the Accounting Officer.
- Implementation of the approved internal audit plans (including specialist Compliance, Performance and Information and Communication Technology Audits).
- Performing Forensic Investigations.
- Performing Fraud Awareness Sessions.
- Producing quarterly reports to the Audit Committee.
- Performing secretarial functions to the Audit Committee.
- Reviewing the internal audit and audit committee charters.
- Performing quality assurance reviews of the Internal Audit Activity.
- Participation and provision of advice in the department's committee meetings.
- Performing quarterly reviews of both the Main and WTE Accounts financial and performance information as well as Annual Financial Statements and Performance Information.
- Producing in an annual assessment of the Internal Control Environment.

For the reporting period under review, one (1) information and communication technology audit was outsourced to an audit firm. It was outsourced as the internal capacity did not possess the technical skills that were required to achieve the audit objectives.

The Department's Internal Audit unit underwent an External Quality Assurance Review during the 2020/2021 financial year, which found that the Unit generally conforms to the Standards for the Professional Practice of Internal Auditing (IIA Standards), which is the highest rating to be achieved. There was a marked improvement in all the standards assessed. This assessment is valid for a period of five (5) years.

The Audit Committee is an independent body that reports to the Minister, via the Director-General and has provided a structured, systematic oversight of the Main and WTE Accounts' governance, risk management and internal control practices.

The overall objective of the Audit Committee is to assist the Director-General and divisional management to discharge their duties within the Department. The committee also assisted the Director-General and management by providing advice and guidance on the adequacy of the WTE and Main Accounts responsibilities with regards to:

- safeguarding of assets;
- operation of adequate procedures and controls;
- financial reporting processes;
- systems of internal control over financial and performance/ operational reporting that ensure that such information is reliable and has integrity;
- management of risks, including those in the information systems environment;
- review of financial statements;
- review of performance information; and
- oversight in respect of monitoring compliance with laws and regulations and the code of conduct.

The Audit Committee does not relieve management of any of its responsibilities. The implementation of the foregoing activities remains the sole responsibility of management. The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	Number of meetings attended
Dr Charles Motau	Doctor Technologiae: Computer Science and Data Processing, Master's Degree in Business Leadership, Master's Degree in Information Technology, Bachelor of Commerce, Higher Diploma in Computer Auditing, Certificate in Information Technology Project Management, Certificate in Executive Leadership, Certificate in Human Resource Management, Certificate in Digital Transformation Strategy.	External	Not Applicable	01 July 2020	Not applicable	9 of 9  (Dr Motau also attended a meeting with Chairpersons of the Audit Committees of the Water Boards_
Mr Sindile Faku	Master of Science Degree, Bachelor of Education, Bachelor of Arts, Senior Teachers Diploma, Human Resource Management Programme, Graduate Diploma in Company Direction, Housing Finance Course, Real Estate Qualification, Leadership in Local Government Certification	External	Not Applicable	01 July 2020	Not applicable	9 of 9



Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	Number of meetings attended
Ms Nontlaza Sizani	Bachelor of Commerce Honors, Certificate in Accounting Theory (CTA), Post Graduate Diploma in Management, Bachelor of Commerce, Senior Secondary Teachers Diploma,	External	Not Applicable	01 July 2020	Not applicable	9 of 9
Adv Oliver Josie	B PROC Degree, Bachelor of Law (LLB), a Masters Degree in Law, a Master's in Business Leadership from the University of South Africa.	External	Not Applicable	01 November 2022	Not applicable	4 of 9

## 12 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department applied any relevant Code of Conduct Practice (B-BBEE certificate level 1-8) with regards to the following:		
Criteria	Response (Yes / No)	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable to the Department
Developing and implementing a preferential procurement policy?	Yes	Through the Department's supply chain management policy and processes complies with the Broad-based Black Economic Empowerment Act, 2003 (Act No 53 of 2003) and the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000).  The Department continues to allocate the B-BBEE points through specific goals aligned with the 2022 Preferential Procurement Regulations.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable to the Department
Developing criteria for entering into partnerships with the private sector?	No	Not applicable to the Department
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Not applicable to the Department

# PART D



## HUMAN RESOURCES

## 1 INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for Public Service Administration for all departments in the public service.

## 2 OVERVIEW OF HUMAN RESOURCES

Following the approval by the Executive Authority to implement the revised macro structure of the Department with effect from 1 April 2021 and where SMS members were matched and placed, the Department embarked on the second phase of the structure review (i.e., the development of the microstructure and alignment thereof with the macro structure). As a result of the microstructure development, some minor amendments were made to the macrostructure. Consultations on the revised structure continued during the period under review, including extensive engagement with organised labour in the Departmental Bargaining Chamber. The Executive Authority subsequently signed off on the revised structure on 26 September 2022. A change management process on the implementation of the revised structure occurred during the period under review as branches and provincial offices had to be introduced on the implementation of, amongst others, the matrix reporting framework and the migration process of employees from the old- to the new structure.

Since the revised structure was being implemented during the 2022/23 financial year, the complete establishment had to be created on the Persal system. Staff whose positions/ roles and reporting lines were not affected, were migrated to the new establishment. There were however some employees whose posts do not appear on the new structure that were placed additional to the establishment with the view to identifying suitable vacancies to absorb them in. The process of matching and placing these employees is still ongoing.

Based on the transitional situation above, the vacancy rate in this HR oversight report, is therefore not a true reflection of the actual number of funded posts on the new structure. Once the new structure has been fully implemented on Persal and employees have been placed in vacancies, only the approved, funded posts will remain on Persal.

In view of this, the vacancy rate of 36.10% as per the oversight report, is not a true reflection of the actual vacancies. The 1422 employees additional to the establishment includes those employees who are currently in excess and who are yet to be matched and placed into alternative positions. As employees are placed in alternative positions, both the number of vacancies as well as employees additional to the establishment will decrease. Unfunded vacancies will be abolished on Persal once all employees have been successfully placed.

The Department has continued to make significant progress during the period under review pertaining to the filling of especially senior management posts and professional and technical posts. A total of 120 professional and technical posts within the water use licence authorisation unit were advertised in the fourth quarter of the reporting period. This initiative is a response to the President's State of the Nation commitment that water use licenses will be processed within a period of 90 days. Additional professional capacity is also being established in the Water and Sanitation Services Management branch to strengthen the Department's water services support in the sector.

Although the Department initially, during the COVID-19 period, had a significant decline in the implementation of training interventions, the utilisation of online and virtual programmes have been improved and increased. A total of 3585 employees attended training interventions during the period under review.

The female representation at senior management level improved slightly from the 44% recorded in the previous year, to 45.8% as of 31 March 2023. The filling of new vacancies has provided the Department with an opportunity to increase female representation at SMS level. The employment of persons with disabilities currently stands at 1.12%.

In conclusion, during the period under review, the Department has managed to improve on most of its targets pertaining to the management of HR; a significant improvement in the number of filled posts at SMS levels as well as building capacity in the professional and technical occupations. The new organisational structure is now being implemented in line with the current mandate and strategic objectives of the Department.

### 3 HUMAN RESOURCE OVERSIGHT STATISTICS

#### 3.1 Personnel related expenditure

This section summarises the final audited personnel related expenditure by programme and salary bands. It provides an indication of amounts spent on personnel, salaries, overtime, homeowners' allowances and medical aid.

**Table 3.1.1 Personnel expenditure by programme for the period 1 April 2022 to 31 March 2023**

Programme	Total expenditure	Personnel expenditure	Training expenditure	Professional and special services expenditure	Personnel expenditure as a % of total expenditure	Average personnel cost per employee
	R'000	R'000	R'000	R'000	%	R'000
Administration	1 957 399.00	850 065.00	0.00	0.00	43.40	551.00
Water Resource Management	3 781 243.00	593 238.00	0.00	0.00	15.70	603.00
Water Services Management	11 959 743.00	369 732.00	0.00	0.00	3.10	721.00
<b>Total</b>	<b>17 698 385.00</b>	<b>1 813 035.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10.20</b>	<b>596.00</b>

Table 3.1.2 Personnel costs by salary band for the period 1 April 2022 to 31 March 2023

Salary band	Personnel expenditure	% of total personnel cost	Average personnel cost per employee	No. of employees
	R'000	%	R'000	#
Lower skilled (Levels 1-2)	21 044.00	1.10	210 440.00	100
Skilled (Levels 3-5)	158 909.00	8.40	290 510.00	547
Highly skilled production (Levels 6-8)	468 480.00	24.80	479 018.00	978
Highly skilled supervision (Levels 9-12)	843 184.00	44.70	856 894.00	984
Senior and top management (Levels 13-16)	207 229.00	11.00	1 319 930.00	157
Contract (Levels 3-5)	2 716.00	0.10	194 000.00	14
Contract (Levels 6-8)	32 207.00	1.70	370 195.00	87
Contract (Levels 9-12)	66 118.00	3.50	726 571.00	91
Contract (Levels >= 13)	17 472.00	0.90	1 588 364.00	11
Contract other	2 532.00	0.10	35 662.00	71
<b>Total</b>	<b>1 819 892.00</b>	<b>96.40</b>	<b>598 649.00</b>	<b>3 040</b>

Table 3.1.3 Salaries, overtime, homeowners' allowance, and medical aid by programme for the period 1 April 2022 to 31 March 2023

Programme	Salaries		Overtime		Homeowners' allowance		Medical aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	R'000	%	R'000	%	R'000	%	R'000	%
Administration	708 344.00	81.60	5 396.00	0.60	22 713.00	2.60	41 594.00	4.80
Water Resource Management	445 954.00	80.00	808.00	0.10	13 987.00	2.50	22 966.00	4.10
Water Services Management	259 923.00	77.30	584.00	0.20	6 906.00	2.10	11 645.00	3.50
Water Sector Regulation	102 231.00	80.90	251.00	0.20	2 679.00	2.10	4 738.00	3.70
<b>Total</b>	<b>1 516 452.00</b>	<b>80.30</b>	<b>7 038.00</b>	<b>0.40</b>	<b>46 285.00</b>	<b>2.50</b>	<b>80 943.00</b>	<b>4.30</b>

Table 3.1.4 Salaries, overtime, homeowners' allowance and medical aid by salary band for the period 1 April 2022 to 31 March 2023

Salary band	Salaries		Overtime		Homeowners' allowance		Medical aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	R'000	%	R'000	%	R'000	%	R'000	%
Skilled (Levels 1-2)	14 556.00	65.20	188.00	0.80	1 571.00	7.00	2 789.00	12.50
Skilled (Levels 3-5)	115 345.00	70.90	1 374.00	0.80	9 946.00	6.10	16 871.00	10.40
Highly skilled production (Levels 6-8)	362 626.00	76.00	3 429.00	0.70	18 046.00	3.80	35 592.00	7.50
Highly skilled supervision (Levels 9-12)	722 117.00	81.70	1 984.00	0.20	13 368.00	1.50	23 538.00	2.70
Senior management (Levels 13-16)	182 406.00	83.10	5.00	0.00	3 335.00	1.50	2 035.00	0.90
Contract (Levels 3-5)	2 589.00	95.30	0.00	0.00	19.00	0.70	50.00	1.80
Contract (Levels 6-8)	32 033.00	97.50	59.00	0.20	0.00	0.00	51.00	0.20
Contract (Levels 9-12)	65 677.00	98.20	0.00	0.00	0.00	0.00	17.00	0.00
Contract (Levels >= 13)	16 571.00	92.70	0.00	0.00	0.00	0.00	0.00	0.00
Contract other	2 532.00	99.30	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1 516 452.00</b>	<b>80.30</b>	<b>7 038.00</b>	<b>0.40</b>	<b>46 285.00</b>	<b>2.50</b>	<b>80 943.00</b>	<b>4.30</b>



## 3.2 Employment and vacancies

This section summarises the positions with regards to employment and vacancies. The following summarise the number of posts in the establishment, the employee numbers, vacancy rate and whether there are staff additional to the establishment.

**Table 3.2.1 Employment and vacancies by programme as of 31 March 2023**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate <sup>1</sup>	Number of employees additional to the establishment
	#	#	%	#
Administration	2346	1567	33.20	307
Water Resources Management	6573	4281	34.90	1004
Water Services Management	1030	513	50.20	111
<b>Total</b>	<b>9949</b>	<b>6361</b>	<b>36.10</b>	<b>1422</b>

**Table 3.2.2 Employment and vacancies by salary band as of 31 March 2023**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate <sup>2</sup>	Number of employees additional to the establishment
	#	#	%	#
Skilled (Levels 1-2)	858	582	32.20	11
Skilled (Levels 3-5)	2302	1377	40.20	159
Highly skilled production (Levels 6-8)	3279	2082	36.50	523
Highly skilled supervision (Levels 9-12)	2946	1800	38.90	423
Senior management (Levels 13-16)	232	188	19.00	8
Other	74	74	0.00	73
Contract (Levels 3-5)	17	17	0.00	7
Contract (Levels 6-8)	97	97	0.00	92
Contract (Levels 9-12)	132	132	0.00	126
Contract (Levels >= 13)	12	12	0.00	0
<b>Total</b>	<b>9949</b>	<b>6361</b>	<b>36.10</b>	<b>1422</b>

7 The vacancy rate includes frozen post

8 The vacancy rate includes frozen post

**Table 3.2.3 Employment and vacancies by critical occupations as of 31 March 2023**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	#	#	%	#
Administrative related	946	463	51.10	112
Agriculture animal oceanography forestry & other sciences	3	3	0.00	0
Agriculture related	2	2	0.00	0
All artisans in the building metal machinery etc.	167	129	22.80	3
Appraisers-valuers and related professionals	1	1	0.00	0
Artisan project and related superintendents	16	11	31.30	0
Auxiliary and related workers	478	312	34.70	41
Biologists, botanists, zoologists & related professional	3	2	33.30	0
Building and other property caretakers	51	32	37.30	0
Bus and heavy vehicle drivers	11	7	36.40	0
Cartographers and surveyors	44	21	52.30	6
Cartographic surveying and related technicians	22	17	22.70	6
Chemical and physical science technicians	16	11	31.30	0
Civil engineering technicians	145	87	40.00	13
Cleaners in offices workshops hospitals etc., permanent	152	118	22.40	6
Client information clerks (switchboard reception information clerks)	11	6	45.50	0
Communication and information related	37	30	18.90	4
Community development workers	140	82	41.40	18
Computer programmers	1	1	0.00	0
Computer system designers and analysts	1	1	0.00	0
Economists	1	1	0.00	0
Electrical and electronics engineering technicians	2	1	50.00	0
Engineering sciences related	574	284	50.50	122
Engineers and related professionals	410	158	61.50	68
Farm hands and labourers	10	9	10.00	3
Finance and economics related	315	196	37.80	18
Financial and related professionals	88	31	64.80	3
Financial clerks and credit controllers	553	349	36.90	11
Food services aids and waiters	23	13	43.50	0
Food services workers	1	1	0.00	0
Forestry labourers	2	1	50.00	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	#	#	%	#
General legal administration & related professionals	18	14	22.20	1
Geologists, geophysicists, hydrologists & related professionals	225	160	28.90	28
Head of department/ chief executive officer	1	1	0.00	0
Health sciences related	1	1	0.00	0
Horticulturists, foresters, agriculture & forestry technicians	1	1	0.00	0
Household and laundry workers	7	6	14.30	0
Household food and laundry services related	10	8	20.00	0
Housekeepers, laundry, and related workers	1	1	0.00	0
Human resources & organisational development & related professionals	55	29	47.30	1
Human resources clerks	155	123	20.60	4
Human resources related	160	113	29.40	20
Information technology related	69	36	47.80	7
Language practitioners, interpreters & other communicators	30	22	26.70	8
Librarians and related professionals	5	2	60.00	0
Library mail and related clerks	35	27	22.90	0
Light vehicle drivers	86	63	26.70	1
Logistical support personnel	124	85	31.50	4
Material-recording and transport clerks	191	131	31.40	12
Mechanical engineering technicians	6	4	33.30	2
Messengers, porters, and deliverers	63	39	38.10	7
Meteorologists statistical & related technicians	1	1	0.00	1
Mining geology & geophysical & related technicians	31	25	19.40	3
Motor vehicle drivers	18	7	61.10	0
Motorised farm and forestry plant operators	10	9	10.00	1
Natural sciences related, permanent	925	399	56.90	73
Operational planning	2	0	100.00	0
Other administrators & related clerks and organisers	501	372	25.70	83
Other administrative policy and related officers	78	72	7.70	19
Other information technology personnel	5	4	20.00	0
Other machine operators	9	4	55.60	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	#	#	%	#
Other occupations	863	774	10.30	592
Photographic lithographic and related workers	2	0	100.00	0
Physicists	1	1	0.00	0
Quantity surveyors & related professions not class elsewhere	7	3	57.10	0
Regulatory inspectors	38	28	26.30	9
Risk management and security services	87	66	24.10	0
Road workers	1	1	0.00	0
Safety health and quality inspectors	10	9	10.00	0
Secretaries & other keyboard operating clerks	160	137	14.40	68
Security guards	22	9	59.10	0
Security officers	121	89	26.40	4
Senior managers	201	158	21.40	5
Social sciences related	87	53	39.10	12
Social work and related professionals	22	7	68.20	2
Statisticians and related professionals	1	1	0.00	0
Trade labourers	1015	717	29.40	18
Trade related	27	5	81.50	0
Trade / industry advisers & other related professions	9	7	22.20	1
Water plant and related operators	226	157	30.50	2
<b>Total</b>	<b>9949</b>	<b>6361</b>	<b>36.10</b>	<b>1422</b>

### 3.3 Filling of SMS posts

This section provides information on employment and vacancies as it relates to members of the Senior Management Service (SMS) by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

**Table 3.3.1 SMS post information as of 31 March 2023**

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
	#	#	%	#	%
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	-	-	-	-	-
Salary Level 15	8	6	75	2	25
Salary Level 14	41	35	85.37	6	14.63
Salary Level 13	168	139	82.74	29	17.26
<b>Total</b>	<b>218</b>	<b>181</b>	<b>83.03</b>	<b>37</b>	<b>16.97</b>

**Table 3.3.2 SMS post information as of 30 September 2022**

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
	#	#	%	#	%
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16					
Salary Level 15	7	4	57%	3	43%
Salary Level 14	37	31	84%	6	16%
Salary Level 13	165	137	83%	28	17%
<b>Total</b>	<b>210</b>	<b>173</b>	<b>82%</b>	<b>37</b>	<b>18%</b>

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 to 31 March 2023**

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
	#	#	%	#	%
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16					
Salary Level 15	7	6	86%	1	14%
Salary Level 14	37	34	92%	3	8%
Salary Level 13	165	146	88%	18	12%
<b>Total</b>	<b>210</b>	<b>187</b>	<b>89%</b>	<b>22</b>	<b>11%</b>

**Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 to 31 March 2023**

#### Reasons for vacancies not advertised within six months

During the period under review, the Department filled the most critical SMS positions level (i.e. DDG and CD posts). The one DDG post that is vacant, is being impacted on the creation of the NWRI Agency and has been placed on hold. The 3 CD posts are in process of being filled (one had to be readvertised after no suitable candidates could be found). Most of the Director posts are being filled within a period of 6 months after becoming vacant. There are also new posts that have been created on the revised structure which will be advertised soon.

The Department is managing the filling of posts on a proactive basis. As soon as the Department becomes aware that a post will become vacant, the recruitment process starts.

#### Reasons for vacancies not filled within six months

The Department has managed to significantly improve on the turn-around times in filling vacant posts. The average turn-around time is +/- 90 days. Posts that take longer to fill, are as a result of the need to readvertise since no suitable candidates could be found in the first round of advertising.

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2022 to 31 March 2023**

#### Reasons for vacancies not advertised within six months

Due to the implementation of various controls and efficiencies in the recruitment process, shorter turn-around times have been realised. There has not been a need to implement disciplinary action for non-compliance.

#### Reasons for vacancies not filled within six months

Due to the implementation of various controls and efficiencies in the selection process, shorter turn-around times have been realised. There has not been a need to implement disciplinary action for non-compliance.

### 3.4 Job evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**Table 3.4.1 Job evaluation by salary band for the period 1 April 2022 to 31 March 2023**

Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
	#	#	%	#	%	#	%
Lower skilled (Levels 1-2)	858	0	0	0	0	0	0
Skilled (Levels 3-5)	2302	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	3279	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	2946	0	0	0	0	0	0
SMS band A	173	0	0	0	0	0	0
SMS band B	48	0	0	0	0	0	0
SMS band C	8	0	0	0	0	0	0
SMS band D	3	0	0	0	0	0	0
Other	74	0	0	0	0	0	0
Contract (Levels 3-5)	17	0	0	0	0	0	0
Contract (Levels 6-8)	97	0	0	0	0	0	0
Contract (Levels 9-12)	132	0	0	0	0	0	0
Contract band A	7	0	0	0	0	0	0
Contract band B	2	0	0	0	0	0	0
Contract band C	1	0	0	0	0	0	0
Contract band D	2	0	0	0	0	0	0
<b>Total</b>	<b>9949</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

**Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 to 31 March 2023**

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	0	1
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

Employees with a disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. The reasons for the deviation are provided in each case.

**Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2022 to 31 March 2023**

Total number of employees whose salaries exceeded the grades determined by job evaluation	None
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The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

**Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2022 to 31 March 2023**

Total number of employees whose salaries exceeded the grades determined by job evaluation	None
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### 3.5 Employment changes

This section provides information on changes in employment over the financial year. The turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

**Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2022 to 31 March 2023**

Salary band	Number of employees at beginning of 1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	#	#	#	%
Lower skilled (Levels 1-2)	640	16	11	1.70
Skilled (Levels 3-5)	1441	60	77	5.30
Highly skilled production (Levels 6-8)	2163	41	100	4.60
Highly skilled supervision (Levels 9-12)	1776	35	81	4.60
SMS band A	138	6	8	5.80
SMS band B	45	0	4	8.90
SMS band C	5	2	1	20.00
SMS band D	3	1	1	33.30
Other	14	78	6	42.90
Contract (Levels 3-5)	17	13	12	70.60
Contract (Levels 6-8)	113	42	57	50.40
Contract (Levels 9-12)	142	37	47	33.10
Contract band A	7	0	0	0.00
Contract band B	3	0	1	33.30
Contract band C	2	0	1	50.00
Contract band D	3	0	1	33.30
<b>Total</b>	<b>6512</b>	<b>331</b>	<b>408</b>	<b>6.30</b>



**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 to 31 March 2023**

Critical occupation	Number of employees at beginning of 1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	#	#	#	%
Administrative related	459	49	28	6.10
Agriculture animal oceanography forestry & other sciences	3	0	0	0.00
Agriculture related	2	0	0	0.00
All artisans in the building metal machinery etc.	128	1	4	3.10
Appraisers-valuers and related professionals	1	0	0	0.00
Artisan project and related superintendents	7	2	0	0.00
Auxiliary and related workers	328	8	22	6.70
Biologists, botanists, zoologists & related professional	1	1	0	0.00
Building and other property caretakers	34	0	1	2.90
Bus and heavy vehicle drivers	7	0	0	0.00
Cartographers and surveyors	25	2	6	24.00
Cartographic surveying and related technicians	20	1	4	20.00
Chemical and physical science technicians	10	0	0	0.00
Civil engineering technicians	92	3	5	5.40
Cleaners in offices workshops hospitals etc., permanent	119	12	5	4.20
Client information clerks (switchboard reception information clerks)	7	0	1	14.30
Communication and information related	29	2	1	3.40
Community development workers	80	3	1	1.30
Computer programmers	1	0	0	0.00
Computer system designers and analysts	1	0	0	0.00
Economists	1	0	0	0.00
Electrical and electronics engineering technicians	1	0	0	0.00
Engineering sciences related	290	54	57	19.70
Engineers and related professionals	165	24	29	17.60
Farm hands and labourers	10	0	0	0.00
Finance and economics related	193	6	11	5.70
Financial and related professionals	24	5	0	0.00
Financial clerks and credit controllers	358	28	21	5.90
Food services aids and waiters	13	0	1	7.70
Food services workers	1	0	0	0.00
Forestry labourers	1	0	0	0.00
General legal administration & related professionals	15	0	0	0.00
Geologists, geophysicists, hydrologists & related professionals	161	3	4	2.50
Head of department/ chief executive officer	1	0	0	0.00

Critical occupation	Number of employees at beginning of 1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	#	#	#	%
Health sciences related	1	0	0	0.00
Horticulturists, foresters, agriculture & forestry technicians	1	0	0	0.00
Household and laundry workers	6	0	0	0.00
Household food and laundry services related	8	1	0	0.00
Housekeepers, laundry, and related workers	1	0	0	0.00
Human resources & organisational development & related professionals	29	2	1	3.40
Human resources clerks	131	6	7	5.30
Human resources related	107	15	9	8.40
Information technology related	29	7	0	0.00
Language practitioners, interpreters & other communicators	23	0	1	4.30
Librarians and related professionals	2	0	0	0.00
Library mail and related clerks	32	0	4	12.50
Light vehicle drivers	63	1	2	3.20
Life sciences related	1	0	1	100.00
Logistical support personnel	85	2	1	1.20
Material-recording and transport clerks	131	7	2	1.50
Mechanical engineering technicians	5	0	1	20.00
Messengers, porters, and deliverers	49	0	5	10.20
Meteorologists statistical & related technicians	1	0	0	0.00
Mining geology & geophysical & related technicians	27	1	2	7.40
Motor vehicle drivers	5	2	0	0.00
Motorised farm and forestry plant operators	10	0	1	10.00
Natural sciences related, permanent	402	16	20	5.00
Operational planning	381	16	22	5.80
Other administrators & related clerks and organisers	72	1	2	2.80
Other administrative policy and related officers	4	0	0	0.00
Other information technology personnel	4	0	0	0.00
Other machine operators	806	16	48	6.00
Other occupations	85	2	1	1.20
Physicists	1	0	0	0.00
Quantity surveyors & related professions not class elsewhere	2	2	1	50.00
Regulatory inspectors	27	0	0	0.00
Risk management and security services	72	1	6	8.30
Road workers	1	0	0	0.00
Safety health and quality inspectors	10	0	0	0.00

Critical occupation	Number of employees at beginning of 1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	#	#	#	%
Secretaries & other keyboard operating clerks	144	2	6	4.20
Security guards	11	0	2	18.20
Security officers	95	11	15	15.80
Senior managers	162	6	12	7.40
Social sciences related	55	0	1	1.80
Social work and related professionals	7	0	0	0.00
Statisticians and related professionals	1	0	0	0.00
Trade labourers	745	10	28	3.80
Trade related	5	0	0	0.00
Trade / industry advisers & other related professions	8	0	1	12.50
Water plant and related operators	162	2	6	3.70
<b>Total</b>	<b>6512</b>	<b>331</b>	<b>408</b>	<b>6.30</b>

#### Notes

- The core classification, as prescribed by the Department of Public Service Administration (DPSA), was used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
  - a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available, or they are available but do not meet the applicable employment criteria;
  - b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
  - c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

The table below identifies the major reasons why staff left the Department.

**Table 3.5.3 Reasons why staff left the department for the period 1 April 2022 to 31 March 2023**

Termination type	Number	% of total resignations
	#	%
Death	31	7.60
Resignation	100	24.50
Expiry of contract	114	27.90
Dismissal – operational changes	1	0.20
Dismissal – misconduct	6	1.50
Discharged due to ill-health	10	2.50
Retirement	146	35.80
<b>Total</b>	<b>408</b>	<b>100.00</b>

**Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 to 31 March 2023**

Occupation	Employees on 1 April 2022	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
	#	#	%	#	%
Administrative related	459	5	1.10	303	66.00
Agriculture animal oceanography forestry & other sciences	3	0	0.00	3	100.00
Agriculture related	2	0	0.00	2	100.00
All artisans in the building metal machinery etc.	128	1	0.80	85	66.40
Appraisers-valuers and related professionals	1	0	0.00	1	100.00
Artisan project and related superintendents	7	1	14.30	6	85.70
Auxiliary and related workers	328	8	2.40	193	58.80
Biologists, botanists, zoologists & related professional	1	0	0.00	0	0.00
Building and other property caretakers	34	0	0.00	18	52.90
Bus and heavy vehicle drivers	7	0	0.00	4	57.10
Cartographers and surveyors	25	0	0.00	18	72.00
Cartographic surveying and related technicians	20	0	0.00	17	85.00
Chemical and physical science technicians	10	1	10.00	12	120.00
Civil engineering technicians	92	0	0.00	70	76.10
Cleaners in offices workshops hospitals etc., permanent	119	1	0.80	67	56.30
Client information clerks (switchboard reception information clerks)	7	0	0.00	7	100.00
Communication and information related	29	0	0.00	19	65.50
Community development workers	80	3	3.80	56	70.00
Computer programmers	1	0	0.00	0	0.00
Computer system designers and analysts	1	0	0.00	0	0.00
Economists	1	0	0.00	0	0.00
Electrical and electronics engineering technicians	1	0	0.00	1	100.00
Engineering sciences related	290	1	0.30	153	52.80
Engineers and related professionals	165	9	5.50	45	27.30
Farm hands and labourers	10	0	0.00	6	60.00
Finance and economics related	193	13	6.70	150	77.70

Occupation	Employees on 1 April 2022	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
	#	#	%	#	%
Financial and related professionals	24	3	12.50	17	70.80
Financial clerks and credit controllers	358	10	2.80	225	62.80
Food services aids and waiters	13	0	0.00	10	76.90
Food services workers	1	0	0.00	1	100.00
Forestry labourers	1	0	0.00	0	0.00
General legal administration & related professionals	15	0	0.00	9	60.00
Geologists, geophysicists, hydrologists & related professionals	161	2	1.20	161	100.00
Head of department/ chief executive officer	1	0	0.00	0	0.00
Health sciences related	1	0	0.00	1	100.00
Horticulturists, foresters, agriculture & forestry technicians	1	0	0.00	1	100.00
Household and laundry workers	6	0	0.00	4	66.70
Household food and laundry services related	8	0	0.00	2	25.00
Housekeepers, laundry, and related workers	1	0	0.00	0	0.00
Human resources & organisational development & related professionals	29	0	0.00	19	65.50
Human resources clerks	131	0	0.00	89	67.90
Human resources related	107	1	0.90	75	70.10
Information technology related	29	0	0.00	22	75.90
Language practitioners, interpreters & other communicators	23	1	4.30	12	52.20
Librarians and related professionals	2	0	0.00	2	100.00
Library mail and related clerks	32	0	0.00	22	68.80
Light vehicle drivers	63	1	1.60	27	42.90
Life sciences related	1	0	0.00	0	0.00
Logistical support personnel	85	4	4.70	56	65.90
Material-recording and transport clerks	131	3	2.30	84	64.10
Mechanical engineering technicians	5	0	0.00	3	60.00
Messengers, porters, and deliverers	49	0	0.00	29	59.20
Meteorologists statistical & related technicians	1	0	0.00	1	100.00
Mining geology & geophysical & related technicians	27	0	0.00	16	59.30
Motor vehicle drivers	5	0	0.00	4	80.00

Occupation	Employees on 1 April 2022	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
	#	#	%	#	%
Motorised farm and forestry plant operators	10	0	0.00	1	10.00
Natural sciences related, permanent	402	6	1.50	270	67.20
Operational planning	381	4	1.00	236	61.90
Other administrators & related clerks and organisers	72	2	2.80	37	51.40
Other administrative policy and related officers	4	0	0.00	3	75.00
Other information technology personnel	4	0	0.00	4	100.00
Other machine operators	806	74	9.20	31	3.80
Other occupations	10	0	0.00	1	10.00
Physicists	1	0	0.00	1	100.00
Quantity surveyors & related professions not class elsewhere	2	0	0.00	2	100.00
Regulatory inspectors	27	0	0.00	21	77.80
Risk management and security services	72	0	0.00	30	41.70
Road workers	1	0	0.00	1	100.00
Safety health and quality inspectors	10	0	0.00	9	90.00
Secretaries & other keyboard operating clerks	144	0	0.00	89	61.80
Security guards	11	0	0.00	8	72.70
Security officers	95	0	0.00	40	42.10
Senior managers	162	6	3.70	111	68.50
Social sciences related	55	2	3.60	41	74.50
Social work and related professionals	7	0	0.00	6	85.70
Statisticians and related professionals	1	0	0.00	1	100.00
Trade labourers	745	1	0.10	317	42.60
Trade related	5	0	0.00	3	60.00
Trade / industry advisers & other related professions	8	0	0.00	5	62.50
Water plant and related operators	162	1	0.60	85	52.50
<b>Total</b>	<b>6512</b>	<b>164</b>	<b>2.50</b>	<b>3480</b>	<b>53.40</b>

**Table 3.5.5 Promotions by salary band for the period 1 April 2022 to 31 March 2023**

Salary band	Employees on 1 April 2022	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
	#	#	%	#	%
Lower skilled (Levels 1-2)	640	0	0.00	217	33.90
Skilled (Levels 3-5)	1441	13	0.90	794	55.10
Highly skilled production (Levels 6-8)	2163	81	3.70	1138	52.60
Highly skilled supervision (Levels 9-12)	1776	62	3.50	1157	65.10
Senior management (Level 13-16)	191	7	3.70	131	68.60
Other	14	0	0.00	0	0.00
Contract (Levels 3-5)	17	0	0.00	0	0.00
Contract (Levels 6-8)	113	0	0.00	13	11.50
Contract (Levels 9-12)	142	0	0.00	29	20.40
Contract (Levels 13-16)	15	1	6.70	1	6.70
<b>Total</b>	<b>6512</b>	<b>164</b>	<b>2.50</b>	<b>3480</b>	<b>53.40</b>





Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023

Occupational band	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured		Indian	White
Top management	5	0	0	0	4	0	0	0	9
Senior management	82	4	8	7	66	1	3	8	179
Professionally qualified and experienced specialists and mid-management	806	51	31	174	607	32	26	73	1800
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	835	50	11	53	928	70	24	111	2082
Semi-skilled and discretionary decision making	813	66	3	6	460	18	4	7	1377
Unskilled and defined decision making	367	12	0	0	192	11	0	0	582
Other	32	0	0	0	41	1	0	0	74
Contract (top management)	1	0	0	1	1	0	0	0	3
Contract (senior management)	4	0	0	1	4	0	0	0	9
Contract (professionally qualified)	40	9	5	28	40	5	1	4	132
Contract (skilled technical)	48	3	0	5	39	0	1	1	97
Contract (semi-skilled)	7	0	0	0	10	0	0	0	17
<b>Total</b>	<b>3040</b>	<b>195</b>	<b>58</b>	<b>275</b>	<b>2392</b>	<b>138</b>	<b>59</b>	<b>204</b>	<b>6361</b>

Table 3.6.3 Recruitment for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	2	0	0	0	1	0	0	0	3
Senior management	4	0	0	0	2	0	0	0	6
Professionally qualified and experienced specialists and mid-management	14	2	1	1	12	0	2	3	35
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	17	0	1	0	23	0	0	0	41
Semi-skilled and discretionary decision making	26	3	0	0	30	1	0	0	60
Unskilled and defined decision making	5	0	0	0	10	1	0	0	16
Other	34	0	0	0	43	1	0	0	78
Contract (professionally qualified)	16	1	1	6	12	0	0	1	37
Contract (skilled technical)	24	1	0	0	17	0	0	0	42
Contract (semi-skilled)	9	0	0	0	4	0	0	0	13
<b>Total</b>	<b>151</b>	<b>7</b>	<b>3</b>	<b>7</b>	<b>154</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>331</b>
<b>Employees with disabilities</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management	64	2	7	5	51	1	3	5	138
Professionally qualified and experienced specialists and mid-management	497	27	20	106	484	20	20	45	1219
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	419	13	5	33	628	37	11	73	1219
Semi-skilled and discretionary decision making	451	28	2	4	301	12	4	5	807
Unskilled and defined decision making	134	6	0	0	72	5	0	0	217
Contract (senior management)	0	0	0	1	1	0	0	0	2
Contract (professionally qualified)	10	1	3	3	8	0	1	3	29
Contract (skilled technical)	8	0	0	1	4	0	0	0	13
<b>Total</b>	<b>1583</b>	<b>77</b>	<b>37</b>	<b>153</b>	<b>1549</b>	<b>75</b>	<b>39</b>	<b>131</b>	<b>3644</b>
<b>Employees with disabilities</b>	<b>13</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>16</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>42</b>

Table 3.6.5 Terminations for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	2	0	0	0	2
Senior management	8	0	0	1	2	0	0	1	12
Professionally qualified and experienced specialists and mid-management	31	1	0	26	16	0	1	6	81
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	50	5	1	2	33	0	1	8	100
Semi-skilled and discretionary decision making	44	13	1	2	15	2	0	0	77
Unskilled and defined decision making	10	0	0	1	6	0	0	0	17
Contract (top management)	1	0	0	1	0	0	0	0	2
Contract (senior management)	1	0	0	0	0	0	0	0	1
Contract (professionally qualified)	18	1	2	4	18	0	2	2	47
Contract (skilled technical)	26	3	0	3	24	1	0	0	57
Contract (semi-skilled)	8	0	0	0	4	0	0	0	12
<b>Total</b>	<b>197</b>	<b>23</b>	<b>4</b>	<b>40</b>	<b>120</b>	<b>3</b>	<b>4</b>	<b>17</b>	<b>408</b>
<b>Employees with disabilities</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>

Table 3.6.6 Disciplinary action for the period 1 April 2022 to 31 March 2023

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	1	0	0	0	2	0	0	0	3
Suspension without pay	3	0	0	0	1	0	0	0	4
Final written warning	2	1	0	1	1	1	0	0	6
Written warning	1	0	0	0	0	0	0	0	1
Demotion	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>14</b>

Table 3.6.7 Skills development for the period 1 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials, and managers	37	1	1	6	35	2	0	0	82
Professionals	251	98	30	7	371	45	15	20	837
Technicians and associate professionals	286	49	27	5	273	60	30	7	737
Clerks	279	43	9	8	291	46	18	20	714
Service and sales workers	55	1	1	0	13	0	0	0	70
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	47	2	4	5	8	0	0	2	68
Plant and machine operators and assemblers	371	89	9	13	212	19	5	8	726
Elementary occupations	234	1	0	5	125	3	0	4	351
Employees with disabilities	0	0	0	0	0	0	0	0	0
Total	1560	284	81	49	1328	175	68	53	3585

### 3.7 Signing of performance agreements by SMS members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

**Table 3.7.1 Signing of performance agreements by SMS members as on 31 May 2022**

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
	#	#	#	%
Director-General/ Head of Department	1	1	1	100
Salary Level 16	4	4	0	0
Salary Level 15	9	6	6	100
Salary Level 14	38	34	33	97
Salary Level 13	171	156	145	94
<b>Total</b>	<b>223</b>	<b>201</b>	<b>185</b>	<b>92</b>

**Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 May 2022**

Reasons
<ul style="list-style-type: none"> <li>Disagreements between employees and the supervisors.</li> <li>Non-compliance due to reasons known by employee and supervisor</li> <li>Delays by supervisor to sign performance agreement of officials</li> <li>Changes in the departmental structure</li> </ul>

#### Notes

- The reporting date in the heading of this table is aligned with that of Table 3.7.1.

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as of 31 May 2022**

Reasons
<ul style="list-style-type: none"> <li>Non-compliance letters were issued to officials for not complying</li> <li>Non-compliant officials will not be considered for merit awards.</li> </ul>

#### Notes

- The reporting date in the heading of this table is aligned with that of Table 3.7.1.

### 3.8 Performance rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

**Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2022 to 31 March 2023**

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost	Average cost per employee
	#	#	%	(R'000)	(R)
African	608	5377	11.31	38 738.20	
Male	120	2363	5.10	8 088.94	67 492.00
Female	488	3014	16.20	30 649.26	62 868.00
Asian	9	115	7.83	686.13	
Male	5	57	8.70	286.81	57 708.00
Female	4	58	6.80	399.32	100 585.00
Coloured	65	329	19.81	4 208.64	
Male	16	136	11.70	1 070.26	67 524.00
Female	49	193	25.20	3 138.38	64 642.00
White	121	467	25.91	9 887.00	
Male	42	200	20.80	3 112.49	74 784.00
Female	79	267	29.70	6 774.51	85 407.00
<b>Employees with disabilities</b>	<b>1</b>	<b>73</b>	<b>1.40</b>	<b>58.29</b>	<b>58 876.00</b>
<b>Total</b>	<b>803</b>	<b>6361</b>	<b>12.60</b>	<b>53 578.26</b>	<b>66 755.00</b>



**Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2022 to 31 March 2023**

Salary band	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost	Average cost per employee
	#	#	%	(R'000)	(R)
Lower skilled (Levels 1-2)	0	582	0.00	0.00	0.00
Skilled (Levels 3-5)	66	1377	4.80	1 983.38	29 884.00
Highly skilled production (Levels 6-8)	368	2082	17.70	18 509.79	50 281.00
Highly skilled supervision (Levels 9-12)	366	1800	20.30	32 981.56	90 079.00
Other	0	74	0.00	0.00	0.00
Contract (Levels 3-5)	0	17	0.00	0.00	0.00
Contract (Levels 6-8)	0	97	0.00	0.00	0.00
Contract (Levels 9-12)	0	132	0.00	0.00	0.00
<b>Total</b>	<b>801</b>	<b>6161</b>	<b>13.00</b>	<b>53 474.72</b>	<b>66 790.00</b>

**Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2022 to 31 March 2023**

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost	Average cost per employee
	#	#	%	(R'000)	(R)
Administrative related	1	463	0.20	16.43	16 430.00
Agriculture animal oceanography forestry & other sciences	0	3	0.00	0.00	0.00
Agriculture related	0	2	0.00	0.00	0.00
All artisans in the building metal machinery etc.	0	129	0.00	0.00	0.00
Appraisers-valuers and related professionals	0	1	0.00	0.00	0.00
Artisan project and related superintendents	0	11	0.00	0.00	0.00
Auxiliary and related workers	0	312	0.00	0.00	0.00
Biologists, botanists, zoologists & related professional	0	2	0.00	0.00	0.00
Building and other property caretakers	0	32	0.00	0.00	0.00
Bus and heavy vehicle drivers	0	7	0.00	0.00	0.00
Cartographers and surveyors	0	21	0.00	0.00	0.00
Cartographic surveying and related technicians	0	17	0.00	0.00	0.00
Chemical and physical science technicians	0	11	0.00	0.00	0.00
Civil engineering technicians	0	87	0.00	0.00	0.00
Cleaners in offices workshops hospitals etc., permanent	0	118	0.00	0.00	0.00
Client information clerks (switchboard reception information clerks)	0	6	0.00	0.00	0.00
Communication and information related	0	30	0.00	0.00	0.00
Community development workers	0	82	0.00	0.00	0.00
Computer programmers	0	1	0.00	0.00	0.00
Computer system designers and analysts	0	1	0.00	0.00	0.00
Economists	0	1	0.00	0.00	0.00
Electrical and electronics engineering technicians	0	1	0.00	0.00	0.00
Engineering sciences related	1	284	0.40	35.42	35 420.00
Engineers and related professionals	0	158	0.00	0.00	0.00
Farm hands and labourers	0	9	0.00	0.00	0.00
Finance and economics related	1	196	0.50	27.00	27 000.00
Financial and related professionals	0	31	0.00	0.00	0.00
Financial clerks and credit controllers	0	349	0.00	0.00	0.00
Food services aids and waiters	0	13	0.00	0.00	0.00
Food services workers	0	1	0.00	0.00	0.00
Forestry labourers	0	1	0.00	0.00	0.00

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost	Average cost per employee
	#	#	%	(R'000)	(R)
General legal administration & related professionals	0	14	0.00	0.00	0.00
Geologists, geophysicists, hydrologists & related professionals	0	160	0.00	0.00	0.00
Head of department/ chief executive officer	0	1	0.00	0.00	0.00
Health sciences related	0	1	0.00	0.00	0.00
Horticulturists, foresters, agriculture & forestry technicians	0	1	0.00	0.00	0.00
Household and laundry workers	0	6	0.00	0.00	0.00
Household food and laundry services related	0	8	0.00	0.00	0.00
Housekeepers, laundry, and related workers	0	1	0.00	0.00	0.00
Human resources & organisational development & related professionals	0	29	0.00	0.00	0.00
Human resources clerks	0	123	0.00	0.00	0.00
Human resources related	0	113	0.00	0.00	0.00
Information technology related	0	36	0.00	0.00	0.00
Language practitioners, interpreters & other communicators	0	22	0.00	0.00	0.00
Librarians and related professionals	0	2	0.00	0.00	0.00
Library mail and related clerks	0	27	0.00	0.00	0.00
Light vehicle drivers	0	63	0.00	0.00	0.00
Logistical support personnel	0	85	0.00	0.00	0.00
Material-recording and transport clerks	0	131	0.00	0.00	0.00
Mechanical engineering technicians	0	4	0.00	0.00	0.00
Messengers, porters, and deliverers	0	39	0.00	0.00	0.00
Meteorologists statistical & related technicians	0	1	0.00	0.00	0.00
Mining geology & geophysical & related technicians	0	25	0.00	0.00	0.00
Motor vehicle drivers	0	7	0.00	0.00	0.00
Motorised farm and forestry plant operators	0	9	0.00	0.00	0.00
Natural sciences related, permanent	0	398	0.00	0.00	0.00
Other administrators & related clerks and organisers	0	372	0.00	0.00	0.00
Other administrative policy and related officers	0	72	0.00	0.00	0.00
Other information technology personnel	1	4	25.00	15.68	15 680.00
Other machine operators	0	4	0.00	0.00	0.00

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost	Average cost per employee
	#	#	%	(R'000)	(R)
Other occupations	797	797	100.00	53 380.19	67 007.00
Physicists	0	1	0.00	0.00	0.00
Quantity surveyors & related professions not class elsewhere	0	3	0.00	0.00	0.00
Regulatory inspectors	0	28	0.00	0.00	0.00
Risk management and security services	0	66	0.00	0.00	0.00
Road workers	0	1	0.00	0.00	0.00
Safety health and quality inspectors	0	9	0.00	0.00	0.00
Secretaries & other keyboard operating clerks	0	137	0.00	0.00	0.00
Security guards	0	9	0.00	0.00	0.00
Security officers	0	89	0.00	0.00	0.00
Senior managers	2	158	1.30	103.53	51 766.00
Social sciences related	0	53	0.00	0.00	0.00
Social work and related professionals	0	7	0.00	0.00	0.00
Statisticians and related professionals	0	1	0.00	0.00	0.00
Trade labourers	0	695	0.00	0.00	0.00
Trade related	0	5	0.00	0.00	0.00
Trade / industry advisers & other related professions	0	7	0.00	0.00	0.00
Water plant and related operators	0	157	0.00	0.00	0.00
<b>Total</b>	<b>803</b>	<b>5497</b>	<b>14.60</b>	<b>53 578.26</b>	<b>66 753.00</b>

#### Notes

- The CORE classification, as prescribed by the DPSA, were used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
  - a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available, or they are available but do not meet the applicable employment criteria;
  - b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
  - c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2022 to 31 March 2023**

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost	Average cost per employee	
	#	#	%	(R'000)	(R)	%
Band A	2.00	144	1.40	103.53	51 765.70	0.10
Band B	0.00	44	0.00	0.00	0.00	0.00
Band C	0.00	7	0.00	0.00	0.00	0.00
Band D	0.00	5	0.00	0.00	0.00	0.00
<b>Total</b>	<b>2.00</b>	<b>200</b>	<b>1.00</b>	<b>103.53</b>	<b>51 765.70</b>	<b>0.00</b>

### 3.9 Foreign workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

**Table 3.9.1 Foreign workers by salary band for the period 1 April 2022 to 31 March 2023**

Salary band	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% change
Highly skilled production (Levels 6-8)	0	0.00	0	0.00	0.00	0.00
Highly skilled supervision (Levels 9-12)	25	89.30	25	89.30	0.00	0.00
Senior management (Levels 13 – 16)	0	0.00	0	0.00	0.00	0.00
Skilled	3	10.70	3	10.70	0.00	0.00
<b>Total</b>	<b>28</b>	<b>100.00</b>	<b>28</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2022 to 31 March 2023**

Major occupation	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% change
Administrative office workers	0	0.00	0	0.00	0.00	0.00
Driver operators and ship crew	1	3.60	1	3.60	0.00	0.00
Other occupations	0	0.00	0	0.00	0.00	0.00
Information technology personnel	0	0.00	0	0.00	0.00	0.00
Professionals and managers	25	89.30	25	89.30	0.00	0.00
Technicians and associated professionals	2	7.10	2	7.10	0.00	0.00
<b>Total</b>	<b>28</b>	<b>100.00</b>	<b>28</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

### 3.10 Leave utilisation

The Public Service Commission (PSC) identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

**Table 3.10.1 Sick leave for the period 1 January 2022 to 31 December 2022**

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost
	#	%	#	%	#	(R'000)
Lower skilled (Levels 1-2)	3331	88.90	384	8.40	9.00	1 996
Skilled (Levels 3-5)	9879	85.10	1021	22.30	10.00	8 143
Highly skilled production (Levels 6-8)	16820	84.70	1618	35.30	10.00	22 249
Highly skilled supervision (Levels 9-12)	13499	86.80	1318	28.80	10.00	30 056
Senior management (Levels 13-16)	871	83.90	107	2.30	8.00	3 965
Contract (Levels 3-5)	6	66.70	3	0.10	2.00	5
Contract (Levels 6-8)	297	76.80	58	1.30	5.00	425
Contract (Levels 9-12)	343	72.00	69	1.50	5.00	776
Contract (Levels 13-16)	2	0.00	1	0.00	2.00	10
Contract other	38	100.00	4	0.10	10.00	22
<b>Total</b>	<b>45085</b>	<b>85.60</b>	<b>4583</b>	<b>100.00</b>	<b>10.00</b>	<b>67 647</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 2022**

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost
	#	%	#	%	#	(R'000)
Lower skilled (Levels 1-2)	484	100.00	6	10.20	81.00	309
Skilled (Levels 3-5)	682	100.00	10	16.90	68.00	601
Highly skilled production (Levels 6-8)	1147	100.00	27	45.80	42.00	1741
Highly skilled supervision (Levels 9-12)	420	100.00	11	18.60	38.00	1180
Senior management (Levels 13-16)	232	100.00	3	5.10	77.00	1150
Contract (Levels 6-8)	9	100.00	1	1.70	9.00	13
Contract other	102	100.00	1	1.70	102.00	41
<b>Total</b>	<b>3076</b>	<b>100.00</b>	<b>59</b>	<b>100.00</b>	<b>52.00</b>	<b>5035</b>

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

**Table 3.10.3 Annual leave for the period 1 January 2022 to 31 December 2022**

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skills (Level 1-2)	12362	19.00	641
Skilled (Levels 3-5)	33861	22.00	1534
Highly skilled production (Levels 6-8)	56053	25.00	2229
Highly skilled supervision (Levels 9 -12)	45729	25.00	1862
Senior management (Levels 13-16)	4594	23.00	202
Contract (Levels 3-5)	191	11.00	17
Contract (Levels 6-8)	1847	13.00	137
Contract (Levels 9 -12)	2086	12.00	176
Contract (Levels 13-16)	113	4.00	30
Contract other	118	8.00	14
<b>Total</b>	<b>156955</b>	<b>23.00</b>	<b>6842</b>

**Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022**

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2023
Lower skills (Level 1-2)	0	0	0.00	63.00
Skilled (Levels 3-5)	19	6	3.00	60.00
Highly skilled production (Levels 6-8)	168	14	12.00	66.00
Highly skilled supervision (Levels 9 -12)	81	9	9.00	50.00
Senior management (Levels 13-16)	6	1	6.00	52.00
Contract (Levels 3-5)	0	0	0.00	0.00
Contract (Levels 6-8)	0	0	0.00	0.00
Contract (Levels 9 -12)	0	0	0.00	0.00
Contract (Levels 13-16)	0	0	0.00	0.00
Contract other	0	0	0.00	0.00
<b>Total</b>	<b>274</b>	<b>30</b>	<b>9.00</b>	<b>59.00</b>



The following table summarise payments made to employees because of leave that was not taken.

**Table 3.10.5 Leave pay-outs for the period 1 April 2022 to 31 March 2023**

Reason	Total amount	Number of employees	Average per employee
	(R'000)	#	(R)
Annual - discounting with resignation (workdays)	2330	62	37 581.00
Annual - discounting previous appointment	19	1	19 000.00
Annual - discounting: contract expiry (workdays)	197	5	39 400.00
Annual - discounting: unused vacation credits (workdays)	861	19	45 316.00
Annual - gratuity: death/ retirement/ medical retirement (workdays)	4037	94	42 947.00
Capped - gratuity: death/retirement/ medical retirement (workdays)	13678	77	177 636.00
Other - discounting Water & Sanitation construct with served term	1568	12	130 667.00
Other - discounting Water & Sanitation construct with transfer	2406	42	57 286.00
Other - discounting: Water & Sanitation: =>55 year (calendar day)	1222	8	152 750.00
Other - gratuity (general) (calendar days)	2386	19	125 579.00
<b>Total</b>	<b>28704</b>	<b>339</b>	<b>84 673.00</b>

### 3.11 HIV/AIDS & health promotion programmes

**Table 3.11.1 Steps taken to reduce the risk of occupational exposure**

Units/ categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	N / A

**Table 3.11.2 Details of health promotion and HIV/AIDS programmes**

	Question	Yes	No	Details, if yes
1	Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/ his name and position.	X		O Manyana - Director responsible for Employee Health and Wellness
2	Does the Department have a dedicated unit, or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		There are seven (7) staff members with only three (3) that perform EHW duties.  The budget allocated is R2.5 Million
3	Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/ services of this Programme.	X		<ul style="list-style-type: none"> <li>• HIV, TB &amp; AIDS management;</li> <li>• Health and productivity management;</li> <li>• Wellness management;</li> <li>• Safety, Health, Environment and Risk Management (Health Risk Assessments,</li> <li>• Health promotion and education: chronic disease management;</li> <li>• Psycho-social support services (inclusive of trauma debriefing and diffusion) and referral;</li> <li>• Policy development; EH &amp;W marketing, promotion and capacity building; M &amp; E services).</li> </ul>
4	Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		The Committee is in the process of being recapitulated as some members have left the Department. Currently only 2 members are remaining.
5	Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		The approved HIV & AIDS and TB Management policy addresses issues of stigma and non-discrimination of HIV positive employees. It goes further to mention steps to be taken if there is transgression on these policy elements.
6	Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		The Policy protects HIV+ employees from discrimination. Disciplinary action to be taken against those who disregard this section of the policy
7	Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		HIV counselling & testing (HCT) is provided through GEMS wellness days which are hosted on DWS premises. Due to Covid restrictions, this service was suspended for the reporting period
8	Has the Department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	X		Feedback sessions are held, and questionnaires completed after wellness days, campaigns and health talks.

### 3.9 Labour relations

**Table 3.12.1 Collective agreements for the period 1 April 2022 to 31 March 2023**

Total number of collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

**Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2022 to 31 March 2023**

Outcomes of disciplinary hearings	Number	% of total
Dismissal	3	21.43
Suspension without pay	5	35.71
Final written warning	5	35.71
Written warning	1	7.14
Demotion	0	0.00
<b>Total</b>	<b>14</b>	<b>100.00</b>

**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 to 31 March 2023**

Type of misconduct	Number	% of total
Misuse of state property	1	7.14
Dishonesty	2	14.29
Insubordination	2	14.29
Fraud	1	7.14
Theft	1	7.14
Financial mismanagement/ unauthorised expenditure	1	7.14
Absenteeism	2	14.29
Assault	1	7.14
Subletting of state house	2	14.29
Conducting business with the state	1	7.14
<b>Total</b>	<b>14</b>	<b>100.00</b>

**Table 3.12.4 Grievances logged for the period 1 April 2022 to 31 March 2023**

Grievances	Number	% of total
Number of grievances resolved	72	36.18
Number of grievances not resolved	127	63.82
<b>Total number of grievances lodged</b>	<b>199</b>	<b>100.00</b>

**Table 3.12.5 Disputes logged with Councils for the period 1 April 2022 to 31 March 2023**

Disputes	Number	% of total
Number of disputes resolved	2	2.82
Number of disputes not resolved	69	97.18
<b>Total number of disputes lodged</b>	<b>71</b>	<b>100.00</b>

**Table 3.12.6 Strike actions for the period 1 April 2022 to 31 March 2023**

Total number of persons working days lost	12
Total cost working days lost	R17 614.92
<b>Amount recovered as a result of no work no pay (R'000)</b>	<b>R12 786.21</b>

**Table 3.12.7 Precautionary suspensions for the period 1 April 2022 to 31 March 2023**

Number of people suspended	14
Number of people whose suspension exceeded 30 days	7
Average number of days suspended	31,21
<b>Cost of suspension (R)</b>	<b>R366 464.60</b>

### 3.13 Skills development

This section highlights the efforts of the Department regarding skills development.

**Table 3.13.1 Training needs identified for the period 1 April 2022 to 31 March 2023**

Occupational category	Gender	Number of employees as of 1 April 2022	Training needs identified on 01 April 2022			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials, and managers	Female	67	0	32	0	32
	Male	95	0	46	0	46
Professionals	Female	591	0	532	0	532
	Male	672	0	774	0	774
Technicians and associate professionals	Female	746	0	687	0	687
	Male	742	0	520	0	520
Clerks	Female	805	0	475	0	475
	Male	340	0	320	0	320
Service and sales workers	Female	66	0	52	0	52
	Male	136	0	123	0	123
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	18	0	16	0	16
	Male	127	0	119	0	119
Plant and machine operators and assemblers	Female	216	0	201	0	201
	Male	800	0	463	0	463
Elementary occupations	Female	284	0	102	0	102
	Male	656	0	201	0	201
<b>Gender sub-totals</b>	<b>Female</b>	<b>2793</b>	<b>0</b>	<b>2097</b>	<b>0</b>	<b>2097</b>
	<b>Male</b>	<b>3568</b>	<b>0</b>	<b>2566</b>	<b>0</b>	<b>2566</b>
<b>Total</b>		<b>6361</b>	<b>0</b>	<b>4663</b>	<b>0</b>	<b>4663</b>

**Table 3.13.2 Training provided for the period 1 April 2022 to 31 March 2023**

Occupational category	Gender	Number of employees as of 1 April 2022	Training provided within the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials, and managers	Female	67	0	42	0	42
	Male	95	0	40	0	40
Professionals	Female	591	0	451	0	451
	Male	672	0	386	0	386
Technicians and associate professionals	Female	746	0	370	0	370
	Male	742	0	367	0	367
Clerks	Female	805	0	375	0	375
	Male	340	0	339	0	339
Service and sales workers	Female	66	0	13	0	13
	Male	136	0	57	0	57
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	18	0	10	0	10
	Male	127	0	58	0	58
Plant and machine operators and assemblers	Female	216	0	244	0	244
	Male	800	0	482	0	482
Elementary occupations	Female	284	0	138	0	138
	Male	656	0	213	0	213
<b>Gender sub-totals</b>	<b>Female</b>	<b>2793</b>	<b>0</b>	<b>1695</b>	<b>0</b>	<b>1695</b>
	<b>Male</b>	<b>3568</b>	<b>0</b>	<b>1881</b>	<b>0</b>	<b>1881</b>
<b>Total</b>		<b>6361</b>	<b>0</b>	<b>3585</b>	<b>0</b>	<b>3585</b>

### 3.14 Injury on duty

The following tables provide basic information on injury on duty.

**Table 3.14.1 Injury on duty for the period 1 April 2022 to 31 March 2023**

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	20
Temporary total disablement	2	40
Permanent disablement	1	20
Fatal	1	20
<b>Total</b>	<b>5</b>	<b>100</b>

### 3.15 Utilisation of consultants

The following tables relates information on the utilisation of consultants in the department. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- a) The rendering of expert advice;
- b) The drafting of proposals for the execution of specific tasks; and
- c) The execution of a specific task which is of a technical or intellectual nature but excludes an employee of a department.

**Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 to 31 March 2023**

	Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
1	WP11392: Mzimvubu Water Project phase 2: Feasibility study for the Mbokazi Dam and hydropower scheme	31	36 months	R 32 850 812.60
2	WP11405: Greater Manguang Water Augmentation Project -Xhariep Pipeline Feasibility Study	37	18 months	R23 797 398.62
3	WP11409: Undertake the validation and verification of existing lawful water uses (ELU) in terms of National Water Act 36 of 1998 within the Olifants Water Management Area in Mpumalanga province.	25	24 months	R16 980 302.00
4	WP11369: Development of five-year reliable water and sanitation services delivery implementation plan for Ilembe DM	9	12 months	R558 900.00
5	WP11370: Development of five-year reliable water and sanitation services delivery implementation plan for Zululand DM	9	12 months	R586 500.00
6	WP11371: Development of five-year reliable water and sanitation services delivery implementation plan for King Cetshwayo DM	9	12 months	R575 000.00
7	WP11372: Development of five-year reliable water and sanitation services delivery implementation plan for Uthukela DM	9	12 months	R575 000.00
8	WP11374: Development of five-year reliable water and sanitation services delivery implementation plans for Joe Gqabi DM	30	12 months	R1 731 762.00
9	WP11411: Broad-based Black Economic Empowerment audit for DWS, nine Provincial Offices, five construction offices and four clusters	6	3 months	R1 656 000.00
10	WP11413: Review of the shareholder oversight model including the shareholder compacts and quarterly reports for public entities reporting to the Minister of Water and Sanitation	10	12 months	R 2 082 880.00
11	WP11422: The determination of water resources classes and resource quality objectives for the upper Orange catchment	19	36 months	R11 465 136.60
12	WP11432: To provide specialist and technical support for the no drop programme for a period of six (06) months	14	6 months	R 2 941 550.00

Total number of projects	Total individual consultants	Total duration workdays	Total contract value in Rand
12	208	195	R95 801 241.82

**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 to 31 March 2023**

	Project title %	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
		%	#	
1	WP11392: Mzimvubu Water Project phase 2: Feasibility study for the Mbokazi Dam and hydropower scheme	56,52	0	17
2	WP11409: Undertake the validation and verification of existing lawful water uses (ELU) in terms of National Water Act 36 of 1998 within the Olifants Water Management Area in Mpumalanga Province.	0	1	16
3	WP11374: Development of five-year reliable water and sanitation services delivery implementation plans for Joe Gqabi DM	100	1	24
4	WP11411: Broad-based Black Economic Empowerment audit for DWS, nine provincial offices, five construction offices and four clusters	100	1	4
5	WP11413: Review of the shareholder oversight model including the shareholder compacts and quarterly reports for public entities reporting to the Minister of Water and Sanitation	0	0	5
6	WP11422: The determination of water resources classes and resource quality objectives for the upper orange catchment	1	2	19
7	WP11432: To provide specialist and technical support for the no drop programme for a period of six (06) months	49.33	1	7

### 3.16 Severance packages

**Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2022 to 31 March 2023**

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# PART E



## PFMA COMPLIANCE REPORT

# 1 IRREGULAR, FRUITLESS & WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

## 1.1 Irregular expenditure

### 1.1.1 Reconciliation of irregular expenditure

#### 1.1.1.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Opening balance	8 926 846	9 198 306
Add: Irregular expenditure confirmed	1 023	185 845
Less: Irregular expenditure condoned	4 222	457 305
Less: Irregular expenditure not condoned and removed	3 190	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>8 923 647</b>	<b>8 926 846</b>

- Current year irregular expenditure relates to irregular appointment of an official, investigation was concluded disciplinary action was taken against responsible officials. The irregular expenditure has since been condoned.
- Irregular expenditure not condoned and removed relates to appointment of an investigator for Lepelle Northern Water without following normal procurement processes.

### Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that was under assessment in 2022/23	2 541 229	4 403 613
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	1 023	185 845
<b>Total</b>	<b>2 542 252</b>	<b>4 589 458</b>

## 1.1.1.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Opening balance	7 118 912	7 909 028
Add: Irregular expenditure confirmed	26 998	276 731
Less: Irregular expenditure condoned	148 227	1 066 847
Less: Irregular expenditure not condoned and removed	285 000	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>6 712 683</b>	<b>7 118 912</b>

- Current year irregular expenditure relates to prior year emergency procurement contracts which ended in the current year.
- Amounts condoned relate to expenditure which was incurred in contravention of departmental procedures, investigations were concluded, and corrective action taken.
- Amounts not condoned and removed are in respect of irregular SAP Licences, both departmental and SIU investigations were concluded, consequence management implemented, and irregular payments recovered

## Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that was under assessment in 2022/23	2 672 616	4 376 958
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	26 998	276 731
<b>Total</b>	<b>2 699 614</b>	<b>4 653 689</b>

## 1.1.2 Details of current and previous year irregular expenditure (under assessment, determination and investigation)

### 1.1.2.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure under assessment	2 541 229	4 403 613
Irregular expenditure under determination	237 374	-
Irregular expenditure under investigation	6 145 044	4 523 233
<b>Total</b>	<b>8 923 647</b>	<b>8 926 846</b>

- The balance of R8.924 billion relates to historic incidents of irregular expenditure. The Department has appointed forensic investigators to ensure speedy finalisation of the cases under assessment and determination. This is planned to be finalised by 31 March 2024.
- Amounts under investigation include Vaal Intervention Project, Giyani Water Services Project and Desalination Plant Richards Bay Project being investigated by the South African Police Service and Special Investigating Unit, these cases will be resolved after conclusion of the investigations and related court cases.

### 1.1.2.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure under assessment	2 726 862	4 376 958
Irregular expenditure under determination	1 770 120	18 226
Irregular expenditure under investigation	2 290 501	2 723 728
<b>Total</b>	<b>6 787 483</b>	<b>7 118 912</b>

- The balance of R6.787 billion relates to historic incidents of irregular expenditure, including R20.014 million identified in the current year, which is under assessment for Giyani Plant Hire. The Department has appointed forensic investigators to ensure speedy finalisation of the cases under assessment and determination. This is planned to be finalised by 31 March 2024.
- Amounts under investigation include Upgrading of Thukela Goedetrouw Scheme, Desalination Plant Richards Bay Project being investigated by the South African Police Service and Special Investigating Unit, these cases will be resolved after conclusion of the investigation and related court cases.

### 1.1.3 Details of current and previous year irregular expenditure condoned

#### 1.1.3.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure condoned	4 222	457 305
<b>Total</b>	<b>4 222</b>	<b>457 305</b>

Irregular expenditure condoned relates to the irregular appointment of an official, investigation was concluded disciplinary action was taken against responsible officials. The irregular expenditure has since been condoned.

#### 1.1.3.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure condoned	-	540 352
<b>Total</b>	<b>-</b>	<b>540 352</b>

There were no condonations for the current financial year. The prior amount relates to the irregular expenditure condoned++ by National Treasury.

### 1.1.4 Details of current and previous year irregular expenditure removed (not condoned)

#### 1.1.4.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure not condoned and removed	3 190	-
<b>Total</b>	<b>3 190</b>	<b>-</b>

Irregular expenditure not condoned and removed relates to appointment of an investigator for Lepelle Northern Water without following normal procurement processes.

## 1.1.4.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure not condoned and removed	285 000	-
<b>Total</b>	<b>285 000</b>	<b>-</b>

Irregular expenditure not condoned and removed relates to SAP licences, which were incurred without following normal procurement processes. Disciplinary action was instituted.

## 1.1.5 Details of current and previous year irregular expenditure recovered

## 1.1.5.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure recovered	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

There is no irregular expenditure that has been recovered.

## 1.1.5.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure recovered	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

There is no irregular expenditure that has been recovered.

## 1.1.6 Details of current and previous year irregular expenditure written off (irrecoverable)

### 1.1.6.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure written off	-	-
<b>Total</b>	-	-

There is no irregular expenditure that has been written off.

### 1.1.6.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure written off	-	-
<b>Total</b>	-	-

There is no irregular expenditure that has been written off.

## Additional disclosure relating to inter-institutional arrangements

### 1.1.7 Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such is not responsible for the non-compliance)

#### 1.1.7.1 Main Account

Description
Not applicable

#### 1.1.7.2 Water Trading

Description
Not applicable

### 1.1.8 Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such is responsible for the non-compliance)

#### 1.1.8.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Not applicable		

#### 1.1.8.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Not applicable		



## 1.1.9 Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

### 1.1.9.1 Main Account

Disciplinary steps taken	Amount
	R'000
Irregular appointment of an official: Investigation was concluded disciplinary action was taken against responsible officials. The irregular expenditure has since been condoned.	4 222
Vaal Intervention Irregular expenditure: Investigations have been concluded and the initiator has been appointed to start with disciplinary proceedings. Criminal case was registered with the South African Police Service.	97 728
Irregular appointment of financial advisory services: Disciplinary proceedings in progress. The employer closed its case and the accused employee led their evidence. Criminal case was registered with the South African Police Service.	17 901
Giyani Water Services Project: Disciplinary action was taken against responsible employees of Lepelle Northern Water. Criminal case was registered with the South African Police Service.	3 381 034
<b>Total</b>	<b>3 500 435</b>

### 1.1.9.2 Water Trading

Disciplinary steps taken	Amount
	R'000
Unlimited SAP licences: The employee was charged with 10 charges and in all the circumstances and subsequently dismissed from the Department.	285 000
Support and maintenance of SAP ECC: The officials were afforded the opportunity to make representations on the alleged irregular expenditure, disciplinary proceedings in progress.	285 951
Desalination Plant Richards Bay: The employee was charged with 10 charges and in all the circumstances and subsequently dismissed from the Department.	310 852
Upgrading of the Thukela Goedertrouw Scheme Disciplinary action was taken against the officials.	477 310
CSIR (V & V Project): Disciplinary action was taken against the officials. Disciplinary letters were issued; however, one official has resigned, and no disciplinary letter issued against him.	73 566
Umgeni Water (Adopt-A-River): Disciplinary action was taken against the officials	10 017
Operations and maintenance work after expiry of contract: Disciplinary letters were issued to three officials.	17 188
Clanwilliam Dam land acquisition expropriation notice. The expenditure approved by an official without delegated powers or authority. Investigations concluded and disciplinary proceedings in progress.	74 367
<b>Total</b>	<b>1 534 251</b>

## 1.2 Fruitless and wasteful expenditure

### 1.2.1 Reconciliation of fruitless and wasteful expenditure

#### 1.2.1.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Opening balance	356 645	412 512
Add: Fruitless and wasteful expenditure confirmed	59	81
Less: Fruitless and wasteful expenditure written off	722	55 947
Less: Fruitless and wasteful expenditure recoverable		1
<b>Closing balance</b>	<b>355 982</b>	<b>356 645</b>

Opening balance has been restated by R343.166 million to adjust for prior incidents of fruitless and wasteful expenditure. Most of the fruitless and wasteful expenditure is in relation to the Vaal Intervention Project.

### Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	369	11 845
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	244	-
Fruitless and wasteful expenditure for the current year	59	81
<b>Total</b>	<b>672</b>	<b>11 926</b>

#### 1.2.1.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Opening balance	99 354	159 833
Add: Fruitless and wasteful expenditure confirmed	70 308	71 487
Less: Fruitless and wasteful expenditure written off	37 372	131 966
Less: Fruitless and wasteful expenditure recoverable	-	-
<b>Closing balance</b>	<b>132 290</b>	<b>99 354</b>

- Current year confirmed fruitless and wasteful expenditure relates to losses incurred in internal and external construction projects.
- The losses written-off are as a result of inefficiencies within the Construction West Unit. The investigation report was concluded with a recommendation for disciplinary action against seven officials.

## Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	61 982	27 867
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	70 308	71 487
<b>Total</b>	<b>132 290</b>	<b>99 354</b>

### 1.2.2 Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

#### 1.2.2.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure under assessment	369	11 835
Fruitless and wasteful expenditure under determination	10 500	-
Fruitless and wasteful expenditure under investigation	1 947	1 644
<b>Total</b>	<b>12 816</b>	<b>13 479</b>

Total amount of R369 thousand is currently under assessment, R10.500 million under determination and R1.947 million at investigation stage.

#### 1.2.2.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure under assessment	105 095	72 159
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	27 195	27 195
<b>Total</b>	<b>132 290</b>	<b>99 354</b>

Total amount of R105.095 million is currently under assessment and R27.195 million at investigation stage.

### 1.2.3 Details of current and previous year fruitless and wasteful expenditure recovered

#### 1.2.3.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

No amount has been recovered in the current financial year.

#### 1.2.3.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

No amount of fruitless and wasteful expenditure that has been recovered.

### 1.2.4 Details of current and previous year fruitless and wasteful expenditure written off

#### 1.2.4.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure written off	743	55 947
<b>Total</b>	<b>743</b>	<b>55 947</b>

Amount written off relates to the irrecoverable amounts.

## 1.2.4.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure written off	37 372	131 966
<b>Total</b>	<b>37 372</b>	<b>131 966</b>

Amount written off relates to the Construction Unit (internal and external projects).

## 1.2.5 Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

## 1.2.5.1 Main Account

Disciplinary steps taken	Amount
	R'000
Disciplinary process has commenced on the 12 June 2023, against the three officials that have committed fruitless and wasteful expenditure by submitting falsified claims to the department for reimbursement and further to this, criminal cases were registered with the South African Police Service.	303
Vaal Intervention Irregular expenditure: Investigations have been concluded and the initiator has been appointed to start with disciplinary proceedings. Criminal case was registered with the South African Police Service.	140 398
<b>Total</b>	<b>140 701</b>

## 1.2.5.2 Water Trading

Disciplinary steps taken	Amount
	R'000
After financial year-end, the investigation report was concluded with recommendation for disciplinary action against seven officials.	65 423
The investigation report was concluded with a recommendation for disciplinary action against implicated officials. The disciplinary process is currently being implemented.	27 195
<b>Total</b>	<b>92 618</b>

## 1.3 Unauthorised expenditure

### 3.2.1 Reconciliation of unauthorised expenditure

#### 1.3.1.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Opening balance	641 109	641 109
Add: Unauthorised expenditure confirmed	-	-
Less: Unauthorised expenditure approved with funding	-	-
Less: Unauthorised expenditure approved without funding	-	-
Less: Unauthorised expenditure recoverable	-	-
Less: Unauthorised expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>641 109</b>	<b>641 109</b>

The unauthorised expenditure was incurred in the financial year 2016/17, and after that there was no unauthorised expenditure incurred.

### Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Unauthorised expenditure that was under assessment in 2022/23	-	-
Unauthorised expenditure that relates to 2021/22 and identified in 2022/23	-	-
Unauthorised expenditure for the current year	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### 1.3.1.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Opening balance	-	-
Add: Unauthorised expenditure confirmed	-	-
Less: Unauthorised expenditure approved with funding	-	-
Less: Unauthorised expenditure approved without funding	-	-
Less: Unauthorised expenditure recoverable	-	-
Less: Unauthorised expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>

There is no unauthorised expenditure for the Water Trading Entity.

## Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Unauthorised expenditure that was under assessment in 2022/23	-	-
Unauthorised expenditure that relates to 2021/22 and identified in 2022/23	-	-
Unauthorised expenditure for the current year	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 3.2.2 Details of current and previous year unauthorised expenditure (under assessment, determination and investigation)

#### 1.3.2.1 Main Account

Description	2022/23	2021/22
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	641 109	641 109
<b>Total</b>	<b>641 109</b>	<b>641 109</b>

This unauthorised expenditure has been submitted to National Treasury for condonation and is being processed through Parliament.

#### 1.3.2.2 Water Trading

Description	2022/23	2021/22
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

There is no unauthorised expenditure incurred in the current and previous year.

## 1.4 Additional disclosure relating to material losses in terms of PFMA section 40(3)(b)(i)

### 1.4.1 Details of current and previous year material losses through criminal conduct

#### 1.4.1.1 Main Account

Material losses through criminal conduct	2022/23	2021/22
	R'000	R'000
Theft	4 108	3 549
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	936	741
<b>Total</b>	<b>3 171</b>	<b>2 809</b>

Losses are reported to Asset Management and Security Management, thereafter Security Management investigates. After the investigation is concluded, a legal opinion is obtained from Legal Services. After the legal opinion is received it is then submitted to the Loss Disposal Committee for recommendations.

The written off amount of R936 thousand is made up of both minor and major assets (Major – R786 thousand – Minor R150 thousand).

#### 1.4.1.2 Water Trading

Material losses through criminal conduct	2022/23	2021/22
	R'000	R'000
Theft	1743	967
Other material losses	105	322
Less: Recovered	18	29
Less: Not recovered and written off	1830	1260
<b>Total</b>	<b>0</b>	<b>0</b>

Losses are reported to Asset Management and Security Management, thereafter Security Management investigates. After the investigation is concluded, a legal opinion is obtained from Legal Services. After the legal opinion is received it is then submitted to the Loss Disposal Committee for recommendations.



## 1.4.2 Details of other material losses

### 1.4.2.1 Main Account

Nature of other material losses	2022/23	2021/22
	R'000	R'000
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

There are no other material losses.

### 1.4.2.2 Water Trading

Nature of other material losses	2022/23	2021/22
	R'000	R'000
Laptops- computer equipment	71	283
Cameras- audio visuals	34	39
Other material losses (machinery and equipment, and appliances)	0	0
<b>Total</b>	<b>105</b>	<b>322</b>

The amounts of other material losses have reduced by R217 thousand from the previous financial year.

## 1.4.3 Other material losses recovered

### 1.4.3.1 Main Account

Nature of losses	2022/23	2021/22
	R'000	R'000
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

There are no other material losses recovered.

## 1.4.3.2 Water Trading

Nature of losses	2022/23	2021/22
	R'000	R'000
Other material losses (machinery and equipment, other equipment, appliances and office equipment)	18	29
Office furniture and appliances	-	-
<b>Total</b>	<b>18</b>	<b>29</b>

The total amount recovered at the end of the financial year is R18 thousand for other material losses.

## 1.4.4 Other material losses written off

## 1.4.4.1 Main Account

Nature of losses	2022/23	2021/22
	R'000	R'000
<b>Major:</b>		
Other machinery	42	77
Computer hardware	744	540
<b>Minor:</b>		
Furniture and Office equipment	-	3
Other machinery	147	104
Computer hardware	3	11
Transport	-	6
<b>Total</b>	<b>936</b>	<b>741</b>

The written off amount of R936 thousand is made up of both minor and major assets (Major – R786 thousand – Minor R150 thousand).

## 1.4.4.2 Water Trading

Nature of losses	2022/23	2021/22
	R'000	R'000
Office furniture and appliance	57	0
Construction equipment	1002	205
Other material losses (machinery and equipment, other equipment, appliances and office equipment)	771	1055
<b>Total</b>	<b>1830</b>	<b>1260</b>

The written-off amount of R1830 million consists of construction equipment and other material losses

## 2 LATE AND / OR NON-PAYMENT OF SUPPLIERS

### 2.1 Main Account

Description	Number of invoices	Consolidated value
	#	R'000
Valid invoices received	90 666	13 283 560
Invoices paid within 30 days or agreed period	82 332	14 033 350
Invoices paid after 30 days or agreed period	1 912	49 937
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

**Reasons for late and/or non-payment of invoices:**

**Supplier Banking Details; IT System Issues; and Verification of Work.**

**Action plan:**

**The department has implemented preventative control measures to ensure that all invoices are paid within 30 days.**

### 2.2 Water Trading

Description	Number of invoices	Consolidated value
	#	R'000
Valid invoices received	97 871	13 654 220
Invoices paid within 30 days or agreed period	95 037	13 630 619
Invoices paid after 30 days or agreed period	4 798	34 586
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

**Reasons for late and/or non-payment of invoices:**

**Supplier Banking Details; IT System Issues; and Verification of Work.**

**Action plan:**

**The department has implemented preventative control measures to ensure that all invoices are paid within 30 days.**

### 3 SUPPLY CHAIN MANAGEMENT

#### 3.1 Procurement by other means

##### 3.1.1 Main Account

	Project description	Name of supplier	Type of procurement by other means #	Contract number		Value of contract
				R'000		
1	Emergency procurement for the hiring of water tankers to provide relief to the areas affected by the floods in KwaZulu Natal	SPOVAH Group Simesande Group Mdlozi Trading Aqua Transport and Plant Hire	Emergency procurement to provide relief to the areas affected by floods in KZN	WD380	R65 000 000.00 (Estimated Amount)	
2	Inet/Winet Terminal Emulation and printing software assurance for a period of 3 years ending 2025	GP Van Niekerk	Sole Supplier	WD 381	R275 310.00	
3	Supply and delivery of 3000 Litre Diesel	Matsoba Business Enterprises	Emergency procurement of diesel due to electricity challenges	WD382	R75 300.00	
4	Emergency Supply and delivery of Diesel as and when required at R25.00 per Litre	Matsoba Business Enterprises	Emergency procurement of diesel due to electricity challenges as and when a need arises	WD383	R25.00 Per Litre	
5	Emergency major service of a Volvo Generator for servers located at Sedibeng Building	Bridging Technology South Africa T/A (BT-SA PTY LTD)	Emergency servicing of the generator	WD384	R27 301.92	
6	Construction of the new Rothdene pump station rising main project under Sedibeng Regional Sewer Scheme (SRSS)	WK Construction (Pty) Ltd	Limited bidding	WD385	R30 617 838.05	
7	Four (4) officials to enrol in Audit Command Language (ALC) training	Surtech Solutions (Pty) Ltd	Sole supplier	WD387	R101 200.00	
8	Booking of an exhibition space the Water Institute of Southern Africa (WISA) Conference from 28-30 September 2022	Water Institute South Africa (WISA)	Sole supplier	WD388	R497 500.00	
9	Renewal of teammate software licenses	Wolter Kluwer Tax and Accounting Southern Africa (Pty) Ltd	Sole supplier	WD389	R383 835.24	
10	Renewal of Audit Command Language (ACL) software solution	Surtech Solutions (Pty) Ltd	Sole supplier	WD390	R565 460.18	
11	Training on the advanced certificate in fraud examination (ACFE) by N Fakude	Africa Training Academy Pty (Ltd)	Sole supplier	WD392	R59 800.00	

Project description	Name of supplier	Type of procurement by other means #	Contract number		Value of contract
			R'000		
12 Provision of Rainfall Data for water resources, planning studies, ECO system studies, Dam Water, Balances studies and other water related projects	South African Weather Services	Sole supplier	WD393		R998 130.00
13 Procurement of one (1) wildcard secure sockets layer (SSL) certificated for a period of one (1) yea	SITA	Limited bidding	WD395		R19 151.20
14 Renewal of Enterprise License Agreement (ELA) for the Geographical Information System (GIS) licenses including support services (3) years (from 01 March 2023 to 28 February 2026)	ESRI South Africa	Sole supplier	WD398		R29 890 897.52
15 Booking of a television outside broadcast service with the South African Broadcasting Corporation's (SABC) Morning Live show for the Ministerial launch of National Water Month on 02 March 2023 in Giyani, Limpopo	SABC	Sole supplier	WD399		R575 000.00
16 Booking of a communication radio outside broadcast service with the Giyani Community Radio for the Ministerial launch of National Water Month on 02 March 2023 in Giyani, Limpopo	Giyani Community Radio	Sole supplier	WD400		R60 000.00
17 Representation in the arbitration proceedings of Mrs Zandile Makhathini-Neer (Mathe) the former Deputy Director General – NRW	Extribyte (Pty) Ltd	Limited bidding - Single Service provider (SCM Policy 2023 item 16.1.2)	WD401		R347 817.50
<b>Total</b>					<b>R129 494 567</b>

## 3.1.2 Water Trading

	Project description	Name of supplier	Type of procurement by other means #	Contract number		Value of contract
				R'000		
1	Oracle Corporation of (South Africa) (Pty) Ltd as a preferred service provider in terms of PFMA SCM Instruction Note 3 of 2021/2022 par 4.(4.2(a)) to procure SAP maintenance and support services including the SAP tape library hardware once off repairs and SAP once off assessment for the Oracle Sparc M6-32 SAP Infrastructure.	Oracle Corporation (SA) (Pty) Ltd	Preferred service provider	DEV0001/22 WTE	R 3 434 216,37	
2	The hiring of plant of Giyani Project for period of 7 months to DWS Construction North in the Limpopo Province	<ul style="list-style-type: none"> <li>• Bluepond supply and projects</li> <li>• Rise -Mate Trading Enterprise</li> <li>• Gulas Business Solution</li> <li>• Remoshomong Trading Enterprises</li> <li>• Mavone Investments</li> <li>• Mahlodi Construction</li> </ul>	Emergency procurement	DEV0002/22 WTE	Rates	
3	Rocscience INC. Geotechnical and Geological software package from a sole source distributor in South Africa namely Groundwork consulting	Groundwork Consulting	Sole source	DEV0004/22 WTE	R165 122,75	
4	nominate the South African Bureau of Standard (SABS) as the Sole Supplier of the complete collection subscription in order for The Department to have access to the South African National Standards (SANS) codes for a period of five years	The South African Bureau Standard (SABS)	Sole Supplier	DEV0008/22 WTE	R3 493 322,80	
<b>Total</b>					<b>R7 092 661,92</b>	

## 3.2 Contract variations and expansions

### 3.2.1 Main Account

Project description	Name of supplier Expansion or variation	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
1 Render security guarding services for DWS (Nationally for a period of 24 months (Sites in KwaZulu-Natal Province)	Prosecure Security	Expansion	W11090	R42 052 939,82	R52 160 684,10	R3 072 162,70
2 Rendering of private security services for the department of water and sanitation (nationally) for the period of 24 months	Sakhile Ezweni Group (Gauteng)	Expansion	W11090	R18 375 630,72	R42 381 447,96	R3 837 212,84
3 Rendering of private security services for the department of water and sanitation (nationally) for the period of 24 months	Khayalami Security Services (Limpopo)	Expansion	W11090	R55 712 165,35	R88 605 635,19	R5 347 432,88
4 Rendering of private security services for the department of water and sanitation (nationally) for the period of 24 months	Bathokhamedi Management Services (North West)	Expansion	W11090	R54 250 256,40	R84 391 592,36	R5 083 384,38
5 Rendering of private security services for the department of water and sanitation (nationally) for the period of 24 months	Fidelity Security (Northern Cape)	Expansion	W11090	R23 145 298,45	R33 791 443,77	R2 023 802,06
6 Rendering of private security services for the department of water and sanitation (nationally) for the period of 24 months	Mafoko Security Patrol (Mpumalanga)	Expansion	W11091	R69 456 392,00	R96 406 361,23	R5 745 842,18
7 Rendering of private security services for the department of water and sanitation (nationally) for the period of 24 months	Xhobani Security (Eastern Cape)	Expansion	W11091	R18 037 244,16	R33 278 362,29	R1 869 285,00
8 Rendering of private security services for the department of water and sanitation (nationally) for the period of 24 months	Xhobani Security (Western Cape)	Expansion	W11091	R16 503 552,00	R21 653 188,10	R1 139 801,54
9 The determination of water resource classes and associated resource quality objectives in the Thukela catchment	Goldler Associates Africa (Pty) Ltd	Expansion	WP11255	R8 590 560,00	R0,00	R0,00

Project description	Name of supplier Expansion or variation	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
10	DL Consulting	Expansion	WP11002	R4 028 637,45	R0,00	R0,00
11	DL Consulting	Expansion	WP11002		R388 987,50	R0,00
12	DL Consulting	Expansion	WP11002		R0,00	R0,00
13	DL Consulting	Expansion	WP11002		R198 998,30	R0,00
14	DL Consulting	Expansion	WP11002		R0,00	R0,00
15	DL Consulting	Expansion	WP11002		R0,00	R0,00
16	EOH Mthombo Pty Ltd	Expansion	RFB1624/2017	R562 440 951,66	R0,00	R53 737 719,30
17	Rax Empowerment and projects cc and Empyrean Vision Holdings joint venture	Expansion	W11300	R0,00	R0,00	R0,00



Project description	Name of supplier Expansion or variation	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
18 Extension of Contract for development of operation rules for Water supply and drought management of stand-alone Dams, schemes and integrated systems in the Northern Planning Area of the Country for a period of 6 months (Development of operating rules for water supply and drought management of stand-alone dams, schemes and integrated systems in the Central water planning area for a period of 36 months)	WRP Consulting Engineers (Pty) Ltd	Expansion	WP11251	R13 210 288,00	R0,00	R13 210 288,00
19 Extension of Development of operating rules for water supply and drought management of stand-alone dams, schemes and integrated systems in the North water planning area Contract for a period of 6 Months	Golder Associates Africa	Expansion	WP11251	R10 991 598,00	R0,00	R0,00
20 Extension of Contract for Providing specialist support resources to drinking water quality and wastewater services regulation for assessment of water supply and wastewater treatment systems	Madi Water Solutions	Expansion	WP11351	R43 055 149,00	R0,00	R0,00
21 Extension of Time, additional scope and cost of the project (Support the Chief Directorate Institutional Oversight on the establishment and operationalisation of Water Management Institutions)	Boloka Development cc	Expansion	WP11350	R7 457 640,00	R0,00	R1 837 832,25
22 To conduct a high confidence reserve determination study for surface water ground water and wetlands in the upper orange catchment for a period of 24 months	GroundTruth cc	Expansion	WP11343	R6 560 802,60	R0,00	R0,00
23 Additional work of Water Resource Assessment, Topographical Survey and Geological Investigations as part of post feasibility bridging study for Breede-Berg (Mitchell's Pass) Water Transfer Scheme (BBTS).	Tlou Integrated Tech cc	Variation	WP11339	R23 349 804,00	R1 603 936,59	R24 953 740,59
24 Desktop Agriculture Impact Study (Algoa water supply system: environmental impact assessment of the proposed Coerney Balancing Dam)	GA Environment	Variation	WP11342	R919 474,45	R0,00	R19 860,50

Project description	Name of supplier Expansion or variation	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
25 Extension of Contract for the determination of Water Resource classes, reserve and resource quality objectives study for secondary catchments A5-A9 within the Limpopo Water Management Area (WMA1) and secondary catchment B9 in the Olifants Water Management Area (WMA2) for a period of 12 months	Myra Consulting Pty Ltd	Expansion	WP11352	R20 559 913,00	R0,00	R0,00
26 Expansion of Gardening service for Roodeplaat and Pretoria West	Mawela Holdings	Variation	W11394	R898 190,00	R0,00	R202 500,00
27 Rendering of a fixed line service	08XConnect	Expansion	RFB2275/2020	R0,00	R0,00	R0,00
28 Extension of contract for rendering of a fixed line service	08XConnect	Expansion	RFB2275/2020	R0,00	R0,00	R0,00
29 Extension of Contract for Construction of bulk sewer lines, sewer pump station and grey water recycling package plant for eradication of buckets in Arlington and Dealsville in Nketoana and Tokologo Municipalities in the Free State for a period of 6 months	Tefla Group	Expansion	HAD/ FS/2021/003	R107 943 305,08	R0,00	R107 943 305,08
30 Extension of Contract for Construction of bulk sewer lines and pump stations for eradication of buckets in Setsoto Municipality in the Free State	G5 Group (Pty) Ltd	Expansion	HAD/ FS/2021/002	R135 198 823,33	R0,00	R66 000,00

Project description	Name of supplier Expansion or variation	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
31 Extension of Contract Construction of bulk sewer lines, sewer pump station and grey water recycling package plant for eradication of buckets in Petrus Steyn & Reitz Petsana in Nketoana Local Municipality in the Free State	Seedi Development Projects (Pty) Ltd	Expansion	HA5/ FHDA/2020/005	R179 513 953,50	R0,00	R208 835,18
	Seedi Development Projects (Pty) Ltd	Expansion	HA5/ FHDA/2020/005			
	Seedi Development Projects (Pty) Ltd	Expansion	HA5/ FHDA/2020/005			
32 Additional scope of work for Construction of bulk sewer lines, sewer pump station and grey water recycling package plant for eradication of buckets in Petrus Steyn & Reitz Petsana in Nketoana Local Municipality in the Free State	Mazaxa Construction and Projects	Variation	W11326	R128 061 327,43	R0,00	-R9 247 240,46
	Mazaxa Construction and Projects	Variation	W11326		R0,00	R708 819,48
	Nceda Cleaning and Security Services	Variation	W11326	R51 420 859,02	R0,00	R2 829 738,24
33 Additional scope of work for Construction of bulk sewer lines, sewer pump station and grey water recycling package plant for eradication of buckets in Petrus Steyn & Reitz Petsana in Nketoana Local Municipality in the Free State	Pristo Response Trading	Variation	W11326	R79 606 587,11	R0,00	-R1 245 882,00
	Tactical Security Services	Variation	W11326	R46 156 391,66	R0,00	-R20 035 431,69
34 Rendering of private security service to DWS Nationally for a period of 36 months for Mpumalanga Province (Reduction of Scope on an existing site and increasing of scope for new site).	Tactical Security Services	Variation	W11326		R0,00	R3 296 672,19
	Tactical Security Services	Variation	W11326	R60 785 065,49	R0,00	-R17 320 331,83
35 Rendering of private security service to DWS Nationally for a period of 36 months for Limpopo D (Reduction of Scope on an existing sites)	Tactical Security Services	Variation	W11326		R0,00	R2 859 369,84
	Tactical Security Services	Variation	W11326		R0,00	
36 Rendering of private security service to DWS Nationally for a period of 36 months for Free State (Reduction of Scope on an existing site and increasing of scope for Existing and new site).	Tactical Security Services	Variation	W11326		R0,00	
	Tactical Security Services	Variation	W11326		R0,00	
37 Rendering of private security service to DWS Nationally for a period of 36 months for Kwa Zulu Natal (Reduction of Scope on an existing site and increasing of scope for Existing and new site).	Tactical Security Services	Variation	W11326		R0,00	
	Tactical Security Services	Variation	W11326		R0,00	
38 Rendering of private security service to DWS Nationally for a period of 36 months for Limpopo C. (Reduction of Scope on an existing sites)	Tactical Security Services	Variation	W11326		R0,00	
	Tactical Security Services	Variation	W11326		R0,00	

Project description	Name of supplier Expansion or variation	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
39	Rendering of private security service to DWS Nationally for a period of 36 months for Limpopo B (Reduction of Scope on an existing site and increasing of scope for Existing and new site).	Variation	W11326	R46 367 044,57	R0,00	-R9 947 498,20
40	Rendering of private security service to DWS Nationally for a period of 36 months for North West (Reduction of Scope on an existing site and increasing of scope for Existing and new site).	Variation	W11326	R103 845 193,85	R0,00	R11 767 553,10
41	Rendering of private security service to DWS Nationally for a period of 36 months for Eastern Cape Province (Increasing of scope for Existing and new site).	Variation	W11326	R44 131 430,22	R0,00	R8 274 057,44
42	Rendering of private security service to DWS Nationally for a period of 36 months for Western Cape (Reduction of Scope on an existing site and increasing of scope for Existing and new site).	Variation	W11326	R33 628 135,94	R0,00	-R6 651 987,38
43	Rendering of private security service to DWS Nationally for a period of 36 months for Western Cape (Reduction of scope on an existing site and increasing of scope for Existing and new site).	Variation	W11326	R31 691 724,90	R0,00	R3 759 644,61
44	Rendering of private security service to DWS Nationally for a period of 36 months for Northern Cape Province	Variation	W11326	R31 149 894,04	R0,00	R2 024 057,70
<b>Total</b>					<b>R454 860 637,43</b>	<b>R197 564 085,07</b>

## 3.2.2 Water Trading

Project description	Name of supplier Expansion or variation	Contract modification type #	Contract number R'000	Original contract value R'000	Value of previous contract expansion/s or variation/s R'000		Value of current contract expansion or variation
					Contract number R'000	Value of previous contract expansion/s or variation/s R'000	
1 Mdloti River Development: Project Management and Construction supervision	Messrs Ingerop South Africa	Variation	DEV0053WTE	R 23 134 816.35		R 11 722 004.97	R 2 845 064.14
2 Installation of pumps at Tienfontein Pump Station.	Sulzer Pumps South Africa Pty Ltd	Variation	DEV0008 WTE	R 4 770 880.65		R 0.00	R 53 786.94
3 Mdloti River Development-Project: Raising of Hazelmere Dam	Group Five Construction (PTY) Ltd	Variation	DEV0052 WTE	R 202 075 631.49		R 0.00	R 22 837 173.51
4 Design Manufacture, Rails operating systems and Maintenance at De Hoop Dam	IFE Elevators (PTY) Ltd	Variation	DWS04-0419 WTE	R 1 147 884.00		R 0.00	R 427 673.50
5 Environmental Assessment services for the Casteel Dam safety	Naledzi Environmental Consultants (PTY) Ltd	Variation	WQ11405 WTE	R 440 657.00		R 0.00	R 99 151.75
6 Health and Safety Agent for Kwaggaskloof Dam safety	Coetzee CHSA (PTY) Ltd	Variation	WQ9895 WTE	R 356 270.00		R 0.00	R 49 737.50
7 Mzimvubu Water: Project Eastern Access to Ntabelanga Dam 2	Green Hub (PTY) Ltd	Variation	WQ11383 WTE	R 795 633.50		R 65 000.00	R 91 917.50
8 Environmental Health Officer Mdloti River Development-Project: Raising of Hazelmere Dam	Iliso Consulting (PTY) Ltd	Variation	DEV0054 WTE	R 925 598.00		R 0.00	R 148 856.00
9 Monitoring services for Mzimvubu Water Project (advanced work)	Coastal and Environmental Services (PTY) Ltd	Variation	WQ9370 WTE	R 487 542.50		R 0.00	R 72 793.30

Project description	Name of supplier Expansion or variation	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s		Value of current contract expansion or variation
					R'000	R'000	
10 Environmental monitoring at Rietspruit Dam safety	Green Tree Environmental Consulting (PTY) Ltd	Expansion	WQ9441 WTE	R 197 184.75	R23 450.00	R0.00	R0.00
11 Olifants River Water Resource Development Project (ORWRDP): bulk distribution system	Zutari Ntodana Joint Venture	Expansion	TCTA05-041	R410 549 182.00	R0.00	R0.00	R0.00
12 Olifants-Doorn River Water Resource Development Project: Raising of Clanwilliam Dam	Bigen Africa (PTY) Ltd	Expansion	WP0485WTE	R154 206 613.00	R0.00	R0.00	R0.00
<b>Total</b>					<b>R11 810 454.97</b>	<b>R26 626 154.14</b>	

# PART F



## ANNUAL FINANCIAL STATEMENTS MAIN ACCOUNT

## 1 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

### Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, which is reviewed annually, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### Audit Committee members and attendance

The Audit Committee comprises of four (4) independent members who have sufficient qualifications and experience to render the required Audit Committee function as stipulated in the committee terms of reference.

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	No. of Meetings attended
Dr Charles Motau	Doctor Technologiae: Computer Science and Data Processing, Master's Degree in Business Leadership, Master's Degree in Information Technology, Bachelor of Commerce, Higher Diploma in Computer Auditing, Certificate in Information Technology Project Management, Certificate in Executive Leadership, Certificate in Human Resource Management, Certificate in Digital Transformation Strategy.	External	Not Applicable	01 July 2020	Not Applicable	9 of 9  (Dr Motau also attended a meeting with Chairpersons of the Audit Committees of the Water Boards)
Mr Sindile Faku	Master of Science Degree, Bachelor of Education, Bachelor of Arts, Senior Teachers Diploma, Human Resource Management Programme, Graduate Diploma in Company Direction, Housing Finance Course, Real Estate Qualification, Leadership in Local Government Certification	External	Not Applicable	01 July 2020	Not Applicable	9 of 9



Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	No. of Meetings attended
Ms Nontlaza Sizani	Bachelor of Commerce Honors, Certificate in Accounting Theory (CTA), Post Graduate Diploma in Management, Bachelor of Commerce, Senior Secondary Teachers Diploma,	External	Not Applicable	01 July 2020	Not Applicable	9 of 9
Adv Oliver Josie	B PROC Degree, Bachelor of Law (LLB), a Master's Degree in Law, a Master's in Business Leadership from the University of South Africa.	External	Not Applicable	01 November 2022	Not Applicable	4 of 9

## The effectiveness of internal control

The systems of internal control are designed to provide cost effective assurance in achieving the Department's objectives by ensuring that assets are safeguarded, operations are effective and efficient, financial and performance information is reliable and there is compliance with the laws and regulations.

The Audit Committee provided oversight on the operations and business activities of the Department through the quarterly reporting processes by Management as well as the Internal Audit reviews as prioritised in the approved risk-based Annual Audit Operational Plan. The systems of internal control within the Department were not entirely effective for the year under review and the Audit Committee is of the opinion that both the AGSA and Internal Audit findings should be addressed timely to ensure that the systems of internal control are effective and efficient.

## Resolution of internal control findings

The follow-up processes such as quarterly reporting on action plans performed by the Chief Directorate: Internal Audit and the Directorate: Internal Control indicated that Management need to institute adequate corrective action to address control weaknesses identified.

The Audit Committee requires management to improve the quality and timing of management's responses. The Audit Committee is continuously emphasising the importance of Management appropriately balancing delivery and continuous improvement.

## Combined assurance

The Audit Committee reviewed the plans and reports of the AGSA, and Internal Audit and other assurance providers including Management and concluded that these were adequate to address all significant risks facing the Department.

The Office of the Chief Risk Officer in consultation with Internal Audit developed the departmental Combined Assurance Strategy and Implementation Plan. The Plan was reviewed and implemented during the 2022/23 financial year. Feedback on the implementation of the Combined Assurance Plan is provided during the Quarterly Risk Management Meetings and reported to the Audit Committee quarterly by an Independent Chairperson of the Risk Management Committee. It must be noted that combined assurance is still in its infancy and will improve over time as the plans are implemented.

The Internal Audit Unit coordinates its plans with the AGSA to minimise duplication of efforts and increase audit coverage. The AGSA is also making efforts to place more reliance on the work of Internal Audit in coming financial year.

## Internal Audit effectiveness

In line with the PFMA and the King IV Report requirements relating to Public Sector, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are adequate and effective. This is achieved by means of an appropriate quarterly reporting process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

Internal Audit forms part of the third line of defence as set out in the Combined Assurance Strategy and engages with the first and second lines of defence to facilitate the escalation of key control weaknesses. The Internal Audit unit has a functional reporting line to the Audit Committee and an administrative reporting line to the Director-General. The Audit Committee, with respect to its evaluation of the adequacy and effectiveness of internal controls, receives reports from Internal Audit on a quarterly basis, assesses the effectiveness of Internal Audit function, reviews and approves the Internal Audit annual coverage and Three-Year Rolling Plans.

The Audit Committee is responsible for ensuring that the Department's Internal Audit function is independent and has the necessary resources, standing and authority within the Department to enable it to discharge its duties.

The Audit Committee monitored and challenged, where appropriate, actions taken by Management regarding adverse Internal Audit findings. The Audit Committee has overseen a process by which Internal Audit has performed audits according to a risk-based audit plan where the effectiveness of the risk management and internal controls were evaluated. These evaluations were the main input considered by the Audit Committee in reporting on the effectiveness of internal controls. The Audit Committee is satisfied with the independence and effectiveness of the Internal Audit function.

Internal Audit conducted several investigations on allegations against officials within Department as requested by both the Director General and Minister. Disciplinary actions and criminal proceedings were recommended on the completed cases.

## Performance information

The performance information was presented to the Audit Committee during the meeting of 26 May 2023. The Audit Committee supported the submission of the information. Quarterly review of performance information by the Internal Audit unit of all Annual Performance Plan targets took place. An improvement was noted in this regard.

A major concern is the annual performance achievement of only 72% of the set targets, while the Department spent 95% of the approved budget for 2022/23 financial year. This is however an improvement from last year's performance of 65% and 86% of the approved budget. Therefore, the Audit Committee is of the view that the Department is making strides to improve its performance.

## Risk management

A separate Risk Management Committee, which is chaired by an independent Chairperson, monitors, and oversees the process of risk identification throughout the Department. Feedback is also provided to the Audit Committee on a quarterly basis.

The Department assessed strategic and operational risks on a quarterly basis that could have an impact on the achievement of its objectives, both strategically and on a programme level. Risks were prioritised based on its likelihood and impact (inherent and residual) and additional mitigations were agreed upon to reduce risks to acceptable levels. New/emerging risks were identified during the quarterly review processes. Internal Audit also performed their own assessment of the risk environment of the Department and included the strategic and operational risks as part of this assessment. The Department must continue to strive towards a higher level of risk management maturity with the focus on embedding such at all levels.

## Governance and ethics

The Department has adopted the corporate governance principles of the King Codes of Governance in South Africa applicable to the Public Sector. The Audit Committee continues to monitor the key governance interventions of the Department as required, however due to its nature there is a need for continued improvement in this area.

There is focus on ethics within the Department to imbed further enhancement of awareness and understanding of Ethics at all levels within the Department. Furthermore, the Department requires that all members of the Senior Management Services (SMS), Middle Management Service, Supply Chain Management and Finance officials complete a financial disclosure declaration.

## Information and Communication Technology (ICT) governance

The Audit Committee reviewed the progress with respect to the ICT Governance in line with the Corporate Governance of ICT Policy Framework issued by the Department of Public Service and Administration.

Although there was progress on the ICT Internal Controls, the Audit Committee reports its discomfort with minimal progress made with the implementation of Disaster Recovery Plan and the Business Continuity Plans. The Audit Committee will further monitor the development and implementation of the Digital Transformation Strategy.

The issue of ICT Security continues to be a high risk for the Department due to data breaches that were experienced in the past. However, the Audit Committee noted the implementation of control measures in this regard, including those that were implemented following the Cyber Security Review that was performed by an external service provider on behalf of the Internal Audit Unit.

## Audit Committee responsibility

The Audit Committee is pleased to report that it has complied with its responsibility arising from its terms of reference, including relevant legislative requirements. The Audit Committee and relevant stakeholders also completed an annual Audit Committee assessment to evaluate the efficiency and effectiveness of the Committee.

For the financial year ended 31 March 2023, the Audit Committee reviewed:

- Quarterly Financial Statements and Performance Reports;
- Unaudited Annual Financial Statements before submission to the AGSA;
- Audited Annual Financial Statements to be included in the Annual Report;
- The AGSA's Audit Report, Management Report and Management's response thereto;
- The appropriateness of Accounting Policies and Procedures;
- The effectiveness of the system of Risk Management;
- Compliance with relevant laws and regulations;
- The system of ICT Governance;
- The audit plans and reports of Internal Audit and the AGSA. The Audit Committee also conducted separate meetings with Internal Audit and the AGSA; and
- The Internal Audit and Audit Committee Charters.

## In-year management and quarterly report

The Department has been reporting on a monthly and quarterly basis to the National Treasury as required by the PFMA. The quarterly financial reports were also presented to the Audit Committee. The Audit Committee has reviewed the annual report of the Department to verify whether it is in line with the guidelines issued by the National Treasury and the accuracy of the performance information reported in this annual report. The Audit Committee has reviewed performance information and is satisfied that the information reported by the Department is accurate.

## Evaluation of financial statements

The Audit Committee reviewed the annual financial statements prepared by the Department and was satisfied with the content and quality of financial and non-financial quarterly reports prepared and submitted by the Director-General during the financial year under review and confirm that the reports were mostly in compliance with the statutory reporting framework. The Audit Committee had the opportunity to review the Annual Financial Statements and discussed it with Management during the meeting that was held on 26 May 2023.

The AGSA presented the Audit and Management reports to the management of the Department and the Audit Committee at a meeting held on 26 July 2023.

### The Audit Committee has the following comments:

- The Audit Committee appreciates the fact that the Department maintained its audit outcome of an unqualified audit opinion with material findings on compliance with legislation. However, management needs to implement the actions plans to ensure that the internal control environment is improved and increase the likelihood of a clean audit. The implementation of these action plans will be monitored by Internal Audit and the Audit Committee on a quarterly basis.
- The Audit Committee is concerned about:
  - The underspending on voted funds by an amount of R861m. However, this is a significant improvement on the prior year under-spending of R2.5bn. Furthermore, the department has applied for a roll-over of the funds not spent.
  - The material findings that were noted on performance information, including a qualified opinion on programme 2 (Water Resources Management) reporting.
  - Delays in initiating or completing investigations which resulted in consequence management processes not being implemented in a timely manner against officials for irregularities and allegations of financial misconduct. However, the number of cases that have been investigated has improved and this is due to the increase in investigative capacity. This included the filling of vacant positions, appointment of Contract Workers, and the procurement of professional service providers to assist in expediting the investigations.
  - Delayed projects due to inadequate management of projects. In this regard the Department must improve the monitoring of WSIG and RBIG projects to pro-actively assist with resolving project challenges. The Audit Committee however noted the interventions that were initiated by the Director-General to resolve these challenges and is of the view that these initiatives will yield the desired results.
  - There are delays in the issuing of water licenses, which is affecting economic activity. However, the Audit Committee noted that the Director-General is increasing capacity to clear the backlogs and improve the turnaround time for issuing of licenses.
  - Inadequate systems to manage infrastructure and water losses in the water sector.
  - Significant delays noted on the National Digitisation of Water and Sanitation Systems.
  - The internal controls around finance and performance management as the AGSA reported that the supporting schedules to the financial statements and the annual performance report were not adequately reviewed for accuracy prior to submission for audit.
- The Audit Committee is pleased that:
  - The AGSA did not identify findings on financial management (budgeting).
  - There were no significant issues from the AGSA's audit of compliance with Supply Chain Management legislation and related prescripts, policies, and procedures, resulting in a significant reduction in irregular expenditure (R1 023 000) compared to the prior year (2021-22 R 208 million). The significant improvement can be attributed to the improvements in the internal control environment.
  - There no new material irregularity reported. The AGSA only followed up on a material irregularity that was identified in the prior financial year and progress was noted in addressing the concerns raised by the AGSA.

- The payables were made within a period of 30 days. This is an improvement from 42 days in the prior year to 24.9 days in the 2022/23 financial year.
- The Department produced the green drop and the blue drop reports which keep the public and stakeholders informed and updated with information about the quality of water and sanitation services in the country.
- The Department produced the no drop report which outlines the water losses in the country; the report also highlights the challenges experienced by the sector and aims to start relevant conversations amongst responsible entities and individuals as to how the sector can improve.
- The Department has embarked in the process of implementing the water services improvement plan to assist with improving service delivery at municipalities.

The Audit Committee concurs and accepts the AGSA's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the audit report of the AGSA.

## Conclusion

The Audit Committee is pleased that the Department maintained an audit outcome of an unqualified audit opinion with material findings on compliance with legislation. The control environment has improved in general, however, there is still room for improvement as weaknesses were reported by the assurance providers, including Internal Audit and the AGSA, and the Audit Committee recommends that management implement the actions plans in the coming year to ensure that the internal control environment is improved. This will likely result in a clean audit. The Audit Committee will assist management by monitoring the implementation of the audit action plans on a quarterly basis and provide guidance where appropriate.

Management is positive in their commitment to good governance and a clean administration.

The Audit Committee wishes to express its appreciation to the Director-General, Management of the Department, the AGSA, Internal Audit and the Minister who assisted the Audit Committee in performing its functions effectively.



**Adv O Josie**  
**Chairperson of the Audit Committee**  
**Department of the Water & Sanitation**

**Date:** 27 September 2023

## 2 REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON VOTE 41: DEPARTMENT OF WATER AND SANITATION

### Report on the audit of the financial statements

#### Opinion

- 1 I have audited the financial statements of the Department of Water and Sanitation set out on pages 226 to 310, which comprise the appropriation statement, statement of financial position as at 31 March 2023, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Water and Sanitation as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 4 of 2020 (Dora).

#### Basis for opinion

- 3 I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
- 4 I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
- 5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

- 6 I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### Restatement of corresponding figures

- 7 As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2023.

#### Underspending of the vote

- 8 As disclosed in the appropriation statement, the department materially underspent the budget by R861 million; which included R33 million on programme 1, R33 million on programme 2 and R795 million on programme 3.

#### Other matters

- 9 I draw attention to the matter below. My opinion is not modified in respect of this matter.

- 10 On 23 December 2022, National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and 4(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addressed the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 24 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the Department of Water and Sanitation. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.
- 11 I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

## Unaudited supplementary schedules

- 12 The supplementary information set out on 312 to 343 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## Responsibilities of the accounting officer for the financial statements

- 13 The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS, the requirements of the PFMA and the Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 14 In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

## Responsibilities of the auditor-general for the audit of the financial statements

- 15 My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 16 A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

- 17 In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
- 18 I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2 – water resources management	60 to 79	Responsible for the protection, use, development, conservation, management and control of water resources in a sustainable manner for the benefit of all people and the environment. It provides for the development of a knowledge base for proper planning and informed decision-making. It also provides for the development of effective policies and procedures as well as oversight of all water resource management institutions.
Programme 3 – water services management	81 to 90	Addresses the water and sanitation services provision across the water and sanitation value chain in support of water service authorities. The integration of bulk and retail water services to improve the coherence of the sector and to realise economies of scale and efficient use of water. It also provides for the development of effective policies, strategies, guidelines and procedures and plans as well as oversight and regulation of all water service management institutions.

- 19 I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.
- 20 I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
  - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
- 21 I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
- 22 The material findings on the performance information of the selected programmes were as follows:

## Programme 2 – Water Resource Management

### PPI 3.5.1 – Percentage of scheduled maintenance projects completed as a proportion of planned maintenance projects

- 23 An achievement of 45% was reported against a target of 50%. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the underachievement on the target was more than reported.



## Other matters

24 I draw attention to the matters below.

## Achievement of planned targets

- 25 The annual performance report includes information on reported achievements against planned targets and provides explanations for over and underachievement. This information should be considered in the context of the material finding on the reported performance information.
- 26 The department plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

## Programme 2 – Water Resource Management

Targets achieved: 75%

Budget spent: 99%

Key service delivery indicators not achieved		Planned target	Reported achievement
PPI 3.4.1	Number of bulk raw water projects in preparation for implementation	4	1
PPI 3.4.2	Number of bulk raw water projects under construction	4	2
PPI 3.5.1	Percentage of scheduled maintenance projects completed as a proportion of planned maintenance projects	50%	45% (473 of 1046)
PPI 3.5.2	Percentage of unscheduled maintenance projects completed as a proportion of planned maintenance projects	≤30%	35% (364 of 1046)
PPI 3.5.4	Number of dam safety rehabilitation projects completed	2	0
PPI 5.1.4	Percentage of applications for water use authorisation finalised within the regulated period	80%	62% (562 out of 902)

## Programme 3 – Water Service Management

Targets achieved: 70%

Budget spent: 93%

Key service delivery indicators not achieved		Planned target	Reported achievement
PPI 3.8.2	Number of WSAs assessed for compliance with the requirements of the no drop regulatory programme	144 WSAs assessed	0 WSAs assessed (draft no drop watch report)
PPI 3.9.3.2	Number of large regional bulk infrastructure project phases under construction	67	65
PPI 3.9.4.2	Number of large regional bulk infrastructure project phases completed	13	5
PPI 3.10.2	Number of small WSIG projects completed	115	102
PPI 3.10.4	Number of existing bucket sanitation backlog systems in formal settlements replaced	10798	0
PPI 5.3.1	Number of water supply systems assessed for compliance with Blue Drop	1035	979

- 27 Reasons for the underachievement of targets are included in the annual performance report on pages 61 to 90.

## Material misstatements

- 28 I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 2: water resources management and programme 3: water services management. Management did not correct some of the misstatements and I reported material findings in this regard.

## Report on compliance with legislation

- 29 In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
- 30 I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
- 31 Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
- 32 The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Consequence management

- 33 I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA.
- 34 I was unable to obtain sufficient appropriate audit evidence in some instances that investigations were conducted into allegations of financial misconduct committed by officials, as required by treasury regulation 4.1.1.

## Other information in the annual report

- 35 The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
- 36 My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
- 37 My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 38 I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

- 39 I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the material finding on the annual performance report and the material findings on compliance with legislation included in this report.
- 40 The supporting schedules to the annual performance report were not adequately reviewed for accuracy before submission for auditing.
- 41 The accounting officer did not implement adequate and timely consequence management processes for irregularities identified and for allegations of financial misconduct against staff members.

## Material irregularities

- 42 In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

## Status of previously reported material irregularities

### Payment made to a consulting firm without evidence of work performed

- 43 In 2018-19, a consulting firm appointed for financial management services was paid R17 900 594 without the required progress report supporting that the work had been performed.
- 44 The payment for services that had not been delivered was a result of ineffective internal controls in approving and processing payments, as required by treasury regulation 8.1.1.
- 45 The non-compliance with legislation is likely to result in a material financial loss if the amount paid is not recovered from the firm. A contingent asset of R17 900 594 in relation to this matter has been disclosed in note 19.2 to the financial statements.
- 46 The accounting officer was notified of the material irregularity on 17 July 2019. The following actions have been taken to resolve the material irregularity:
- 47 The department's internal audit unit investigated the matter and concluded its report on 18 July 2018. Based on the outcome of the investigation, the accounting officer initiated disciplinary proceedings against the officials involved on 9 October 2018 and, subsequently, all the officials resigned from the department.
- 48 One official joined another department and, on 9 June 2020 that department was requested to continue with the disciplinary process. The disciplinary process included disciplinary hearings held on 6 to 12 July 2023 and was still in progress at the date of this audit report.
- 49 A criminal case opened on 17 July 2018 with the South African Police Service was still in progress at the date of this audit report.
- 50 The accounting officer implemented strengthened internal controls to efficiently and effectively monitor the performance of service providers against set deliverables and review appropriate verifiable supporting documents.
- 51 The accounting officer filed a combined summons with the High Court on 22 November 2018 to declare the contract invalid and recover the amount paid. On 22 January 2020, the court granted an order by agreement between the parties that the review application to declare the contract invalid had become academic, and, therefore, it was withdrawn.
- 52 The appropriate action to be taken by the accounting officer is dependent on the outcome of the court case to recover the possible overpayment, which was still ongoing at the date of this report. The matter has been set down for hearing on 05 February 2024.
- 53 I will follow up on the implementation of the above actions during my next audit.

## Other reports

- 54 In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
- 55 The Special Investigation Unit (SIU) conducted numerous forensic investigations, as per the relevant proclamations issued, at the Department of Water and Sanitation or relevant water boards and the entity linked to the department. Most of these investigations were still in progress at the date of this auditor's report.

*Auditor-General*

**Pretoria**

**Date:** 29 July 2023



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

## Annexure to the auditor's report

### The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

## Auditor-general's responsibility for the audit

### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Department of Water and Sanitation to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation – selected legislative requirements

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 1 Section 38(1)(a)(iv); 38(1)(b); PFMA 38(1)(c); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii) Section 39(1)(a); 39(2)(a) Section 40(1)(a); 40(1)(b); 40(1)(c)(i)  Section 43(4); 44; 44 (1) and (2); 45(b) Section 50(3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b) Treasury Regulation 7.2.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c) Treasury Regulation 16A3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a), (b) & (e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A.7.3; 16A.7.6; 16A.7.7; TR 16A8.2 (1) and (2); 16A 8.3 16A8.3 (d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1(b)(ii); 16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 116A9.2; 16A9.2(a)(ii) &(iii); 16A9.1(f) Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.8.4
Division of Revenue Act 5 of 2022	Section 16(1)
Public Service Regulation	Public Service Regulation 13(c); 18; 18 (1) and (2); 25(1)(e)(i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 29 Section 34(1)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
SITA ACT	Section 7(3) Section 7(6)(b) Section 20(1)(a)(l)

Legislation	Sections or regulations
SITA regulations	Regulation 8.1.1 (b); 8.1.4; 8.1.7 Regulation 9.6; 9.4 Regulation 12.3 Regulation 13.1 (a) Regulation 14.1; 14.2
PFMA SCM Instruction no. 09 of 2022-23	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015-16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021-22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4(c)-(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016-17	Paragraph 6
NT SCM Instruction Note 03 2019-20	Par 5.5.1(vi); Paragraph 5.5.1(x)
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202-21	Paragraph 2
Practice note 7 of 2009-10	Paragraph 4.1.2
Practice note 11 of 2008-9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021-22	Paragraph 4.1
Public Service Act 103 of 1994	Section 30 (1)

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## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

### Appropriation per programme

Programme		2022/23							2021/22	
		Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget	Actual expenditure
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
1	Administration	2 019 933	-	(29 234)	1 990 699	1 957 253	33 446	98,3%	1 960 017	1 716 499
2	Water Resources Management	3 818 520	-	(4 203)	3 814 317	3 781 243	33 074	99,1%	3 616 600	3 499 861
3	Water Services Management	12 716 557	-	33 437	12 749 994	11 954 920	795 074	93,8%	12 158 440	9 987 154
<b>Total programmes</b>		<b>18 555 010</b>	<b>-</b>	<b>-</b>	<b>18 555 010</b>	<b>17 693 416</b>	<b>861 594</b>	<b>95,4%</b>	<b>17 735 057</b>	<b>15 203 514</b>
<b>Total (brought forward)</b>					<b>18 555 010</b>				<b>17 735 057</b>	
<b>Reconciliation with statement of financial performance</b>										
<b>ADD</b>										
	Departmental receipts				26 709				5 775	
<b>Actual amounts per statement of financial performance (total revenue)</b>					<b>18 581 719</b>				<b>17 740 832</b>	
<b>Actual amounts per statement of financial performance (total expenditure)</b>						<b>17 693 416</b>				<b>15 203 514</b>

## Appropriation per economic classification

Economic classification	2022/23						2021/22		
	Approved budget R'000	Shifting of funds R'000	Virement R'000	Final budget R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final budget R'000	Actual expenditure R'000
<b>Current payments</b>	3 732 702	(4 782)	-	3 727 920	3 643 526	84 394	97,7%	4 113 340	3 215 615
Compensation of employees	1 836 433	-	-	1 836 433	1 812 887	23 546	98,7%	1 854 657	1 742 236
Goods and services	1 896 266	(4 782)	-	1 891 484	1 830 636	60 847	96,8%	2 258 461	1 473 158
Interest and rent on land	3	-	-	3	3	-	100,0%	222	221
<b>Transfers and subsidies</b>	10 665 368	138 006	-	10 803 374	10 799 399	3 975	100,0%	9 415 476	9 414 311
Provinces and municipalities	6 223 417	134 248	-	6 357 665	6 357 147	518	100,0%	5 858 484	5 858 274
Departmental agencies and accounts	2 612 130	11	-	2 612 141	2 612 140	1	100,0%	2 375 857	2 375 855
Foreign governments and international organisations	250 978	-	-	250 978	250 754	224	99,9%	243 324	243 116
Public corporations and private enterprises	1 543 686	-	-	1 543 686	1 543 686	-	100,0%	902 969	902 969
Non-profit institutions	1 592	-	-	1 592	1 485	107	93,3%	1 322	577
Households	33 565	3 747	-	37 312	34 187	3 125	91,6%	33 520	33 520
<b>Payments for capital assets</b>	4 156 941	(134 248)	-	4 022 693	3 249 467	773 226	80,8%	4 206 063	2 573 410
Buildings and other fixed structures	3 956 929	(132 714)	-	3 824 215	3 135 657	688 557	82,0%	4 045 522	2 479 579
Machinery and equipment	148 447	(1 511)	-	146 936	67 371	79 565	45,9%	117 294	52 451
Intangible assets	51 565	(23)	-	51 542	46 438	5 104	90,1%	43 247	41 380
Payments for financial assets	-	1 024	-	1 024	1 024	-	100,0%	178	178
<b>Total for economic classification</b>	<b>18 555 010</b>	<b>-</b>	<b>-</b>	<b>18 555 010</b>	<b>17 693 416</b>	<b>861 594</b>	<b>95,4%</b>	<b>17 735 057</b>	<b>15 203 514</b>

## Programme 1: Administration

Sub-programmes R'000		2022/23						2021/22		
		Approved budget R'000	Shifting of funds R'000	Virement R'000	Final budget R'000	Actual expenditure R'000	Variance %	Expenditure as a % of final appropriation R'000	Final budget R'000	Actual expenditure
1	Ministry	52 813	7 252	-	60 065	59 796	269	99,6%	84 934	63 842
2	Departmental Management	174 188	(31 699)	-	142 489	142 461	28	100,0%	159 330	124 747
3	Corporate Services	862 250	15 566	(29 234)	848 582	815 927	32 655	96,2%	826 762	717 880
4	Financial Management	269 080	(13 245)	-	255 835	255 797	38	100,0%	263 510	237 753
5	Office Accommodation	553 157	34 628	-	587 785	587 785	-	100,0%	514 446	490 188
6	Provincial and International Coordination	108 445	(12 502)	-	95 943	95 487	456	99,5%	111 035	82 089
<b>Total for sub-programmes</b>		<b>2 019 933</b>	<b>-</b>	<b>(29 234)</b>	<b>1 990 699</b>	<b>1 957 253</b>	<b>33 446</b>	<b>98,3%</b>	<b>1 960 017</b>	<b>1 716 499</b>

Economic classification	2022/23							2021/22	
	Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	1 864 828	(3 004)	(10 467)	1 851 357	1 849 618	1 739	99,9%	1 830 791	1 623 691
Compensation of employees	839 732	-	10 515	850 247	849 919	328	100,0%	830 824	791 547
Goods and services	1 025 093	(3 004)	(20 982)	1 001 107	999 696	1 411	99,9%	999 921	832 099
Interest and rent on land	3	-	-	3	3	-	100,0%	46	45
<b>Transfers and subsidies</b>	31 750	2 538	-	34 288	33 738	550	98,4%	32 071	31 734
Provinces and municipalities	183	-	-	183	7	176	3,8%	129	2
Departmental agencies and accounts	3 350	4	-	3 354	3 354	-	100,0%	3 190	3 188
Foreign governments and international organisations	2 700	-	-	2 700	2 476	224	91,7%	2 550	2 342
Non-profit institutions	550	-	-	550	500	50	90,9%	500	500
Households	24 967	2 534	-	27 501	27 401	100	99,6%	25 702	25 702
<b>Payments for capital assets</b>	123 355	-	(18 767)	104 588	73 431	31 157	70,2%	97 149	61 068
Machinery and equipment	72 380	(494)	(18 767)	53 119	27 066	26 053	51,0%	54 522	19 688
Intangible assets	50 975	494	-	51 469	46 365	5 104	90,1%	42 627	41 380
<b>Payments for financial assets</b>	-	466	-	466	466	-	100,0%	6	6
<b>Total for economic classification</b>	<b>2 019 933</b>	<b>-</b>	<b>(29 234)</b>	<b>1 990 699</b>	<b>1 957 253</b>	<b>33 446</b>	<b>98,3%</b>	<b>1 960 017</b>	<b>1 716 499</b>

## Programme 2: Water Resource Management

Sub-programmes R'000	2022/23						2021/22		
	Approved budget R'000	Shifting of funds R'000	Virement R'000	Final budget R'000	Actual expenditure R'000	Variance %	Expenditure as a % of final appropriation R'000	Final budget R'000	Actual expenditure
1 Water Resources Management Support	6 937	646	(781)	6 802	6 312	490	92,8%	6 931	5 447
2 Integrated Water Resources Planning	98 499	(22 075)	(6 961)	69 463	69 461	2	100,0%	95 466	74 819
3 Water Ecosystems Management	64 478	5 488	-	69 966	69 834	132	99,8%	53 393	51 719
4 Water Resources Information and Management	526 101	30 317	6 312	562 729	535 599	27 130	95,2%	562 352	505 972
5 Water Resources Infrastructure Management	2 857 057	-	-	2 857 057	2 857 057	-	100,0%	2 613 439	2 613 439
6 Water Resources Policy and Strategy	2 526	244	-	2 770	2 620	150	94,6%	8 496	2 274
7 Water Resources Regulation	218 292	(8 620)	(2 730)	206 942	201 782	5 160	97,5%	203 335	197 748
8 Water Resources Institutional Oversight	44 631	(6 000)	(43)	38 588	38 578	10	100,0%	73 188	48 443
<b>Total for sub-programmes</b>	<b>3 818 520</b>	<b>-</b>	<b>(4 203)</b>	<b>3 814 317</b>	<b>3 781 243</b>	<b>33 074</b>	<b>99,1%</b>	<b>3 616 600</b>	<b>3 499 861</b>

Economic classification	2022/23						2021/22		
	Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	879 663	(1 437)	(4 203)	874 023	868 406	5 617	99,4%	915 728	825 686
Compensation of employees	609 368	-	(10 515)	598 853	593 236	5 617	99,1%	648 710	611 665
Goods and services	270 295	(1 437)	6 312	275 170	275 170	-	100,0%	267 018	214 021
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	2 860 310	1 163	-	2 861 473	2 860 805	668	100,0%	2 619 413	2 619 330
Provinces and municipalities	795	-	-	795	453	342	57,0%	553	470
Departmental agencies and accounts	2 608 780	7	-	2 608 787	2 608 786	1	100,0%	2 372 667	2 372 667
Foreign governments and international organisations	248 278	-	-	248 278	248 278	-	100,0%	240 774	240 774
Households	2 457	1 156	-	3 613	3 288	325	91,0%	5 419	5 419
<b>Payments for capital assets</b>	78 548	-	-	78 548	51 758	26 790	65,9%	81 347	54 733
Buildings and other fixed structures	20 062	1 534	-	21 596	21 596	-	100,0%	30 900	29 395
Machinery and equipment	57 896	(1 017)	-	56 879	30 089	26 790	52,9%	49 827	25 338
Intangible assets	590	(517)	-	73	73	-	100,0%	620	-
<b>Payments for financial assets</b>	-	274	-	274	274	-	100,0%	112	112
<b>Total for economic classification</b>	<b>3 818 520</b>	<b>-</b>	<b>(4 203)</b>	<b>3 814 317</b>	<b>3 781 243</b>	<b>33 074</b>	<b>99,1%</b>	<b>3 616 600</b>	<b>3 499 861</b>

### Programme 3: Water Services Management

Sub-programmes R'000		2022/23						2021/22		
		Approved budget R'000	Shifting of funds R'000	Virement R'000	Final budget R'000	Actual expenditure R'000	Variance %	Expenditure as a % of final appropriation R'000	Final budget R'000	Actual expenditure
1	Water Services Management Support	36 323	(3 368)	-	32 955	32 732	223	99,3%	34 859	27 633
2	Water Services and Local Management	285 029	59 931	33 437	378 397	359 096	19 301	94,9%	402 541	223 785
3	Regional Bulk Infrastructure Grant	7 632 384	(28 199)	-	7 604 185	7 005 594	598 591	92,1%	7 064 295	5 444 553
4	Water Services Regulation	85 306	(27 775)	-	57 531	42 314	15 217	73,5%	45 615	38 080
5	Water Services Policy and Strategy	19 493	(6 013)	-	13 480	13 479	1	100,0%	12 349	12 349
6	Water Services Infrastructure Grant	4 629 451	13 241	-	4 642 692	4 480 951	161 741	96,5%	4 585 931	4 233 134
7	Water Services Institutional Oversight	28 571	(7 817)	-	20 754	20 754	-	100,0%	12 850	7 620
<b>Total for sub-programmes</b>		<b>12 716 557</b>	<b>-</b>	<b>33 437</b>	<b>12 749 994</b>	<b>11 954 920</b>	<b>795 074</b>	<b>93,8%</b>	<b>12 158 440</b>	<b>9 987 154</b>



Economic classification	2022/23						2021/22		
	Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	988 211	(341)	14 670	1 002 540	925 502	77 038	92,3%	1 366 821	766 238
Compensation of employees	387 333	-	-	387 333	369 732	17 601	95,5%	375 123	339 024
Goods and services	600 878	(341)	14 670	615 207	555 770	59 437	90,3%	991 522	427 038
Interest and rent on land	-	-	-	-	-	-	-	176	176
<b>Transfers and subsidies</b>	7 773 308	134 305	-	7 907 613	7 904 856	2 757	100,0%	6 763 992	6 763 247
Provinces and municipalities	6 222 439	134 248	-	6 356 687	6 356 687	-	100,0%	5 857 802	5 857 802
Public corporations and private enterprises	1 543 686	-	-	1 543 686	1 543 686	-	100,0%	902 969	902 969
Non-profit institutions	1 042	-	-	1 042	985	57	94,5%	822	77
Households	6 141	57	-	6 198	3 498	2 700	56,4%	2 399	2 399
<b>Payments for capital assets</b>	3 955 038	(134 248)	18 767	3 839 557	3 124 278	715 279	81,4%	4 027 567	2 457 609
Buildings and other fixed structures	3 936 867	(134 248)	-	3 802 619	3 114 062	688 557	81,9%	4 014 622	2 450 184
Machinery and equipment	18 171	-	18 767	36 938	10 216	26 722	27,7%	12 945	7 425
<b>Payments for financial assets</b>	-	284	-	284	284	-	100,0%	60	60
<b>Total for economic classification</b>	<b>12 716 557</b>	<b>-</b>	<b>33 437</b>	<b>12 749 994</b>	<b>11 954 920</b>	<b>795 074</b>	<b>93,8%</b>	<b>12 158 440</b>	<b>9 987 154</b>

## NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

### 1 Detail of transfers and subsidies as per Appropriation Act (after virement)

Detail of these transactions can be viewed in the note on transfers and subsidies, and Annexure 1A-H of the annual financial statements.

### 2 Detail of specifically and exclusively appropriated amounts voted (after virement)

Detail of these transactions can be viewed in the note on annual appropriation to the annual financial statements.

### 3 Detail on payments for financial assets

Detail of these transactions can be viewed in the note on payments for financial assets to the annual financial statements.

### 4 Explanations of material variances from amounts voted (after virement)

4.1	Programme	Final budget	Actual expenditure	Variance	Variance as a % of final budget
		R'000	R'000	R'000	%
	Administration	1 990 699	1 957 253	33 446	2%
	Water Resources Management	3 814 317	3 781 243	33 074	1%
	Water Services Management	12 749 994	11 954 920	795 074	6%
	<b>Total</b>	<b>18 555 010</b>	<b>17 693 416</b>	<b>861 594</b>	<b>5%</b>

4.2	Economic classification	Final budget	Actual expenditure	Variance	Variance as a % of final budget
		R'000	R'000	R'000	%
	<b>Current payments</b>	3 727 920	3 643 526	84 394	2%
	Compensation of employees	1 836 433	1 812 887	23 546	1%
	Goods and services	1 891 484	1 830 636	60 847	3%
	Interest and rent on land	3	3	-	0%
	<b>Transfers and subsidies</b>	10 803 374	10 799 399	3 975	0%
	Provinces and municipalities	6 357 665	6 357 147	518	0%
	Departmental agencies and accounts	2 612 141	2 612 140	1	0%
	Public corporations and private enterprises	250 978	250 754	224	0%
	Foreign governments and international organisations	1 543 686	1 543 686	-	0%
	Non-profit institutions	1 592	1 485	107	7%
	Households	37 312	34 187	3 125	8%
	<b>Payments for capital assets</b>	4 022 693	3 249 467	773 226	9%
	Buildings and other fixed structures	3 824 215	3 135 658	688 557	18%
	Machinery and equipment	146 936	67 371	79 565	54%
	Intangible assets	51 542	46 438	5 104	10%
	<b>Payments for financial assets</b>	1 024	1 024	-	0%
	<b>Total</b>	<b>18 555 010</b>	<b>17 693 416</b>	<b>861 594</b>	<b>5%</b>

**Current expenditure:** The underspending on current expenditure is R84.394 million. The compensation of employees has contributed to underspending due to posts that are not filled due to reduced rate/scaling down of filling vacancies to adhere to the set compensation ceilings over the 2022/2023 Medium-Term Expenditure Framework (MTEF). The underspending also includes a portion of remaining budget from goods and services which is attributed mainly due to unpaid invoices for KwaZulu-Natal disaster interventions and the Gauteng Vaal River System (VRS).

**Transfers and subsidies:** The underspending of R3.975 million in this economic classification is mainly from households due to remaining budget for payments of pension benefits in terms of the severance package when member's service is terminated prior to his or her retirement date, retirement benefits and lump sum payment in lieu of accumulated/capped leave under households

**Payment for capital assets:** The significant contributors to underspending of R773.226 million in this economic classification are Regional Bulk Infrastructure Grant and Water Services Infrastructure Grant (Allocations-in-kind to municipalities for designated special programmes including Bucket Eradication Programme and Drought Intervention committed projects from the implementing agents). This is due to the following:

- Delays by Implementing agencies to finalize the Contractor's appointments.
- Delays in the processing of payments due to the invoice which were still being verified.
- Outstanding detailed designs for the implementation RBIG Bucket Eradication funded projects.
- Underperformance by some contractors which result in termination of contract and readvertised to appoint new contractor

4.3	Conditional grant	Final budget	Actual expenditure	Variance	Variance as a % of final budget
		R'000	R'000	R'000	%
	Water Services Infrastructure Grant (WSIG): Schedule 5B	3 701 019	3 701 019	-	0%
	Regional Bulk Infrastructure Grant (RBIG): Schedule 5B	2 655 668	2 655 668	-	0%
	Regional Bulk Infrastructure Grant (RBIG): Schedule 6B	3 106 283	2 530 528	575 755	19%
	Disaster Response Water Services Infrastructure Grant	75 000	31 439	43 561	58%
	Water Services Infrastructure Grant (WSIG): Schedule 6B	696 336	583 536	112 800	16%
	<b>Total</b>	<b>10 234 306</b>	<b>9 502 190</b>	<b>732 116</b>	<b>7%</b>

Transfers to benefitting municipalities under schedule 5B and payments to appointed implementing agents under schedule 6B are made in terms of the approved Division of Revenue (DoRA) payment schedule.

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2023

		2022/23	2021/22
	Note	R'000	R'000
<b>REVENUE</b>			
Annual appropriation	1	18 555 010	17 735 057
Departmental revenue	2	26 709	5 775
<b>TOTAL REVENUE</b>		<b>18 581 719</b>	<b>17 740 832</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>		3 643 525	3 215 615
Compensation of employees	3	1 812 887	1 742 236
Goods and services	4	1 830 635	1 473 158
Interest and rent on land	5	3	221
<b>Transfers and subsidies</b>		10 799 400	9 414 312
Transfers and subsidies	7	10 799 400	9 414 312
<b>Expenditure for capital assets</b>		3 249 467	2 573 409
Tangible assets	8	3 203 028	2 532 029
Intangible assets	8	46 439	41 380
<b>Payments for financial assets</b>	6	1 024	178
<b>TOTAL EXPENDITURE</b>		<b>17 693 416</b>	<b>15 203 514</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>888 303</b>	<b>2 537 318</b>
<b>Reconciliation of net surplus/(deficit) for the year</b>			
Voted funds		<b>861 594</b>	2 531 543
Annual appropriation		861 594	2 531 543
Departmental revenue and NRF receipts	14	26 709	5 775
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>888 303</b>	<b>2 537 318</b>

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2023

		2022/23	2021/22
	Note	R'000	R'000
<b>ASSETS</b>			
<b>Current assets</b>		287 922	1 939 652
Cash and cash equivalents	9	202 432	1 748 050
Prepayments and advances	10	28 669	138 027
Receivables	11	55 952	52 694
Loans	12	869	881
<b>Non-current assets</b>		356	595
Prepayments and advances	10	-	-
Receivables	11	89	29
Loans	12	267	566
<b>TOTAL ASSETS</b>		<b>288 278</b>	<b>1 940 247</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		881 369	2 532 989
Voted funds to be surrendered to the Revenue Fund	13	861 594	2 531 543
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	18 920	308
Bank overdraft	15	10	7
Payables	16	845	1 131
<b>Non-current liabilities</b>			
Payables	16	-	-
<b>TOTAL LIABILITIES</b>		<b>881 369</b>	<b>2 532 989</b>
<b>NET ASSETS</b>		<b>(593 091)</b>	<b>(592 742)</b>
<b>Represented by:</b>			
Recoverable revenue		48 018	48 367
Unauthorised expenditure		(641 109)	(641 109)
<b>TOTAL</b>		<b>(593 091)</b>	<b>(592 742)</b>

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23	2021/22
Note	R'000	R'000
<b>Recoverable revenue</b>		
Opening balance	48 367	50 844
Transfers:	(349)	(2 477)
Debts revised	69	(1 867)
Debts recovered (included in departmental revenue)	(2 765)	(2 226)
Debts raised	2 347	1 617
Closing balance	<b>48 018</b>	<b>48 367</b>
<b>Unauthorised expenditure</b>		
Opening balance	(641 109)	(641 109)
Closing balance	(641 109)	(641 109)
<b>TOTAL</b>	<b>(593 091)</b>	<b>(592 742)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

		2022/23	2021/22
	Note	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		18 581 557	17 740 590
Annual appropriation funds received	1.1	18 555 010	17 735 057
Departmental revenue received	2	25 401	5 407
Interest received	2.3	1 146	126
Net (increase)/decrease in net working capital		105 814	15 930
Surrendered to Revenue Fund		(2 539 640)	(2 515 642)
Current payments		(3 643 522)	(3 215 570)
Interest paid	5	(3)	(45)
Payments for financial assets		(1 024)	(178)
Transfers and subsidies paid		(10 799 400)	(9 414 312)
<b>Net cash flow available from operating activities</b>	17	<b>1 703 782</b>	<b>2 610 773</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	8	-3 249 467	-2 573 409
Proceeds from sale of capital assets	2.4	162	242
(Increase)/decrease in loans		311	330
(Increase)/decrease in non-current receivables	11	(60)	29
<b>Net cash flow available from investing activities</b>		<b>(3 249 054)</b>	<b>(2 572 808)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(349)	(2 477)
<b>Net cash flows from financing activities</b>		<b>(349)</b>	<b>(2 477)</b>
Net increase/(decrease) in cash and cash equivalents		(1 545 621)	35 488
Cash and cash equivalents at beginning of period		1 748 043	1 712 555
<b>Cash and cash equivalents at end of period</b>	18	<b>202 422</b>	<b>1 748 043</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

## Part A: Accounting policies

Summary of significant accounting policies	
<p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
1	<p><b>Basis of preparation</b></p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p><b>Going concern</b></p> <p>The financial statements have been on a going concern basis.</p>
3	<p><b>Presentation currency</b></p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p><b>Rounding</b></p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p><b>Foreign currency translation</b></p> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment/receipt.</p>
6	<p><b>Comparative information</b></p>
6.1	<p><b>Prior period comparative information</b></p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
6.2	<p><b>Current year comparison with budget</b></p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
7	<p><b>Revenue</b></p>
7.1	<p><b>Appropriated funds</b></p> <p>Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p>

	<p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>Appropriated funds are measured at the amount receivable.</p> <p>The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.</p>
7.2	<p><b>Departmental revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Departmental revenue is measured at the cash amount received.</p> <p>In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and/penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy.</p>
8	<p><b>Expenditure</b></p>
8.1	<p><b>Compensation of employees</b></p>
8.1.1	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p> <p>Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.</p>

8.3	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.</p>
8.4	<p><b>Leases</b></p>
8.4.1	<p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
9	<p><b>Aid assistance</b></p>
9.1	<p><b>Aid assistance received</b></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>CARA Funds are recognised when receivable and measured at the amount receivable.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p><b>Aid assistance paid</b></p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
11	<p><b>Prepayments and advances</b></p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>

12	<p><b>Loans and receivables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
13	<p><b>Investments</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	<p><b>Financial assets</b></p>
14.1	<p><b>Financial assets (not covered elsewhere)</b></p> <p>A financial asset is recognised initially at its cost-plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
	<p><b>Impairment of financial assets</b></p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
15	<p><b>Payables</b></p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
16	<p><b>Capital assets</b></p>
16.1	<p><b>Immovable capital assets</b></p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>
16.2	<p><b>Movable capital assets</b></p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Biological assets are subsequently carried at fair value.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>

16.3	<b>Intangible capital assets</b>
	<p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.4	<b>Project costs: Work-in-progress</b>
	<p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian after completion.</p>
17	<b>Provisions and Contingents</b>
17.1	<b>Provisions</b>
	<p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<b>Contingent liabilities</b>
	<p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
17.3	<b>Contingent assets</b>
	<p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
17.4	<b>Capital commitments</b>
	<p>Capital commitments are recorded at cost in the notes to the financial statements.</p>

18	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p> <p>Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure recorded in the notes to the financial statements comprise of</p> <ul style="list-style-type: none"> <li>• unauthorised expenditure that was under assessment in the previous financial year.</li> <li>• unauthorised expenditure relating to previous financial year and identified in the current year; and</li> </ul> <p>Unauthorised incurred in the current year.</p>
19	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:</p> <ul style="list-style-type: none"> <li>• fruitless and wasteful expenditure that was under assessment in the previous financial year.</li> <li>• fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and</li> </ul> <p>fruitless and wasteful expenditure incurred in the current year.</p>
20	<p><b>Irregular expenditure</b></p> <p>Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:</p> <ul style="list-style-type: none"> <li>• irregular expenditure that was under assessment in the previous financial year;</li> <li>• irregular expenditure relating to previous financial year and identified in the current year; and</li> </ul> <p>irregular expenditure incurred in the current year.</p>
21	<p><b>Changes in accounting estimates and errors</b></p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>

23	<p><b>Principal-Agent arrangements</b></p> <p>The department is not party to a principal-agent arrangement.</p>
24	<p><b>Departures from the MCS requirements</b></p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information; department complied with the Standard of MCS and that it has not departed from any requirement to achieve fair presentation.</p>
25	<p><b>Capitalisation reserve</b></p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period, but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed, and the related funds are received.</p>
26	<p><b>Recoverable revenue</b></p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
27	<p><b>Related party transactions</b></p> <p>Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>The full compensation of key management personnel is recorded in the notes to financial statements.</p>
28	<p><b>Inventories</b></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or were intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
29	<p><b>Public-Private Partnerships</b></p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
30	<p><b>Employee benefits</b></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note.</p> <p>Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.</p> <p>The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>

31	<p><b>Transfer of functions</b></p> <p>Transfer of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.</p> <p>Transfer of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.</p>
32	<p><b>Mergers</b></p> <p>Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.</p> <p>Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.</p>



## Part B: Explanatory notes

### 1 Annual appropriation

#### 1.1 Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for national departments (voted funds) and provincial departments:

Programmes	2022/23			2021/22		
	Final budget	Actual funds received	Funds not requested/ not received	Final budget	Actual funds received	Funds not requested/ not received
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 990 699	1 990 699	-	1 960 017	1 960 017	-
Water Resources Management	3 814 317	3 814 317	-	3 616 600	3 616 600	-
Water Services Management	12 749 994	12 714 994	-	12 158 440	12 158 440	-
<b>Total</b>	<b>18 555 010</b>	<b>18 555 010</b>	<b>-</b>	<b>17 735 057</b>	<b>17 735 057</b>	<b>-</b>

All funds appropriated to the Department were requested and received.

#### 1.2 Conditional grants

	Note	2022/23 R'000	2021/22 R'000
<b>Total grants received</b>	<b>33</b>	<b>10 464 166</b>	<b>10 444 519</b>

All grants allocated to the Department have been received.

### 2 Departmental revenue

	Note	2022/23 R'000	2021/22 R'000
Sales of goods and services other than capital assets	2.1	1 714	1 735
Fines, penalties, and forfeits	2.2	3 270	-
Interest, dividends and rent on land	2.3	1 146	126
Sales of capital assets	2.4	162	242
Transactions in financial assets and liabilities	2.5	20 417	3 672
<b>Total</b>		<b>26 709</b>	<b>5 775</b>

The increase is as result of funds received through the courts order. An increase on transactions in financial assets and liabilities is funds received from the Rand Water to clear the advance issued.

## 2.1 Sale of goods and services other than capital assets

		2022/23	2021/22
	Note	R'000	R'000
Sales of goods and services produced by the department		1 700	1 727
Sales by market establishment		598	650
Other sales		1 102	1 077
Sales of scrap, waste, and other used current goods		14	8
<b>Total</b>	<b>2</b>	<b>1 714</b>	<b>1 735</b>

## 2.2 Fines, penalties and forfeits

		2022/23	2021/22
	Note	R'000	R'000
Fines		3 270	-
<b>Total</b>	<b>2</b>	<b>3 270</b>	<b>-</b>

## 2.3 Interest, dividends and rent on land

		2022/23	2021/22
	Note	R'000	R'000
Interest		1 146	126
<b>Total</b>	<b>2</b>	<b>1 146</b>	<b>126</b>

The increase is due to accrued interest received from the advance issued to the implementing agents.

## 2.4 Sales of capital assets

		2022/23	2021/22
	Note	R'000	R'000
<b>Tangible capital assets</b>			
Machinery and equipment		162	242
<b>Total</b>	<b>2</b>	<b>162</b>	<b>242</b>

The decrease is due to changes in the departmental policy on disposal of assets.

## 2.5 Transactions in financial assets and liabilities

	Note	2022/23	2021/22
		R'000	R'000
Receivables		2 129	2 099
Other receipts including Recoverable Revenue		18 288	1 573
<b>Total</b>	<b>2</b>	<b>20 417</b>	<b>3 672</b>

An increase on transactions in financial assets and liabilities is funds received from the Rand Water to clear the advance issued.

### 2.5.1 Donations received in-kind (not included in the main note or sub note)

	Note	2022/23	2021/22
		R'000	R'000
Faecal Sludge Management Alliance (Sponsored virtual conference (Faecal Sludge Management Conference))		-	34
Lazmin Computers (Camera)		-	1
Chocolates (George Khan Family Holdings - WC)		-	-
LGSETA (Promotional Material - 2 x Lantern Bluetooth Speaker and 2 x Notebook)		1	-
Boegoeberg Water User Association NC-Gift Basket (Lower Orange River Forum - 2022)		5	-
Swiss Agency and Development Corporation and UKZN-Flight, Accommodation, Food and Group Shuttle - Nairobi - Kenya 28 Nov - Dec 2022		50	-
African Water Association (AfWA) Beneficiary: Anet - Attendance of 21st Afaecal sludge Management Alliance Congress and Exhibition Annual General Conference in Abidjan, Cote d' Ivoire		55	-
BMT College-Headphones - Complimentary gift for paid account		-	-
<b>Total</b>		<b>111</b>	<b>35</b>

The department received sponsored invitations to conferences and promotional items.

### 3 Compensation of employees

#### 3.1 Analysis of balance

	Note	2022/23	2021/22
		R'000	R'000
Basic salary		1 235 702	1 185 476
Performance award		1 438	12 586
Service based		2 536	3 898
Compensative/circumstantial		13 259	9 264
Other non-pensionable allowances		318 072	305 307
<b>Total</b>		<b>1 571 007</b>	<b>1 516 531</b>

#### 3.2 Social contributions

	Note	2022/23	2021/22
		R'000	R'000
Employer contributions			
Pension		158 102	146 548
Medical		81 299	77 223
Bargaining council		336	315
Insurance		2 143	1 619
<b>Total</b>		<b>241 880</b>	<b>225 705</b>
<b>Total compensation of employees</b>		<b>1 812 887</b>	<b>1 742 236</b>
Average number of employees		<b>3 096</b>	<b>3 086</b>

## 4 Goods and services

		2022/23	2021/22
	Note	R'000	R'000
Administrative fees		10 063	7 816
Advertising		32 430	26 321
Minor assets	4.1	2 727	2 889
Bursaries (employees)		11 346	4 634
Catering		4 483	1 255
Communication		31 019	28 274
Computer services	4.2	127 394	122 109
Consultants: Business and advisory services		209 575	141 477
Infrastructure and planning services		79 619	87 193
Laboratory services		2 308	5 463
Scientific and technological services		-	-
Legal services		17 493	25 100
Contractors		88 728	159 136
Agency and support/outsourced services		2 218	1 908
Entertainment		97	88
Audit cost – external	4.3	35 684	36 944
Fleet services		4 130	1 703
Inventories	4.4	13 799	4 267
Consumables	4.5	45 236	32 737
Housing		-	-
Operating leases		534 812	437 427
Property payments	4.6	119 050	117 249
Rental and hiring		2 436	1 418
Transport provided as part of the departmental activities		320	12
Travel and subsistence	4.7	266 657	153 153
Venues and facilities		21 067	5 959
Training and development		149 333	61 379
Other operating expenditure	4.8	18 611	7 247
<b>Total</b>		<b>1 830 635</b>	<b>1 473 158</b>

An increase of goods and services is as result of training and development of employees, consultants: business and advisory services and travel and subsistence, including general return to normal operation post COVID-19 pandemic.

#### 4.1 Minor assets

	2022/23	2021/22
Note	R'000	R'000
Tangible capital assets		
Machinery and equipment	2 707	2 880
Land and subsoil assets	20	9
<b>Total</b>	<b>4</b> <u>2 727</u>	<b>2 889</b>

#### 4.2 Computer services

	2022/23	2021/22
Note	R'000	R'000
SITA computer services	30 349	28 045
External computer service providers	97 045	94 064
<b>Total</b>	<b>4</b> <u>127 394</u>	<b>122 109</b>

#### 4.3 Audit cost - external

	2022/23	2021/22
Note	R'000	R'000
Regularity audits	34 633	33 042
Investigations	693	2 908
Computer audits	358	994
<b>Total</b>	<b>4</b> <u>35 684</u>	<b>36 944</b>

#### 4.4 Inventories

	2022/23	2021/22
Note	R'000	R'000
Other supplies	4.4.1 13 799	4 267
<b>Total</b>	<b>4</b> <u>13 799</u>	<b>4 267</b>

**4.4.1 Other supplies**

	2022/23	2021/22
Note	R'000	R'000
Assets for distribution		
Other assets for distribution	13 799	4 267
<b>Total</b>	<b>4.4</b> <u>13 799</u>	<u>4 267</u>

The increase is due to procurement of water tankers for drought relief for distribution.

**4.5 Consumables**

	2022/23	2021/22
Note	R'000	R'000
Consumable supplies	28 640	19 862
Uniform and clothing	6 092	3 306
Household supplies	7 395	5 859
Building material and supplies	1 915	2 584
IT consumables	1 072	1 237
Other consumables	12 166	6 876
Stationery, printing, and office supplies	16 596	12 875
<b>Total</b>	<b>4</b> <u>45 236</u>	<u>32 737</u>

**4.6 Property payments**

	2022/23	2021/22
Note	R'000	R'000
Municipal services	68 166	65 869
Property maintenance and repairs	20 152	21 414
Other	30 732	29 966
<b>Total</b>	<b>4</b> <u>119 050</u>	<u>117 249</u>

#### 4.7 Travel and subsistence

	Note	2022/23	2021/22
		R'000	R'000
Local		251 654	151 565
Foreign		15 003	1 588
<b>Total</b>	<b>4</b>	<b>266 657</b>	<b>153 153</b>

An increase is due to the services returning to normal operations after COVID-19 restrictions.

#### 4.8 Other operating expenditure

	Note	2022/23	2021/22
		R'000	R'000
Professional bodies, membership, and subscription fees		2 023	1 819
Resettlement costs		1 818	2 048
Other		14 770	3 380
<b>Total</b>	<b>4</b>	<b>18 611</b>	<b>7 247</b>

An increase in operating expenditure is due to the day-to-day running of the Department.



## 5 Interest on rent and land

	Note	2022/23 R'000	2021/22 R'000
Interest paid		3	45
Rent on land		-	176
<b>Total</b>		<b>3</b>	<b>221</b>

Interest paid reduced due to an improved turnaround time in paying invoices.

## 6 Payment for financial assets

	Note	2022/23 R'000	2021/22 R'000
Debts written off	6.1	1 024	178
<b>Total</b>		<b>1 024</b>	<b>178</b>

The increase is due to irrecoverable, uneconomical debt written off during the year.

### 6.1 Debts written-off

	Note	2022/23 R'000	2021/22 R'000
Nature of debts written off			
Recoverable revenue written off			
Disallowance Miscellaneous		5	-
<b>Total</b>		<b>5</b>	<b>-</b>
Other debt written off			
Debt write-off		1 019	178
<b>Total</b>		<b>1 019</b>	<b>178</b>
<b>Total debt written off</b>	<b>6</b>	<b>1 024</b>	<b>178</b>

## 7 Transfers and subsidies

		2022/23	2021/22
	Note	R'000	R'000
Provinces and municipalities	34,35	6 357 149	5 858 275
Departmental agencies and accounts	Annex 1B	2 612 140	2 375 855
Higher education institutions	Annex 1C	-	-
Foreign governments and international organisations	Annex 1E	250 753	243 116
Public corporations and private enterprises	Annex 1D	1 543 686	902 969
Non-profit institutions	Annex 1F	1 485	577
Households	Annex 1G	34 187	33 520
<b>Total</b>		<b>10 799 400</b>	<b>9 414 312</b>

### 7.1 Donations made in-kind

		2022/23	2021/22
	Note	R'000	R'000
List of in-kind donations made	Annex 1J		
Fruit basket/ flowers (Polokwane/ Northern Cape)		1	
Printing Frame - Ministerial gift RSA & Mozambique		2	
Diplomatic gift blanket + plate - Minister Singapore		2	
Gift box + bag - Minister Singapore		0	
Photo frames - long service		5	
<b>Total</b>		<b>10</b>	

## 8 Expenditure for capital assets

		2022/23	2021/22
	Note	R'000	R'000
<b>Tangible capital assets</b>		3 203 028	2 532 029
Buildings and other fixed structures	29	3 135 657	2 479 579
Machinery and equipment		67 371	52 450
<b>Intangible capital assets</b>		46 439	41 380
Software	28	46 439	41 380
<b>Total</b>		<b>3 249 467</b>	<b>2 573 409</b>

### 8.1 Analysis of funds utilised to acquire capital assets - current year

Name of entity	2022/23		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible capital assets	3 203 028		3 203 028
Buildings and other fixed structures	3 135 657		3 135 657
Machinery and equipment	67 371		67 371
Intangible capital assets	46 439		46 439
Software	46 439		46 439
<b>Total</b>	<b>3 249 467</b>		<b>3 249 467</b>

### 8.2 Analysis of funds utilised to acquire capital assets - prior year

Name of entity	2021/22		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible capital assets	2 532 029		2 532 029
Buildings and other fixed structures	2 479 579		2 479 579
Machinery and equipment	52 450		52 450
Intangible capital assets	41 380		41 380
Software	41 380		41 380
<b>Total</b>	<b>2 573 409</b>		<b>2 573 409</b>

### 8.3 Finance lease expenditure included in expenditure for capital assets

Note	2022/23	2021/22
	R'000	R'000
Tangible capital assets		
Machinery and equipment	6 632	4 792
<b>Total</b>	<b>6 632</b>	<b>4 792</b>

## 9 Cash and cash equivalent

Note	2022/23	2021/22
	R'000	R'000
Consolidated Paymaster General Account	184 769	1 756 287
Disbursements	-	(8 328)
Cash on hand	92	70
Investments (Domestic)	17 571	21
<b>Total</b>	<b>202 432</b>	<b>1 748 050</b>

Cash and cash equivalent comprise of Paymaster General Account (PMG) petty cash on-hand and money in the commercial bank account available for use. Money in the commercial bank represents cash receipts deposited on/before the last day of the month but not yet interfaced on BAS.

The Department does not have any amounts of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments.

## 10 Prepayments and advances

	Note	2022/23 R'000	2021/22 R'000
Travel and subsistence		220	125
Advances paid (Not expensed)	10.1	28 449	137 902
<b>Total</b>		<b>28 669</b>	<b>138 027</b>
Analysis of total prepayments and advances			
Current Prepayments and advances		28 669	138 027
Non-current Prepayments and advances		-	-
<b>Total</b>		<b>28 669</b>	<b>138 027</b>

### 10.1 Advances paid (not expensed)

		2022/23				
		Amount as at 01 April 2022	Less: amounts expensed in current year	Add/Less: Other	Add current year advances	Amount as at 31 March 2023
Note		R'000	R'000	R'000	R'000	R'000
	National departments	817	(4 184)	-	7 792	4 425
	Public entities	137 085	(213 110)	-	100 049	24 024
<b>10</b>	<b>Total</b>	<b>137 902</b>	<b>(217 294)</b>	<b>-</b>	<b>107 841</b>	<b>28 449</b>

		2021/22				
		Amount as at 01 April 2021	Less: amounts expensed in current year	Add/Less: Other	Add current year advances	Amount as at 31 March 2022
Note		R'000	R'000	R'000	R'000	R'000
	National departments	-	(193)	-	1 010	817
	Public entities	156 926	(283 270)	-	263 429	137 085
<b>10</b>	<b>Total</b>	<b>156 926</b>	<b>(283 463)</b>	<b>-</b>	<b>264 439</b>	<b>137 902</b>

### 10.2 Prepayments (expensed) (“prepayments expensed” not permitted from 1 April 2023)

	2022/23				
	Amount as at 01 April 2022	Less: received in the current year	Add/Less: Other	Add current year prepayments	Amount as at 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Goods and services	250	-	-	-	250
<b>Total</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>

	2021/22				
	Amount as at 01 April 2021	Less: received in the current year	Add/Less: Other	Add current year prepayments	Amount as at 31 March 2022
	R'000	R'000	R'000	R'000	R'000
Goods and services	250	-	-	-	250
<b>Total</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>

### 10.3 Advances paid (expensed) (“advances expensed” not permitted from 1 April 2023)

	2022/23				
	Amount as at 01 April 2022	Less: received in the current year	Add/Less: Other	Add current year advances	Amount as at 31 March 2023
	R'000	R'000	R'000	R'000	R'000
National departments	1 363	(2 783)	-	1 420	-
Public entities	18 156	(18 156)	-	-	-
<b>Total</b>	<b>19 519</b>	<b>(20 939)</b>	<b>-</b>	<b>1 420</b>	<b>-</b>

Advances issued in the current year were cleared by the end of the financial year.

	2021/22				
	Amount as at 01 April 2021	Less: received in the current year	Add/Less: Other	Add current year advances	Amount as at 31 March 2022
	R'000	R'000	R'000	R'000	R'000
National departments	50	(18)	-	1 331	1 363
Public entities	18 156	-	-	-	18 156
<b>Total</b>	<b>18 206</b>	<b>(18)</b>	<b>-</b>	<b>1 331</b>	<b>19 519</b>

## 11 Receivables

	Note	2022/23			2021/22		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	50	-	50	805	-	805
Recoverable expenditure	11.3	5 256	-	5 256	1 070	-	1 070
Staff debt	11.4	8 171	89	8 260	8 555	29	8 584
Other receivables	11.5	42 475	-	42 475	42 264	-	42 264
<b>Total</b>		<b>55 952</b>	<b>89</b>	<b>56 041</b>	<b>52 694</b>	<b>29</b>	<b>52 723</b>

### 11.1 Claims recoverable

	Note	2022/23	2021/22
		R'000	R'000
National departments		47	377
Provincial departments		3	240
Public entities		-	188
<b>Total</b>	<b>11</b>	<b>50</b>	<b>805</b>

### 11.2 Recoverable expenditure

	Note	2022/23	2021/22
		R'000	R'000
Sal: Tax Debt		16	2
Sal: Garnishee		-	3
Disallowance Miscellaneous: CA		4 823	4
Sal GEHS Refund		-	1 061
Sal: GEHS Refund Control Acc: CL		316	-
Sal: Medical Aid: CL		6	-
Sal: Reversal Control		95	-
<b>Total</b>	<b>11</b>	<b>5 256</b>	<b>1 070</b>

### 11.3 Staff debt

	Note	2022/23	2021/22
		R'000	R'000
Salary overpayment & leave without pay		5 392	5 116
Tax debt		55	104
Bursary (breach of contract)		1 152	1 230
Petty cash		1	7
T & S advance Dom		171	358
Telephone /cell phone Debt		285	418
Subsidies Transport		756	926
Departmental debt/employee /ex-employee/traffic fines/ arrears on house rent		70	59
Loss and damages		378	367
<b>Total</b>	<b>11</b>	<b>8 260</b>	<b>8 584</b>

### 11.4 Other receivables

	Note	2022/23	2021/22
		R'000	R'000
Unauthorised expenditure		-	-
Irregular expenditure		-	-
Fruitless and wasteful expenditure		12 960	12 960
Municipal & Supplier Debt		18 270	18 269
External Debt		11 245	11 035
<b>Total</b>	<b>11</b>	<b>42 475</b>	<b>42 264</b>

### 11.5 Impairment of receivables

	Note	2022/23	2021/22
		R'000	R'000
Estimate of impairment of receivables		5 541	5 245
<b>Total</b>		<b>5 541</b>	<b>5 245</b>

These are debts which are irrecoverable and are reviewed for possible write off.



## 12 Loans

	Note	2022/23	2021/22
		R'000	R'000
Public corporations		1 136	1 447
<b>Total</b>		<b>1 136</b>	<b>1 447</b>
Analysis of balance			
Opening balance		1 447	1 777
New issues		45	53
Repayments		(356)	(383)
Write-offs		-	-
<b>Closing balance</b>		<b>1 136</b>	<b>1 447</b>

These are old loan issued to the irrigation boards and are repaid twice per annum.

### 12.1 Impairment of loans

	Note	2022/23	2021/22
		R'000	R'000
Estimate of impairment of loans		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

## 13 Voted funds to be surrendered to the revenue fund

	Note	2022/23	2021/22
		R'000	R'000
Opening balance		2 531 543	2 491 678
Prior period error	13.1		
As restated		2 531 543	2 491 678
Transferred from statement of financial performance (as restated)		861 594	2 531 543
Paid during the year		(2 531 543)	(2 491 678)
<b>Closing balance</b>		<b>861 594</b>	<b>2 531 543</b>

### 13.1 Prior period error

		2021/22
		R'000
Nature of prior period error	Note	
Relating to 2021/22		
<b>Total prior period errors</b>		

The unspent funds amounting to R861.594 million will be surrendered during the 2023/24 financial year.

### 14 Departmental revenue and NRF receipts to be surrendered to the revenue fund

		2022/23	2021/22
		R'000	R'000
Opening balance		308	18 497
Prior period error	14.1		
As restated		308	18 497
Transferred from statement of financial performance (as restated)		26 709	5 775
Paid during the year		(8 097)	(23 964)
Closing balance		<b>18 920</b>	<b>308</b>

#### 14.1 Prior period error

		2021/22
		R'000
Nature of prior period error	Note	
Relating to 2021/22		

Revenue collected at the end of the financial year will be surrendered during the 2023/24 financial year.

## 15 Bank overdraft

	2022/23	2021/22
Note	R'000	R'000
Overdraft with commercial banks (Local)	10	7
<b>Total</b>	<b>10</b>	<b>7</b>

The overdraft comprises unpaid bank charges which are only paid in the following month.

## 16 Payables - current

	2022/23	2021/22
Note	R'000	R'000
Clearing accounts	845	1 131
<b>Total</b>	<b>845</b>	<b>1 131</b>

### 16.1 Clearing accounts

	2022/23	2021/22
Description	R'000	R'000
Sal: Income Tax	839	531
Sal: Pension Fund	6	44
Sal: Medical	-	14
Sal: ACB Recalls	-	5
Sal: Reversal Control	-	537
Disallowance Miscellaneous: CA	-	-
<b>Total</b>	<b>845</b>	<b>1 131</b>

## 17 Net cash flow available from operating activities

	Note	2022/23	2021/22
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		888 303	2 537 318
Add back non-cash/cash movements not deemed operating activities		815 479	73 455
(Increase)/decrease in receivables		(3 258)	1 875
(Increase)/decrease in prepayments and advances		109 358	18 938
Increase/(decrease) in payables – current		(286)	(4 883)
Proceeds from sale of capital assets		(162)	(242)
Expenditure on capital assets		3 249 467	2 573 409
Surrenders to RDP Fund/Donors		(2 539 640)	(2 515 642)
<b>Net cash flow generating</b>		<b>1 703 782</b>	<b>2 610 773</b>

## 18 Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2022/23	2021/22
		R'000	R'000
Consolidated Paymaster General account		184 769	1 756 287
Disbursements		-	(8 328)
Cash on hand		92	70
Cash with commercial banks (Local)		17 561	14
<b>Total</b>		<b>202 422</b>	<b>1 748 043</b>

## 19 Contingent liabilities and contingent assets

### 19.1 Contingent liabilities

Liable to	Nature	Note	2022/23	2021/22
			R'000	R'000
Motor vehicle guarantees	Employees	Annex 3A		
Housing loan guarantees	Employees	Annex 3A	110	110
Other guarantees		Annex 3A	9 154 186	9 987 955
Claims against the department		Annex 3B	1 383 676	1 207 433
<b>Total</b>			<b>10 537 972</b>	<b>11 195 498</b>

Prior period error: The opening balance was misstated and thereby adjusted by R2,142 million, from R1,209 billion to R1,207 billion. Two matters amounting to R2,142 million were erroneously disclosed in the DWS instead of the Water Trading register.

## 19.2 Contingent assets

Nature of contingent asset	Note	2022/23	2021/22
		R'000	R'000
Noncompliance with Procurement processes		10 241	8 866
Advisory Services		17 900	17 900
Giyani Project		3 890 151	3 520 498
Bucket Eradication Project		15 095	-
<b>Total</b>		<b>3 933 386</b>	<b>3 547 265</b>

Summons were issued to two officials who procured goods from the business registered in their names and family members.

Prior year error: The opening balance was misstated due to omission of the interest rate charged on one case and thereby adjusted by R4,828million, from R3,542 billion to R3,547 billion.

Summons issued to the Financial and advisory services company that did not provide the services as per the service level agreement.

Department has issued a tender for Mopani Water & Wastewater Emergency Intervention and the appointment for the Refurbishment & Repair of the Giyani Water & Wastewater Schemes. The project(s) was ceased, and SIU filled court papers sought relieve and an order declaring the appointment of the contractor(s) to be unconstitutional, unlawful, invalid, and void ab initio. In addition, sought order that the contractor(s) should reimburse funds they have received excluding VAT plus interest at 10.5 p.a.

Summons were issued to Gift of the Givers to refund the advance payment made on the Bucket Eradication Project due to the contract being suspended.

## 20 Capital commitments

	Note	2022/23	2021/22
		R'000	R'000
Buildings and other fixed structures		9 416 881	6 168 783
Machinery and equipment		13 625	7 204
<b>Total</b>		<b>9 430 506</b>	<b>6 175 987</b>

Prior year error: The opening balance was adjusted by R151.350 million, as a result accruals/contract not accounted for in the previous financial year. The adjustment was from R6.024 billion to R6.175 billion.

## 21 Accruals and payables not recognised

### 21.1 Accruals

	2022/23			2021/22
	30 days	30+ days	Total	Total
	R'000	R'000	R'000	R'000
<b>Listed by economic classification</b>				
Goods and services	41 115	12 235	53 350	105 700
Interest and rent on land			-	-
Transfers and subsidies			-	-
Capital assets	144 943	45 328	190 271	238 919
Other			-	-
<b>Total</b>	<b>186 058</b>	<b>57 563</b>	<b>243 621</b>	<b>344 619</b>
<b>Listed by programme level</b>				
	Note	2022/23	2021/22	
		R'000	R'000	
Administration		37 729	100 480	
Water Resource Management		7 444	4 053	
Water Service Management		198 448	240 086	
<b>Total</b>		<b>243 621</b>	<b>344 619</b>	

Prior year error: The opening balance was misstated and thereby adjusted by R67,238million, from R411.857 million to R344,619 million.

## 21.2 Payables not recognised

	2022/23			2021/22
	30 days	30+ days	Total	Total
	R'000	R'000	R'000	R'000
<b>Listed by economic classification</b>				
Goods and services	33 908	13 116	47 024	149 486
Interest and rent on land			-	-
Transfers and subsidies	82	-	82	135
Capital assets	30 905	1 234	32 139	18 108
Other			-	-
<b>Total</b>	<b>64 895</b>	<b>14 350</b>	<b>79 245</b>	<b>168 089</b>

	Note	2022/23	2021/22
		R'000	R'000
Administration		4 198	9 418
Water Resource Management		521	1 670
Water Service Management		74 526	157 001
<b>Total</b>		<b>79 245</b>	<b>168 089</b>

Prior year error: The opening balance was misstated and thereby adjusted by R524 thousand, from R167.565 million to R168.089 million.

### Included in the above totals are the following:

	Note	2022/23	2021/22
		R'000	R'000
Confirmed balances with other departments	Annex 5	5 590	8 208
Confirmed balances with other government entities	Annex 5	38 349	109 355
<b>Total</b>		<b>43 939</b>	<b>117 563</b>

## 22 Employee benefits

	Note	2022/23	2021/22
		R'000	R'000
Leave entitlement		101 092	112 008
Service bonus		46 292	45 213
Performance awards		-	-
Capped leave		50 926	56 915
Long Service Awards		1 889	1 737
<b>Total</b>		<b>200 199</b>	<b>215 873</b>

No provision has been made for performance awards in line with circular 1 of 2019 issued by the DPSA.

## 23 Lease commitments

### 23.1 Operating leases

	2022/23				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	220 487	-	220 487
Later than 1 year and not later than 5 years	-	-	329 780	-	329 780
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>550 267</b>	<b>-</b>	<b>550 267</b>

	2021/22				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	219 881	-	219 881
Later than 1 year and not later than 5 years	-	-	509 386	-	509 336
Later than five years	-	-	40 881	-	40 881
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>770 148</b>	<b>-</b>	<b>770 148</b>



	Note	2022/23	2021/22
		R'000	R'000
Rental earned on sub-leased assets		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

## 23.2 Finance leases\*\*

	2022/23				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	6 122	6 122
Later than 1 year and not later than 5 years	-	-	-	2 896	2 896
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 018</b>	<b>9 018</b>

	2021/22				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	3 861	3 861
Later than 1 year and not later than 5 years	-	-	-	1 866	1 866
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 727</b>	<b>5 727</b>

\*\* This note excludes leases relating to public private partnerships as they are separately disclosed in the note on *Public Private Partnerships*.

The finance leases reported are for photocopy machines and cell phones.

	2022/23	2021/22
Note	R'000	R'000
Rental earned on sub-leased assets	-	-
Total	-	-

## 24 Unauthorised, irregular and fruitless and wasteful expenditure

	2022/23	2021/22
Note	R'000	R'000
Unauthorised expenditure – current year	-	-
Irregular expenditure – current year	1 023	209 179
Fruitless and wasteful expenditure – current year	59	81
Total	<b>1 082</b>	<b>209 260</b>

No unauthorised expenditure was identified in the current financial year

Irregular expenditure - these cases were confirmed in the current financial year

Fruitless and wasteful expenditure – these cases were confirmed in the current financial year

## 25 Related party transactions

All departments and public entities in the national sphere of government are related parties. Below is the listing of entities reporting to the Minister through Department of Water and Sanitation: -

Amatola Water; Bloem Water; Lepelle Northern; Magalies Water; Mhlathuze Water; Overberg Water; Rand Water; Sedibeng Water; Umgeni Water; Breede-Gouritz Management Agency; Inkomati-Usuthu Catchment Management Agency; Komati Basin Water Authority; Trans-Caledon Tunnel Authority; Water Research Commission; Water Trading Account; International Transboundary; Orange-Senqu; Limpopo Commission; IncoMaputo.

Irrigation Boards and Water User Associations: -

Agterkliphoogte; Bellair; Buffelskloof; Cogmanskloof; Gamkarivier; Haarlem; Illovo; Kanoneiland; Manchester Noordwyk; Noord Agter Paarl; Perdeberg; Sondagsrivier (Elandslaagte); Suid Agter Paarl; Uitnood.

## 26 Key management personnel

	2022/23	2021/22
	R'000	R'000
<b>Political office bearers</b>	6 762	4 528
Officials:	-	-
Level 15 to 16	16 260	14 878
Level 14 (including CFO if at a lower level)	47 586	50 187
Family members of key management personnel	565	562
<b>Total</b>	<b>71 173</b>	<b>70 155</b>
<b>Ministerial committees</b>		
Suliwe Ancedile Sihlwayi	-	288
Chumani Maxwele	53	371
Ms Noli Qunta	-	290
Likhaya Nqgezana	-	708
Carla Motau	-	288
Mahle Khuzani	-	333
Raphuti DD	-	321
Manana DP	-	367
Masoeu MJ	-	282
Samuel T	-	109
<b>Sub total</b>	<b>53</b>	<b>3 357</b>
<b>Water Advisory Committee</b>		
AM Muller	-	874
B Scheiner	28	217
M Sirenya	-	112
TL Mlangeni	45	726
N Mabaya	-	991
J Kogl	123	1 183
<b>Sub total</b>	<b>196</b>	<b>4 103</b>
<b>Stabilisation and efficient functioning of the water sector committee</b>		
MJT Ndlovu	-	1 022
D Mnguni	-	837
EP Heynes	-	317
<b>Sub total</b>	<b>-</b>	<b>2 176</b>

	2022/23	2021/22
	R'000	R'000
<b>Water Services Committee</b>		
Dr M Kruger	-	630
M Mdekazi	-	829
C D Otieno	-	715
K Nxumalo	-	858
Hugo J	-	909
L Johnson	-	836
N Mbina-Mthembu	-	636
Maphazi N	-	791
<b>Sub total</b>	-	<b>6 204</b>
<b>Disciplinary Advisory Committee</b>		
Ms S Shabangu	-	792
Adv J de Lange	-	684
Ms W Dukuza	-	568
Mr D Mgaga	-	674
Mr S Mbatshe	-	632
Ms M Mokwena	-	639
Mr R Sibiya	-	639
Mogaadile L	-	423
Mr Konar D	-	346
Mr R Sibiya	-	535
<b>Sub total</b>	-	<b>5 932</b>
<b>Regulator Commission Committee</b>		
Mr Modiba JB	104	-
Ms Breytenbach K	-	-
Mr Connolly JA	411	-
Dr Eberhard R	406	-
Ms van Der Merwe K	274	-
Ms Matsabu MM	284	-
Dr Muchara B	168	-
Ms Padayachee D	448	-
Ms Sondlo N	74	-
Ms Mnqeta NN	132	-
Mr Potloane EL	58	-
<b>Sub total</b>	<b>2 359</b>	-
<b>Total</b>	<b>2 608</b>	<b>21 772</b>

## 27 Movable tangible capital assets

### Movement in movable tangible capital assets per the asset register for the year ended 31 March 2023

	2022/23				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>					
Transport assets	77 594		849	(737)	77 706
Computer equipment	191 190		34 431	(2 905)	222 716
Furniture and office equipment	60 809		6 586	(416)	66 979
Other machinery and equipment	257 689		18 706	(86)	276 309
<b>Total movable tangible capital assets</b>	<b>587 282</b>		<b>60 572</b>	<b>(4 144)</b>	<b>643 710</b>

### Movable tangible capital assets under investigation

	Note	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register that are under investigation:			
Machinery and equipment		128	2 951
<b>Total</b>		<b>128</b>	<b>2 951</b>

### 27.1 Movement in movable tangible capital assets per the asset register for the year ended 31 March 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>					
Transport assets	78 563		806	(1 776)	77 594
Computer equipment	163 862	49	29 975	(2 696)	191 190
Furniture and office equipment	58 665	(101)	2 344	(99)	60 809
Other machinery and equipment	243 131	1	15 650	(1 094)	257 689
<b>Total movable tangible capital assets</b>	<b>544 221</b>	<b>(51)</b>	<b>48 776</b>	<b>(5 664)</b>	<b>587 282</b>

### 27.1.1 Prior period error

Nature of prior period error	Note	2021/22
		R'000
Relating to 2021/22		
Value adjustment		(51)
<b>Total prior period errors</b>		<b>(51)</b>

Prior year error: The opening balance was misstated and thereby adjusted; the net effect is decrease of R51 thousand.

### 27.2 Minor assets

#### Movement in minor capital assets per the asset register for the year ended 31 March 2023

	2022/23					
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	40	-	85 371	-	85 411
Value adjustments					-	-
Additions	-	-	-	2 736	-	2 736
Disposals	-	(4)	-	(6 678)	-	(6 682)
<b>Total minor assets</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>81 429</b>	<b>-</b>	<b>81 465</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	28 974	-	-
Number of minor assets at cost	-	-	-	49 148	-	-
<b>Total number of minor assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78 122</b>	<b>-</b>	<b>-</b>

**Minor capital assets under investigation**

	Note	Number	Value
			R'000
Included in the above total of the minor capital assets per the asset register that are under investigation:			
Machinery and equipment		<b>92</b>	<b>221</b>

**Movement in minor capital assets per the asset register for the year ended 31 March 2022**

	2021/22					Total R'000
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	
	R'000	R'000	R'000	R'000	R'000	
Opening balance	-	58	-	82 415	-	82 473
Value adjustments	-	-	-	330	-	330
Additions	-	-	-	2 995	-	2 995
Disposals	-	(18)	-	(369)	-	(387)
<b>Total minor assets</b>	-	<b>40</b>	-	<b>85 371</b>	-	<b>85 411</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	28 883	-	28 883
Number of minor assets at cost	-	-	-	48 809	-	48 809
<b>Total number of minor assets</b>	-	-	-	<b>77 692</b>	-	<b>77 692</b>

**27.2.1 Prior period error**

Nature of prior period error	Note	2021/22
		R'000
Relating to 2021/22		
Value adjustment		330
<b>Total prior period errors</b>		<b>330</b>

Prior year error: The opening balance was misstated and thereby adjusted; the net effect is an increase of R330 thousand.





## 28 Intangible capital assets

### Movement in intangible capital assets per the asset register for the year ended 31 March 2023

	2022/23			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Software	109 484	46 439	(1 128)	154 795
Patents, licences, copyright, brand names, trademarks	5 468	-	-	5 468
<b>Total intangible capital assets</b>	<b>114 952</b>	<b>46 439</b>	<b>(1 128)</b>	<b>160 263</b>

### Intangible capital assets under investigation

	Note	Number	Value
			R'000
Included in the above total of the intangible capital assets per the asset register that are under investigation:			-
Software			-
Patents, licences, copyright, brand names, trademarks			-

### 28.1 Movement in intangible capital assets per the asset register for the year ended 31 March 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	244 391	-	41 380	176 287	109 484
Patents, licences, copyright, brand names, trademarks	5 468	-	-	-	5 468
<b>Total intangible capital assets</b>	<b>249 859</b>	<b>-</b>	<b>41 380</b>	<b>176 287</b>	<b>114 952</b>

#### 28.1.1 Prior period error

Nature of prior period error	Note	2021/22
		R'000
Relating to 2021/22		-
<b>Total prior period errors</b>		<b>-</b>

## 29 Immovable tangible capital assets

Movement in immovable tangible capital assets per the asset register for the year ended 31 March 2023

	2022/23			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>Buildings and other fixed structures</b>	11 066 773	559 261	(305 557)	11 320 477
Dwellings	3 000	360	(44)	3 316
Non-residential buildings	6 923	-	-	6 923
Other fixed structures	11 056 850	558 901	(305 513)	11 310 238
<b>Land and subsoil assets</b>	11 503	-	-	11 503
Land	11 503	-	-	11 503
<b>Total immovable tangible capital assets</b>	<b>11 078 276</b>	<b>559 261</b>	<b>(305 557)</b>	<b>11 331 980</b>

Immovable tangible capital assets under investigation

	Note	Number	Value R'000
Included in the above total of the immovable tangible capital assets per the asset register that are under investigation:		-	-
Buildings and other fixed structures		-	-
Land and subsoil assets		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

29.1 Movement in immovable tangible capital assets per the asset register for the year ended 31 March 2022

	2021/22				Closing balance R'000
	Opening balance	Prior period error	Additions	Disposals	
	R'000	R'000	R'000	R'000	
<b>Buildings and other fixed structures</b>	9 924 879	779 252	478 679	(116 037)	11 066 773
Dwellings	3 000	-	-	-	3 000
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	9 914 956	779 252	478 679	(116 037)	11 056 850
<b>Land and subsoil assets</b>	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
<b>Total immovable tangible capital assets</b>	<b>9 936 382</b>	<b>779 252</b>	<b>478 679</b>	<b>(116 037)</b>	<b>11 078 276</b>

### 29.1.1 Prior period error

Nature of prior period error	Note	2021/22
		R'000
Relating to 2021/22		
Misstatement		779 252
<b>Total prior period errors</b>		<b>779 252</b>

Prior year error: The opening balance was misstated and thereby adjusted by R779.252 million, from R10.277 billion to R11.078 billion

### 29.2 Immovable tangible capital assets: capital work-in-progress

#### Capital work-in-progress for the year ended 31 March 2023

	2022/23			
	Opening balance 1 April 2022	Current Year WIP	Ready for use (assets to the AR)/contracts terminated	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000
Note Annex 7				
Buildings and other fixed structures	23 461 454	3 135 657	559 261	26 037 850
<b>Total</b>	<b>23 461 454</b>	<b>3 135 657</b>	<b>559 261</b>	<b>26 037 850</b>

Payables not recognized relating to capital WIP	2022/23	2021/22
	R'000	R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress	31 214	17 723
<b>Total</b>	<b>31 214</b>	<b>17 723</b>

#### Capital work-in-progress for the year ended 31 March 2022

	2021/22				
	Opening balance 1 April 2021	Prior period error	Current Year WIP	Ready for use (assets to the AR)/ contracts terminated	Closing balance 31 March 2022
	R'000	R'000	R'000	R'000	R'000
Note					
Buildings and other fixed structures	22 271 141	(810 587)	2 479 579	478 679	23 461 454
<b>Total</b>	<b>22 271 141</b>	<b>(810 587)</b>	<b>2 479 579</b>	<b>478 679</b>	<b>23 461 454</b>

Prior year error: The opening balance was misstated and thereby adjusted by R810.587million, from R24.272billion to R23.461billion.

### 29.3 Immovable tangible capital assets written off

#### Immovable capital assets written off for the year ended 31 March 2023

	2022/23			
	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R'000	R'000	R'000	R'000
Assets written off	-	-	-	-
<b>Total immovable capital assets written off</b>	-	-	-	-

#### Immovable capital assets written off for the year ended 31 March 2022

	2021/22			
	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R'000	R'000	R'000	R'000
Assets written off	-	-	-	-
<b>Total immovable capital assets written off</b>	-	-	-	-

## 30 Prior period errors

### 30.1 Correction of prior period errors

	Note	2021/22		
		Amount before error correction	Prior period error	Restated
		R'000	R'000	R'000
Expenditure:				
Immovable tangible capital assets (Other fixed structure)	39.1	10 277 598	779 252	11 056 850
Immovable tangible capital assets (Capital work-in-progress)	39.2	24 272 041	(810 587)	23 461 454
<b>Net effect</b>		<b>34 549 639</b>	<b>(31 335)</b>	<b>34 518 304</b>

Prior year error: The opening balance was misstated and thereby adjusted by R779.252 million, from R10.277 billion to R11.056 billion.

Prior year error: The opening balance was misstated and thereby adjusted by R810.587 million, from R24.272 billion to R23.461 billion.

Assets:				
Contingent assets	19.2	3 542 437	4 828	3 547 265
<b>Net effect</b>		<b>3 542 437</b>	<b>4 828</b>	<b>3 547 265</b>

Prior year error: The opening balance was misstated due to omission of the interest rate charged on one case and thereby adjusted by R4,828 million, from R3,542 billion to R3,547 billion.

Liabilities:				
Capital commitments	20	6 024 637	(151 350)	6 175 987
Accruals	21.1	411 857	(67 238)	344 619
Payables	21.2	167 565	524	168 089
Contingent liabilities	19.1	1 209 575	(2 142)	1 207 433
Operating leases		-	770 148	770 148
<b>Net effect</b>		<b>7 813 634</b>	<b>852 642</b>	<b>8 666 276</b>

Prior year error: The opening balance of capital commitments was misstated and thereby adjusted by R151,350 million, from R6,024 billion to R6,175 billion.

Prior year error: The opening balance of accruals was misstated and thereby adjusted by R67,238 million, from R411,857 million to R344,619 million.

Prior year error: The opening balance of payables was misstated and thereby adjusted by R524 thousand, from R167,565 million to R168,089 million.

Prior period error: The opening balance of contingent liabilities was misstated and thereby adjusted by R2,142million, from R1,209 billion to R1,207billion.

Prior period error: The opening balance of Operating Leases Commitment was misstated and thereby adjusted by R770,148 million, from zero to R770,148 million.

## 31 Statement of conditional grants received

Name of grant	2022/23										2020/21	
	Grant allocation					Spent					Division of Revenue Act	Amount spent by department
	Division of Revenue Act/ Provincial Grants	Roll overs	DORA adjustments	Other adjustments	Total available	Amount received by department	Amount spent by department	Under / (Over-spending)	% of available funds spent by department	R'000		
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Water Services Infrastructure Grant (WSIG): schedule 5B	3 701 019				3 701 019	3 701 019	3 701 019	-	100%		3 620 327	3 620 327
Regional Bulk Infrastructure Grant (RBIG): schedule 5B	2 521 420		134 248		2 655 668	2 655 668	2 655 668	-	100%		2 237 370	2 237 370
Regional Bulk Infrastructure Grant (RBIG): schedule 6B	3 240 531		-134 248		3 106 283	3 106 283	2 530 528	575 755	81%		3 274 930	2 045 400
Regional Bulk Infrastructure Grant (RBIG): schedule 6B - Vaal River Pollution Remediation Project (Goods and services)	75 000				75 000	75 000	31 439	43 561	42%		729 692	404 784
Water Services Infrastructure Grant	696 336				696 336	696 336	583 536	112 800	84%		-	-
<b>Total</b>	<b>10 464 166</b>		<b>-</b>		<b>10 464 166</b>	<b>10 464 166</b>	<b>9 696 482</b>	<b>767 684</b>			<b>10 444 519</b>	<b>8 508 602</b>

## 32 Statement of conditional grants paid to provinces

Name of province/grant	Division of Revenue Act	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	Division of Revenue Act/ Provincial grants	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Summary by province													
Eastern Cape	929 958	-	-44 689	885 269	885 269	-	-	885 269	885 269	-	100%	873 213	873 213
Free State	537 006	-	-	537 006	537 006	-	-	537 006	537 006	-	100%	658 994	658 994
Gauteng	196 678	-	-19 340	177 338	177 338	-	-	177 338	177 338	-	100%	165 060	165 060
KwaZulu-Natal	1 168 210	-	354 000	1 522 210	1 522 210	-	-	1 522 210	1 522 210	-	100%	1 030 786	1 030 786
Limpopo	618 046	-	-30 688	587 358	587 358	-	-	587 358	587 358	-	100%	685 969	685 969
Mpumalanga	1 184 887	-	-48 000	1 136 887	1 136 887	-	-	1 136 887	1 136 887	-	100%	896 782	896 782
Northern Cape	402 050	-	-99 995	302 055	302 055	-	-	302 055	302 055	-	100%	427 343	427 343
North West	770 257	-	-153 843	616 414	616 414	-	-	616 414	616 414	-	100%	508 993	508 993
Western Cape	415 347	-	176 803	592 150	592 150	-	-	592 150	592 150	-	100%	126 022	126 022
<b>Total</b>	<b>6 222 439</b>	<b>-</b>	<b>134 248</b>	<b>6 356 687</b>	<b>6 356 687</b>	<b>-</b>	<b>-</b>	<b>6 356 687</b>	<b>6 356 687</b>	<b>-</b>	<b>-</b>	<b>5 373 162</b>	<b>5 373 162</b>
<b>Water Services Infrastructure Grant (5B)</b>													
Eastern Cape	498 051	-	-26 689	471 362	471 362	-	-	471 362	471 362	-	100%	453 950	453 950
Free State	332 599	-	-	332 599	332 599	-	-	332 599	332 599	-	100%	409 386	409 386
Gauteng	196 678	-	-19 340	177 338	177 338	-	-	177 338	177 338	-	100%	165 060	165 060
Kwazulu-Natal	939 400	-	119 000	1 058 400	1 058 400	-	-	1 058 400	1 058 400	-	100%	811 061	811 061
Limpopo	463 462	-	-10 688	452 774	452 774	-	-	452 774	452 774	-	100%	357 746	357 746
Mpumalanga	487 745	-	-8 000	479 745	479 745	-	-	479 745	479 745	-	100%	402 375	402 375
Northern Cape	266 948	-	-14 893	252 055	252 055	-	-	252 055	252 055	-	100%	333 692	333 692
North West	370 676	-	-34 390	336 286	336 286	-	-	336 286	336 286	-	100%	318 265	318 265
Western Cape	145 460	-	-5 000	140 460	140 460	-	-	140 460	140 460	-	100%	116 022	116 022
<b>Total</b>	<b>3 701 019</b>	<b>-</b>	<b>-</b>	<b>3 701 019</b>	<b>3 701 019</b>	<b>-</b>	<b>-</b>	<b>3 701 019</b>	<b>3 701 019</b>	<b>-</b>	<b>-</b>	<b>3 367 557</b>	<b>3 367 557</b>

Name of province/grant	Division of Revenue Act	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	Division of Revenue Act/ Provincial grants	Actual transfers
	R'000												
<b>Regional Bulk Infrastructure Grant (5B)</b>													
Eastern Cape	431 907		-18 000	413 907	413 907	-		413 907	413 907	-	100%	419 263	419 263
Free State	204 407		-	204 407	204 407	-		204 407	204 407	-	100%	249 608	249 608
Gauteng	-		-	-	-	-		-	-	-	-	-	-
Kwazulu-Natal	228 810		235 000	463 810	463 810	-		463 810	463 810	-	100%	219 725	219 725
Limpopo	154 584		-20 000	134 584	134 584	-		134 584	134 584	-	100%	328 223	328 223
Mpumalanga	697 142		-40 000	657 142	657 142	-		657 142	657 142	-	100%	494 407	494 407
Northern Cape	135 102		-85 102	50 000	50 000	-		50 000	50 000	-	100%	93 651	93 651
North West	399 581		-119 453	280 128	280 128	-		280 128	280 128	-	100%	190 728	190 728
Western Cape	269 887		181 803	451 690	451 690	-		451 690	451 690	-	100%	10 000	10 000
<b>Total</b>	<b>2 521 420</b>	<b>-</b>	<b>134 248</b>	<b>2 655 668</b>	<b>2 655 668</b>	<b>-</b>	<b>-</b>	<b>2 655 668</b>	<b>2 655 668</b>	<b>-</b>	<b>-</b>	<b>2 005 605</b>	<b>2 005 605</b>



## 33 Statement of conditional grants and other transfers to municipalities

Name of municipality	2022/23						2021/22		
	Grant allocation			Transfer			DORA and other transfers	Actual transfer	
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Water Services Infrastructure Grant (WSIG)	3 701 019	-	-	3 701 019	3 701 019	-	-	3 620 327	3 620 327
Eastern Cape Province	498 051	-	(26 689)	471 362	471 362	-	-	527 000	527 000
EC101 Dr Beyers Naude Local Municipality	10 939	-	-2 000	8 939	8 939	-	-	12 000	12 000
EC102 Blue Crane Route Local Municipality	10 000	-	-	10 000	10 000	-	-	18 000	18 000
EC104 Makana Local Municipality	16 112	-	-13 112	3 000	3 000	-	-	25 000	25 000
EC105 Ndlambe Local Municipality	85 000	-	-	85 000	85 000	-	-	20 000	20 000
EC106 Sundays River Valley Local Municipality	20 000	-	5 000	25 000	25 000	-	-	15 000	15 000
DC12 Amathole District Municipality	86 000	-	-48 000	38 000	38 000	-	-	75 000	75 000

Name of municipality	2022/23					2021/22			
	Grant allocation		Transfer			DORA and other transfers	R'000	R'000	
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer				Funds withheld
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
DC13 Chris Hani District Municipality	60 000	-	5 200	65 200	65 200	-	-	83 000	83 000
DC14 Joe Gqabi District Municipality	60 000	-	-	60 000	60 000	-	-	73 000	73 000
DC15 O.R. Tambo District Municipality	50 000	-	26 223	76 223	76 223	-	-	96 000	96 000
DC44 Alfred Nzo District Municipality	100 000	-	-	100 000	100 000	-	-	110 000	110 000
Free State Province	332 599	-	-	332 599	332 599	-	-	374 617	374 617
FS161 Letsemeng Local Municipality	20 000	-	5 000	25 000	25 000	-	-	25 532	25 532
FS162 Kopanong Local Municipality	20 000	-	(9 600)	10 400	10 400	-	-	32 000	32 000
FS163 Mohokare Local Municipality	22 088	-	-5 080	17 008	17 008	-	-	31 000	31 000

Name of municipality	2022/23						2021/22		
	Grant allocation			Transfer			DORA and other transfers	R'000	
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000		
FS181 Masilonyana Local Municipality	23 334	-	-5 000	18 334	18 334	-	-	12 000	12 000
FS182 Tokologo Local Municipality	15 720	-	4 813	20 533	20 533	-	-	15 000	15 000
FS183 Tswelopele Local Municipality	12 276	-	-	12 276	12 276	-	-	12 000	12 000
FS184 Matjhabeng Local Municipality	25 800	-	-	25 800	25 800	-	-	25 000	25 000
FS185 Nala Local Municipality	11 528	-	-	11 528	11 528	-	-	11 000	11 000
FS191 Setso Local Municipality	15 301	-	-	15 301	15 301	-	-	27 825	27 825
FS192 Dihlabeng Local Municipality	13 000	-	12 000	25 000	25 000	-	-	16 000	16 000
FS193 Nketoana Local Municipality	20 000	-	(17 000)	3 000	3 000	-	-	25 000	25 000

Name of municipality	2022/23						2021/22		
	Grant allocation			Transfer			DORA and other transfers	R'000	
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000		
FS194 Maluti-a-phofung Local Municipality	38 896	-	20 000	58 896	58 896	-	-	25 000	25 000
FS195 Phumelela Local Municipality	15 328	-	-	15 328	15 328	-	-	22 260	22 260
FS196 Mantsopa Local Municipality	11 720	-	-	11 720	11 720	-	-	15 000	15 000
FS201 Moqhaka Local Municipality	10 292	-	-	10 292	10 292	-	-	16 500	16 500
FS203 Ngwathe Local Municipality	15 000	-	-	15 000	15 000	-	-	26 500	26 500
FS204 Metsimaholo Local Municipality	22 316	-	-5 133	17 183	17 183	-	-	17 000	17 000
FS205 Mafube Local Municipality	20 000	-	-	20 000	20 000	-	-	20 000	20 000
Gauteng Province	196 678	-	(19 340)	177 338	177 338	-	-	172 000	172 000
GT422 Midvaal Local Municipality	18 864	-	-	18 864	18 864	-	-	18 000	18 000

Name of municipality	2022/23					2021/22		
	Grant allocation		Transfer			Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
GT423 Lesedi Local Municipality	18 874	-	-5 000	13 874	13 874	-	19 000	19 000
GT481 Mogale City Local Municipality	45 160	-	-	45 160	45 160	-	45 000	45 000
GT484 Merafong City Local Municipality	40 420	-	-5 000	35 420	35 420	-	40 000	40 000
GT485 Westonia/ Randfontein Local Municipality	73 360	-	-9 340	64 020	64 020	-	50 000	50 000
Kwa-Zulu Natal Province	939 400	-	119 000	1 058 400	1 058 400	-	897 050	897 050
DC21 Ugu District Municipality	70 000	-	150 000	220 000	220 000	-	72 350	72 350
KZN225 Msunduzi Local Municipality	60 000	-	-	60 000	60 000	-	40 000	40 000
DC22	85 600	-	37 000	122 600	122 600	-	85 000	85 000
DC23 uThukela District Municipality	80 800	-	-	80 800	80 800	-	80 000	80 000

Name of municipality	2022/23					2021/22			
	Grant allocation			Transfer		DORA and other transfers	Actual transfer		
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer			Funds withheld	Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
DC24 uMzinyathi District Municipality	80 000	-	-	80 000	80 000	-	-	89 000	89 000
KZN252 Newcastle Local Municipality	48 000	-	-	48 000	48 000	-	-	40 000	40 000
DC25 aMajuba District Municipality	70 000	-	-10 000	60 000	60 000	-	-	60 000	60 000
DC26 Zululand District Municipality	95 000	-	-	95 000	95 000	-	-	110 000	110 000
DC27 uMkhanyakude District Municipality	60 000	-	(60 000)	-	-	-	-	75 000	75 000
KZN 282 uMhlathuze Local Municipality	50 000	-	-13 000	37 000	37 000	-	-	30 000	30 000
DC28 King Cetshwayo District Municipality	65 000	-	5 000	70 000	70 000	-	-	70 000	70 000
DC29 ILembe District Municipality	80 000	-	20 000	100 000	100 000	-	-	55 000	55 000

Name of municipality	2022/23						2021/22		
	Grant allocation			Transfer			DORA and other transfers	R'000	
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
DC43 Harry Gwala District Municipality	95 000	-	-10 000	85 000	85 000	-	-	90 700	90 700
Limpopo Province	463 462	-	(10 688)	452 774	452 774	-	-	315 449	315 449
DC33 Mopani District Municipality	50 000	-	(15 000)	35 000	35 000	-	-	42 363	42 363
DC34 Vhembe District Municipality	60 000	-	-	60 000	60 000	-	-	44 000	44 000
LIM354 Polokwane Local Municipality	77 160	-	(14 036)	63 124	63 124	-	-	65 000	65 000
DC35 Capricorn District Municipality	115 000	-	50 000	165 000	165 000	-	-	95 000	95 000
LIM 362 Lephalale Local Municipality	-	-	-	-	-	-	-	-	-
LIM 366 Bela Bela Local Municipality	62 010	-	-	62 010	62 010	-	-	32 086	32 086
LIM 367 Mogalakwena Local Municipality	47 640	-	-	47 640	47 640	-	-	37 000	37 000

Name of municipality	2022/23						2021/22		
	Grant allocation			Transfer			DORA and other transfers	Actual transfer	
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
DC47 Greater Sekhukhune District Municipality	51 652	-	-31 652	20 000	20 000	20 000	-	-	-
Mpumalanga Province	487 745	-	(8 000)	479 745	479 745	479 745	-	571 000	571 000
MP301 Albert Luthuli Local Municipality	62 745	-	10 000	72 745	72 745	72 745	-	64 000	64 000
MP302 Msukaligwa Local Municipality	60 000	-	-	60 000	60 000	60 000	-	50 000	50 000
MP303 Mkhondo Local Municipality	55 000	-	-35 000	20 000	20 000	20 000	-	70 000	70 000
MP304 Pixley Ka Seme Local Municipality	20 000	-	(14 000)	6 000	6 000	6 000	-	85 000	85 000
MP307 Govan Mbeki Local Municipality	-	-	18 000	18 000	18 000	18 000	-	16 000	16 000
MP311 Victor Khanye Local Municipality	20 000	-	-	20 000	20 000	20 000	-	-	-
MP312 Emalahleni Local Municipality	15 000	-	-	15 000	15 000	15 000	-	-	-



Name of municipality	2022/23					2021/22			
	Grant allocation		Transfer			DORA and other transfers	DORA and other transfers	Actual transfer	
	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld				Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
MP313 Steve Tshwete Local Municipality	35 000	-	-	35 000	55 000	-	-	45 000	45 000
MP314 Emakhazeni Local Municipality	20 000	-	-	20 000	20 000	-	-	20 000	20 000
MP315 Thembisile Local Municipality	25 000	-	13 000	38 000	38 000	-	-	51 000	51 000
MP321 Thaba Chweu Local Municipality	40 000	-	-	40 000	20 000	-	-	25 000	25 000
MP324 Nkomazi Local Municipality	50 000	-	-	50 000	50 000	-	-	55 000	55 000
MP325 Bushbuckridge Local Municipality	55 000	-	-	55 000	55 000	-	-	60 000	60 000
MP326 Mbombela/ Umjindi Local Municipality	30 000	-	-	30 000	30 000	-	-	30 000	30 000
Northern Cape Province	266 948	-	(14 893)	252 055	252 055	-	-	284 138	284 138
NC451 Joe Morolong Local Municipality	40 000	-	-	40 000	40 000	-	-	47 200	47 200



Name of municipality	2022/23						2021/22	
	Grant allocation			Transfer			DORA and other transfers	Actual transfer
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld		
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NC071 Ubuntu Local Municipality	9 000	-	-	9 000	9 000	-	4 000	4 000
NC072 Umsobomvu Local Municipality	15 000	-	-3 000	12 000	12 000	-	7 000	7 000
NC073 Emthanjeni Local Municipality	16 000	-	(14 000)	2 000	2 000	-	8 000	8 000
NC074 Kareeberg Local Municipality	-	-	-	-	-	-	5 000	5 000
NC075 Renosterberg Local Municipality	5 000	-	2 000	7 000	7 000	-	5 000	5 000
NC076 Thembelihle Local Municipality	10 000	-	-	10 000	10 000	-	7 000	7 000
NC077 Siyathemba Local Municipality	-	-	-	-	-	-	10 000	10 000

Name of municipality	2022/23					2021/22					
	Grant allocation		Transfer			DORA and other transfers	DORA and other transfers	Actual transfer			
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer				Funds withheld	Reallocations by National Treasury/ National Department	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
NC078 Siyancuma Local Municipality	6 000	-	-3 000	3 000	3 000	-	-	-	5 000	5 000	5 000
NC082 //Kai! Garib Local Municipality	9 000	-	(1 800)	7 200	7 200	-	-	-	4 000	4 000	4 000
NC084 iKheis Local Municipality	5 000	-	-	5 000	5 000	-	-	-	5 000	5 000	5 000
NC085 Tsantsabane Local Municipality	6 000	-	-	6 000	6 000	-	-	-	6 000	6 000	6 000
NC086 Kgatelopele Local Municipality	12 000	-	-	12 000	12 000	-	-	-	5 000	5 000	5 000
NC087 //Khara Hais/Mier Local Municipality	5 000	-	-	5 000	5 000	-	-	-	10 000	10 000	10 000
NC091 Sol Plaatjie Local Municipality	19 948	-	(5 000)	14 948	14 948	-	-	-	25 000	25 000	25 000
NC092 Dikgatlong Local Municipality	-	-	-	-	-	-	-	-	10 000	10 000	10 000

Name of municipality	2022/23						2021/22		
	Grant allocation			Transfer			DORA and other transfers	R'000	
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000		
NC093 Magareng Local Municipality	5 000	-	4 000	9 000	9 000	-	-	5 000	5 000
NC094 Phokwane Local Municipality	10 000	-	4 449	14 449	14 449	-	-	20 000	20 000
North West Province	370 676	-	(34 390)	336 286	336 286	-	-	350 073	350 073
NW371 Moretele Local Municipality	65 000	-	-	65 000	65 000	-	-	79 042	79 042
NW373 Rustenburg Local Municipality	70 000	-	(21 000)	49 000	49 000	-	-	77 947	77 947
NW375 Moses Kotane Local Municipality	65 000	-	(5 875)	59 125	59 125	-	-	71 216	71 216
DC39 Dr Ruth Segomotsi Mompoti District Municipality	90 000	-	-	90 000	90 000	-	-	66 868	66 868
NW403 City of Matlosana Local Municipality	15 676	-	-4 515	11 161	11 161	-	-	10 000	10 000

Name of municipality	2022/23						2021/22		
	Grant allocation			Transfer			DORA and other transfers	R'000	
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
NW404 Maquassi Hills Local Municipality	30 000	-	-	30 000	30 000	-	-	30 000	30 000
NW405 JB Marks Local Municipality	35 000	-	-3 000	32 000	32 000	-	-	15 000	15 000
Western Cape Province	145 460	-	(5 000)	140 460	140 460	-	-	129 000	129 000
WC011 Matzikama Local Municipality	9 196	-	-	9 196	9 196	-	-	41 935	41 935
WC012 Cederberg Local Municipality	-	-	-	-	-	-	-	4 600	4 600
WC013 Bergivier Local Municipality	3 150	-	-	3 150	3 150	-	-	6 596	6 596
WC022 Witzenberg Local Municipality	15 701	-	-4 000	11 701	11 701	-	-	-	-
WC023 Drakenstein Local Municipality	-	-	-	-	-	-	-	4 095	4 095



Name of municipality	2022/23					2021/22		
	Grant allocation		Transfer			DORA and other transfers	DORA and other transfers	Actual transfer
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
WC047 Bitou Local Municipality	9 079	-	-2 500	6 579	6 579	-	-	-
WC048 Knysna Local Municipality	-	-	-	-	-	-	5 107	5 107
WC051 Laingsburg Local Municipality	17 360	-	-	17 360	17 360	-	7 496	7 496
WC052 Prince Albert Local Municipality	6 552	-	-	6 552	6 552	-	-	-
WC053 Beaufort West Local Municipality	28 439	-	-	28 439	28 439	-	-	-
Regional Bulk Infrastructure Grant (RBIG)	2 521 420	-	134 248	2 655 668	2 655 668	-	2 237 370	2 237 370
Eastern Cape Province	431 907	-	(18 000)	413 907	413 907	-	481 329	481 329
DC13 Chris Hani District Municipality	216 907	-	95 000	311 907	311 907	-	241 811	241 811
DC14 Joe Gqabi District Municipality	15 000	-	-13 000	2 000	2 000	-	-	-





Name of municipality	2022/23					2021/22			
	Grant allocation		Transfer			DORA and other transfers	R'000	Actual transfer	
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer				Funds withheld
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
DC25 aMajuba District Municipality	-	-	-	-	-	-	-	112 531	112 531
DC26 Zululand District Municipality	15 247	-	235 000	250 247	250 247	-	-	110 000	110 000
DC28 King Cetshwayo District Municipality	213 563	-	-	213 563	213 563	-	-	10 000	10 000
DC43 Harry Gwala District Municipality	-	-	-	-	-	-	-	-	-
Limpopo Province	154 584	-	(20 000)	134 584	134 584	-	-	218 806	218 806
DC33 Mopani District Municipality	-	-	-	-	-	-	-	-	-
LIM354 Polokwane Local Municipality	154 584	-	-20 000	134 584	134 584	-	-	218 806	218 806
Mpumalanga Province	697 142	-	(40 000)	657 142	657 142	-	-	411 080	411 080
MP301 Chief Albert Luthuli Local Municipality	165 142	-	-	165 142	165 142	-	-	145 000	145 000



Name of municipality	2022/23					2021/22				
	Grant allocation		Transfer			DORA and other transfers	R'000	R'000		
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer				Funds withheld	Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
MP326 Mbombela/ Umjindi Local Municipality	10 000	-	-	10 000	10 000	-	-	-	10 000	10 000
Northern Cape Province	135 102	-	(85 102)	50 000	50 000	-	-	-	106 289	106 289
NC065 Hantam Local Municipality	50 000	-	-	50 000	50 000	-	-	-	-	-
NC074 Kareeberg Local Municipality	-	-	-	-	-	-	-	-	43 922	43 922
NC085 Tsantsabane Local Municipality	85 102	-	-85 102	-	-	-	-	-	-	-
NC086 Kgatelopele Local Municipality	-	-	-	-	-	-	-	-	62 367	62 367
North West Province	399 581	-	(119 453)	280 128	280 128	-	-	-	458 318	458 318
DC39 Dr Ruth Segomtsi Mompoti District Municipality	399 581	-	(119 453)	280 128	280 128	-	-	-	458 318	458 318

Name of municipality	2022/23						2021/22		
	Grant allocation			Transfer			DORA and other transfers	R'000	
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			Reallocations by National Treasury/ National Department
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000		
Western Cape Province	269 887	-	181 803	451 690	451 690	-	-	109 006	109 006
WC011 Matzikama Local Municipality	10 000	-	20 000	30 000	30 000	-	-	7 661	7 661
WC022 Witzenberg Local Municipality	19 239	-	27 555	46 794	46 794	-	-	20 000	20 000
WC044 George Local Municipality	240 648	-	134 248	374 896	374 896	-	-	81 345	81 345
Unconditional transfers	978	-	-	978	462	-	-	787	577
Mun B/Acc: Vehicle Licences Mun	904	-	-	904	387	-	-	682	375
Mun B/Acc: Fines & Penalties	73	-	-	73	75	-	-	-	97
Water information management	1	-	-	1	-	-	-	105	105
<b>Total</b>	<b>6 223 417</b>	<b>-</b>	<b>134 248</b>	<b>6 357 665</b>	<b>6 357 149</b>	<b>-</b>	<b>-</b>	<b>5 858 484</b>	<b>5 858 274</b>

### 34 Broad Based Black Economic Empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

### 35 COVID-19 response expenditure

	Note	2022/23	2021/22
		R'000	R'000
Compensation of employees		-	380
Goods and services		-	2 371
Transfers and subsidies		-	-
Expenditure for capital assets		-	-
Other		-	-
<b>Total</b>	<b>Annex 11</b>	<b>-</b>	<b>2 751</b>

No COVID-19 related expenditure was incurred during the year under review.

# ANNEXURES



ANNUAL FINANCIAL STATEMENTS  
31 MARCH 2023

## Annexure 1A: Statement of conditional grants and other transfers paid to municipalities

Name of municipality	2022/23											2021/22	
	Gant allocation				Transfer			Spent				DORA and other transfers	R'000
	DORA and other transfers	Roll overs	Total available	Actual transfer	Funds withheld	Amount received by	Amount spent by	Unspent funds	% of available funds spent by				
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Water Services Infrastructure Grant (WSIG)</b>	<b>3 701 019</b>	<b>-</b>	<b>-</b>	<b>3 701 019</b>	<b>3 701 019</b>	<b>-</b>	<b>3 701 019</b>	<b>3 701 019</b>	<b>-</b>	<b>100%</b>	<b>3 620 327</b>	<b>3 620 327</b>	<b>3 620 327</b>
Eastern Cape Province	498 051	-	(26 689)	471 362	471 362	-	471 362	471 362	-	100%	527 000	527 000	527 000
EC101 Dr Beyers Naude Local Municipality	10 939	(2 000)	8 939	8 939	8 939	-	8 939	8 939	-	100%	12 000	12 000	12 000
EC102 Blue Crane Route Local Municipality	10 000	-	10 000	10 000	10 000	-	10 000	10 000	-	100%	18 000	18 000	18 000
EC104 Makana Local Municipality	16 112	(13 112)	3 000	3 000	3 000	-	3 000	3 000	-	100%	25 000	25 000	25 000
EC105 Ndlambe Local Municipality	85 000	-	85 000	85 000	85 000	-	85 000	85 000	-	100%	20 000	20 000	20 000
EC106 Sundays River Valley Local Municipality	20 000	5 000	25 000	25 000	25 000	-	25 000	25 000	-	100%	15 000	15 000	15 000
DC12 Amathole District Municipality	86 000	(48 000)	38 000	38 000	38 000	-	38 000	38 000	-	100%	75 000	75 000	75 000
DC13 Chris Hani District Municipality	60 000	5 200	65 200	65 200	65 200	-	65 200	65 200	-	100%	83 000	83 000	83 000
DC14 Joe Gqabi District Municipality	60 000	-	60 000	60 000	60 000	-	60 000	60 000	-	100%	73 000	73 000	73 000
DC15 O. R. Tambo District Municipality	50 000	26 223	76 223	76 223	76 223	-	76 223	76 223	-	100%	96 000	96 000	96 000
DC44 Alfred Nzo District Municipality	100 000	-	100 000	100 000	100 000	-	100 000	100 000	-	100%	110 000	110 000	110 000



Name of municipality	2022/23											2021/22	
	Gant allocation					Transfer			Spent			DORA and other transfers	R'000
	DORA and other transfers	Roll overs	Total available	Actual transfer	Funds withheld	Amount received by	Amount spent by	Unspent funds	% of available funds spent by				
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Free State Province	332 599	-	332 599	332 599	-	-	332 599	332 599	-	-	100%	374 617	374 617
FS161 Leisemeng Local Municipality	20 000	5 000	25 000	25 000	-	-	25 000	25 000	-	-	100%	25 532	25 532
FS162 Kopanong Local Municipality	20 000	(9 600)	10 400	10 400	-	-	10 400	10 400	-	-	100%	32 000	32 000
FS163 Mohokare Local Municipality	22 088	(5 080)	17 008	17 008	-	-	17 008	17 008	-	-	100%	31 000	31 000
FS181 Masiomyana Local Municipality	23 334	(5 000)	18 334	18 334	-	-	18 334	18 334	-	-	100%	12 000	12 000
FS182 Tokologo Local Municipality	15 720	4 813	20 533	20 533	-	-	20 533	20 533	-	-	100%	15 000	15 000
FS183 Tswelopele Local Municipality	12 276	-	12 276	12 276	-	-	12 276	12 276	-	-	100%	12 000	12 000
FS184 Matjhabeng Local Municipality	25 800	-	25 800	25 800	-	-	25 800	25 800	-	-	100%	25 000	25 000
FS185 Nala Local Municipality	11 528	-	11 528	11 528	-	-	11 528	11 528	-	-	100%	11 000	11 000
FS191 Setsoto Local Municipality	15 301	-	15 301	15 301	-	-	15 301	15 301	-	-	100%	27 825	27 825
FS192 Dihlabeng Local Municipality	13 000	12 000	25 000	25 000	-	-	25 000	25 000	-	-	100%	16 000	16 000
FS193 Nketoana Local Municipality	20 000	(17 000)	3 000	3 000	-	-	3 000	3 000	-	-	100%	25 000	25 000
FS194 Maluti-a-Phofung Local Municipality	38 896	20 000	58 896	58 896	-	-	58 896	58 896	-	-	100%	25 000	25 000
FS195 Phumelela Local Municipality	15 328	-	15 328	15 328	-	-	15 328	15 328	-	-	100%	22 260	22 260
FS196 Mantsopa Local Municipality	11 720	-	11 720	11 720	-	-	11 720	11 720	-	-	100%	15 000	15 000

Name of municipality	2022/23										2021/22				
	Gant allocation					Transfer					Spent				
	DORA and other transfers R'000	Roll overs R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	%	Amount received by R'000	Amount spent by R'000	Unspent funds R'000	% of available funds spent by %	DORA and other transfers R'000	Actual transfer R'000			
FS201 Moqhaka Local Municipality	10 292		10 292	10 292	-		10 292	10 292	-	100%	16 500	16 500			
FS203 Ngwathe Local Municipality	15 000		15 000	15 000	-		15 000	15 000	-	100%	26 500	26 500			
FS204 Metsimaholo Local Municipality	22 316	(5 133)	17 183	17 183	-		17 183	17 183	-	100%	17 000	17 000			
FS205 Mafube Local Municipality	20 000		20 000	20 000	-		20 000	20 000	-	100%	20 000	20 000			
Gauteng Province	196 678	(19 340)	177 338	177 338	-		177 338	177 338	-	100%	172 000	172 000			
GT422 Midvaal Local Municipality	18 864		18 864	18 864	-		18 864	18 864	-	100%	18 000	18 000			
GT423 Lesedi Local Municipality	18 874	(5 000)	13 874	13 874	-		13 874	13 874	-	100%	19 000	19 000			
GT481 Mogale City Local Municipality	45 160		45 160	45 160	-		45 160	45 160	-	100%	45 000	45 000			
GT484 Merafong City Local Municipality	40 420	(5 000)	35 420	35 420	-		35 420	35 420	-	100%	40 000	40 000			
GT485 Westonaria/Randfontein Local Municipality	73 360	(9 340)	64 020	64 020	-		64 020	64 020	-	100%	50 000	50 000			
Kwa-Zulu Natal Province	939 400	-	1 058 400	1 058 400	-		1 058 400	1 058 400	-	100%	897 050	897 050			
DC21 Ugu District Municipality	70 000	150 000	220 000	220 000	-		220 000	220 000	-	100%	72 350	72 350			
KZN225 Msunduzi Local Municipality	60 000		60 000	60 000	-		60 000	60 000	-	100%	40 000	40 000			
DC22 uMgungundlovu District Municipality	85 600	37 000	122 600	122 600	-		122 600	122 600	-	100%	85 000	85 000			

Name of municipality	2022/23											2021/22	
	Gant allocation				Transfer			Spent				DORA and other transfers	R'000
	DORA and other transfers	Roll overs	Total available	Actual transfer	Funds withheld	Amount received by	Amount spent by	Unspent funds	% of available funds spent by				
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
DC23 uThukela District Municipality	80 800	-	80 800	80 800	-	80 800	80 800	-	100%	80 800	80 000	80 000	80 000
DC24 uMzinyathi District Municipality	80 000	-	80 000	80 000	-	80 000	80 000	-	100%	80 000	80 000	89 000	89 000
KZN252 Newcastle Local Municipality	48 000	-	48 000	48 000	-	48 000	48 000	-	100%	48 000	48 000	40 000	40 000
DC25 aMajuba District Municipality	70 000	(10 000)	60 000	60 000	-	60 000	60 000	-	100%	60 000	60 000	60 000	60 000
DC26 Zululand District Municipality	95 000	-	95 000	95 000	-	95 000	95 000	-	100%	95 000	110 000	110 000	110 000
DC27 uMkhanyakude District Municipality	60 000	(60 000)	-	-	-	-	-	-	-	-	75 000	75 000	75 000
KZN 282 uMhlatuze Local Municipality	50 000	(13 000)	37 000	37 000	-	37 000	37 000	-	100%	37 000	30 000	30 000	30 000
DC28 King Cetshwayo District Municipality	65 000	5 000	70 000	70 000	-	70 000	70 000	-	100%	70 000	70 000	70 000	70 000
DC29 Ilembe District Municipality	80 000	20 000	100 000	100 000	-	100 000	100 000	-	100%	100 000	55 000	55 000	55 000
DC43 Harry Gwala District Municipality	95 000	(10 000)	85 000	85 000	-	85 000	85 000	-	100%	85 000	90 700	90 700	90 700
Limpopo Province	463 462	-	463 462	463 462	-	463 462	463 462	-	100%	463 462	315 449	315 449	315 449
DC33 Mopani District Municipality	50 000	(15 000)	35 000	35 000	-	35 000	35 000	-	100%	35 000	42 363	42 363	42 363
DC34 Vhembe District Municipality	60 000	-	60 000	60 000	-	60 000	60 000	-	100%	60 000	44 000	44 000	44 000
LIM354 Polokwane Local Municipality	77 160	(14 036)	63 124	63 124	-	63 124	63 124	-	100%	63 124	65 000	65 000	65 000
DC35 Capricorn District Municipality	115 000	50 000	165 000	165 000	-	165 000	165 000	-	100%	165 000	95 000	95 000	95 000

Name of municipality	2022/23											2021/22		
	Gant allocation				Transfer			Spent				DORA and other transfers	R'000	
	DORA and other transfers	Roll overs	Total available	Actual transfer	Funds withheld	Amount received by	Amount spent by	Unspent funds	% of available funds spent by					
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
LIM 362 Lephalele Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIM 366 Bela Bela Local Municipality	62 010	-	62 010	62 010	-	62 010	62 010	-	-	100%	62 010	32 086	32 086	
LIM 367 Mogalakwena Local Municipality	47 640	-	47 640	47 640	-	47 640	47 640	-	-	100%	47 640	37 000	37 000	
DC47 Greater Sekhukhune District Municipality	51 652	(31 652)	20 000	20 000	-	20 000	20 000	-	-	100%	20 000	-	-	
Mpumalanga Province	487 745	-	479 745	479 745	-	479 745	479 745	-	-	1100%	479 745	571 000	571 000	
MP301 Albert Luthuli Local Municipality	62 745	10 000	72 745	72 745	-	72 745	72 745	-	-	100%	72 745	64 000	64 000	
MP302 Msukaligwa Local Municipality	60 000	-	60 000	60 000	-	60 000	60 000	-	-	100%	60 000	50 000	50 000	
MP303 Mkhondo Local Municipality	55 000	(35 000)	20 000	20 000	-	20 000	20 000	-	-	100%	20 000	70 000	70 000	
MP304 Pixley Ka Seme Local Municipality	20 000	(14 000)	6 000	6 000	-	6 000	6 000	-	-	100%	6 000	85 000	85 000	
MP307 Govan Mbeki Local Municipality	-	18 000	18 000	18 000	-	18 000	18 000	-	-	100%	18 000	16 000	16 000	
MP311 Victor Khanye Local Municipality	20 000	-	20 000	20 000	-	20 000	20 000	-	-	-	20 000	-	-	
MP312 Emalahleni Local Municipality	15 000	-	15 000	15 000	-	15 000	15 000	-	-	-	15 000	-	-	
MP313 Steve Tshwete Local Municipality	35 000	-	35 000	55 000	-	55 000	55 000	-	-	0%	55 000	45 000	45 000	

Name of municipality	2022/23											2021/22		
	Gant allocation				Transfer			Spent				DORA and other transfers	Actual transfer	
	DORA and other transfers	Roll overs	Total available	Actual transfer	Funds withheld	Amount received by	Amount spent by	Unspent funds	% of available funds spent by	DORA and other transfers	Actual transfer			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
MP314 Emakhazeni Local Municipality	20 000	-	20 000	20 000	-	20 000	20 000	-	100%	20 000	20 000	20 000	20 000	20 000
MP315 Thembisile Local Municipality	25 000	13 000	38 000	38 000	-	38 000	38 000	-	100%	38 000	38 000	38 000	51 000	51 000
MP321 Thaba Chweu Local Municipality	40 000	-	40 000	20 000	-	20 000	20 000	-	100%	20 000	20 000	20 000	25 000	25 000
MP324 Nkomazi Local Municipality	50 000	-	50 000	50 000	-	50 000	50 000	-	100%	50 000	50 000	50 000	55 000	55 000
MP325 Bushbuckridge Local Municipality	55 000	-	55 000	55 000	-	55 000	55 000	-	100%	55 000	55 000	55 000	60 000	60 000
MP326 Mbombela/Umjindi Local Municipality	30 000	-	30 000	30 000	-	30 000	30 000	-	100%	30 000	30 000	30 000	30 000	30 000
Northern Cape Province	266 948	- (14 893)	252 055	252 055	-	252 055	252 055	-	100%	252 055	252 055	284 138	284 138	284 138
NC451 Joe Morolong Local Municipality	40 000	-	40 000	40 000	-	40 000	40 000	-	100%	40 000	40 000	47 200	47 200	47 200
NC452 Gasegonyana Local Municipality	30 000	6 958	36 958	36 958	-	36 958	36 958	-	100%	36 958	36 958	30 000	30 000	30 000
NC453 Gamagara Local Municipality	5 000	(1 000)	4 000	4 000	-	4 000	4 000	-	100%	4 000	4 000	15 938	15 938	15 938
NC061 Richtersveld Local Municipality	10 000	-	10 000	10 000	-	10 000	10 000	-	100%	10 000	10 000	10 000	10 000	10 000
NC062 Nama Khoi Local Municipality	20 000	(10 000)	10 000	10 000	-	10 000	10 000	-	100%	10 000	10 000	5 000	5 000	5 000
NC064 Kamiesberg Local Municipality	5 000	(2 500)	2 500	2 500	-	2 500	2 500	-	100%	2 500	2 500	5 000	5 000	5 000
NC065 Hantam Local Municipality	11 000	10 000	21 000	21 000	-	21 000	21 000	-	100%	21 000	21 000	10 000	10 000	10 000

Name of municipality	2022/23										2021/22				
	Gant allocation					Transfer					Spent				
	DORA and other transfers R'000	Roll overs R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	%	Amount received by R'000	Amount spent by R'000	Unspent funds R'000	% of available funds spent by %	DORA and other transfers R'000	Actual transfer R'000			
NC066 Karoo Hoogland Local Municipality	13 000	(2 000)	11 000	11 000	-	-	11 000	11 000	-	100%	10 000	10 000			
NC067 Khai Ma Local Municipality	-	-	-	-	-	-	-	-	-	-	10 000	10 000			
NC071 Ubuntu Local Municipality	9 000	-	9 000	9 000	-	-	9 000	9 000	-	100%	4 000	4 000			
NC072 Umsobomvu Local Municipality	15 000	(3 000)	12 000	12 000	-	-	12 000	12 000	-	100%	7 000	7 000			
NC073 Emthanjeni Local Municipality	16 000	(14 000)	2 000	2 000	-	-	2 000	2 000	-	100%	8 000	8 000			
NC074 Kareeberg Local Municipality	-	-	-	-	-	-	-	-	-	-	5 000	5 000			
NC075 Renosterberg Local Municipality	5 000	2 000	7 000	7 000	-	-	7 000	7 000	-	100%	5 000	5 000			
NC076 Thembeilhe Local Municipality	10 000	-	10 000	10 000	-	-	10 000	10 000	-	100%	7 000	7 000			
NC077 Siyathemba Local Municipality	-	-	-	-	-	-	-	-	-	-	10 000	10 000			
NC078 Siyancuma Local Municipality	6 000	(3 000)	3 000	3 000	-	-	3 000	3 000	-	100%	5 000	5 000			
NC082 iKai! Garib Local Municipality	9 000	(1 800)	7 200	7 200	-	-	7 200	7 200	-	100%	4 000	4 000			
NC084 iKheis Local Municipality	5 000	-	5 000	5 000	-	-	5 000	5 000	-	100%	5 000	5 000			
NC085 Tsantsabane Local Municipality	6 000	-	6 000	6 000	-	-	6 000	6 000	-	100%	6 000	6 000			
NC086 Kgatelopele Local Municipality	12 000	-	12 000	12 000	-	-	12 000	12 000	-	100%	5 000	5 000			

Name of municipality	2022/23										2021/22				
	Gant allocation					Transfer					Spent			DORA and other transfers	R'000
	DORA and other transfers	Roll overs	Total available	Actual transfer	Funds withheld	Amount received by	Amount spent by	Unspent funds	% of available funds spent by	DORA and other transfers	R'000	R'000			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000		
NC087 //Khara Hais/Mier Local Municipality	5 000		5 000	5 000	-	5 000	5 000	5 000	-	100%		10 000	10 000		
NC091 Sol Plaatjie Local Municipality	19 948	(5 000)	14 948	14 948	-	14 948	14 948	14 948	-	100%		25 000	25 000		
NC092 Dikgatlong Local Municipality	-		-	-	-	-	-	-	-			10 000	10 000		
NC093 Magareng Local Municipality	5 000	4 000	9 000	9 000	-	9 000	9 000	9 000	-	100%		5 000	5 000		
NC094 Phokwane Local Municipality	10 000	4 449	14 449	14 449	-	14 449	14 449	14 449	-	100%		20 000	20 000		
North West Province	370 676	(34 390)	336 286	336 286	-	336 286	336 286	336 286	-	100%		350 073	350 073		
NW371 Moretele Local Municipality	65 000		65 000	65 000	-	65 000	65 000	65 000	-	100%		79 042	79 042		
NW373 Rustenburg Local Municipality	70 000	(21 000)	49 000	49 000	-	49 000	49 000	49 000	-	100%		77 947	77 947		
NW375 Moses Kotane Local Municipality	65 000	(5 875)	59 125	59 125	-	59 125	59 125	59 125	-	100%		71 216	71 216		
DC39 Dr Ruth Segomotsi Mompoti District Municipality	90 000		90 000	90 000	-	90 000	90 000	90 000	-	100%		66 868	66 868		
NW403 City of Matlosana Local Municipality	15 676	(4 515)	11 161	11 161	-	11 161	11 161	11 161	-	100%		10 000	10 000		
NW404 Maquassi Hills Local Municipality	30 000		30 000	30 000	-	30 000	30 000	30 000	-	100%		30 000	30 000		
NW405 Ventersdorp/Tlokwe Local Municipality	35 000	(3 000)	32 000	32 000	-	32 000	32 000	32 000	-	100%		15 000	15 000		

Name of municipality	2022/23										2021/22				
	Gant allocation					Transfer					Spent				
	DORA and other transfers R'000	Roll overs R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	%	Amount received by R'000	Amount spent by R'000	Unspent funds R'000	% of available funds spent by	DORA and other transfers R'000	Actual transfer R'000			
Western Cape Province	145 460	-	(5 000)	140 460	-	-	140 460	140 460	-	600%	129 000	129 000			
WC011 Matzikama Local Municipality	9 196		9 196	9 196	-		9 196	9 196	-	100%	41 935	41 935			
WC012 Cederberg Local Municipality	-		-	-	-		-	-	-		4 600	4 600			
WC013 Bergrivier Local Municipality	3 150		3 150	3 150	-		3 150	3 150	-	100%	6 596	6 596			
WC022 Witzenberg Local Municipality	15 701		(4 000)	11 701	-		11 701	11 701	-						
WC023 Drakenstein Local Municipality	-		-	-	-		-	-	-		4 095	4 095			
WC025 Breede Valley Local Municipality	5 107		5 107	5 107	-		5 107	5 107	-						
WC026 Langeberg Local Municipality	-		-	-	-		-	-	-		20 000	20 000			
WC031 Theewaterskloof Local Municipality	-		-	-	-		-	-	-		2 500	2 500			
WC032 Overstrand Local Municipality	27 439		27 439	27 439	-		27 439	27 439	-	100%	5 182	5 182			
WC033 Cape Agulhus Local Municipality	17 000		(4 500)	12 500	-		12 500	12 500	-	100%	7 700	7 700			
WC034 Swellendam Local Municipality	6 437		6 000	12 437	-		12 437	12 437	-	100%	10 707	10 707			
WC041 Kannaland Local Municipality	-		-	-	-		-	-	-		10 000	10 000			



Name of municipality	2022/23											2021/22		
	Gant allocation				Transfer			Spent				DORA and other transfers	R'000	
	DORA and other transfers	Roll overs	Total available	Actual transfer	Funds withheld	Amount received by	Amount spent by	Unspent funds	% of available funds spent by	DORA and other transfers	R'000			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
WC044 George Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	3 082	3 082
WC045 Oudtshoorn Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WC047 Bitou Local Municipality	9 079	(2 500)	6 579	6 579	-	6 579	6 579	-	6 579	-	6 579	-	-	-
WC048 Knysna Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	5 107	5 107
WC051 Laingsburg Local Municipality	17 360	-	17 360	17 360	-	17 360	17 360	-	17 360	-	17 360	-	7 496	7 496
WC052 Prince Albert Local Municipality	6 552	-	6 552	6 552	-	6 552	6 552	-	6 552	-	6 552	-	-	-
WC053 Beaufort West Local Municipality	28 439	-	28 439	28 439	-	28 439	28 439	-	28 439	-	28 439	-	-	-
<b>Regional Bulk Infrastructure Grant (RBIG)</b>	<b>2 521 420</b>	<b>-</b>	<b>2 521 420</b>	<b>2 521 420</b>	<b>-</b>	<b>2 521 420</b>	<b>2 521 420</b>	<b>-</b>	<b>2 521 420</b>	<b>-</b>	<b>2 521 420</b>	<b>-</b>	<b>2 237 370</b>	<b>2 237 370</b>
Eastern Cape Province	431 907	(18 000)	413 907	413 907	-	413 907	413 907	-	413 907	-	413 907	-	481 329	481 329
DC13 Chris Hani District Municipality	216 907	95 000	311 907	311 907	-	311 907	311 907	-	311 907	-	311 907	-	241 811	241 811
DC14 Joe Gqabi District Municipality	15 000	(13 000)	2 000	2 000	-	2 000	2 000	-	2 000	-	2 000	-	-	-
DC15 O.R. Tambo District Municipality	200 000	(100 000)	100 000	100 000	-	100 000	100 000	-	100 000	-	100 000	-	239 518	239 518
Free State Province	204 407	-	204 407	204 407	-	204 407	204 407	-	204 407	-	204 407	-	213 921	213 921
FS163 Mohokare Local Municipality	4 407	-	4 407	4 407	-	4 407	4 407	-	4 407	-	4 407	-	20 000	20 000
FS191 Setsoto Local Municipality	150 000	-	150 000	150 000	-	150 000	150 000	-	150 000	-	150 000	-	110 000	110 000

Name of municipality	2022/23											2021/22		
	Gant allocation				Transfer			Spent				DORA and other transfers	R'000	
	DORA and other transfers	Roll overs	Total available	Actual transfer	Funds withheld	Amount received by	Amount spent by	Unspent funds	% of available funds spent by					
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
FS195 Phumelela Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	5 000	5 000
FS203 Ngwathe Local Municipality	50 000	-	50 000	50 000	-	50 000	50 000	-	-	-	-	50 000	78 921	78 921
Kwa-Zulu Natal Province	228 810	-	463 810	463 810	-	463 810	463 810	-	-	-	-	463 810	238 621	238 621
DC23 uThukela District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	6 090	6 090
DC24 uMzinyathi District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DC25 aMajuba District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	112 531	112 531
DC26 Zululand District Municipality	15 247	-	250 247	250 247	-	250 247	250 247	-	-	-	-	250 247	110 000	110 000
DC28 King Cetshwayo District Municipality	213 563	-	213 563	213 563	-	213 563	213 563	-	-	-	-	213 563	10 000	10 000
DC43 Harry Gwala District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Limpopo Province	154 584	-	134 584	134 584	-	134 584	134 584	-	-	-	-	134 584	218 806	218 806
DC33 Mopani District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIM354 Polokwane Local Municipality	154 584	-	134 584	134 584	-	134 584	134 584	-	-	-	-	134 584	218 806	218 806
Mpumalanga Province	697 142	-	657 142	657 142	-	657 142	657 142	-	-	-	-	657 142	411 080	411 080
MP301 Chief Albert Luthuli Local Municipality	165 142	-	165 142	165 142	-	165 142	165 142	-	-	-	-	165 142	145 000	145 000
MP302 Msukaligwa Local Municipality	175 000	-	175 000	175 000	-	175 000	175 000	-	-	-	-	175 000	86 080	86 080

Name of municipality	2022/23											2021/22		
	Gant allocation				Transfer			Spent				DORA and other transfers	R'000	
	DORA and other transfers	Roll overs	Total available	Actual transfer	Funds withheld	Amount received by	Amount spent by	Unspent funds	% of available funds spent by	DORA and other transfers	R'000			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
MP303 Mkhondo Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MP306 Dipaleseng Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MP307 Govan Mbeki Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	40 000	40 000
MP313 Steve Tshwete Local Municipality	145 000	-	145 000	145 000	-	145 000	145 000	-	100%	145 000	45 000	45 000	-	45 000
MP321 Thaba Chweu Local Municipality	2 000	3 100	5 100	5 100	-	5 100	5 100	-	-	5 100	-	-	-	-
MP324 Nkomazi Local Municipality	200 000	(43 100)	156 900	156 900	-	156 900	156 900	-	100%	156 900	85 000	85 000	-	85 000
MP325 Bushbuckridge Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MP326 Mbombela/Umjindi Local Municipality	10 000	-	10 000	10 000	-	10 000	10 000	-	100%	10 000	10 000	10 000	-	10 000
Northern Cape Province	135 102	(85 102)	50 000	50 000	-	50 000	50 000	-	100%	50 000	106 289	106 289	-	106 289
NC065 Hantam Local Municipality	50 000	-	50 000	50 000	-	50 000	50 000	-	100%	50 000	-	-	-	-
NC074 Kareeberg Local Municipality	85 102	(85 102)	-	-	-	-	-	-	-	-	-	-	43 922	43 922
NC085 Tsantsabane Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NC086 Kgatelopele Local Municipality	399 581	(119 453)	280 128	280 128	-	280 128	280 128	-	100%	280 128	458 318	458 318	-	458 318

Name of municipality	2022/23										2021/22				
	Gant allocation					Transfer					Spent				
	DORA and other transfers R'000	Roll overs R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	%	Amount received by R'000	Amount spent by R'000	Unspent funds R'000	% of available funds spent by	DORA and other transfers R'000	Actual transfer R'000			
DC39 Dr Ruth Segomotsi Mompati District Municipality	399 581	(119 453)	280 128	280 128	-	-	280 128	280 128	-	100%	458 318	458 318			
Western Cape Province	269 887	-	451 690	451 690	-	-	451 690	451 690	-	100%	109 006	109 006			
WC011 Matzikama Local Municipality	10 000	20 000	30 000	30 000	-	-	30 000	30 000	-	100%	7 661	7 661			
WC022 Witzenberg Local Municipality	19 239	27 555	46 794	46 794	-	-	46 794	46 794	-	100%	20 000	20 000			
WC044 George Local Municipality	240 648	134 248	374 896	374 896	-	-	374 896	374 896	-	100%	81 345	81 345			
<b>Total</b>	<b>6 222 439</b>	<b>-</b>	<b>134 248</b>	<b>6 356 687</b>	<b>-</b>	<b>-</b>	<b>6 356 687</b>	<b>6 356 687</b>	<b>-</b>	<b>100%</b>	<b>5 857 697</b>	<b>5 857 697</b>			

## Annexure 1B: Statement of transfers to departmental agencies and accounts

Departmental agency/ account	2022/23				2021/22			
	Transfer allocation		Total available	Transfer		Final budget	Actual transfer	
	Adjusted budget	Rollovers		Adjustments	Actual transfer			% of available funds transferred
R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Energy Water Sector Education and Training Authority (EWSETA)	3 350			3 350		100%	3 190	3 188
Water Trading Account:	2 608 779			2 608 779		100%	2 372 665	2 372 665
Augmentation (Capital)								
Com: Licences (Radio and TV)	1		11	12	11	92%	2	2
<b>Total</b>	<b>2 612 130</b>	<b>-</b>	<b>-</b>	<b>2 612 141</b>	<b>2 612 140</b>		<b>2 375 857</b>	<b>2 375 855</b>

## Annexure 1D: Statement of transfers / subsidiaries to public corporations and private enterprises

Name of public corporation / private enterprise	2022/23					2021/22			
	Grant allocation			Expenditure		Current	Final budget	Actual transfer	
	Adjusted budget	Rollovers	Adjustments	Total available	Actual transfer				% of available funds transferred
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>Public Corporations</b>									
<b>Transfers</b>									
Magalies Water	130 449			130 449	130 449	100,0%	130 449	103 390	103 390
Bloem Water	108 835			108 835	108 835	100,0%	108 835		
Sedibeng Water	143 729			143 729	143 729	100,0%	143 729	569 388	569 388
Umgeni Water	738 673			738 673	738 673	100,0%	738 673	230 191	230 191
Lepelle Water	422 000			422 000	422 000	100,0%	422 000		
<b>Subtotal public corporations</b>	<b>1 543 686</b>	<b>-</b>	<b>-</b>	<b>1 543 686</b>	<b>1 543 686</b>	<b>100,0%</b>	<b>1 543 686</b>	<b>902 969</b>	<b>902 969</b>

## Annexure 1E: Statement of transfers to foreign governments and international organisations

Foreign government / international organisation	2022/23						2021/22	
	Transfer allocation			Expenditure			Final budget	Actual transfer
	Adjusted budget	Rollovers	Adjustments	Total available	Actual transfer	% of available funds transferred		
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Transfers</b>								
Komati River Basin Water Authority (KOBWA)	248 278			248 278	248 278	100%	240 774	240 774
Limpopo Watercourse Commission (LIMCOM)	950			950	895	94%	926	790
Orange-Senque River Basin Commission (ORASECOM)	1 550			1 550	1 404	91%	1 404	1 404
African Ministers' Council on Water (AMCOW) Trust Fund	200			200	176	88%	220	148
<b>Total</b>	<b>250 978</b>	<b>-</b>	<b>-</b>	<b>250 978</b>	<b>250 753</b>		<b>243 324</b>	<b>243 116</b>

## Annexure 1F: Statement of transfers to non-profit institutions

Non-profit institution	2022/23						2021/22	
	Transfer allocation			Expenditure			Final budget	Actual transfer
	Adjusted budget	Rollovers	Adjustments	Total available	Actual transfer	% of available funds transferred		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers</b>								
South African Youth Water Prize	395			395	244	62%	19	-
VAR Inst:2020 Vision-Water ED PR	647			647	741	115%	803	77
NEPAD Business Foundation	550			550	500	91%	500	500
<b>Total</b>	<b>1 592</b>	<b>-</b>	<b>-</b>	<b>1 592</b>	<b>1 485</b>		<b>1 322</b>	<b>577</b>



## Annexure 1G: Statement of transfers to households

Households	2022/23						2021/22	
	Transfer allocation			Expenditure			Final budget	Actual transfer
	Adjusted budget	Rollovers	Adjustments	Total available	Actual transfer	% of available funds transferred		
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Transfers</b>								
H/H: Bursaries (non-employees)	21 898		(377)	21 521	21 441	100%	21 002	21 002
H/H: Claim against the state (cash)	224			224	80	36%	-	-
Farmer Support household (cash)				-			22	22
H/H Empl S/Ben: Leave gratuity	11 443		4 124	15 567	12 666	81%	12 279	12 279
H/H Empl S/Ben: Severance package	-			-	-	-	-	-
H/H Empl S/Ben: PST retirement benefit	-			-	-	-	217	217
H/H: Donation gifts (Cash)								
<b>Total</b>	<b>33 565</b>	<b>-</b>	<b>3 747</b>	<b>37 312</b>	<b>34 187</b>		<b>33 520</b>	<b>33 520</b>

## Annexure 1H: Statement of gifts, donations and sponsorships received

Name of organisation	Nature of gift, donation or sponsorship	2022/23	2021/22
		R'000	R'000
<b>Received in cash</b>		-	-
<b>Subtotal</b>		-	-
<b>Received in kind</b>			
Faecal Sludge Management Alliance	Sponsored virtual conference (Faecal Sludge Management Conference)	-	34
Lazmin Computers	Camera	-	1
Chocolates	George Khan Family Holdings - WC	-	
LGSETA	Promotional Material - 2 x Lantern Bluetooth Speaker and 2 x Notebook	1	
Boegoeberg Water User Association NC	Gift Basket (Lower Orange River Forum - 2022)	5	
Swiss Agency and Development Corporation and UKZN	Flight, Accommodation, Food and Group Shuttle - Nairobi - Kenya 28 Nov - Dec 2022	50	
African Water Association (AfWA) Beneficiary: Anet	Attendance of 21st Afaecal sludge Management Alliance Congress and Exhibition Annual General Conference in Abidjan, Cote d'Ivoire	55	
BMT College	Headphones - Complimentary gift for paid account	-	
<b>Total</b>		<b>111</b>	<b>35</b>

## Annexure 1J: Statement of gifts, donations and sponsorships made

Nature of gift, donation or sponsorship	2022/23	2021/22
	R'000	R'000
<b>Made in kind</b>		
Fruit basket/ flowers (Polokwane/Northern Cape)	1	7
Village crafts - large plate - handover ceremony	-	4
Granite and engraving - Handover Ceremony	-	1
Corporate gifts - Inkomati and Maputo	-	2
Doll and blanket - RSA Cuban steercom	-	2
Printing frame - Ministerial Gift RSA & Mozambique	2	-
Diplomatic gift blanket + plate - Minister Singapore	2	-
Gift box + bag - Minister Singapore	0	-
Photo frames - long service	5	-
<b>Total</b>	<b>10</b>	<b>16</b>

## Annexure 1L: Statement of indirect grants between national departments and municipalities

Name of grant	Grant allocation			Spent Amount R'000
	Division of Revenue Act R'000	Roll overs R'000	Adjustments R'000	
Regional Bulk Infrastructure Grant (RBIG); Schedule 6B	3 240 531		(134 248)	2 530 528
Regional Bulk Infrastructure Grant (RBIG); Schedule 6B - Vaal River Pollution Remediation Project (Goods and services)	229 860			194 292
Water Services Infrastructure Grant (WSIG); Schedule 6B	696 336			583 536
Disaster Response Water Services Infrastructure Grant	75 000			31 439
<b>Total</b>	<b>4 241 727</b>	<b>-</b>	<b>(134 248)</b>	<b>4 107 479</b>
				<b>3 339 795</b>

## Annexure 2B: Statement of investments in and amounts owing by/ to entities

Name of public entity	Nature of business	Cost of investment		Net asset value of investment		Amounts owing to entities		Amounts owing by entities	
		R'000		R'000		R'000		R'000	
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
<b>Controlled entities</b>									
Irrigation Boards									
Haarlem	Dam and pipelines	-	-	-	-	-	-	525	525
Manchester Noordwyk	For irrigation	-	-	-	-	-	-	530	799
Noord Agter Paarl	For irrigation	-	-	-	-	-	-	71	123
<b>Total</b>		-	-	-	-	-	-	<b>1 126</b>	<b>1 447</b>

## Annexure 3A: Statement of financial guarantees issued as of 31 March 2023 – local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2022	Guarantees drawdowns during the year	Guarantees repayments/cancelled/reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2023	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2023
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	<i>Housing</i>								
Standard Bank	loans	310	110	-	-	-	110	-	-
	Subtotal	310	110	-	-	-	110	-	-
	Other								
KOBWA (21)	Hambros Mangua Dam	380 000	368 465	1 173	-	-	369 638	-	1 177
Land Bank (30)	Water Projects by WUA's	150 000	34 703	-	56	-	34 647	-	1 342
TCTA	Investec Long-term Loan	1 000 000	950 820	-	65 574	-	885 246	-	-
TCTA	Investec RCF	500 000	-	-	-	-	-	-	-
TCTA	Std Bank Long-term Loan	3 000 000	2 300 000	-	200 000	-	2 100 000	-	34 512
TCTA	Std Bank RCF	1 000 000	-	-	-	-	-	-	-
TCTA	Standard Bank long term loan 2021	600 000	525 000	-	100 000	-	425 000	-	6 607
TCTA	Standard Bank long term loan 2021	900 000	803 571	-	128 571	-	675 000	-	11 039
TCTA	Absa long term loan 2021	1 000 000	1 000 000	-	250 000	-	750 000	-	-

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2022	Guarantees drawdowns during the year	Guarantees repayments/cancelled/reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2023	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2023
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
TCTA	Investec long term loan 2021	1 650 000	1 567 500	-	110 000	-	1 457 500	-	12 541
TCTA	RMB long term loan 2021	3 800 000	2 389 937	-	-	-	2 389 937	-	-
TCTA	DBSA long term loan 2021	5 500 000	-	-	-	-	-	-	-
TCTA	Nedbank long term loan 2021	2 000 000	-	-	-	-	-	-	-
TCTA (13)	Call bills & capital bills	4 000 000	-	-	-	-	-	-	-
TCTA (13)	Unutilised guarantee facility	50 000	-	-	-	-	-	-	-
	Subtotal	25 530 000	9 939 996	1 173	854 201	-	9 086 968	-	67 218
	<b>Total</b>	<b>25 530 310</b>	<b>9 940 106</b>	<b>1 173</b>	<b>854 201</b>	<b>-</b>	<b>9 087 078</b>	<b>-</b>	<b>67 218</b>

## Annexure 3B: Statement of contingent liabilities as of 31 March 2023

Nature of liability	Opening balance 1 April 2022	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (details provided hereunder)	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Stephan Mogohlwane & Others	287	44	-	-	331
Freddy Aphane	49	8	-	-	57
Black Child Productions	10 000	-	-	-	10 000
Nkondo GM	555	-	-	-	555
Ntsumi Communications	867	78	-	-	945
JJ Jordaan	43 533	6 748	-	-	50 281
Mariam Mangera	31	5	-	-	35
PSA OBO Surita Kiesling	275	35	310	-	0
Ibrahim Mahomed and Others	11 116	1 723	-	-	12 839
Tuscan Mood 2001(Pty)ltd	4 497	-	-	-	4 497
Minister of DWS/ Thembi J Shongwe	290	-	-	-	290
L Sishuba // DWS	1 592	-	-	-	1 592
SA Satar / DWS and Mokgadi Hellen Maloba	52	5	-	-	58
Jan Hendrik George Blignault/ DWS	15	2	-	-	16
University of Limpopo v DG DWS	4 908	442	-	-	5 350
Kahlon Sylvia and 5 Others v DWS	51 011	5 229	-	-	56 240
Mulangaphuma HL VS DWS	4 247	403	-	-	4 650
Teffo Mashala/DWS	1 592	-	-	-	1 592
Nevondo Azwihangwisi Andries	3 280	508	-	-	3 789
ADI Investment (PTY)LTD	1 000 661	155 103	-	-	1 155 764

Nature of liability	Opening balance 1 April 2022	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (details provided hereunder)	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Nehawu Obo Tjeko Lischen Maja vs Minister of Water and Sanitation	246	-	-	-	246
EM Lamola / DWS	713	-	-	-	713
M Shexane & M Myantasi vs Amatola Water Board & DWS	6 000	-	-	-	6 000
Manyana Nondilana vs Amatola Water Board & DWS	3 350	-	-	-	3 350
Nehawu Obo Ivy Maboko vs Department of Water & Sanitation	2	-	-	-	2
Singata Ndikhonam LUC vs Amatola Water Boards & DWS	4 469	693	-	-	5 162
Fumile advisory	49 310	4 931	-	-	54 241
Blue Raindrops Advertising	3 354	-	-	-	3 354
DWS/ SJ Modiba and others	684	-	-	-	684
Evangelical Lutheran Church	41	4	-	-	46
Poti Jerry Sotsaka//Minister of Human Settlement, Water & Sanitation and Lehlonolo Mofokeng	404	42	-	-	446
Zolile Burns-Ncamashe	-	550	-	-	550
<b>Total</b>	<b>1 207 433</b>	<b>176 553</b>	<b>310</b>	<b>-</b>	<b>1 383 676</b>

*Prior period error: A matter of Goldenhuys and Masilo Water amounting to R2,057 million and R86 thousand was reported erroneously on the Main Account register in state of WTE.*

*Matters resolved during the accounting period under review: PSA OBO Surita Kiesling amounting to R275 thousand, but parties agreed to the settlement amount of R80 thousand.*



## Annexure 4: Claims recoverable

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2022/23*	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Department</b>								
East Cape Sport & Recreation Arts and Culture (E2)	-	-	-	12	-	12	-	-
National Treasury (B3)	-	-	-	16	-	16	-	-
National Dept of Transport (25)	-	-	-	42	-	42	-	-
Department of Employment & Labour (33)	-	19	-	-	-	19	-	-
Gauteng Treasury (4G)	-	-	-	36	-	36	-	-
National Dept of Tourism (5G)	-	-	-	103	-	103	-	-
Department of Higher Education	-	-	-	63	-	63	-	-
Office of the Chief Justice (82)	-	-	-	30	-	30	-	-
National Dept of Public Service & Admin (94)	-	-	-	7	-	7	-	-
National Department of Correctional Services (95)	-	-	-	18	-	18	-	-
East Cape Rural Development & Agr. Reform (D7)	-	-	-	39	-	39	-	-
Gauteng Health (G9)	-	-	-	21	-	21	-	-

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2022/23*	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Gauteng Social Development(5G)	-	-	-	27	-	-	27	-
Kwa-Zulu Natal Transport (7K)	-	-	-	22	-	-	22	-
Limpopo Education (P8)	-	-	-	40	-	-	40	-
North-West Office of the Premier (1Y)	-	-	-	91	-	-	91	-
Nat Dept of Justice & Constitutional Dev (12)	-	-	17	-	17	-	-	-
East Cape Transport (D9)	-	-	3	-	3	-	-	-
Dept of Planning Monitoring & Evaluation (73)	-	-	30	-	30	-	-	-
<b>Sub total</b>	-	19	50	567	50	50	586	-
<b>Other government entities</b>								
Water Trading Entity	-	188	-	-	-	-	188	-
Property Management Trading Entity (M5)	-	-	-	21	-	-	21	-
Government Printing (37)	-	-	-	10	-	-	10	-
Sub total	-	188	-	31	-	-	219	-
<b>Total</b>	-	207	50	598	50	50	805	-

## Annexure 5: Inter-government payables

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2022/23 *	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Departments</b>								
<b>Current</b>								
Department of Tourism		41				41		
Department of Public Service and Admin		222				222		
Department of Justice	5 590	7 945	-	-	5 590	7 945	-	-
<b>Sub-total</b>	<b>5 590</b>	<b>8 208</b>	<b>-</b>	<b>-</b>	<b>5 590</b>	<b>8 208</b>	<b>-</b>	<b>-</b>
<b>Other government entities</b>								
Water & Sanitation Trading Entity	25 623	36 028	-	-	25 623	36 028	-	-
Special Investigation Unit (SIU)	2 230	342	-	-	2 230	342	-	-
AGSA	6 070	3 409	-	-	6 070	3 409	-	-
Government Printing	11	-			11	-		
Property Management	4 415	69 576	-	-	4 415	69 576	-	-
<b>Sub-total</b>	<b>38 349</b>	<b>109 355</b>	<b>-</b>	<b>-</b>	<b>38 349</b>	<b>109 355</b>	<b>-</b>	<b>-</b>
<b>Total intergovernmental payables</b>	<b>43 939</b>	<b>117 563</b>	<b>-</b>	<b>-</b>	<b>43 939</b>	<b>117 563</b>	<b>-</b>	<b>-</b>

## Annexure 6: Inventories

Inventories for the year ended 31 March 2023	Water tankers	Other	Other	Other	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-
Add/ (Less: adjustments to prior year balances	-	-	-	-	-
Add: Additions/ purchases – Cash	8 590	-	-	-	8 590
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	(8 590)	-	-	-	(8 590)
Add/(Less): Received current, not paid; (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Inventories for the year ended 31 March 2022	Water tankers	Other	Other	Other	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-
Add/ (Less: adjustments to prior year balances	-	-	-	-	-
Add: Additions/ purchases – Cash	4 267	-	-	-	4 267
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	(4 267)	-	-	-	(4 267)
Add/ (Less): Received current, not paid; (Paid current year, received prior year)	-	-	-	-	-
Add/ (Less): Adjustments	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Water tankers were procured for the drought alleviation programme

## Annexure 7: Movement in capital work in progress

Movement in capital work in progress for the year ended 31 March 2023

	Opening balance	Current year capital WIP	Ready for use (asset register) / contract terminated	Closing balance
	R'000	R'000	R'000	R'000
Buildings and other fixed structures				
Other fixed structures	23 461 454	<b>3 135 657</b>	559 261	26 037 850
<b>Total</b>	<b>23 461 454</b>	<b>3 135 657</b>	<b>559 261</b>	<b>26 037 850</b>

Movement in capital work in progress for the year ended 31 March 2022

	Opening balance	Current year capital WIP	Ready for use (asset register) / contract terminated	Closing balance
	R'000	R'000	R'000	R'000
Buildings and other fixed structures				
Other fixed structures	22 271 141	(810 587)	2 479 579	(478 679)
<b>Total</b>	<b>22 271 141</b>	<b>(810 587)</b>	<b>2 479 579</b>	<b>(478 679)</b>

*Prior year error: The opening balance was misstated and thereby adjusted by R810,587 million, from R24.272 billion to R23.461 billion.*

## Annexure 8A: Inter-entity advances paid (note 13)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	R'000	R'000	R'000	R'000	R'000	R'000
<b>National departments</b>						
Department of International Relations & Cooperation's	2 455	817	-	-	2 455	817
National School of Government	1 970	-	-	-	1 970	-
<b>Subtotal</b>	<b>4 425</b>	<b>817</b>	<b>-</b>	<b>-</b>	<b>4 425</b>	<b>817</b>
<b>Public entities</b>						
Lepelle Northern Water	23 716	34 241	-	-	23 716	34 241
Sedibeng Water	308	8 098	-	-	308	8 098
Rand Water	-	74 624	-	-	-	74 624
Housing Development Agency	-	20 122	-	-	-	20 122
Subtotal	24 024	137 085	-	-	24 024	137 085
<b>Total</b>	<b>28 449</b>	<b>137 902</b>	<b>-</b>	<b>-</b>	<b>28 449</b>	<b>137 902</b>

## Annexure 11: COVID-19 response expenditure

Per quarter and in total

Expenditure per economic classification	2022/23					2021/22
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Compensation of employees</b>	-	-	-	-	-	<b>380</b>
<b>Goods and services</b>	-	-	-	-	-	2 371
Advertising	-	-	-	-	-	-
Contractors	-	-	-	-	-	320
Con: sta, print & off sup	-	-	-	-	-	78
Cons supplies	-	-	-	-	-	857
Property payment	-	-	-	-	-	1 116
Minor assets	-	-	-	-	-	-
Inventory other supply - water tanks	-	-	-	-	-	-
Consumable supplies	-	-	-	-	-	-
<b>Total COVID-19 response expenditure</b>	-	-	-	-	-	<b>2 751</b>

No COVID-19 related expenditure was incurred in the current financial year





# PART G



## ANNUAL FINANCIAL STATEMENTS WATER TRADING ACCOUNT

## 1 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

In line with its strategic commitment to be a well-governed National Department, the Entity strives for effective oversight and monitoring of its governance regime. Vital to the achievement of this aim, is a competent and independent Audit Committee. The Audit Committee is pleased to present its report for the financial year ended 31 March 2023.

### Audit Committee members and attendance

The Audit Committee comprises of four (4) independent members who have sufficient qualifications and experience to render the required Audit Committee function as stipulated in the committee terms of reference.

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	No. of Meetings attended
Dr Charles Motau	Doctor Technologiae: Computer Science and Data Processing, Master's Degree in Business Leadership, Master's Degree in Information Technology, Bachelor of Commerce, Higher Diploma in Computer Auditing, Certificate in Information Technology Project Management, Certificate in Executive Leadership, Certificate in Human Resource Management, Certificate in Digital Transformation Strategy.	External	Not Applicable	01 July 2020	Not Applicable	9 of 9  (Dr Motau also attended a meeting with Chairpersons of the Audit Committees of the Water Boards)
Mr Sindile Faku	Master of Science Degree, Bachelor of Education, Bachelor of Arts, Senior Teachers Diploma, Human Resource Management Programme, Graduate Diploma in Company Direction, Housing Finance Course, Real Estate Qualification, Leadership in Local Government Certification	External	Not Applicable	01 July 2020	Not Applicable	9 of 9
Ms Nontlaza Sizani	Bachelor of Commerce Honors, Certificate in Accounting Theory (CTA), Post Graduate Diploma in Management, Bachelor of Commerce, Senior Secondary Teachers Diploma,	External	Not Applicable	01 July 2020	Not Applicable	9 of 9

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	No. of Meetings attended
Adv Oliver Josie	B PROC Degree, Bachelor of Law (LLB), a Master's Degree in Law, a Master's in Business Leadership from the University of South Africa.	External	Not Applicable	01 November 2022	Not Applicable	4 of 9

## Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The Audit Committee and relevant stakeholders also complete an annual Audit Committee assessment to evaluate the efficiency and effectiveness of the Audit Committee. For the financial year ended 31 March 2023, the Audit Committee reviewed:

- Quarterly Financial Statements and Performance Reports;
- Unaudited Annual Financial Statements before submission to the AGSA;
- Audited Annual Financial Statements to be included in the Annual Report;
- The AGSA's Audit Report, Management Report and Management's response thereto;
- The appropriateness of accounting policies and procedure;
- The effectiveness of the system of Risk Management;
- Compliance with relevant laws and regulations;
- The system of IT Governance;
- The audit plans and reports of Internal Audit and the AGSA.
- The Audit Committee also held separate meetings with other assurance providers; and
- The Internal Audit and Audit Committee Charters.

## Review and evaluation of the annual financial statements

The Audit Committee is satisfied with the content and quality of some of the financial and non-financial quarterly reports prepared and submitted during the financial year under review and confirms that the reports were mostly in compliance with the statutory reporting framework.

The Audit Committee had the opportunity to review the Annual Financial Statements and discussed same with Management. The Audit Committee has the following comments:

- The Entity's maintained an unqualified audit opinion with findings on non-compliance with legislation in the 2022/23 financial years. The Entity corrected all material misstatements identified, remaining with non-compliance findings. However, the Committee is concerned that:
  - Material misstatements were identified in the financial statements submitted for audit, which constitutes non-compliance with legislation. These misstatements were however corrected.
  - In the 2022/23 financial year, WTE incurred fruitless and wasteful expenditure amounting to R71 487 000 (2022: R70 308 000). This is because of costs incurred due to the significant delays of the projects. The delays were as a result of the following: delays in procurement of materials, breakdowns and lack of maintenance of plant on the projects, transportation of materials was not done in time due to escalation in prices, standing of labour as there was no diesel on site and officials couldn't travel to site, contractors & sub-contractors providing essential services/goods stopped, the inaccessibility to SAP system affected procurement processes for materials, the charging of standing of plant and labour while projects are on hold and inadequate project management and planning. The Audit Committee however noted the initiatives by the Director-General to resolve these challenges and is of the view that these initiatives will yield the desired results.

- There was a delay in finalising the investigation and disciplinary cases. However, the number of cases that have been investigated has improved and this is due to the increase in investigative capacity. This included the filling of vacant positions, appointment of contract workers, and the procurement of professional service providers to assist in expediting the investigations.
- Debtor collection period regressed from 308 to 389 days and this is mainly due to the persistent problems with the municipalities and water boards not settling their debts, despite the intervention by the legal services.
- Although still greater than 30 days, the creditor payment period improved from 99 days to 69 days indicating an improvement on the trading entity's controls over payment processing. The entity should continue to enhance controls on this area to ensure continued improvement.
- There was non-compliance with the competitive bidding process which resulted in irregular expenditure of R26 998 000. These cases have since been referred to Internal Audit for investigation.
- The AGSA reported three (3) new material irregularities as follows:
  - Payments made in vain for repair services not/not fully performed at various pump stations. Investigation was completed on the 15 February 2021 and an amount of R17 187 649.44 was recommended to be disclosed as irregular expenditure in the AFS. Some of the officials were suspended and one resigned in the prior financial period.
  - Delays in the construction of the raising of the Clanwilliam dam project resulting in financial loss due to site overhead costs.
- The AGSA also followed up on previously reported material irregularities which related to site-establishment costs and standing time and interest on payments not made within 30 days. These have not been resolved as yet and will be followed in the next year's audit. The Entity however demonstrated progress on the implementation of recommendations.

The Audit Committee concurs and accepts the AGSA's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the audit report of the AGSA.

**The Audit Committee is pleased that:**

- The AGSA did not identify any events or condition that cast significant doubts on the trading entity's ability to continue as a going concern.
- The AGSA did not identify findings to highlight in this area of financial management.
- Management finalised the raising of Hazelmere dam. The project was practically completed on 24 March 2023.

## Resolution of internal control findings

The follow-up processes such as quarterly reporting on action plans performed by the Chief Directorate: Internal Audit and the Directorate: Internal Control indicated that Management need to institute adequate corrective action to address control weaknesses identified.

The Audit Committee requires management to improve the quality and timing of Management responses. The Audit Committee is continuously emphasising the importance of Management appropriately balancing delivery and continuous improvement.

## Efficiency and effectiveness of internal control

Deficiencies in the system of internal control and deviations were reported in the Internal and AGSA Audit Reports. Although some of the drivers of internal controls are maintained, the entity did not implement adequate preventative internal controls to avoid non-compliance with legislation resulting from the annual financial statements, expenditure management, consequence management, procurement and contract management.

The entity did not implement adequate preventive internal controls to prevent non-compliance with legislation, mostly relating to management not regularly reviewing, updating, and approving some of the policies and procedures. Furthermore, the Compliance policies are not in line with the updated National Treasury regulations to guide the operations of the Entity resulting in instances of non-compliance with the PFMA.

Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored by the respective officials. Per review of the financial statements the entity continued incurring irregular expenditure amounting to R101 million and fruitless and wasteful expenditure, mostly relating to losses incurred on projects, amounting to R117 million as at 31 March 2023.

## Combined assurance

The Audit Committee reviewed the plans and reports of the AGSA and Internal Audit and other assurance providers including Management and concluded that these were adequate to address all significant risks facing the Department.

The Office of the Chief Risk Officer in consultation with Internal Audit developed the departmental Combined Assurance Strategy and Implementation Plan. The Plan was reviewed and implemented during the 2022/23 financial year. Feedback on the implementation of the Combined Assurance Plan is provided during the Quarterly Risk Management Meetings and reported to the Audit Committee quarterly by an Independent Chairperson of the Risk Management Committee. It must be noted that combined assurance is still in its infancy and will improve over time as the plans are implemented.

The Internal Audit Unit coordinates its plans with the AGSA to minimise duplication of efforts and increase audit coverage. The AGSA is also making efforts to place more reliance on the work of Internal Audit in coming financial year.

## Internal Audit (IA) effectiveness

Internal Audit forms part of the third line of defence as set out in the Combined Assurance Plan and engages with the first and second lines of defence to facilitate the escalation of key control breakdowns.

The Internal Audit Unit has a functional reporting line to the Audit Committee (via the Chairperson) and an administrative reporting line to the Director-General. The Audit Committee, with respect to its evaluation of the adequacy and effectiveness of internal controls, receives reports from Internal Audit on a quarterly basis, assesses the effectiveness of Internal Audit function, and reviews and approves Internal Audit's Operational and Three-Year Rolling Plans.

The Audit Committee monitored and challenged, where appropriate, action taken by Management regarding adverse Internal Audit findings.

The Audit Committee has overseen a process by which Internal Audit has performed audits according to a risk-based audit plan where the effectiveness of the risk management and internal controls were evaluated. These evaluations were the main input considered by the Audit Committee in reporting on the effectiveness of internal controls.

The Audit Committee is satisfied with the independence and effectiveness of the Internal Audit function. During the 2022/23 financial year, additional actions were implemented to ensure the Internal Audit function is adequately resourced.

Several investigations were conducted/ are in progress by the Internal Audit Unit at the request of the Director General and/or the Minister arising from allegations against officials of the Entity. The completed investigations resulted in recommendations for disciplinary and/or criminal proceeding to be instituted against the Entity's officials concerned.

## Performance information

The performance information was presented to the Audit Committee during the meeting of 26 May 2023 and the Audit Committee supported the submission of this information. Quarterly auditing of performance information by the Internal Audit unit of all Annual Performance Plan targets took place.

## Risk management

The Entity assessed strategic and operational risks that could have an impact on the achievement of its objectives, both strategically at a programme level, on a quarterly basis. Risks were prioritised based on its likelihood and impact (inherent and residual) and additional mitigations were agreed upon to reduce risks to acceptable levels.

New and emerging risks were identified during the quarterly review processes. A separate Risk Management Committee, which is chaired by an Independent Chairperson of the Risk Management Committee, monitors and oversees the control of risk identification throughout the Entity. Feedback is also provided to the Audit Committee on a quarterly basis by the Chairperson of the Risk Management Committee.

Internal audit also performs their own assessment of the risk environment of the organisation and this includes both the strategic and operational risks as part of this assessment.

## Governance and ethics

The Entity has adopted the corporate governance principles of the King Code of Governance in South Africa applicable to the Public Sector. The Audit Committee continues to monitor the key governance interventions of the Entity as required, however there is a need for continued improvement in this area.

The focus on Ethics within the Entity to imbed further enhancements of awareness and understanding of Ethics at all levels within the Department. Furthermore, the Entity requires that all members of the Senior Management Services (SMS) complete a financial disclosure declarations and a report is provided to the Audit Committee regarding compliance thereof.

## Information and Communication Technology (ICT) governance

The Audit Committee reviewed the progress with respect to the ICT Governance in line with the Corporate Governance of ICT Policy Framework issued by the Department of Public Service and Administration. Although there was progress on the ICT Internal Control the Audit Committee report its dissatisfaction with minimal progress made with the implementation of Disaster Recovery Plan and the Business Continuity Plan.

The issue of IT Security continues to be a high risk for the Department due to data breaches that were experienced in the past. However, the Audit Committee noted the implementation of control measures in this regard, including those that were implemented following the Cyber Security Review that was performed by an external service provider on behalf of the Internal Audit Unit.

## Conclusion

The Audit Committee is pleased with the outcome of the audit and concerned with progress made by the Department in improving and progressing with the areas outlined in this report.

Management is positive in their commitment to good governance and a clean administration.

The Audit Committee noted non-compliance with prescribed policies and procedures in the financial year under review. From observations, analysis and reports presented to the Audit Committee by Management and assurance providers, including Internal Audit and the AGSA, as well as the Audit Committee's evaluation of the Risk Management processes, the Audit Committee concludes that the systems of internal control tested were found to be inadequate and ineffective for some of the areas tested. These controls require further improvement and we have received assurance that the matter is being addressed. Attention has also been given in addressing prior years' concerns reported by the AGSA.

The Audit Committee noted the final Management Report and Audit Report from the AGSA and their conclusions. The Audit Committee wishes to express its appreciation to the DG, Management of the Department, the AGSA, IA and management who assisted the Audit Committee in performing its functions effectively.



**Adv. Josie Oliver**  
**Chairperson of the Audit Committee**  
**Department of the Water & Sanitation**

**Date:** 27 September 2023

## 2 REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON THE WATER TRADING ENTITY

### Report on the audit of the financial statements

#### Opinion

- 1 I have audited the financial statements of the Water Trading Entity (WTE) set out on pages 364 to 420, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion, the financial statements present fairly, in all material respects, the financial position of the WTE as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management (Act 1 of 1999) (PFMA).

#### Basis for opinion

- 3 I conducted my audit in accordance with the international standard on Auditing (ISAs). My responsibilities under those standards are further described in the auditor's general's responsibilities for audit of the financial statements sections of my report
- 4 I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
- 5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matter

- 6 I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### Contingent assets

- 7 As disclosed in note 32 to the annual financial statements, contingent assets have been disclosed to describe the overpayment of royalties emanating from the Treaty between the government of Lesotho and the Republic of South Africa.

#### Material impairments and losses

- 8 As disclosed in note 13 to the financial statements, material impairments to the amount of R9 697 568 000 were provided for trade receivables and are potentially irrecoverable. Furthermore, as state in the same note to the financial statements, material losses to the amount of R2 275 952 000 were incurred as a result of a write-off of irrecoverable trade receivables.



## Other matter

- 9 I draw attention to the matter below. My opinion is not modified in respect of this matter.
- 10 On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 23 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the WTE. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.
- 11 I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

## Responsibilities of the accounting officer for the financial statements

- 12 The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 13 In preparing the financial statements, the accounting officer is responsible for assessing the trading entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

## Responsibilities of the auditor-general for the audit of the financial statements

- 14 My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 15 A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the annual performance report

- 16 In terms of section 40(3)(a) of the PFMA, the entity is required to prepare an annual performance report. The performance information of the entity was reported in the annual performance report of the Department of Water and Sanitation. The usefulness and reliability of the reported performance information were tested as part of the audit of the Department of Water and Sanitation and any audit findings are included in the auditor's report of the Department of Water and Sanitation.

## Report on compliance with legislation

- 17 In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the trading entity's compliance with legislation.
- 18 I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
- 19 Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial management of the trading entity, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
- 20 The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Annual financial statements

- 21 The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(b) of the PFMA.
- 22 Material misstatements of non-current assets, cash flow statement and statement of comparison between budget and actual amounts identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified opinion.

## Expenditure management

- 23 Effective and appropriate steps were not taken to prevent irregular expenditure, as disclosed in note 33 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure related to prior year irregular contracts which were extended in the current year.
- 24 Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 33 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of fruitless and wasteful expenditure disclosed in the financial statements continued to be caused by losses or abnormal costs incurred on internal and external projects.

## Procurement and contract management

- 25 Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, in contravention of section 2(1)(f) of PPPFA and preferential procurement regulation 2017.
- 26 Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the Construction Industry Development Board Act (CIDB) and CIDB regulations 17 and 25(7A).

## Consequence management

- 27 I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against the officials who had incurred and permitted fruitless and wasteful expenditure in prior years, as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

## Other information in the annual report

- 28 The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements and the auditor's report.
- 29 My opinion on the financial statements and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
- 30 My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 31 I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

- 32 I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
- 33 The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
- 34 Management did not adequately review the annual financial statements to ensure that they were prepared in accordance with the Standards of GRAP and the requirements of the PFMA.
- 35 Management did not adequately implement review and monitoring controls to prevent non-compliance with laws and regulations relating to supply chain management.
- 36 Management did not apply appropriate project management processes to prevent incurrence of fruitless and wasteful expenditure relating to internal and external projects.
- 37 The accounting officer did not implement adequate consequence management processes for non-compliance with applicable policies, laws and regulations.

## Material irregularities

- 38 In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

## Material irregularities identified during the audit

- 39 The material irregularities identified are as follows:

### Payments for repairs not fully performed at various pump stations

- 40 Section 45(a) of the PFMA states that, *An official in a department, trading entity or constitutional institution must ensure that the system of financial management and internal control established for that department, trading entity or constitutional institution is carried out within the area of responsibility of that official.*
- 41 On 26 August 2019, WTE entered into a contract with a service provider for emergency repairs at the Usuthu Vaal pump station for the rehabilitation of transformers for the Vaal River Eastern Sub-system Augmentation Project. Per paragraph 2.8 of the contract, payments will only be made after signed deliverables have been completed and a completion certificate has been signed by both the WTE project manager/engineer and the service provider.
- 42 During the 2020-21 audit, I noted that the service provider was paid 30% of the total value of the refurbishment of two transformers at the Boshkop pump station, however upon physical verification, I was unable to validate the refurbishment performed. Furthermore, the contract did not make any provision for a prepayment. This issue was communicated to management on 19 August 2022. I recommended an investigation be conducted by management, completed on 30 April 2022 which confirmed that there were instances of overbilling, duplication of work and charging for work not undertaken.

- 43 The investigation report noted various sites where work was not fully completed but did not quantify the amount of the actual losses suffered. The total invoices billed which were reviewed for the various sites during this investigation amounted to R18 225 768.48, which was a combination of work performed and worked not performed. The irregularity is likely to result in a material financial loss.
- 44 The accounting officer was notified of the material irregularity on 2 March 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer was also requested to quantify the full loss from these transactions and to provide substantiating evidence / action plans of processes instituted since the date of the investigation report.
- 45 The following actions has been taken by the accounting officer in response to the recommendations of the investigation report:
- Consequence management processes have commenced, investigation report identified six officials of the trading entity responsible for the likely loss incurred:
    - Two officials are no longer in the employ of the entity; one official's contract ended on 31 December 2020, while another official resigned on 31 March 2022.
    - One official has filed for a temporary incapacity leave.
    - Three officials are currently undergoing consequence management processes, with two suspended during the process.
  - A case of alleged procurement irregularities has been opened with the South African Police Service on 10 July 2022.
  - The matter was also referred to the Special Investigating Unit (SIU) for investigation, and proclamation number R96 of 2022 was assigned on 2 December 2022 to this investigation.
  - An advisory memorandum on the matter was received on 31 January 2023, where the advocate sought advice from the state attorney on whether they should proceed with issuing summons for recovery of funds from the service provider, or should await outcomes of the above investigation of the SIU. No response had been received from the state attorney.
- 46 The entity has since enhanced the internal controls in relation to work certification and related payment thereof. The chief engineer in the cluster office has also been assigned to assist the area offices with contract management processes.
- 47 I will follow up on the implementation of the planned actions during the next audit.

## Material irregularities in progress

- 48 I identified other two (2) material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due for one material irregularity, while I had not yet completed the process of evaluating the response for the other. These material irregularities will be included in next year's auditor's report.

## Status of previously reported material irregularities

### Payments not made within 30 days resulting in additional interest

- 49 Treasury regulation 8.2.3 requires the accounting officer of an entity to settle payments within 30 days from receipt of an invoice or, in the case of civil claims, from date of settlement or court judgement.
- 50 The entity entered into a contract valued at R154 million (including vat) with a service provider which required a 10% advance payment of the contract value. The entity did not make the advance payment as per the contract provisions. This resulted in the service provider issuing a letter of demand and, consequently, court proceedings. The court ordered the entity to pay the service provider interest of R2,2 million, as well as the applicant's taxed party-party costs. The interest costs result in a financial loss.
- 51 The accounting officer was notified of the material irregularity on 18 July 2019. The accounting officer referred the matter to the internal risk management unit of the department to finalise an investigation by 31 August 2019. The investigation was finalised and a report was submitted to the accounting officer on 26 September 2019. The accounting officer required some clarifications on the report, which required risk management to submit a revised report. The final approved investigation report was finalised in June 2020. The report identified three (3) former officials responsible for incurring fruitless and wasteful expenditure, which would have been avoided had reasonable care been exercised to prevent the financial loss.
- 52 The accounting officer further referred recommendations from the Department of Water and Sanitation's internal risk management unit to its Legal Services unit on 29 September 2020 to determine the appropriate steps to be taken to recover the losses suffered. The legal opinion was obtained on 17 December 2020 stating that letters must be written to the former officials concerned to make payment within the period of thirty (30) days and that, should these officials fail to do so, Legal Services should be instructed by the accounting officer to take the matter to the Office of the State Attorney.
- 53 The accounting officer issued claim letters to the former officials on 25 May 2021 requesting settlements and responses within 30 days from date of receipt of the letters. Responses to the claim letters were received on 26 June 2021 and 7 July 2021 respectively from legal representatives of two of the three former officials, who requested access to information and to be afforded opportunity to make their representations. The accounting officer referred the written responses from the officials to Risk and Compliance Management and Legal Services for further assessment. The accounting officer indicated that the expected date of completion of the assessment was 31 May 2022.
- 54 On 23 February 2022, the entity submitted additional information to the legal representatives of the former employees for their consideration and response, per their request.
- 55 No response was received from the legal representatives. After numerous follow-ups, the accounting officer, on 4 July 2022, instructed the state attorney to issue summons for the recovery of R2 264 737 from the former officials.
- 56 The entity received a response from the state attorney on 26 July 2022, indicating that the state attorney is in the process of appointing an advocate to assist in the matter.
- 57 The trading entity instructed the state attorney to issue summons to the former employees, per email correspondence dated 26 October 2022.
- 58A As at the date of this report, the summons had not been issued, as counsel could not locate the whereabouts (addresses) of the former employees.
- 59 The trading entity therefore instructed the state attorney on 19 June 2023, to appoint a tracer to locate the ex-officials so that these summons can be served.
- 60 I will follow up on the implementation of the planned actions during the next audit.

## Amounts paid to a contractor for site re-establishment cost and standing time

- 61 Section 38(1)(b) of the PFMA states that, The accounting officer for a department, trading entity or constitutional institution is responsible for effective, efficient, economical and transparent use of resources of the department, trading entity and constitutional institution.
- 62 The entity entered into a contract for the construction of Hazelmere Dam for a contract amount of R522 109 661. The contract commenced in February 2015 and the initial end date was July 2019.
- 63 There were delays in the procurement process of permanent load cells required to finalise the project. This resulted in the project being put on hold from 15 January 2018 and at this stage the project was 96% complete. The contractor incurred time- and cost-related charges (standing time and fixed cost-related charges) which the entity was liable to pay. The non-payment of these costs resulted in the contractor terminating the contract on 9 October 2018 and leaving the site with their equipment.
- 64 A settlement agreement was entered into between the entity and contractor in January 2020 to allow the contractor to return on-site and finalise the project. The settlement agreement included a payment of the site re-establishment costs and standing time incurred by the contractor while the project was on hold.
- 65 The non-compliance resulted in a material financial loss comprising two elements amounting to R39 072 104 for the entity. A financial loss amounting to R5 963 155 relating to payments made for site re-establishment and another financial loss amounting to R33 108 859, relating to costs incurred for standing time.
- 66 The accounting officer was notified of the material irregularity on 8 December 2021 and invited to make a written submission of the actions taken and that will be taken to address the matter.
- 67 The accounting officer committed to appointed a professional service provider to perform an investigation on the irregularities identified. The investigation was finalised on 8 July 2022 and indicated the following:
- The root cause was determined as misrepresentation by the contractor and delays in procurement processes caused by officials of the entity;
  - The investigation identified three individuals representing the entity who were responsible for weaknesses in procurement processes and recommended that disciplinary process be effected in respect of those employees;
  - No fraudulent, corrupt or other criminal conduct was identified per the investigation report; and
  - The report identified instances of weakness in controls within procurement processes and the financial management of the project.
- 68 In response to the investigation report's recommendations, the accounting officer has taken the following actions:
- On 1 September 2022, a dedicated finance manager was appointed to the project to control spending and limit any further losses.
  - Disciplinary proceedings against officials of the entity implicated in the report have commenced and are still underway; and
  - The recovery process has commenced, with a letter of demand delivered to the contractor on 28 June 2023.
- 69 The raising of the Hazelmere Dam wall was completed in the 2022-23 financial year, and a practical completion certificate awarded on 1 March 2023.
- 70 I will follow up on the implementation of the planned actions during the next audit.

## Other reports

- 71 In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the trading entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
- 72 The SIU is currently conducting forensic investigations as per relevant proclamations issued at the Department of Water and Sanitation. Below are the ongoing investigations:
- Proclamation no. R27 of 2019: The raising of the Tzaneen dam wall project,
  - Proclamation no. R28 of 2019: Emergency upgrading of the Thukela Goedertrow Transfer Scheme,
  - Proclamation R27 of 2018: Contracts awarded by DWS to SAP, and
  - Proclamation R33 of 2021: 4 contracts awarded to EOH.

*Auditor - General*

**Pretoria**

**29 July 2023**



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

## Auditor-general's responsibility for the audit

### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Department of Water and Sanitation to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



## Compliance with legislation – selected legislative requirements

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 50(2)(b) Section 50(3)(a) Section 50(3)(b) Section 51(1)(a)(ii) Section 51(1)(a)(iii) Section 51(1)(b)(i) Section 51(1)(b)(ii) Section 51(1)(a)(iv) Section 55(1)(b) Section 51(1)(b)(ii) Section sec 51(1)(f) Section 51(2) Section sec 52 (b) Section 54(2)(c) Section 54(2)(d) Section 55(1)(a) Section 55(1)(c)(i) Section 56(2)(c) Section 51(1)(e)(iii) Section 52(b) Section 57(b) Section 66(3)(a)
Preferential Procurement Regulations of 2017 (PPR)	2017 PPRs 6(8), 7(8), 10(1) & 2) & 11(1) 2017 PPRs 5(1) & 5(3) 2017 PPRs 2017 5(6) 2017 PPRs 5(7) 2017 PPRs 4(1) & 4(2) 2017 PPR 9(1) 2011 PPR. 9(1) 2017 PPR 8(2) 2017 PPR 8(5)
Preferential Procurement Regulations of 2022 (PPR)	PPPFA (1) PPPFA 2(1)(a) PPPFA 2(1)(f) 2022 Preferential procurement regulations 4(4) and 5(4)

Legislation	Sections or regulations
Treasury Regulations (TR)	TR 16A.7.1 TR 16A.7.3 TR 16A.7.6 TR 16A.7.7 TR 29.1.1 TR 29.1.1(a) TR 29.1.1(b) TR 29.1.1(c) TR 29.2.1 TR 29.2.2 TR 29.3.1 TR 30.2.1 TR 31.2.5 TR 31.2.7(a) TR 31.2.1 TR 31.3.3 TR 33.1.1 TR 33.1.3 NT Instruction Note 3 of 2019-20 [Annexure A - FIPDM] - paragraphs 5.5.1 (vi) and (x) NT Instruction Note 3 of 2021-22 paragraphs 4.1 and 4.2 NT Instruction Note 4 of 2015-16 paragraph 3.4 NT Instruction No 5 of 2020-21 paragraph 4.8 NT Instruction No 5 of 2020-21 paragraph 4.9 NT Instruction No 5 of 2020-21 paragraph 5.3 Second amendment NT Instruction Note 5 of 2020-21 paragraph 1 Erratum NT Instruction Note 5 of 2020-21 Treasury Instruction Note 11 of 2020-21 paragraph 3.1 Treasury Instruction Note 11 of 2020-21 paragraphs 3.4 (b) and 3.9
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

### 3 ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

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## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	<i>Note</i>	R'000	restated R'000
<b>Revenue</b>		<b>17 672 656</b>	17 959 042
Revenue from exchange transactions	<b>3</b>	<b>15 404 071</b>	15 895 847
Revenue from non-exchange transactions	<b>4</b>	<b>2 268 585</b>	2 063 195
<b>Expenditure</b>		<b>8 444 844</b>	10 127 047
Employee benefit costs	<b>5</b>	<b>1 797 143</b>	1 537 289
Operating expenditure	<b>6</b>	<b>4 270 350</b>	4 249 625
Repairs and Maintenance - <i>Property, plant and equipment</i>	<b>7</b>	<b>237 579</b>	180 253
Impairment on financial assets	<b>8</b>	<b>30 263</b>	420 712
Finance cost	<b>9</b>	<b>1 754 519</b>	2 381 505
Depreciation, amortisation and impairment	<b>10</b>	<b>350 378</b>	1 348 705
Loss on disposal of fixed assets	<b>11</b>	<b>4 612</b>	8 958
<b>Surplus/(deficit) for the year</b>		<b>9 227 812</b>	7 831 995

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	Note	R'000	restated R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>21 728 055</b>	16 420 564
Cash and cash equivalents	12	1 780 139	2 141 999
Receivables from exchange transactions	13	16 436 345	13 411 500
Advances to public entities	14	2 863 133	457 155
Inventory	15	129 369	129 467
Construction Work In Progress	16	519 069	280 443
<b>Non-current assets</b>		<b>95 893 811</b>	92 822 807
Property, plant and equipment	17	69 981 640	69 652 216
Intangible assets	18	25 912 171	23 170 591
<b>Total assets</b>		<b>117 621 866</b>	109 243 371
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>2 903 192</b>	3 233 590
Payables from exchange transactions	19	2 116 997	2 351 361
Employee benefits	20	243 567	277 552
Finance lease liability	22	1 725	930
Financial liabilities: TCTA	23	540 903	603 747
<b>Non-current liabilities</b>		<b>11 144 281</b>	11 663 201
Provisions	21	494 748	491 610
Finance lease liability	22	1 306	566
Financial liabilities: TCTA	23	10 648 227	11 171 025
<b>Total liabilities</b>		<b>14 047 473</b>	14 896 791
<b>Total net assets</b>		<b>103 574 393</b>	94 346 580
<b>NET ASSETS</b>			
<b>Reserves</b>			
Accumulated surplus		101 031 827	92 563 172
Pumping cost reserve		2 549 185	1 755 229
<b>Net assets</b>		<b>103 581 012</b>	94 318 400

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2023

	Note	Accumulated surplus	Pumping cost reserve	Net assets
<b>Balance at 1 April 2021</b>		85 230 227	1 284 354	85 514 581
As previously stated		82 039 724	1 284 354	83 324 078
Prior period error	34	3 190 503	-	3 190 503
<b>Surplus for the year</b>		7 831 995		7 831 995
As previously stated		7 228 393		7 228 393
Prior period error	34	603 602		603 602
<b>Net movement in reserves</b>		(470 875)	470 875	-
Transfers between reserves		(470 875)	470 875	-
<b>Balance at 31 March 2022</b>		92 591 352	1 755 229	94 346 581
As previously stated		88 797 248	1 755 229	90 552 477
Prior period error	34	3 794 104	-	3 794 104
<b>Surplus for the year</b>		9 227 812	-	9 227 812
<b>Net movement in reserves</b>		(793 956)	793 956	-
Transfers between reserves		(793 956)	793 956	-
<b>Balance at 31 March 2023</b>		101 025 208	2 549 185	103 574 393

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R'000	restated R'000
<i>Note</i>		
<b>Cash flows from operating activities</b>		
<i>Cash receipts</i>	<b>16 113 860</b>	15 997 297
Taxes and transfers	<b>2 268 507</b>	2 063 195
Sale of water services	<b>10 839 589</b>	10 059 651
Income received in advance: LHWP	-	952 184
Construction and other revenue	<b>2 825 720</b>	2 851 442
Water research levies - receipts	<b>178 116</b>	69 948
Commission earned	<b>980</b>	8
Lease revenue earned	<b>948</b>	868
<i>Cash payments</i>	<b>(12 834 581)</b>	(9 242 505)
Employee benefits	<b>1 720 003</b>	1 459 205
Water Research Commissioner - payments	<b>139 969</b>	128 028
Goods and services	<b>7 623 346</b>	6 139 619
Advances paid: LHDA	<b>2 150 823</b>	
Finance cost paid	<b>1 200 440</b>	1 515 653
<b>Net cash flows from operating activities</b>	<b>24 3 279 280</b>	6 754 792
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	<b>(444 799)</b>	(398 113)
Acquisition of intangible assets	<b>(2 238 940)</b>	-
<b>Net cash flows used in investing activities</b>	<b>(2 683 740)</b>	(398 113)
<b>Cash flows from financing activities</b>		
Finance lease payments	<b>(1 341)</b>	(658)
Repayments of other financial liabilities	<b>(956 059)</b>	(5 617 165)
<b>Net cash flows from financing activities</b>	<b>(957 400)</b>	(5 617 823)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(361 860)</b>	738 856
<b>Cash and cash equivalents at beginning of year</b>	<b>2 141 999</b>	1 403 143
<b>Cash and cash equivalents at end of year</b>	<b>1 780 139</b>	2 141 999

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2023

	<b>Note</b>	<b>Approved budget R'000</b>	<b>Final budget R'000</b>	<b>Actual amounts R'000</b>	<b>Variance amounts R'000</b>
<b>Revenue</b>		<b>19 342 400</b>	19 342 400	<b>17 559 683</b>	1 782 717
Taxes and transfers		<b>2 608 779</b>	2 608 779	<b>2 268 585</b>	340 194
Sale of water services		<b>15 950 021</b>	15 950 021	<b>13 454 345</b>	2 495 676
Construction revenue		<b>368 300</b>	368 300	<b>328 504</b>	39 796
Commission earned			-	<b>980</b>	(980)
Lease revenue earned		<b>233 800</b>	233 800	<b>948</b>	232 852
Interest revenue			-	<b>1 300 187</b>	(1 300 187)
Other receipts		<b>181 500</b>	181 500	<b>206 134</b>	(24 634)
<i>Total revenue</i>		<b>19 342 400</b>	19 342 400	<b>17 559 683</b>	1 782 717
<b>Expenses</b>		<b>(8 427 989)</b>	(8 427 989)	<b>(8 444 844)</b>	(16 855)
Employee benefit costs		<b>1 482 480</b>	1 482 480	<b>1 797 143</b>	(314 663)
Operating expenditure		<b>6 945 509</b>	6 945 509	<b>4 507 929</b>	2 437 580
Impairment on financial assets		-	-	<b>30 263</b>	(30 263)
Finance cost		-	-	<b>1 754 519</b>	(1 754 519)
Depreciation, amortisation and impairment		-	-	<b>350 378</b>	(350 378)
Loss on disposal of fixed assets		-	-	<b>4 612</b>	(4 612)
<i>Total expenses</i>		<b>(8 427 989)</b>	(8 427 989)	<b>(8 444 844)</b>	(16 855)
<b>Surplus/ (deficit) from operating activities</b>	<b>25</b>	<b>10 914 411</b>	10 914 411	<b>9 114 839</b>	1 799 572
<b>Project's expenditure</b>	<b>25.1</b>	<b>(8 008 611)</b>	(8 008 611)	<b>(5 793 384)</b>	(2 215 227)
Allocation from government grants		<b>1 634 828</b>	1 634 828	<b>1 159 615</b>	475 213
Refurbishment and Rehabilitation and ROCS -Rehabilitation of Conveyance System		<b>1 010 666</b>	1 010 666	<b>221 159</b>	789 507
TCTA		<b>5 363 117</b>	5 363 117	<b>4 412 610</b>	950 507
<b>Budget surplus/ (deficit)</b>	<b>25.1</b>	<b>2 905 800</b>	2 905 800	<b>3 321 455</b>	(415 655)

**Note:** The budget figure reflected for taxes and transfers is vat inclusive



# NOTES TO THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

## 1 Presentation of financial statements

### 1.1 Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretation and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

### 1.2 Statement of compliance

The following amended Standards of GRAP became effective and were fully implemented in the current financial year:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidated and separate financial statements
GRAP 9	Revenue from exchange transactions
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, contingent liabilities and contingent assets
GRAP 21	Impairment of non-cash- generating assets
GRAP 23	Revenue from non-exchange transactions (taxes and transfers)
GRAP 24	Presentation of budget information in financial statements.
GRAP 25	Employee benefits
GRAP 31	Intangible assets
GRAP 104	Financial instruments

In addition to the standards that have to be applied, the WTE has adopted the interpretations to the standards of GRAP approved that entities are required to apply in terms of directive 5:

IGRAP 1	Applying the probability test on initial recognition of revenue
IGRAP 2	Changes in existing decommissioning restoration and similar liabilities
IGRAP 3	Determining whether an arrangement contains a lease
IGRAP 4	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IGRAP 8	Agreements for the construction of assets from exchange transactions
IGRAP 9	Distributions of non-cash assets to owners
IGRAP 10	Assets received from customers
IGRAP 13	Operating leases - incentives
IGRAP 14	Evaluating the substance of transactions involving the legal form of a lease
IGRAP 15	Revenue - barter transactions involving advertising services
IGRAP 16	Intangible assets - website costs
IGRAP 20	Related party disclosures
IGRAP 26	Impairment of cash-generating assets

### 1.3 Standards of GRAP issued but not yet effective

The standards of GRAP that have been issued by the ASB, but where the Minister has not determined an effective date, have not been adopted by the WTE. The WTE used the standard of GRAP on related party disclosures (GRAP 20) to develop its accounting policies on related party disclosures and the extent of disclosures for related party transactions and balances.

#### 1.3.2 Standard utilised in developing accounting policies

*The WTE has utilised the following standards of GRAP to develop its accounting policies and disclosures when adopting GRAP:*

GRAP 18	Recognition and derecognition of land
GRAP 19	Liabilities to pay levies

As a result, there will be no impact on the disclosures of interest in other entities when the standard becomes effective.

#### 1.3.2 Standard utilised in developing accounting policies

It is unlikely that the following standards and/or amendments to standards, that have been issued but are not yet effective, will have a material impact on the financial statements of the WTE once they become effective and therefore accounting policies have not been developed for the following standard:

GRAP 21	The effect of past decisions on materiality
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Based on the analysis of the transactions of the WTE, this standard does not impact the WTE and the adoption of this standard will thus have no impact on the current financial statements.

### 1.4 Basis of preparation

These annual financial statements have been prepared on the accrual basis and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. These accounting policies are consistent with the previous periods.

### 1.5 Functional currency

The financial statements are presented in South African Rand (R), also the functional currency of the Water Trading Entity. All values are rounded to the nearest thousand (R'000) except where otherwise indicated.

### 1.6 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Water Trading Entity incurred a nett surplus of R9.115 billion (2021/22 R7.832 billion surplus). This has a positive impact on the liquidity ratio and solvency ratios; therefore, the entity will be able to operate as a going concern and be able to honour its current obligations as they become due and payable.

The WTE management has every reason to believe that the business has adequate resources to continue as a going concern in the foreseeable future. The going concern assessment was undertaken taking into consideration the following:

- WTE has adequate sources of income from its business and augmentation grant from government to fund operation and maintenance and to refurbish and rehabilitate existing infrastructure for the foreseeable future.
- The augmentation received from National Treasury is used to build new infrastructure and cover the support functions.
- The current ratio of the entity is 7.99 (2021/22 = 5.03) which indicates that the entity has sufficient liquid assets to meet its short-term financial obligations. The quick ratio is 7.94 (2021/22 = 4.99) which is very healthy.

- The debtors' days after impairment have moved from 288.5 days in 2021/22 to 371.8 days in 2022/22 mainly due to non-payment by various municipalities but steps have been taken to recover the outstanding debt.
- The total TCTA liability has decreased significantly by R585 million from R11,7 billion to R11,1 billion and the total reserves increased from R94,3 billion to R103,4 billion.
- The bank balance for the current year was R1,780 billion compared to R 2,142 billion in the 2021/22 financial year.

The WTE is part of the Department of Water and Sanitation, and its on-going operations are effectively under-written by National Treasury. Management is not aware of material uncertainties related to any events or conditions that may cast significant doubt on entity's ability to continue as a going concern. The quoted liquidity ratios point to a favourable outcome and a significant reduction of total liabilities is a positive indicator that the entity is a going concern.

Based on the above, the WTE management has assessed the entity's ability to continue as a going concern until the envisaged merger of the Water Trading Entity and the Trans-Caledon Tunnel Authority (TCTA) to form a National Water Resources Infrastructure Agency (NWRIA).

## 1.7 Off-setting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

## 1.8 Comparative figures

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

The effects of restatements are disclosed in note 34.1.

## 1.9 Significant judgements and source of estimation uncertainty

### 1.9.1 Initial measurement of financial assets

Short-term financial assets have been measured initially at the transaction price unless there was an indication that the transaction was provided at terms that were longer than the normal credit term of 30 days. Where extended payment terms were given, the transaction prices are discounted at the rate applicable to debt owed to the state to determine the fair value for initial measurement purposes.

### 1.9.2 Impairment of financial assets

An impairment is recognised for estimated losses firstly on an individually significant receivables and secondly on a group of receivables with similar credit risk that are assessed to be impaired based on objective evidence as a result of one or more events that occurred during the reporting period. For debtors which have defaulted, management makes judgments based on an assessment of their ability to make future payments. Creditworthiness is not used in assessing debtor balances. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment losses recognised. The current year's provision for impairment is based on management's best estimate of the expected cash flows for amounts that are outstanding for longer than the normal payment terms. A full provision was made for trade debtors that could not be traced after significant effort has been made.

### 1.9.3 Useful lives and impairment of financial assets

The useful life of an asset will approximate the economic life of an asset, except for certain construction equipment which is earmarked for sale. The review of the useful lives and residual values are performed annually based on a risk assessment approach. Where factors exist that indicate that the useful life needs to be amended, the remaining useful life is reviewed as a result. This estimate is based on reasonable judgement, taking into account historical usage patterns as well as the condition of the asset. As the WTE plans to use the assets for their entire economic life, the residual values on these assets are estimated to be zero. The estimated useful life of leased assets that are capitalised are usually equal to the term of the lease contract unless other factors exist that may indicate a shorter lease period.

Property, plant and equipment and intangible assets are assessed annually for indicators of impairment. The assessment takes into account utilisation, condition, functional performance and obsolescence. Changes in these factors may lead to either an impairment loss or a reversal of previous impairment losses recognised.

Property, plant and equipment consists of the following classes:

- Land
- Infrastructure assets
- Assets under construction: Infrastructure assets
- Assets under construction - Equipment
- Construction machinery & equipment
- Vehicles
- Computer equipment
- Equipment
- Furniture and fittings
- Mobile homes
- Motor vehicles

Whereas infrastructure assets class consists of the following categories:

- Buildings
- Canals
- Dams and weirs
- Pipelines
- Pump stations
- Reservoirs
- Treatment works
- Tunnels
- Power Supply
- Roads and Bridges
- Boreholes
- Measuring Facilities
- Telemetry
- Servitudes

Intangible assets consists of the following classes:

- Software and licenses
- Enduring benefit

The estimated useful lives of property, plant and equipment and intangibles are as follows:

Land	Infinite life span
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The estimated useful lives of property, plant and equipment and intangibles are as follows:

Buildings	1 - 75 years
Canals	1 - 298 years
Dams and weirs	1 - 496 years
Pipelines	1 - 60 years
Pump stations	1 - 75 years
Reservoirs	1 - 80 years
Treatment works	1 - 50 years

Tunnels	1 - 253 years
Power Supply	1 - 30 years
Roads and Bridges	15 - 71 years
Boreholes	8 - 50 years
Measuring Facilities	1 - 80 years
Telemetry	1 - 30 years
Servitudes	3 - 99 years

The estimated useful lives of movable assets are as follows:

Movable assets	
Vehicles	4 - 20 years
Computer equipment	3 - 5 years
Office equipment, furniture and furniture	6 - 20 years
Construction equipment	Based on usage (kilometres, hours, months)
Machinery and equipment	5 - 59 years
Dwellings: mobile homes	20 years

The estimated useful lives of intangible assets are as follows:

Intangible assets	
Software and licenses	3 - 13 years
Enduring benefit	Infinite life span

Current assets of the WTE are non-cash generating, even though certain water users are classified as commercial users. Most of these projects are funded through additional funds received through augmentation from the Department of Water & Sanitation - main account. Therefore, any impairment that has been identified was calculated using the recoverable service amount of the asset.

The depreciation methods were assessed and are appropriate and will not change unless there is a change in the way that assets will be utilised, which is unlikely in the foreseeable future.

#### 1.9.4 Recognition of servitudes

Servitudes on land are often acquired as part of construction of water infrastructure. Where the cost of servitudes can be measured reliably, these assets are included in the cost of infrastructure as it forms an integral part of the cost of the asset and are recognised as separate components of the water infrastructure.

#### 1.9.5 Agreements with Trans Caledon Tunnel Authority (TCTA)

As the DWS through WTE is responsible for the development, operation and maintenance of specific water resources infrastructure and managing water resources in specific water management areas, management concluded that the WTE controls the infrastructure assets that are constructed by the TCTA and has to assume the related liabilities. The cost of the assets recognised includes all the cost attributable to the asset until the asset has been ready for its intended use.

#### 1.9.6 Measurement of inventories on hand

Materials on hand are to be consumed in the production process. As all the cost incurred are recovered from users or through the augmentation grant, the price of the inventory items are subject to inflation. It is assumed that the net realisable value or replacement cost will be equal to or exceed the cost of the item at year-end. Therefore, there has been no provision made at year-end for losses in the value of stock due to price changes.

All inventories are shown at cost or net realisable value.

#### 1.9.7 Commitments

Commitments included in disclosure note 29 and 30 are informed by orders relating to capital and operational projects of which goods and services have not been delivered to the entity.

#### 1.9.8 Contingent liabilities and provisions

Contingent liabilities and provisions have been based on the best estimate available. Contingent liabilities relating to litigation have been based on the assessment of the estimated claim against the WTE as at 31 March 2023.

#### 1.9.9 Capitalisation of expenses relating constructed assets

The costs of inventory, property, plant and equipment produced internally include materials, depreciation and certain overheads incurred to produce these assets. The allocation of costs to the different items is based on judgment. The allocation usually occurs on a proportionate basis and where the items produced are to be used internally, exclude internal profits. Abnormal losses are determined based on judgment and is excluded from the cost of assets under construction.

#### 1.9.10 Classification of leases

The WTE classifies lease agreements in accordance with risks and rewards incidental to ownership. Where the lessor transfers substantially all the risks and rewards to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

### 1.9.11 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.9.12 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including: -

- (a) this Act, or
- (b) the State Tender Board Act, 1968, or any regulations made in terms of the Act.

This Act in section 1 of the PFMA includes any regulations and instructions issued in terms of section 69, 76, 85 or 91.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure that was classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

## 2 Significant accounting policies

### 2.1 Revenue

When the WTE receives value in the form of an asset and directly provides approximate equal value in exchange, the WTE classifies the revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable, net of any VAT, trade discounts and volume rebates and recognised when it becomes due to the WTE.

#### 2.1.1 Revenue from non-exchange transactions

The WTE recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions.

Where services are received in-kind, and a reliable estimate can be made, the WTE will recognise the related revenue. In all other cases, the WTE will only disclose the event.

#### 2.1.2 Revenue from exchange transactions

Revenue relating to the supply of water is recognised either on the consumption of water by the water users or in accordance with registered volumes, depending on the specific agreement with licensed water users.

Revenue from construction contracts is recognised by reference to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. The stage of completion is based on the cost to date and is assessed based on surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the Statement of Financial Performance in the period in which it was incurred.

Interest is recognised using the effective interest rate method.

Other revenue from exchange transactions is recognised in the statement of financial performance when the revenue becomes due to the WTE.

#### 2.1.3 Agency fees and revenue

The WTE bills and collects water research levies on behalf of the Water Research Commissioner and earns 2% commission, excluding VAT, on the amount billed. The revenue collected (amounts billed less outstanding debt) is recognised as a liability and the payments made to the WTE decreases the liability. The net asset/liability is recognised in the statement of financial position.

The commission earned is recognised as revenue from exchange transactions in the statement of financial performance and the amount owed/overpaid on the commission is recognised in receivables/payables from exchange transactions.



## 2.2 Expenditure

Expenditure is classified in accordance with the nature of the expenditure.

The WTE recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability, other than those relating to distributions to owners, has arisen, that can be measured reliably.

The WTE recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

The WTE also recognises expenses in the statement of financial performance in those cases when a liability is incurred without the recognition of an asset, for example, when a liability under a court ruling arises.

Finance cost is recognised as an expense in surplus or deficit in the statement of financial performance in the period in which it is incurred, using the effective interest rate method.

## 2.3 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The WTE incurs borrowing costs as a result of the construction of infrastructure. The WTE capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are expensed in the period in which it is incurred.

## 2.4 Employee benefits

### 2.4.1 Short-term employee benefits

The WTE recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:

- As a liability in cases where the amounts have not yet been paid. Where the amount paid exceeds the undiscounted amount of the benefits due, the entity recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.
- As an expense, unless the entity uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related property, plant and equipment or intangible asset item.

### 2.4.2 Short-term employee benefits

The WTE recognises the expected cost of short-term employee benefits in the form of compensated absences (paid leave) when the employees render service that increases their entitlement to future compensated absences.

The expected cost of accumulating compensated absences is measured as the additional amount that the WTE expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

### 2.4.3 Performance and service bonuses

The WTE recognises the expected cost of performance or service bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made. The WTE considers the present obligation to exist when it has no realistic alternative but to make the payments related to performance bonuses.

#### 2.4.4 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy for these benefits or resigns. The WTE recognises termination benefits when it is demonstrably committed either to terminate the employment of current employee(s) according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the financial year are discounted to present value.

#### 2.4.5 Retirement and medical benefits

The WTE contributes towards the pension fund and the medical aid for its employees through a defined contribution plan. Once the contributions are paid, the WTE has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

### 2.5 Leases

#### 2.5.1 The as a lessee

The WTE classifies certain leases of equipment and vehicles as finance leases.

The assets acquired under finance leases are recognised as assets and the associated lease obligations as liabilities in the statement of financial position at the commencement of the lease term. The assets and liabilities is recognised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Where practicable, the discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Where this is not practical, the WTE's incremental borrowing rate is used. Any initial direct costs are added to the amount recognised as an asset.

The WTE measures the liability as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest (i.e. the WTE recognises the capital portion of the obligation as a liability and recognises the interest over the lease term).

The leased assets are subsequently measured at cost less accumulated depreciation and impairment. The leased assets are depreciated over the shorter of the lease agreement or the useful life of the asset. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases that are longer than 1 year are measured on a straight-line basis as an expense, and the difference between the actual payments and the expense is accrued through payables or receivables. Where the lease is less than 1 year, the actual expenses is recognised in the statement of financial performance.

#### 2.5.2 The as a lessor

The WTE receives lease revenue for the hiring out of equipment and renting of houses to its employees.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term, where the lease term can be determined. The lease charge of construction equipment is based on a charge-out tariff determined on a cost recovery basis.

## 2.6 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the WTE, and the cost or fair value of the item can be measured reliably. An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

After recognition as an asset, items of property, plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses, except for assets under construction. Subsequent costs are included in the assets carrying amount or recognised as a separate asset only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of that item can be reliably measured.

Assets under construction are stated at cost, excluding abnormal losses. Depreciation only commences on these assets when they are in the condition necessary for them to be capable of operating in the manner intended by management.

Cost comprises of the purchases price or construction cost of the asset (excluding internal profits), costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an estimate of the cost of dismantling or rehabilitation.

Where an intangible asset is an integral part of an item of property, plant and equipment, the cost of the intangible asset is not recognised separately from the cost of the asset, but rather, it is included as a separate component of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciable amount of an asset is allocated on a systematic basis over its useful life. Depreciation is calculated on a straight-line basis over the expected life of each major component of an asset. Depreciation is charged to the statement of financial performance unless it forms part of the cost of inventories or the cost of assets under construction.

The residual value and the useful life of an asset is reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate.

The WTE must assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the WTE will estimate the recoverable service amount of the asset. Items of property, plant and equipment are tested for impairment whenever there are impairment indicators. An impairment loss is recognised where the carrying amount exceeds recoverable service amount for non-cash generating assets and where the carrying amount exceeds the recoverable amount for cash-generating assets.

The WTE assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the WTE will estimate the recoverable service amount of that asset. An impairment loss recognised in prior periods for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

Impairment and reversals of impairment is recognised in the statement of financial performance at the time when the event occurred.

Gains or losses arising from the derecognition of an item of property, plant and equipment is recognised directly in surplus or deficit in the statement of financial performance when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

## 2.7 Intangible assets

Identifiable intangible assets are recognised if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the WTE, and the cost or fair value of the item can be measured reliably. An intangible asset is measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, is measured at its fair value as at that date.

An asset meets the identifiability criterion in the definition of an intangible asset when it is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets unless such useful lives are indefinite.

An intangible asset with an indefinite useful life is not amortised. Intangible assets with an indefinite useful life or an intangible asset not yet available for use, are tested for impairment at the end of each financial year and whenever there is any indication that the intangible asset could be impaired. Other intangible assets are only tested for impairment where there is an indication that impairment exists.

Gains and losses on intangible assets, including impairment and impairment reversals, are treated similarly to gains and losses for property, plant and equipment.

## 2.8 Non-current assets held for sale

The WTE classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable, i.e. a committed plan to dispose of the asset will exist.

The WTE measures non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell.

## 2.9 Inventory

Inventories are assets in the form of materials or supplies to be consumed in the production process; in the form of materials or supplies to be consumed or distributed in the rendering of services; held for sale or distribution in the ordinary course of operations; or in the process of production for sale or distribution.

Inventory is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the WTE; and the cost of the inventory can be measured reliably.

Inventory is initially measured at cost (or fair value if the item was acquired through a non-exchange transaction), and subsequently measured at the lower of cost or net realisable value. Costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition are included in the cost of inventories. Construction and building materials are measured using the First-In-First-Out method and all other inventories are measured using the Weighted Average Cost method. Where inventory is distributed at no or a nominal charge, inventory is measured at the lower of cost or replacement cost.

## 2.10 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

The WTE classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable, i.e., a committed plan to dispose of the asset will exist.

The WTE measures non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

## 2.11 Construction work-in-progress

Construction work-in-progress are the costs incurred that are directly attributable to the specific projects that are currently in progress and can be allocated to the project on a systematic and rationale basis.

## 2.12 Financial instruments

### 2.12.1 Initial recognition and classification

The WTE classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the WTE becomes a party to the contractual provisions of the instruments and WTE funds are committed or receive the benefits.

The WTE does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exists; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2.12.2 Initial measurement

Financial instruments are initially measured at fair value.

### 2.12.3 Transaction cost

Transaction costs on financial instruments at fair value are recognised in the statement of financial performance. Transactions costs on other financial instruments are included in the cost of the instrument.

### 2.12.4 Subsequent measurement

All non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that has been designated at fair value or are held for trading, are measured at amortised cost. Instruments that do not meet the definition of financial assets or financial liabilities measured at amortised cost are measured at fair value unless fair value cannot be determined. Those instruments, where fair value cannot be measured reliably, is measured at cost.

Amortised cost is calculated based on the effective interest rate method.

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Net gains or losses on the financial instruments at fair value through profit or loss includes transaction costs, interest and foreign exchange gains or losses. A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

#### 2.12.5 Impairment of financial assets

At each reporting date the WTE assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments, and default of payments are considered to be indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Impairment losses are recognised in the statement of financial performance as expenses.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed does not exceed the carrying amount that would have been recognised had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue.

Impairment losses are not reversed for financial assets held at cost where fair value was not determinable.

The following items included in the statement of financial position contains financial instruments:

- Cash and cash equivalents;
- Receivables from exchange transactions;
- Other financial assets;
- Payables from exchange transactions; and
- Other financial liabilities (including bank overdraft).

#### 2.12.6 Impairment of financial assets

##### **Financial assets**

The WTE derecognises financial assets using trade date accounting.

The WTE derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the WTE transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

- the WTE, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the WTE :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred based on their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the WTE transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the WTE adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined based on an allocation of the carrying amount of the larger financial asset.

If, because of a transfer, a financial asset is derecognised in its entirety but the transfer results in the WTE obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the WTE recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the WTE has retained substantially all the risks and rewards of ownership of the transferred asset, the WTE continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the WTE recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

### **Financial liabilities**

The WTE removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred, or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another WTE by way of a non-exchange transaction are accounted for in accordance with the standard of GRAP on Revenue from non-exchange transactions (taxes and transfers).

### 2.13 Cash and cash equivalent

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

### 2.14 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised cost arise from transactions with water users. Prepayments and advances consist of amounts paid to contractors and employees for which future goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

### 2.15 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when the WTE has a right to receive the monies due to it, which are allocated in terms of legislation or are due in accordance with an agreement in which the WTE is receiving non-exchange revenue. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost.

### 2.16 Other financial assets

Other financial assets are measured at fair value unless the fair value cannot be determined reliably. Where fair value cannot be determined, financial assets are measured at cost.

### 2.17 Payables from exchange transactions

The WTE recognises payables from exchange transactions where liabilities result in counter performance by the respective parties.

Payables from exchange transactions are initially measured at fair value and are subsequently measured at amortised cost.

### 2.18 Payables from non-exchange transactions

The WTE recognises payables from non-exchange transactions for amounts received through non-exchange revenue, which are not recognised as revenue because of outstanding obligations.

Payables from non-exchange transactions are initially measured at fair value and are subsequently measured at amortised cost.

### 2.19 Other financial liabilities

Included in other financial liabilities are the liability incurred to the TCTA. The liability is initially measured at fair value and is subsequently measured at fair value. Effective interest is capitalised against the amounts outstanding in accordance with the respective agreements.

### 2.20 Advance billing

The advance billing is recognised at fair value. The following criteria were used to determine the fair value valuation: the respective agreements.

The fair-value valuation is intended to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring the liability or recognising gains and losses on them if the liability was recognised on different bases, as the tariffs billed are pre-agreed.



## 2.1 Provisions and accruals

Provisions and accruals are liabilities where uncertainty exists about the timing or amount of the future expenditure required to settle the liability.

The WTE recognises, in payables, an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but the invoice is outstanding or a formal agreement with the supplier has not been concluded.

Provisions are liabilities, excluding accruals that are recognised where the WTE has a present legal or constructive obligation because of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the amount to settle the present obligation at the reporting date, discounting to present value where the time value of money is expected to be material. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed. Provisions are only used for those expenditures for which the provision was initially recognised.

## 2.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes 31 and 32.

## 2.3 Reserves

The WTE classifies its reserves in two categories namely pumping cost reserve and accumulated reserves. None of these reserves are distributable reserves.

### 2.23.1 Pumping cost reserve

The WTE recovers an additional charge from specific water users in the Vaal River scheme to cover for pumping costs. This additional fee is charged to reduce the impact of price increases because of additional pumping cost incurred in times of emergencies, drought and other contingencies.

A transfer is made from the accumulated reserves to the pumping cost for amounts recovered from users for pumping cost and from pumping cost to accumulated reserves for the actual costs incurred.

### 2.23.2 Accumulated reserve

Accumulated reserves consist of the net assets less amounts transferred to other reserves. Accumulated reserves are mainly built up because of the depreciation and return on asset charge included in the pricing strategy and the capital portion of augmentation funds included in revenue recognised. This is to ensure adequate rehabilitation and maintenance of existing infrastructure and future infrastructure development.

## 2.4 Budget information

The budget is prepared on a modified accrual basis. The WTE budget comprises of revenue from the transfer payment received from the Department of Water and Sanitation (main exchequer account) as well as revenue received from raw water sales.

## 2.5 Related parties

Related parties are people (or a close member of that person's family) or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum the following are regarded as related parties of WTE, the minister, Department of Water and Sanitation, all other client departments, all national public entities, water boards and water user associations and the management of the WTE.

### 2.23.1 Irregular, fruitless and wasteful expenditure and material losses through criminal conduct

Irregular, fruitless and wasteful expenditure and material losses through criminal conduct is recognised as expenditure in the statement of financial performance according to the nature of the payment and disclosed in note 33. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Any receivable recognised because of irregular, fruitless and wasteful expenditure or material losses through criminal conduct are subject to an annual impairment assessment.

## 2.6 Events after reporting date

Irregular, fruitless and wasteful expenditure and material losses through criminal conduct is recognised as expenditure in the statement of financial performance according to the nature of the payment and disclosed in note 33. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

<b>3 Revenue from exchange transactions</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
<b>Notes</b>		
Sale of water services	<b>13 454 345</b>	14 266 676
Construction revenue	<b>328 504</b>	290 953
Commission earned	<b>980</b>	916
Short-term deposits and bank accounts	<b>980</b>	916
Interest revenue	<b>1 300 187</b>	1 062 785
Receivables	<b>1 300 176</b>	1 062 779
Short-term deposits and bank accounts	<b>11</b>	6
Lease revenue earned	<b>948</b>	874
Property	<b>948</b>	874
Sale of goods - scrap materials and wastepaper	<b>17</b>	296
Other revenue	<b>319 090</b>	273 347
	<b>15 404 071</b>	15 895 847

The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable, net of any discount and VAT.

<b>4 Revenue from non-exchange transactions</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
<b>Notes</b>		
<b>Transfer revenue includes:</b>		
Funds from the Department of Water & Sanitation	<b>2 268 503</b>	2 063 187
<b>Other revenue:</b>		
Assets received/ transferred	<b>78</b>	-
Water usage license fees	<b>4</b>	8
	<b>2 268 585</b>	2 063 195

Funds are transferred from the Department of Water & Sanitation as an augmentation to revenue earned to enable the WTE to carry out its operating activities.

<b>5 Employee benefit costs</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
	<b>Notes</b>	
<i>Employee benefits consists of:</i>		
Short term employee benefits	<b>1 982 075</b>	1 737 105
<i>Less: direct labour capitalised to assets under construction</i>	<b>(77 141)</b>	<b>(78 070)</b>
<i>Less: amounts capitalised to construction costs for third parties</i>	<b>(107 792)</b>	(121 746)
Basic salaries and wages	<b>1 296 498</b>	1 145 281
Car allowances	<b>8 302</b>	5 463
Housing allowances	<b>51 928</b>	48 655
Leave pay - adjustment	<b>26 715</b>	8 878
Long term service awards	<b>4 547</b>	3 330
Medical fund contributions	<b>91 205</b>	80 189
Overtime	<b>49 812</b>	35 075
Pension fund contributions	<b>124 262</b>	117 542
Performance bonuses	<b>52 138</b>	2 023
Service bonus (13th cheque)	<b>79 074</b>	78 932
UIF contributions	<b>2 052</b>	1 767
Other short-term benefits	<b>10 610</b>	10 154
	<b>1 797 143</b>	1 537 289

<b>6 Operating expenditure</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
	<b>Notes</b>	
<i>Construction costs incurred</i>	<b>280 695</b>	289 896
<i>Other operating expenditure</i>		
Administrative fees	<b>2 323</b>	2 437
Audit cost	<b>25 353</b>	19 990
Communication	<b>26 606</b>	19 561
Computer services	<b>31 557</b>	7 784
Electricity	<b>53 457</b>	404 870
Entertainment	<b>16</b>	24
Administrative costs & LHWP Royalties: TCTA	<b>2 397 104</b>	2 180 308
Materials consumed	<b>397 215</b>	170 835
Maintenance, repairs and running costs	<b>26 996</b>	2 828
Operating leases	<b>139 182</b>	124 302
Owned and leasehold property expenditure	<b>60 809</b>	149 510
Professional services: Business and advisory services, contractors and agency/ outsourced services	<b>231 685</b>	382 921
Professional services: infrastructure and planning	<b>122 970</b>	122 282
Printing, posting and stationery	<b>9 743</b>	7 196
Travel and subsistence	<b>253 429</b>	185 593
Training and staff development	<b>7 572</b>	5 130
Venues and facilities	<b>999</b>	318
Auxiliary	<b>202 639</b>	173 840
	<b>4 270 350</b>	4 249 625
<b>7 Repairs and maintenance</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
	<b>Notes</b>	
Maintenance, repairs and running costs - property, plant and equipment	<b>237 579</b>	180 253
	<b>237 579</b>	180 253
<b>8 Impairment on financial assets</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
	<b>Notes</b>	
<b>Impairment relating to:</b>		
Trade receivables	-	383 533
Staff receivables	<b>2 869</b>	1 674
Other receivables	<b>27 394</b>	35 505
	<b>30 263</b>	420 712

<b>9 Finance cost</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
	<b>Notes</b>	
Finance leases	<b>53</b>	97
Interest on amortised payables	<b>1 754 466</b>	2 381 408
	<b>1 754 519</b>	2 381 505
<b>10 Depreciation, amortisation and impairment</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
	<b>Notes</b>	
<b>Depreciation on property, plant and equipment</b>	<b>1 569 931</b>	1 814 943
Computer equipment	<b>10 514</b>	6 829
Equipment	<b>26 248</b>	21 693
Furniture and Fittings	<b>2 454</b>	2 451
Infrastructure	<b>1 527 692</b>	1 783 770
Leased equipment	<b>2 152</b>	1 621
Mobile homes	<b>763</b>	(1 360)
Vehicles	<b>108</b>	(61)
<b>Amortisation and Impairment on intangible assets</b>	<b>10 929</b>	33 121
Computer software	<b>10 929</b>	33 121
<b>Change in estimate - depreciation</b>	<b>(20 093)</b>	(96 852)
Computer equipment	<b>(1 292)</b>	(1 986)
Equipment	<b>(971)</b>	(2 283)
Furniture and Fittings	<b>(566)</b>	(1 417)
Infrastructure	<b>(17 238)</b>	(80 696)
Mobile homes	<b>(1)</b>	539
Vehicles	<b>(8)</b>	-
Computer software	<b>(17)</b>	(11 009)
<b>Impairment and impairment reversals</b>	<b>(1 210 389)</b>	(402 507)
Equipment	<b>10</b>	4 335
Infrastructure	<b>(822 421)</b>	123 050
Assets under construction: Infrastructure assets	<b>(387 978)</b>	(529 892)
	<b>350 378</b>	<b>1 348 705</b>

The remaining useful lives of all assets were assessed during the year. A change in accounting estimate was effected in relation to assets whose Remaining useful life was increased/decreased for assets still in use. The effect of the change in accounting estimate on the current year's results was a decrease in the current year's surplus by R20.093 million.

<b>11 Loss on disposal of fixed assets</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
	<b>Notes</b>	
Loss on disposal of fixed assets	<b>4 612</b>	8 958
	<b>4 612</b>	8 958
<b>12 Cash and cash equivalents</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
	<b>Notes</b>	
Cash and cash equivalents at fair value:		
Current accounts at commercial banks	<b>1 779 954</b>	2 141 797
Short-term deposits	<b>183</b>	172
Cash on hand	<b>2</b>	31
	<b>1 780 139</b>	2 141 999

<b>13 Receivables from exchange transactions</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
Current		
Financial assets at amortised cost		
Trade receivables	<b>25 279 553</b>	24 572 756
Less: provision for impairment	<b>(9 567 649)</b>	(12 006 781)
Carrying amount at the beginning of the period	<b>(12 006 781)</b>	(11 714 908)
Trade receivables written off	<b>2 275 952</b>	-
Change in estimates	<b>163 179</b>	-
Current year provision	-	(291 873)
	<b>15 711 904</b>	12 565 975
Staff related receivables	<b>11 012</b>	9 623
Less: provision for impairment	<b>(10 006)</b>	(8 341)
Carrying amount at the beginning of the period	<b>(8 341)</b>	(6 666)
staff receivables written off	<b>1 204</b>	-
Current year provision	<b>(2 869)</b>	(1 674)
	<b>1 006</b>	1 282
Claims recoverable - Departments	<b>357</b>	347
Other receivables	<b>874 754</b>	946 188
Less: provision for impairment on other receivables	<b>(151 676)</b>	(120 292)
Carrying amount at the beginning of the period	<b>(120 292)</b>	(82 822)
Other receivables written off	<b>134</b>	-
Current year provision	<b>(31 518)</b>	(37 470)
	<b>723 078</b>	843 896
	<b>16 436 345</b>	13 411 500

The fair value of the short-term receivables approximates the carrying amount of the balances due to their short-term maturity.



Below is the entity's age analysis as at 31 March 2023. The entity system ages the number of days that the invoices are outstanding from the date of invoice.

### 31 March 2023

Customer category	Total	Current	30+ days	60+ days	90+ days	120+ days	150+ days
Company (C)	4 989 239	603 657	7 279	46 375	6 976	41 010	4 283 942
District Municipalities (DM)	2 393 722	152 591	(49 713)	25 244	(5)	26 566	2 239 039
Individual (I)	1 208 310	52 349	65 717	1 689	(129)	1 279	1 087 405
Irrigation Boards (IB)	468 129	104 276	(8 069)	(2 671)	-	(655)	375 248
Local Municipalities (LM)	6 194 368	3 248 294	(3 010 871)	62 905	(275)	75 730	5 818 584
Metropolitan Municipalities (MM)	176 014	49 397	33 225	16 133	-	3 871	73 388
National Government (N)	361 892	27 969	2 534	825	-	735	329 828
Provincial Government (P)	49 021	2 522	179	71	-	68	46 181
Water boards (WB)	7 369 310	(787 872)	2 715 742	96 291	53	100 150	5 244 947
Water User Association (A)	1 823 104	67 428	53 957	12 823	51	13 172	1 675 672
<b>Grand total</b>	<b>25 033 108</b>	<b>3 520 611</b>	<b>(190 019)</b>	<b>259 684</b>	<b>6 672</b>	<b>261 927</b>	<b>21 174 234</b>

### 31 March 2022

Company (C)	4 587 098	9 741 958	(9 216 942)	1 493	(16 906)	(149 426)	4 226 921
District Municipalities (DM)	2 368 664	19 146	76 438	64 521	29 711	29 639	2 149 209
Individual (I)	1 118 148	44 006	13 750	3 948	12 874	1 845	1 041 725
Irrigation Boards (IB)	503 697	73 688	406	(3 249)	6 867	(18 365)	444 349
Local Municipalities (LM)	5 888 176	(9 485)	204 015	50 173	70 105	61 374	5 511 996
Metropolitan Municipalities (MM)	197 039	35 388	38 978	4 455	(1 661)	6 914	112 965
National Government (N)	309 403	13 926	4 331	725	3 726	926	285 769
Provincial Government (P)	48 663	383	301	313	381	27 608	19 676
Water Boards (WB)	7 661 695	1 047 439	834 720	115 659	72 876	86 390	5 504 612
Water User Association (A)	1 891 223	127 549	36 865	19 496	18 672	114 560	1 574 082
<b>Grand total</b>	<b>24 573 806</b>	<b>11 093 997</b>	<b>(8 007 138)</b>	<b>257 534</b>	<b>196 646</b>	<b>161 464</b>	<b>20 871 304</b>



## 17 Property, plant and equipment

Summary	31 March 2023			31 March 2022		
	Cost / revaluation	Accumulated depreciation and impairment	Carrying amount	Cost / revaluation	Accumulated depreciation and impairment	Carrying amount
	R'000	R'000	R'000	R'000	R'000	- Restated R'000
Owned assets	100 446 814	(30 467 517)	69 979 297	99 788 675	(30 139 825)	69 648 850
Assets under construction:	6 100 975	(201 699)	5 899 276	5 551 558	(589 676)	4 961 882
Infrastructure assets***						
Computer equipment	93 039	(68 742)	24 297	81 054	(63 161)	17 893
Equipment	1 467 748	(902 601)	565 147	1 414 406	(881 814)	532 592
Furniture and fittings	100 472	(73 086)	27 386	97 890	(72 465)	25 425
Infrastructure assets**	84 649 897	(28 744 141)	55 905 756	84 613 448	(28 059 729)	56 553 719
Infrastructure: Land	7 960 187	(409 798)	7 550 389	7 960 187	(409 798)	7 550 389
Mobile homes	68 264	(61 945)	6 319	63 735	(57 575)	6 160
Motor vehicles	6 232	(5 505)	727	6 397	(5 607)	790
Leased assets	5 762	(3 419)	2 343	5 626	(2 260)	3 366
Equipment	5 762	(3 419)	2 343	5 626	(2 260)	3 366
	100 452 576	(30 470 936)	69 981 640	99 794 301	(30 142 085)	69 652 216

**\*\*Infrastructure assets consist of the following categories:**

31 March 2023				31 March 2022		
Asset Class Description	Accumulated Cost 31.03.2021	Accumulated depreciation 31.03.2021	Carrying amount	Accumulated Cost 31.03.2020	Accumulated depreciation 31.03.2020	Carrying amount
Buildings	2 989 003	(1 702 384)	1 286 619	2 976 651	(1 507 170)	1 589 901
Canals	12 183 425	(6 288 976)	5 894 448	12 183 425	(6 271 053)	6 515 506
Dams	40 521 383	(10 133 667)	30 387 716	40 519 627	(9 864 004)	32 253 603
Pipelines	10 887 612	(3 825 451)	7 062 160	10 887 612	(3 539 009)	7 876 130
Pump stations	3 931 184	(1 591 881)	2 339 302	3 911 778	(1 437 833)	2 716 938
Tunnels	8 912 409	(3 084 738)	5 827 670	8 912 409	(2 983 903)	6 116 424
Measuring facilities	3 349 546	(1 612 490)	1 737 056	3 349 546	(2 035 431)	1 819 099
Other	1 875 336	(504 554)	1 370 782	1 872 401	(421 326)	1 651 163
	<b>84 649 897</b>	<b>(28 744 141)</b>	<b>55 905 756</b>	<b>84 613 448</b>	<b>(28 059 729)</b>	<b>56 553 719</b>

**\*\*\*Assets under construction consist of the following categories:**

31 March 2023		31 March 2022	
Asset Class Description	Carrying amount	Asset Class Description	Carrying amount
Buildings	297 748	Buildings	342 297
Canals	1 232 773	Canals	1 130 123
Dams	4 066 954	Dams	3 184 934
Pipelines	151 588	Pipelines	73 395
Pump stations	101 258	Pump stations	128 031
Tunnels	1 843	Tunnels	1 529
Roads and Bridges	2 021	Roads and Bridges	7 011
Treatment Works	11 977	Treatment Works	18 464
Other	33 114	Other	76 097
	<b>5 899 276</b>		<b>4 961 882</b>

Leased assets are encumbered by finance lease liabilities. Refer to note 22.

Assets under construction were halted either during the current year or previous years mainly due to disputes with contractors and the full amount have been impaired. In the current year, an impairment amount of R 387 million was reversed as the projects are active. The total accumulated Impairment is R202 million.

Assets under construction – Projects that were significantly delayed amount to R3,910 billion. The delays is due to COVID-19 challenges, appointment of maintenance term contractor, unrest and delay in appointment on local community.

The Assets under construction: Infrastructure assets includes an amount for R820.075 million for costs incurred o the raising of Hazelmere Dam. The costs incurred at this data cannot be transferred to the active asset register before an Impounding Certificate is issued which will render the dam safe and ready for use form the departmental engineering services. New anchoring technology has been used to raise the dam wall and safety reviews are being conducted before the dam is termed safe and ready for use.

Movement 2023	31 March 2022										31 March 2023									
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Change in Estimate	Impairment	Impairment reversal	Carrying amount		Carrying amount									
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000								
<b>Owned assets</b>	<b>69 648 849</b>	<b>903 606</b>	<b>(2 938)</b>		<b>(1 567 779)</b>	<b>20 076</b>	<b>(10)</b>	<b>1 210 399</b>		<b>69 979 297</b>										
Assets under construction:	4 961 882	782 319	-	(232 902)	-	-	-	387 978		5 899 276										
Infrastructure assets	17 893	15 834	(208)	-	(10 514)	1 292	-	-		24 297										
Computer equipment	532 592	60 114	(2 271)	-	(26 248)	971	(10)	-		565 147										
Equipment	25 425	4 289	(440)	-	(2 454)	566	-	-		27 386										
Furniture and fittings	56 553 719	40 342	-	(273)	(1 527 692)	17 238	(257 509)	1 079 920		55 905 756										
Infrastructure assets	7 550 389	-	-	-	-	-	-	-		7 550 389										
Infrastructure: Land	6 160	668	(19)	273	(763)	1	-	-		6 319										
Mobile homes	790	40	-	-	(108)	8	-	-		727										
Motor vehicles																				
<b>Leased assets</b>	<b>3 367</b>	<b>1 129</b>	<b>( )</b>		<b>(2 152)</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>2 342</b>										
Equipment	3 366	1 129	( )	-	(2 152)	-	-	-		2 343										
<b>Total assets</b>	<b>69 652 216</b>	<b>904 735</b>	<b>(2 938)</b>	<b>( )</b>	<b>(1 569 931)</b>	<b>20 076</b>	<b>(10)</b>	<b>1 210 399</b>		<b>69 981 640</b>										

Movement 2023	31 March 2022										31 March 2023							
	Carrying amount restated	R'000	Additions	R'000	Disposals and write-offs	R'000	Transfers	R'000	Depreciation	R'000	Change in Estimate	R'000	Impairment	R'000	Impairment reversal	R'000	Carrying amount	R'000
Owned assets	70 119 741	879 619	(27 173)	1 634	(1 808 175)	85 843	(127 385)	529 892	69 648 850									
Assets under construction:	3 648 720	836 529	-	(53 258)	-	-	-	529 892	4 961 882									
Infrastructure assets																		
Computer equipment	11 239	11 730	(234)	-	(4 843)	1 986	-	-	17 893									
Equipment	544 364	27 603	(15 631)	( )	(19 410)	2 283	(4 335)	-	532 592									
Furniture and fittings	23 094	3 756	(392)	-	(1 034)	1 417	-	-	25 425									
Infrastructure assets	58 335 682	-	(10 731)	54 892	(1 783 770)	80 696	(123 050)	-	56 553 719									
Infrastructure: Land	7 550 389	-	-	-	-	-	-	-	7 550 389									
Mobile homes	5 523	-	(184)	-	821	(539)	-	-	6 160									
Motor vehicles	730	-	(1)	-	61	-	-	-	790									
Leased assets	2 021	2 982	(16)	-	(1 621)	-	-	-	3 366									
Equipment	2 021	2 982	(16)	-	(1 621)	-	-	-	3 366									
<b>Total assets</b>	<b>70 121 762</b>	<b>882 601</b>	<b>(27 189)</b>	<b>1 634</b>	<b>(1 809 796)</b>	<b>85 843</b>	<b>(127 385)</b>	<b>529 892</b>	<b>52 216</b>									

\* Leased assets in the prior year were restated as a result of a change in the method of calculating the present value of lease liabilities.

\* The total addition on property plant and equipment includes both cash and noncash items.

18 Intangible assets	2023	2022
	R'000	R'000
	<b>Notes</b>	
<b>Summary</b>		
<b>Enduring benefit</b>	<b>25 904 944</b>	23 156 931
Gross carrying amount: Lesotho Highlands	<b>15 844 203</b>	15 844 203
Gross carrying amount: Lesotho Highlands Phase 2 Assets under construction	<b>8 791 018</b>	<b>6 043 005</b>
Gross carrying amount: Komati Basin Water Authority (KOBWA)	<b>1 269 723</b>	1 269 723
Computer software	<b>7 227</b>	13 660
Gross carrying amount	<b>748 014</b>	743 535
Accumulated amortisation and impairment	<b>(740 787)</b>	(729 875)
	<b>25 912 171</b>	<b>23 170 591</b>
<b>Reconciliation</b>		
<b>Enduring benefit</b>	<b>25 904 944</b>	23 157 098
Gross carrying amount at the beginning: Lesotho Highlands	<b>15 844 203</b>	15 844 203
Gross carrying amount at the beginning: Lesotho Highlands Phase 2 Assets under construction	<b>6 043 005</b>	4 180 199
Gross carrying amount at the beginning: KOBWA	<b>1 269 723</b>	1 269 723
Additions	<b>2 748 013</b>	1 862 973
Computer software	<b>7 227</b>	2 484
Gross carrying amount at the beginning	<b>13 660</b>	35 605
Additions	<b>4 479</b>	-
Amortisation and impairment	<b>(10 929)</b>	(33 121)
Change in estimate	<b>17</b>	11 009
	<b>25 912 171</b>	<b>23 170 591</b>

In terms of a treaty between South Africa and Eswatini as well as a treaty that of South Africa and Lesotho, South Africa has a right to receive water in perpetuity and this right is capitalised as an enduring benefit. The enduring benefit is then assessed annually for impairment. The assessment is based on any indicators that may impact the delivery of the water in terms of the agreements with these two countries (i.e. Eswatini and Lesotho). Based on the assessment performed, no impairment has been identified.

The assets under construction relates to Lesotho Highlands Phase 2 in which South Africa will, in terms of the treaty, have the right to receive water once the project has been finalised.

<b>19 Payables from exchange transactions</b>	2023	2022
	R'000	R'000
	Notes	
<i>Current</i>		
Financial liabilities at amortised cost	1 238 447	614 250
Trade payables	131 478	128 727
Accruals	1 002 014	397 472
Amounts due to customers: trade debtors	79 164	62 224
Retention creditors	25 791	25 827
VAT payable	839 573	1 733 771
Other payables	21 888	868
	144	2 472
Unclaimed deposits	138	2 466
Advances received	6	6
	<b>2 116 997</b>	<b>2 351 361</b>
<b>20 Employee benefits liability</b>	<b>2023</b>	2022
	<b>R'000</b>	R'000
	Notes	
<i>Current obligations:</i>		
<b>Leave benefits due</b>	<b>155 307</b>	156 002
Carrying amount at the beginning of the period	<b>156 002</b>	163 237
Current service costs	<b>155 307</b>	156 002
Less: benefits utilised	<b>(156 002)</b>	(163 237)
<b>Performance bonuses</b>	<b>3 871</b>	<b>749 533</b>
Carrying amount at the beginning of the period	<b>49 533</b>	94 525
Current service costs	<b>32 050</b>	21 354
Less: benefits utilised	<b>(77 712)</b>	(66 346)
<b>Service bonuses - 13th cheque</b>	<b>84 389</b>	72 017
Carrying amount at the beginning of the period	<b>72 017</b>	61 099
Current service costs	<b>84 389</b>	72 017
Less: benefits utilised	<b>(72 017)</b>	(61 099)
	<b>243 567</b>	<b>277 552</b>



21 Provisions	2023 R'000	2022 R'000
Notes		
Non-current obligation	494 748	491 610
Carrying amount at the beginning	491 610	447 604
Current year provision	3 138	44 006
<b>Carrying amount at the end</b>	<b>494 748</b>	<b>491 610</b>

Other provision relates to compensation payments being made on the Lesotho Highlands Water Project (LHWP) over fifty years. These arose due to the relocation of the recipients during the construction of the LHWP2 which RSA is sharing the benefits of. The recipients have the option to receive compensation as a lump sum, annual payments made in cash or a set amount of maize grain. The Lesotho Highlands Development Authority (LHDA) is directly responsible for the management and payment of the underlying contracts. WTE annually receives estimates of the future cash flows payable on these contracts. The annual cash flows are increased by the forecast Lesotho CPI rate. These cash flows are considered managements' best estimate of the obligation payable to the LHDA and are discounted at a market-related discount rate reflective of the appropriate time value of money. The compensation provision raised by WTE relates to the RSA government's obligation. The provision for compensation has been revised to include an additional amount relating to compensation for host communities where households affected by the project have elected to be resettled. This amount is intended to fund infrastructure projects for the benefit of the host communities. The lumpsum provision is calculated by the LHDA based on the area of range land lost and the agreed rate per hectare. The undisbursed lumpsum amount is escalated on an annual basis using the Lesotho CPI rate. WTE has thus adopted the LHDA method of valuation.

22 Finance lease liability	2023 R'000	2022 R'000
Notes		
Current obligation	1 725	930
Non-current obligation	1 306	566
<i>Carrying amount at the end</i>	<b>3 031</b>	<b>1 496</b>
Reconciliation of the carrying amount:		
Future minimum lease payments due:	3 220	1 685
Later than 1 year but less than 5 years	1 438	697
Less than 1 year	1 781	988
Less: future finance charges	(189)	(189)
Present value of minimum lease payments	<b>3 031</b>	<b>1 496</b>

The finance lease obligations consist of various leases. The incremental borrowing rate (effective interest) was determined based on the difference between the fair value of the asset and the future minimum lease payments. Where the fair value of the asset could not be determined, the incremental rate was based on the rate of similar instruments in the market and the fair value is assumed to estimate the present value of the minimum lease payments. The effective interest rates vary between 7% and 15%. The liability is secured by the leased assets disclosed in note 17.

23 Finance liabilities: TCTA	2023 R'000	2022 R'000
	<b>Notes</b>	
<b>Current obligation</b>	<b>852 865</b>	763 371
	-	-
<b>Non-current obligation</b>	<b>9 977 578</b>	10 652 716
	-	-
<i>Reconciliation</i>		
Carrying amount at the beginning of the period	<b>11 416 087</b>	14 606 645
<b>Additions</b>	<b>8 531 007</b>	6 378 645
Construction cost	<b>4 386 297</b>	1 817 161
Interest accrued	<b>1 747 606</b>	2 381 176
Administrative costs & LHWP royalties: TCTA	<b>2 397 104</b>	2 180 308
Payments specifically allocated to liability	<b>(8 938 447)</b>	(9 545 539)
Other movements	<b>(178 204)</b>	(23 663)
<b>Financial liabilities at amortised cost</b>	<b>10 830 443</b>	<b>11 416 087</b>

The liability represents the amounts owed to TCTA in accordance with various construction contracts for the development and maintenance of infrastructure assets. The effective interest rate varies per agreement and range between 4.76% and 11.75% p.a.

24 Net cash flows from operating activities	2023 R'000	2022 R'000
	<b>Notes</b>	
Surplus for the year	<b>9 227 812</b>	7 831 995
<b>Adjusted for non-cash items</b>	<b>772 459</b>	2 526 866
Employee benefits liability provisions	<b>271 746</b>	249 373
Depreciation, amortisation and impairment	<b>350 378</b>	1 348 705
Assets transferred at no cost	<b>(78)</b>	-
Impairment on financial assets at amortised cost	<b>30 263</b>	420 712
Interest accrued: TCTA	<b>115 538</b>	499 118
Loss on disposal of fixed assets	<b>4 612</b>	8 958
<b>Additional cash items</b>	<b>(305 731)</b>	(290 682)
Employee benefits utilised	<b>(305 731)</b>	(290 682)
<b>Operating cash flows before working capital changes</b>	<b>9 581 567</b>	10 068 179
<b>Working capital changes:</b>	<b>(6 415 261)</b>	(3 313 387)
Decrease/ (increase) in receivables from exchange transactions	<b>(3 055 978)</b>	(4 136 408)
Increase/ decrease in advances to public entities	<b>(2 405 978)</b>	235 937
Increase/ (increase) in inventories/ construction work in progress	<b>(238 528)</b>	(37 957)
(Decrease)/ increase in payables from exchange transactions	<b>(715 647)</b>	625 041
Net cash from operating activities	<b>3 279 280</b>	<b>6 754 792</b>

<b>25 Budget information</b>	2023	2022
	R'000	R'000
	Notes	
Reconciliation between budget deficit and statement of financial performance		
Budget surplus (deficit)	9 114 839	7 154 258
Project expenditure	(5 793 384)	(978 754)
Surplus/ (deficit) for the year per statement of financial performance	<b>3 321 455</b>	<b>6 175 504</b>

### 25.1 BASIS OF PREPARATION OF BUDGET COMPARISON STATEMENT

The basis of preparation of the budget during 2022/23 financial year is not the same with preparation of the statement of financial performance

### 25.2 REASON ON THE REVENUE VARIANCE

The under billing of revenue is due to verification and validation of water users.

The Entity is still struggling to recover the historic outstanding balance from water boards and municipalities; however, it is continuously engaging with trade customers through panel of attorneys to recover long outstanding accounts.

DWS is also using an inter-governmental relations process to recover outstanding debt from government institutions and other entities e.g. municipalities, water boards and government departments. A water debt work stream of the multi-disciplinary revenue committee has been established to assist with the collection of water debt.

### 25.3 REASON FOR OPERATIONAL EXPENDITURE VARIANCE

Construction costs couldn't be capitalized back to the asset/project as they could not be settled to the respective projects. They include but are not limited to plant standing, compensation of employees, accommodation for officials (including subsistence and travel allowances), equipment charge-out rate, security services, consumables and overheads and interest paid.

The expenditure on note 2 relates to the administrative costs of TCTA and the payments of the LHWP in line with the treaty between the Kingdom of Lesotho and RSA.

26 Financial instruments		2023	2022
		R'000	R'000
	<b>Notes</b>		
<b>Carrying amounts per category</b>			
The total carrying values of the various categories of financial assets and financial liabilities at the reporting date are as follows:			
<b>Financial assets at fair value</b>			
Cash and cash equivalents	12	1 780 139	2 141 999
Financial assets at amortised cost		16 436 345	13 411 500
Receivables from exchange transactions	13	16 436 345	13 411 500
<b>Total financial assets</b>		19 216 484	15 553 499
<b>Financial liabilities at amortised cost</b>			
Payables from exchange transactions	19	2 116 997	2 351 362
Other financial liabilities	23	11 189 130	11 774 772
<b>Total financial liabilities</b>		13 306 127	14 126 134
<b>Net losses included in the statement of financial performance on amortised receivables</b>		30 263	420 712

Exposure to continuously changing market conditions has highlighted the importance of financial risk management as an element of control for the WTE. The WTE finances its operations primarily from cash receipts from customers and augmentation income received from the government. There are primarily two financial risks that the WTE faces namely credit and interest rate risk.

#### Interest rate risk exposure

The WTE has an obligation to settle the cost incurred by TCTA for the construction of infrastructure on its behalf. Due to the long-term nature of these projects, the WTE is exposed to changes in the interest rates relating to these borrowings as the amounts to settle its obligation to the TCTA is dependent on the interest rates. The effective interest rate for the current period amounted to approximately 15.90% (2021: 23%). Finance leases are discounted at the interest rates implicit in the lease and do not expose the WTE to any further risk as the rates are fixed for the term of the lease. The short-term payables expose the WTE to a very limited risk of losses because of fluctuations in interest rates. The WTE endeavours to comply with the PFMA requirements to settle its debt within 30 days of receipt of an invoice.

## Credit risk exposure

### Receivables and prepayments

Potential areas of credit risk consist of trade accounts receivable and cash investments.

Accounts receivable consists mainly of government owned institutions and government owned entities.

The WTE monitors the ageing of debtors on an ongoing basis and engages their customers where there is an indication of possible problems with regard to recovery from customers. Provision is made for specific bad debts and at the end of the financial year management did not consider there to be any material credit risk exposure that was not already covered by the impairment provision.

### Cash and cash equivalents

Cash investments are investments made by the entity with the South African Reserve Bank and credit risk is considered to be acceptably low. Short-term deposits are held in the Corporation for Public Deposits (CPD) as required by the Treasury Regulations.

	<b>2023</b>	2022
	<b>R'000</b>	R'000
Maximum credit risk exposure		
Cash and cash equivalents	1 780 139	2 142 000
Receivables	16 436 345	13 411 500
	<b>18 216 484</b>	<b>15 553 500</b>
% of total financial assets	100.0%	100.0%

## Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

	<b>2023</b>	2022
	<b>R'000</b>	R'000
Contractual maturities of non-derivative financial liabilities are:		
Due within 30 days	1 938 890	2 281 500
Later than one month but not later than 12 months	964 302	913 455
Later than one year but not later than 5 years	6 884 990	6 669 225
Later than 5 years	4 259 291	4 445 773

The amounts to be paid within 30 days relate mainly to trade and other payables. Amounts due after 30 days include payments due to TCTA that are measured at amortised cost. These payments may vary for certain projects as they are based on actual water sales and are subject to change due to changes in the interest rates. TCTA has various loans with commercial Institutions such as banks that exposes the WTE to liquidity risk.

27	<b>Related party transactions</b>	<b>2023</b>	2022
		<b>R'000</b>	R'000
<b>27.1</b>	<b>Related party relationships and control</b>		
	The WTE is controlled through the Department of Water & Sanitation at National Government level.		
	As a result of the constitutional independence of the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.		
	Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.		
<b>27.2</b>	<b>Related party transactions and outstanding balances</b>		
27.2.1	<i>Department of Water and Sanitation</i>		
	Revenue from non-exchange transactions	<b>2 268 503</b>	2 063 187
	The Water Trading Entity (WTE) operates within the Department and does not have its own Accounting Officer; its responsibilities are shared by different branches within the Department.		
	The Department of Water and Sanitation incurred some operating expenditure on behalf of the WTE which include, but is not limited to, rent for office space, internal audit cost, IT cost and other administrative costs (including cost related to the business restructuring process). A reliable estimate cannot be made for these services rendered.		
27.2.2	<i>Water Research Commission</i>		
	WRL payment	<b>159 439</b>	148 884
	Water Research Commission and WTE both report to the Minister of Water and Sanitation. WTE performs the billing and collection of revenue on behalf of Water Research Commission (i.e. Agent-Principal Relationship).		
27.2.3	<i>Trans Caledon Tunnel Authority</i>		
	The following transactions were carried out with TCTA:		
	Construction activities	<b>4 386 297</b>	1 817 161
	Finance cost	<b>1 747 606</b>	2 381 176
	Administrative costs & LHWP royalties: TCTA	<b>2 397 104</b>	2 180 308
	Outstanding balances - amount due to TCTA	<b>11 189 130</b>	11 774 772

<b>27</b>	<b>Related party transactions</b>	<b>2023</b>	2022
		<b>R'000</b>	R'000

TCTA is constructing assets on behalf of the WTE on a full cost recovery basis.

#### 27.2.4 Eskom

The following disclosable items were carried out with Eskom:

Revenue from exchange transactions	<b>1 696 203</b>	1 932 183
Outstanding balances - receivables from exchange transactions	<b>425 226</b>	559 086
Payment of electricity	<b>406 369</b>	557 218
Outstanding balances - payables from exchange transactions	<b>19 013</b>	18 347

The amounts billed for the above revenue received from Eskom is based on the actual operations and maintenance cost incurred and not the budgeted operations and maintenance cost included in the water tariffs applicable to other users.

Eskom receives 60 days to pay for water related services instead of the normal 30 days. WTE pays Eskom for pumping costs relating to water within 15 days.

#### 27.2.5 Rand Water

The following disclosable items were carried out with Rand Water:

##### **Sale of water services**

Revenue from exchange transactions	<b>7 587 388</b>	6 500 618
Finance revenue (discounting)	<b>( 57 953)</b>	( 38 369)
Gross amount billed	<b>7 645 341</b>	6 462 249
Outstanding balances – receivables from exchange transactions	<b>2 224 951</b>	1 280 798
Gross amount due	<b>2 243 987</b>	1 288 403
Less: Effect of discounting	<b>( 19 036)</b>	( 7 605)

Rand Water (a Water Board) and WTE both report to the Minister of Water and Sanitation. Rand Water receives 60 days to pay for water related services instead of the normal 30 days.



<b>27</b>	<b>Related party transactions</b>	<b>2023</b>	2022
		<b>R'000</b>	R'000
27.2.6	<i>Inkomati Catchment Management Agency</i>		
	The following arm's length disclosable items were carried out with Inkomati Catchment Management Agency:		
	Inkomati Usuthu CMA: amount paid for the period	<b>110 697</b>	102 850
	Inkomati Catchment Management Agency and WTE both report to the Minister of Water and Sanitation. Inkomati-Usuthu CMA was established as a vehicle to manage Water Resources at the Catchment level with the involvement of all stakeholders within the management area and in turn the Department through WTE augment their budget to cover their operational costs..		
27.2.7	<i>Breede-Gouritz Catchment Management Agency</i>		
	The following arm's length disclosable items were carried out with Breede-Gouritz Catchment Management Agency:		
	Breede-Gouritz CMA: amount paid for the period	<b>40 173</b>	45 396
	Breede-Gouritz Catchment Management Agency and WTE both report to the Minister of Water and Sanitation. Breede-Gouritz CMA was established as a vehicle to manage Water Resources at the Catchment level with the involvement of all stakeholders within the management area and in turn the Department through WTE augment their budget to cover their operational costs.		
27.2.8	<i>Entities under the control of the Minister of Water and Sanitation</i>		
	The following water boards and agencies are under the common control of the Minister of Water and Sanitation. WTE bills the water boards under arm's length transactions to recover water infrastructure related charges. The following items were carried out with these entities:		

Entity Name	Revenue from exchange transactions		Outstanding balances - receivables from exchange transactions		Payments made by WTE to the entity		Outstanding balances - payables from exchange transactions	
	2023	2022	2023	2022	2023	2022	2023	2022
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Amatola Water Board	<b>85 311</b>	105 515	<b>344 376</b>	292 763	<b>20 008</b>	17 980	<b>144</b>	1 557
Bloem Water Board	<b>472 765</b>	405 022	<b>3 714 002</b>	4 272 408	<b>438</b>	346	-	56
Mhlathuze Water Board	<b>82 434</b>	64 278	<b>94 706</b>	184 119	<b>119 952</b>	38 985	-	-

\*\*The above project payment costs to Lepelle Northern Water Board include amounts paid for Mopani Municipality emergency project; Bambanana Bulk Pipeline project; raising of Nwamitwa dam and raising of Tzaneen dam.

Overberg Water Board	<b>936</b>	684	-	155	-	-	-	-
Lepelle Northern Water Board**	<b>88 802</b>	63 179	<b>497 522</b>	414 919	<b>15 550</b>	-	-	-
Magalies Water	<b>142 030</b>	137 718	<b>167 874</b>	835 990	-	-	-	-
Umgeni Water Board	<b>284 037</b>	1 134 311	<b>306 792</b>	335 331	<b>5 173</b>	7 272	-	-
uThukela Water	-	-	-	440 280	-	-	-	-
						<b>2023</b>		2022
						<b>R'000</b>		R'000

27.2.9 Komati Basin Water Authority: Is managed by the treaty between the South African Government and the eSwatini Government. The treaty resulted in KOBWA constructing Maguga and Driekoppies Dam. The WTE has the right of use of water supply from Driekoppies Dam.

Water User Associations (WUAs) - There are 222 WUAs under the common control of the Minister of Water and Sanitation. WTE bills the WUAs under arms' length transactions to recover water infrastructure related charges.

## 28 Key management personnel remuneration

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.

31 Mar 2023	Basic salary	Termination benefits	Other short term employee benefits	Post-employment benefits	Total
R'000					
Ms Makhathini ZY - Deputy Director General	562	159	323	73	1 117
Ms Ndhlovu SD - Chief Director	916	-	299	119	1 333
Mr Swart HJ-Construction Manager	-	-	-	-	-
Arumugam S - Chief Director	929	-	355	121	1 405
Ms Maraka MM - Chief Director	941	-	471	122	1 535
Mkutukana SD - Chief Director	331	-	82	43	455
Mr Manus LAV - Chief Director	858	88	697	112	1 755
Chaminuka AM - Chief Director	1 095	-	558	142	1 796
Mr Nel P - Chief Director	972	-	411	126	1 509
	<b>6 604</b>	<b>246</b>	<b>3 196</b>	<b>859</b>	<b>10 905</b>

31 Mar 2022	Basic salary	Termination benefits	Other short term employee benefits	Post-employment benefits	Total
R'000					
Ms Makhathini ZY - Deputy Director General	955	-	641	124	1 720
Ms Ndhlovu SD - Chief Director	741	-	209	96	1 046
Mr Swart HJ-Construction Manager	-	-	21	-	21
Arumugam S - Chief Director	915	-	299	119	1 333
Ms Maraka MM - Chief Director	370	-	198	48	617
Mkutukana SD - Chief Director	593	-	339	77	1 008
Mr Manus LAV - Chief Director	821	-	642	107	1 570
Chaminuka AM - Chief Director	1 047	-	363	136	1 546
Mr Nel P - Chief Director	943	-	417	123	1 483
	<b>6 385</b>	<b>-</b>	<b>3 129</b>	<b>830</b>	<b>10 344</b>

Key management personnel remunerated through Department of Water & Sanitation - Main account

The following officials are also considered to be key management personnel. These officials are paid by the Department of Water & Sanitation - Main account.

Official	Position
Dr S Phillips	Director-General
Mr Frans Moatshe	Chief Financial Officer

The following key management personnel officials have terminated their services during the year that ended 31 March 2023.

Official

Ms Makhathini ZY

Mr Mkutukana SD

29	<b>Capital commitments</b>	<b>2023</b>	2022
		<b>R'000</b>	R'000
	Capital commitments (Including TCTA)	1 578 284	1 441 545
	Operational commitments	342 037	407 161
	Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.	<b>1 920 321</b>	<b>1 848 706</b>
	Commitments per category:		
	Operational and Capital commitments		
	Inventory commitments	11 301	553
	Other operating commitments	330 736	406 608
	Total	342 037	407 161
	Capital Commitments		
	PPE: Assets under construction	802 784	580 785
	PPE: Computer equipments	5 875	3 520
	PPE: Equipment	1 558	678
	PPE: Furniture	248	215
	PPE: Motor vehicle	77 227	3 300
	PPE: Infrastructure assets (including TCTA)	690 591	853 048
		1 578 284	1 441 545
	Grant total	<b>1 920 321</b>	<b>1 848 706</b>

The amounts disclosed above for capital commitments exclude VAT and lease commitments.

Commitment amount includes contracts of more than three years which work was still to be done and the contract for spec which was awarded by the court, the duration of this contract was increased further by court with another 18 Months until 31 December 2022.

**30 Operating lease commitments****2023**

2022

**R'000**

R'000

The Water Trading Entity leases various residential buildings and office Spaces under operating lease agreements and instalments are payable monthly in advance. The instalments are payable over periods varying between 12 and 24 months. The entity is sub-letting these residential buildings to its various employees at a monthly rental.

The future minimum lease rentals to be paid under non-cancellable and cancellable operating lease contracts as at 31 March 2023 are as follows:

Residential buildings:	5 273	11 652
Due within 1 year	5 273	11 652
Total minimum lease payments	<b>5 273</b>	<b>11 652</b>

**31 Contingent liabilities****2023**

2022

**R'000**

R'000

## 31.1 Dam rehabilitation programme

This contingency is based on the dams that were identified for rehabilitation, but the probability, cost of timing of the rehabilitation cannot be determined reliably at this state. The dam safety rehabilitation contingency results from the use of the internally designed risk-based methodology which resulted in 75 dams being identified for possible rehabilitation, but due to the fact that a reliable estimate of the obligation cannot be determined at this stage we have not disclose any amounts. Of the 75 dams identified there are 52 dams considered to be of a medium to low risk (border line cases) and 23 are considered of be of a higher risk.

<b>31</b>	<b>Contingent liabilities</b>	<b>2023</b>	2022
		<b>R'000</b>	R'000
31.2	Claims against the state		
	Legal claims against the Department of Water & Sanitation		
31.2.1	JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd	1 006	1 006
31.2.2	Neethling N. O. and Others vs. Department of Water and Sanitation	16 647	16 647
31.2.3	Mogotleng Kgophane v DWS	1 000	1 000
31.2.4	Londiwe Nokuphiwa Ngcambu / DWS and Bicanon (Pty) Ltd	13 121	13 121
31.2.5	Roelof Jacobs vs DWS and Bloem Water	1 862	1 862
31.2.6	Seeletso v DWS	8 307	8 307
31.2.7	MTO Forestry (Pty) Ltd vs DWS	211 195	211 195
31.2.8	Old Mutual Insureobo of their client / DWS	223 647	223 647
31.2.9	Basfour 2944 (Pty) Ltd T/A Hamba Nathi Travel v DWS	-	1 722
31.2.10	A.J Lottering & DWA (Ref: Nc)	6 000	6 000
31.2.11	Pengi Consulting engineers and Land Surveyor//DWS	15 000	15 000
31.2.12	Hilmer Kruger v DWS	-	4 705
31.2.13	Bigen Africa v DWS	5 926	5 926
31.2.14	Siyani Mhlongo and Others	10 000	10 000
31.2.15	Pyramid Investment V Minister of Water and Sanitation and Others	10 000	10 000
31.2.16	Limphota Housing CC V Minister of Water and Sanitation	24 277	-
31.2.17	Other claims against the state	5 186	4 335
		<b>329 527</b>	<b>310 826</b>

Several companies have laid claims against WTE of which the outcome is still uncertain and the summary of nature of the above cases is as follows:

- 31.2.1 JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd where the Plaintiff sues both Defendants (RBF Engineering and the Department) for services rendered in terms of a contract for the supply, manufacture, delivery, installation, testing and commissioning by the Plaintiff and RBF of MV and LV Electrical installation for Tugela-Mhlathuze Emergency Transfer following a tender process. The matter pertains to 1998, the department is defending the matter. The instructions to the State Attorney sent on 18/12/2014 to advise whether the Department should bring an application for dismissal for the delay in prosecuting this matter and to have this matter finalized. The State Attorney advised that DWS should pend this matter until such time there is a reaction from the plaintiff.
- 31.2.2 Neethling N. O. and Others vs Department of Water and Sanitation. The Department has been joined as 3rd Party. The claim relates to misrepresentation of water rights and the 1st & 2nd Respondents have conceded to the merits of the case. Matter postponement for the settling of the quantum. Matter originated in 2013. The 1st & 2nd defendants have conceded to the merits of the case and matter postponed sine die to determine quantum. The matter is set down for argument of the quantum from 11-15 September 2017 in the Kimberley High Court.
- 31.2.3 Mogotleng Kgophane v DWS Matter originated in 2016. Motor vehicle collision involving DWS employee. DWS is defending the matter, notice of intention to defend filed and consultation with Counsel, State Attorney and DWS officials confirmed for 6 April 2017 to prepare to draft our plea.

<b>31</b>	<b>Contingent liabilities</b>	<b>2023</b>	<b>2022</b>
		<b>R'000</b>	<b>R'000</b>
31.2.4	Londiwe Nokuphiwa Ngcambu DWS/ Bicanon (Pty) Ltd. The matter emanates from a contractual dispute between Bicanon (Pty) Ltd and Lodiwe Nokuphiwa Ngcambu for the payment of invoices. The Department entered into a Contract with Bicanon to address shortcomings of water services and infrastructures in Nongoma am Msinga Districts of KwaZulu Natal. Bicanon then appointed Londiwe Nokuphiwa Ngcambu as sub- contractor to supply materials and to render services for the two Projects. The DWS has no contract with Ms Ngcambu but since the two projects were for the DWS then the DWS was dragged to these proceedings.		
31.2.5	Old Mutual legal claim for damages due fire that started in Cypherfontein farm no (T74351/2007). The farm is owned by DWS and its situated west of the city of Port Elizabeth. The fire spread to several properties of their clients.		
31.2.6	Seeletso vs DWS.The Plaintiff served the Department with summons claiming damages following cancellation of contract due to non-performance.		
31.2.7	MTO Forestry (Pty) Ltd legal claims damages due fire that started in Cypherfontein farm no (T4351/2007). The farm is owned by DWS and is situated west of the city of Port Elizabeth. The fire spread to several properties of their clients.		
31.2.8	Old Mutual legal claim for damages due fire that started in Cypherfontein farm no (T74351/2007). The farm is owned by DWS and its situated west of the city of Port Elizabeth. The fire spread to several properties of their clients.		
31.1.9	Basfour 2944 (Pty) Ltd T/A Hamba Nathi Travel claim for payment of invoices in respect of services allegedly rendered to the DWS by the plaintiff and the DWS is still investigating the matter.		
31.1.10	The applicant was dismissed from as an employee of the Department. He took the matter to the Labour Court on the basis that he was unfairly dismissed as he was absent from work because of medical reason. The Department failed to reply within the specified time frame, as a result default judgement application has now been made against the department.		
31.1.11	The service provider issued summons against the Department claiming the amount emanating from an alleged contractual agreement with the Department.		
31.1.12	The Minister expropriated land belonging to the Applicant. The applicant instituted legal proceedings against the department for compensation of the expropriation plus interest.		
31.1.13	The applicant has a contract with the Department for the construction monitoring works and defects liability. The applicant submitted invoices for the work done and the department is requesting the proof for work done.		
31.1.14	The applicant is claiming damages for trauma and suffering sustained as a result of the death of a minor child who died on the main hall for Giyani water pipeline Project		



<b>31</b>	<b>Contingent liabilities</b>	<b>2023</b>	2022
		<b>R'000</b>	R'000
31.1.15	The plaintiff lodged a complaint with the department regarding the mining processing of waste rock dump for gold and industrial minerals on the plaintiff property without water use license in contravention of (NWA), the plaintiff alleged further that the department had informed the applicant that the said defendants did not have any license to use water for mining processing related activities on the plaintiff property but the DWS failed to prevent the defendants from continuing with the activities on the plaintiff property.		
31.1.16	The service provider issued summons against the Department claiming the amount emanating from an alleged contractual agreement with the Department.		
31.1.17	Other claims against the state - WTE is the defendant to various small claims below an amount of R1 million each instituted by various companies/parties.		

Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R341.979 million excluding interest of approximately R40.183 million at current lending rate of 11.75%.

<b>32</b>	<b>Contingent assets</b>	<b>2023</b>	2022
		<b>R'000</b>	R'000
	Legal claims and possible receivables		
32.1	Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane	2 843	2 843
32.2	Department of Water and Sanitation vs Martin Nero	82	82
32.3	Department of Water and Sanitation vs Bicacon	1 461	1 461
		<b>4 386</b>	<b>4 386</b>

The WTE have legal claims against several companies of which the outcome is still uncertain:

32.1	Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane - relates to fraud committed by Mr. Bokhutlo Senokwane against the Department whilst under the employment of DWS contractor (T-Systems (Pty) Ltd). The Department did not accept the settlement offered and has made a counter settlement.
32.2	DWS vs Martin Nero - The department has issued a letter of demand demanding an amount to be paid for petrol, toll gates and kilometres for the misuse of state vehicle.

<b>32</b>	<b>Contingent assets</b>	<b>2023</b>	2022
		<b>R'000</b>	R'000

32.3 The service provider quoted the Department an amount of R3 252 892,02 for the supply and delivery of 2000 metre (m) of 11KV cable at Sterkfontein Dam. The cable was supplied and installed by the service provider and the invoice to the amount quoted was subsequently paid. The Department did an investigation for the work done and found out that the length of the cable supplied and installed was in fact approximately 332m and not 2000m as stated on the quotation.

It is worthy of noting that the treaty between Governments of Lesotho and RSA states that in the event of adjustments to the minimum annual quantities of water specified in annexure 2 of the Treaty, the net benefit shall be recomputed. However, the minimum annual quantities of water have been adjusted to an amount other than that which is specified in Annexure 2 of the Treaty, and there was no re-computation of the net benefit, which is a base of determining the royalties amounts payable. As a result, there is a probable receivable emanating from a possible overpayment to date of the fixed portion of the royalties paid and payable by RSA to Lesotho.

<b>33</b>	<b>Irregular and fruitless &amp; wasteful expenditure</b>	<b>2023</b>	2022
		<b>R'000</b>	R'000

Notes

33.1 Reconciliation

Irregular expenditure - current year	33.1	<b>26 998</b>	276 731
Fruitless and wasteful expenditure - current year	33.2	<b>70 308</b>	71 487

	<b>97 306</b>		348 218
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33.1 Details of irregular expenditure

Incident

Delay in implementation of emergency procurement

33.2 Details of irregular expenditure

Incident

Losses incurred relating to external projects

**34 Adjustments from prior periods error**

During the current year the WTE has discovered various omissions that relate to prior years. These omissions represent prior period accounting errors which in terms of GRAP standard must be accounted for retrospectively in the WTE Annual financial statements for the year that ended 31 March 2023. As a results of these errors WTE has adjusted all affected comparative amounts presented in the current period's Annual Financial Statements as affected by these prior year accounting errors.

The nature of the prior period errors mainly relate to the following items:

Property, plant and equipment (PPE): infrastructure asset, intangible asset and land - The infrastructure projects were completed in prior years cost and depreciation relating to these were not transferred from AUC to the asset register due to insufficient documentation available to inform the necessary transfer and as such cost of these assets could not be measured reliably. These costs and depreciation amounts were included as additions in the current financial period and then classified in the correct accounting period using adjustment journals. This resulted in the increase in Property, Plant and Equipment (PPE) cost by R78 million where R18 million was for the 2019/20 financial year, R28 million was for the 2020/21 financial year and R32 million was for the 2021/22 and also an increase in depreciation for R6 million on PPE of where R2 million was for the 2019/20 financial year, R 1 million was for the 2020/21 financial year and another R 3 million was for the 2021/22 financial year. WTE discovered that movable assets (vehicles - water tankers) with a cost of R58.714 million and accumulated depreciation of R27.202 million were in fact disposed at a loss of R31.513 million in the year 2016/17. Furthermore, the Water Trading Entity performs the reconciliations of its records with the Integrated Financial Models from the TCTA and translate these models into its annual financial statements by updating the Other financial liabilities: current, Other financial liabilities: non-current, Finance cost, Operating expenditure, amongst others, through journal entries. The journals were effected and had an impact on the prior financial year balances where the comparative figures in the models are revised. This resulted in a decrease in Other financial liabilities: current of R59.405 million in 2021/22 and Increase in Other financial liabilities: non-current to the tune of R56.593 million.

Income received in advance: non-current and Revenue from exchange transactions - In the prior year Water Trading Entity has classified the pre-tariff charge as income received in advance and accounted for it as a financial liability in terms of GRAP 104 Financial Instruments in error. WTE has now corrected the error and consequently classified pre-tariff charge as Revenue from exchange transactions as opposed to a Liability - income received in advance. This resulted in a decrease in liability - income received in advance to the tune of R996.161 million in the year 2021/22, R758.763 million in the year 2020/21, R618.382 million in the year 2019/20, R1.941 billion in the year 2018/19 and also an increase in Revenue from exchange transactions to the tune of R996.161 million in the year 2021/22, R758.763 million in the year 2020/21, R618.382 million in the year 2019/20, R1.941 billion in the year 2018/19.

Payables from exchange transactions current, repairs and maintenance - PPE and operating expenditure - The 2022/23 year end accruals which could not be posted on the financial system by the closure of the financial system, had to be coordinated and be populated in the Financial System to ensure accuracy and completeness of payables from exchange transactions: current and operating expenditure. This resulted in an increase and a decrease in payables from exchange transactions: current of R286.924 million in the year 2021/22 and R217.063 million in the year 2020/21 respectively; also resulted in a further increase in Operating Expenditure of R339.913 million in the year 2021/22 and R245.853 million in the year 2020/21 and lastly an increase and decrease in Repairs and Maintenance - PPE of R48.510 million in the year 2021/22 and R2.175 million in the year 2020/21 respectively.

Receivables from exchange transactions - Due to prior year closed and cancelled contracts, Write Off of prior year transactions erroneously accounted for, revenue recognised in error, Revenue accruals reversals and accounting of prior billings and adjustments in the current year that relates to prior years, this has thus necessitated a prior accounting periods adjustments. The results of these adjustments are that there was a decrease and an increase in Receivables from exchange transactions current to the tune of R232.867 million in the year 2021/22 and R38.948 million in the year 2019/20 respectively.

Advances to public entities - There were advances which were made to the TCTA in prior years, for which documents related TCTA models such as cost reports and or invoices were now available to clear these advances. This resulted in a decrease in Advances to public entities to the tune of R339.425 million in the year 2021/22.

Employee benefits - current liability - During the year WTE paid the employees' benefit costs for construction employees pertaining to the prior year, this resulted in the adjustment to the Employee benefits - current liability in the prior year. This resulted in an increase in Employee benefits - current liability to the tune of R28,179 million in the year 2020/21.

Effect on opening reserves - The results of all the adjustments made in the prior years is an increase in accumulated surplus to the tune of R3.191 billion.

- 34.1 The following is the summary of corrections made in prior years to correct errors discovered to ensure completeness and accuracy of Annual Financial Statements:

Other financial liabilities: current	<b>59 405</b>	-
Other financial liabilities: non-current	<b>(56 593)</b>	-
Income received in advance: non-current	<b>996 162</b>	-
Payables from exchange transactions: current	<b>(286 924)</b>	217 063
Property, plant and equipment	<b>(1 890)</b>	(277 953)
Employee benefits - current liability	-	(28 179)
Receivables from exchange transactions current	<b>232 867</b>	(38 948)
Advances to public entities	<b>(339 425)</b>	-
	<b>603 602</b>	<b>(128 016)</b>
Depreciation, amortisation and impairment	<b>3 524</b>	2 687
Employee benefit costs	<b>14</b>	(186 635)
Finance cost	<b>(3 745)</b>	-
Operating expenditure	<b>339 913</b>	245 853
Repairs and maintenance - PPE	<b>48 510</b>	(2 175)
Revenue from exchange transactions	<b>(991 817)</b>	(3 281 744)
Profit/ loss on disposal of fixed assets	-	31 513
	<b>(603 602)</b>	(3 162 323)
<b><i>Effect on opening reserves</i></b>	<b>(3 190 503)</b>	-
	<b>(3 794 104)</b>	<b>(3 190 503)</b>





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