ANNUAL REPORT
2023/24 FINANCIAL YEAR
DEPARTMENT OF WATER AND SANITATION
VOTE NO 41

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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
BFI	Budget for Facility Infrastructure
BGCMA	Breede-Gouritz catchment management Agency
BOCMA	Breede-Olifants 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
CMAs	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
DARDLEA	Department of Agriculture Rural Development Land and Environmental Affairs
DBAC	Departmental Bid Adjudication Committee
DBC	Departmental Bargaining Chamber
DDG	Deputy Director-General
DM	District Municipality
DoRA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DPWI	Department of Public Works and Infrastructure
DWS	Department of Water and Sanitation
DWS	Department of Water and Sanitation
EC	Eastern Cape
ECMS	Enforcement Case Management System
ECO	Environmental Control Officer

Abbreviation / acronym	Description
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
EPP	Emergency Preparedness Plan
EPWP	Expanded Public Works Programme
ESAWAS	Eastern & Southern African Water & Sanitations Regulators Association
ESIEID	Economic Sector, Investment, Employment and Infrastructure Development
EWR	Ecological Water Requirements
EWSETA	Energy Water Sector Education and Training Authority
e-WULAAS	Electronic Water Use Licence Application and Authorisation System
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
INMACOM	Incomati Maputo Watercourse Commission
IOD	Injury on duty
IRIS	Integrated Regulatory Information System
ISA	International Standards on Auditing

Abbreviation / acronym	Description
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
m^2	Metre squared
m^3	Cubic metre
MCS	Modified Cash Standard
MCS	Modified Cash Standard
MEC	Member of Executive Council
MIG	Municipal Infrastructure Grant
MISA	Municipal Infrastructure Support Agency
Ml	Megalitre
Ml/d	Megalitre per day
MM	Millimetres
MMS	Middle Management Service
MoU	Memorandum of Understanding
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
NEMWA	National Environmental Management: Waste Act
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

Abbreviation / acronym	Description
NWA	National Water Act
NWRI	National Water Resources Infrastructure
NWRIA	National Water Resources Infrastructure Agency
NWRS-2	National Water Resources Strategy Second Edition
NWRS-3	National Water Resource Strategy Third Edition
NWSRS	National Water and Sanitation Resources Strategy
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
OMM	Olifants Management Model
OPEX	Operations Expenditure
OPP	Office of the Public Protector
ORASECOM	Orange-Senque River Basin Commission
ORWRDP	Olifants River Water Resource Development Project
OSD	Occupational Specific Dispensation
PAA	Public Audit Act
PCWS	Portfolio Committee on Water and Sanitation
PFMA	Public Finance Management Act
PILIR	Procedure on Incapacity Leave and Ill-health Retirement
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
PSCBC	Public Service Co-ordinating Bargaining Council
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
RWWTW	Regional wastewater treatment work
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

Abbreviation / acronym	Description
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 Investigating 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
SONA	State of the Nation Address
SPCHD	Social Protection Community and Human Development
SPI	Standard Precipitation Index
SRSS	Sedibeng Regional Sewer Scheme
SSL	Secure Sockers Layer
StatsSA	Statistics South Africa
SW	Surface Water
SWPN	Strategic Water Partners Network
TB	Tuberculosis
TCTA	Trans Caledon Tunnel Authority
TR	Treasury Regulations
TRA	Temporary Relocation Areas
UNESCO	United Nations Educational, Scientific and Cultural Organization
V & V	Validation and Verification
VFWSEP	Vision for Water and Sanitation Education Programme
VIP	Ventilated Improved Pit
VRSI	Vaal River System Intervention
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
WHO	World Health Organisation
WIP	Work-in-Progress
WISA	Water Institute of Southern Africa
WMA	Water Management Area
WMI	Water Management Institution
WMS	Water Management System
WRC	Water Research Commission

Abbreviation / acronym	Description
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

Miss Pemmy C.P. Majodina (MP)
Minister of Water and Sanitation

The Department of Water and Sanitation has made great strides in ensuring the provision of quality drinking water and dignified sanitation services to many communities across the length and breadth of our beautiful country. As we present our Annual Report, it is vital to recognise the profound challenges and significant strides that we have made over the years to move South Africa's water and sanitation sector forward.

This year marks 30 years of democracy and freedom in South Africa. This milestone comes at an opportune time when water is placed at the top of the agenda in global discussions, and it is treated as one of the key issues that require optimised collaborative efforts to ensure security and guarantee peoples' right to clean water and dignified sanitation.

Over the years, we have kept our sleeves rolled up and our boots muddied, as we worked tirelessly to roll out several bulk water and sanitation projects to communities in need. As the custodian of South Africa's water resources, the Department of Water and Sanitation is responsible for safeguarding existing 323 large dams and related infrastructure across the country, with more in the pipeline as we work towards enhancing infrastructure investment.

This report is crucial in that it does not only reflect on the strides we have made in the past financial year but also on progress made since 1994, which is commendable, where access to water services has risen from approximately 60% to nearly 90%. We do admit, though, that much more work still awaits us. Some communities enjoy complete access, while others still struggle.

Our reports—Blue Drop, Green Drop, and No Drop—reveal a concerning deterioration in municipal water and sanitation services. The quality of water supply systems, once relatively reliable, now faces alarming declines. The increase in poor microbiological compliance from 5% in 2014 to 46% in 2023 highlights a growing risk of water-borne diseases. Similarly, the Green Drop Report indicates a troubling rise in critical wastewater treatment systems, contributing to environmental pollution and impacting communities' well-being.

The issue of non-revenue water, which surged from 37% in 2014 to 47% in 2023, compounds these challenges. Wasted water through leaks, illegal connections, and inefficiencies in billing systems not only squander resources but jeopardise the financial stability of municipalities and Water Boards.

Financial sustainability remains a critical concern, with municipal debts to water boards escalating to R21.3 billion by the end of the financial year. This situation threatens the viability of the water sector, which relies heavily on revenue from water sales to sustain operations.

We have demonstrated during the past year that addressing these challenges requires a multifaceted approach from all of us. This is the reason we maintain our commitment to ensuring water security by investing in national water infrastructure, diversifying water sources, and implementing effective water conservation and demand management strategies. Notable projects include the construction of new dams and the raising dam walls of existing ones, which are vital to increasing our water supply.

Increasing access to water and sanitation services remains a constitutional priority. We continue to collaborate with municipalities to address infrastructure backlogs and improve service reliability. Significant efforts are underway to support various municipalities and districts, from upgrading treatment works to constructing new pipelines and dams.

In addition, we are strengthening partnerships with the private sector, civil society, and other stakeholders to tackle water and sanitation issues collaboratively. The establishment of the National Water Resource Infrastructure Agency and the introduction of the Water Services Amendment Bill are steps towards regulatory and operational reforms aimed at enhancing service delivery.

Our commitment to resolving South Africa's water and sanitation challenges is unwavering. By focusing on strategic investments, partnerships, and regulatory reforms, we aim to ensure that every South African has access to clean, safe water and effective sanitation services.

As we reflect on the accomplishments and challenges of the past year, it is crucial to acknowledge the unwavering commitment and strategic foresight that have guided our efforts in advancing national water resource infrastructure projects. The role of these projects extends far beyond the immediate provision of water; they are fundamental to achieving our broader social and economic development goals.

This Report underscores the meticulous planning that precedes every phase of our water resource infrastructure projects. Our approach is grounded in a comprehensive assessment of water availability and demand, ensuring that each project aligns with national objectives and future needs. This rigorous planning process incorporates scientific data, offering a robust foundation for decision-making and project execution.

A significant focus has been on strengthening our water resource monitoring infrastructure. By investing in state-of-the-art equipment and systems, we are enhancing our ability to accurately assess water balances and manage resources effectively. This proactive stance is essential for addressing future demands and ensuring sustainable water supply systems.

However, we recognise that past delays in project implementation have impeded our progress. For this reason, we have sought to unblock projects that had stalled and accelerated those where implementation had slowed down.

We remain committed to refining our planning processes, improving infrastructure procurement, and enhancing project management going forward. Our internal Construction Unit's efficiency will be a critical area of focus, driving us towards more timely and effective project delivery.

Importantly, all the water resource infrastructure projects in the implementation phase have been preceded by thorough planning, including reconciliation of water availability and requirements to meet national social and economic development objectives.

The planning also involves assessment of the water balance for each water supply system and evaluation of the different options to ensure that water supply meets demand into the future.

This planning is informed by scientific data on our water resources, and throughout the financial year, the Department has been strengthening and increasing its investment in its water resource monitoring infrastructure, equipment, and systems.

As we move forward, our dedication to these improvements remains steadfast. By continuing to invest in our infrastructure and optimising our operations, we are setting the stage for a future where water resource management supports and sustains our national development aspirations.

Together, we will continue to work towards a water-secure future for all South Africans and strive to ensure that We Leave No One Behind.

Miss Pemmy C.P. Majodina (MP)
Minister of Water and Sanitation

Date: 27 September 2024

4 DEPUTY MINISTER STATEMENT

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

In the year under review, the Department of Water and Sanitation has been hard at work, discharging its constitutional mandate of ensuring that communities across the length and breadth of the country have clean water and descent sanitation. We are emboldened by the Statistics SA Census Report of 2022 that shows an increase in the average national access to an RDP level of water services. This is testimony that the strides we have made as a department in the past 30 years have gone a long way in redressing the imbalances of the past. This Annual Report points to the continuation of this trend during the year under review.

However, we acknowledge that the water sector is still facing many challenges. A significant number of our citizens are suffering from not having access to clean water or to safe and dignified sanitation. They also suffer from frequent water supply disruptions and sewage spillages.

We are particularly concerned that the reliability of municipal water supply has generally been decreasing for quite some time and the past year was not spared by this decline. The Blue, Green and No Drop reports issued by the department in December 2023 indicated that the quality and reliability of municipal water and sanitation services have deteriorated markedly over the last ten years. The Blue Drop report found that the percentage of water supply systems with poor or bad microbiological water quality compliance (water that is not safe to drink) increased from 5% in 2014 to 46% in 2023, resulting in increased risk of water-borne diseases. The 2022 Green Drop Report found that 40% of wastewater treatment systems were in a critical state of performance, compared to 30% in 2013. Overall, 66% of municipal wastewater infrastructure is in a poor or critically poor condition. The report also found that 90 of the 144 water services authorities (that is 62,5%) had at least one critical wastewater system, meaning they were discharging partially treated or untreated sewage into rivers, resulting in increased risk of diseases such as cholera across the country. The No Drop Report revealed that the national average for municipal non-revenue water increased from 37% in 2014 to 47% in 2023, meaning almost half the water that we supply to municipalities cannot be accounted for.

Compounding this problem is the systematic vandalism of infrastructure which threatens to reverse the positive gains made towards ensuring that water and sanitation services efficiently reach communities. On the other hand, population growth, migration, urbanisation, climate change and economic growth over the last 30 years, have caused a significant decline in the available quantity and quality of water resources in our country and the SADC region, with impacts on health, food, energy, the environment, economy and prosperity for many nations. Africa is not spared from being a climate change hotspot and faces significant climate risks. Climate change is a reality, the impact of which is being felt across all economic sectors, with huge impact on lives and livelihoods.

It is encouraging to observe that various stakeholders are coming forward to play their part and contribute towards reducing the vulnerability of our water resources. It is therefore incumbent on us to adequately manage our water resources to achieve long-term, environmentally sustainable social and economic benefits for all. This calls for better cooperation among the three spheres of government and strengthened partnerships with the private sector and civil society.

In recent years, many municipalities have been prioritizing refurbishment and repair of existing infrastructure with their infrastructure grant allocations, rather than prioritizing new infrastructure to provide access to the remaining 10% of our population that still lack a access. This explains why progress in increasing access has slowed down.

However, in the past year, like we have done in the past few years, we have intensified our support to municipalities to assist them to meet their constitutional and legislative obligations in the provision of clean and safe water to their communities. The two conditional grants that the department manages, the Regional Bulk Infrastructure Grant (RBIG) and Water Services Infrastructure Grant (WSIG), are aimed at supporting municipalities to develop their water and sanitation infrastructure and to address backlogs.

Approximately R98 billion has been spent by DWS to support municipalities over the past 5 years for infrastructure development across all the Water Services Authorities. For the period under review, 109 multi-year regional bulk infrastructure project phases were under construction and 11 were completed. In the same period, water services 433 projects were under construction with 54 projects completed. These projects should go a long way to revitalise the water infrastructure within municipalities and help municipalities meet their obligations.

Currently, approximately 60% of national water resource infrastructure projects are funded by the private sector, through finance raised by the TCTA and through Public Private Collaboration Agreements. We are grateful and looking forward to further developing our working relationship with the business sector, including the mining and agricultural sectors.

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

Date: 27 September 2024

5 DEPUTY MINISTER STATEMENT

Mr Sello Isaac Seitlholo (MP)
Deputy Minister of Water and Sanitation

The Department of Water and Sanitation continues its strides towards the realization of its vision of equitable and sustainable water and sanitation that support socio-economic growth and development of the well-being of current and future generations. Despite the realisation that we require about R900 billion over the next decade to bring stability to our infrastructure, we believe progress made towards the establishment of the National Water Resources Infrastructure Agency SOC Ltd is geared towards closing this financial gap, among others. The Agency will build on the achievements of 2019 – 2024 Medium Term Strategic Framework and support the objective of the National Developmental Plan (NDP) 2030 to create a capable, ethical, and developmental state and to enable economic transformation and job creation. We must, however, strengthen our work with the security cluster to ensure that our water infrastructure is protected and the challenge of water tankering syndicates is confronted.

We have responded positively to the NDP which places importance on the establishment of the Catchment Management Agencies (CMAs) as required by the National Water Act. The establishment of CMAs is geared towards enabling the promotion of equity through more effective water resources management and greater responsiveness to the needs of poor and marginalised communities arising from the closer links with stakeholder groups in the Water Management Area (WMA).

The Department has also continued its efforts to ensuring that the voice of small users and disadvantaged communities are heard. Through the establishment of inclusive Water Users Associations (WUAs), we are not only empowering emergent water users, but also enabling local water resource management to involve all stakeholders as well as facilitating social and economic development.

However, this will not be possible without ensuring preservation of our country's water resources. We must work tirelessly to build a culture where our nation uses water sparingly, reducing our consumption per capita, and champions the protection of our water resources. The country's rivers are the main source of water supply to our communities, but they have recently been under a serious attack of pollution. This is done by the same communities that they should serve, and of course by major industrial companies. We have since instituted over a hundred criminal cases against transgressors. Unfortunately, a majority of these are municipalities and we need to find a way of preventing further deterioration of our water resources. We have also taken a decision to establish a polluters' register, which should work as a deterrent to pollution.

We have paid particular attention to areas such as the Vaal River, where industrial waste, sewage spillage, and runoff lead to waterborne diseases and the excessive growth of the aquatic invasive alien plants such as Water Lettuce and Water Hyacinth. Such pollution not only affects human health but also disrupts local ecosystems and biodiversity. The Department has thus decided to establish the anti-pollution forum for the Vaal River with its main objective of coordinating, improving and integrating the efforts for the management of the Vaal River water quality with a strong focus against pollution.

The safety of dams is one of our main priorities and all owners of dams that meet the requirements to be classified as dams with a safety risk to register the dams should comply with any other requirements or directives that may be issued to ensure the safety of the dams in the interest of public safety. There is no doubt that we should intensify our efforts of ensuring that dam owners adhere to safety regulations all the time.

The Department has issued an Expression of Interest to obtain access rights to state dams for tourism and recreation activities, with the aim of promoting economic development. The Department, in consultation with Ministry of Energy and Electricity, has also issued Requests for Applications for interested parties to apply for water use authorisations to generate hydropower using water courses and water resource infrastructure owned by the Department. We expect a significant number of applications for authorisations for floating solar panels.

We will remain steadfast in our quest to ensure that no South African is left behind and our rivers and reservoirs bring clean water to the taps of all South Africans. Our work is made possible by our officials who ensure that the job gets done and we thank them immensely. We commit to taking this Department forward and to deliver our services.

Mr Sello Isaac Seitlholo (MP)
Deputy Minister of Water and Sanitation

Date: 27 September 2024

6 REPORT OF THE ACCOUNTING OFFICER

Dr Sean Phillips
Accounting Officer

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 departmental 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. For the period under review, the compliance with the approved internal audit action plan was at 137% as a concerted effort was put into the finalisation of the fraud, corruption, irregular, fruitless, and wasteful expenditure cases. The implementation of the management plan, on the other hand, was at 83% as the finalisation of the risk maturity was delayed due to the supply chain management processes.

The corporate support services sub-programme 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. For the period under review, the implementation of the new organisational structure increased the scientist and engineering posts to 1398. By the end of the period, the vacancy for these posts stood at 33%. To mitigate this vacancy rate, a total of 122 professional and technical water use license authorisation (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 106 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.

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 84 of its planned annual international relations programme. A further 132 annual stakeholder management and partnership programmes were implemented during the financial year.

The financial management sub-programme provides for planning, organising, controlling and monitoring financial resources with a view to achieve organisational goals and objectives. For the period under review, the Department's consolidated procurement from the designated groups was revised to concentrate on ownership of 50% and above. Therefore, from the annual procurement expenditure of over R8.712 billion, 35% was awarded to companies with a Black ownership of 50% and above. A further 34%, 11% and 1% was awarded to companies with 50% and above for the designated groups of 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, the revision of the National Water and Sanitation Master Plan (NW&SMP) published in 2018 was initiated with the Climate Change Strategy for the water sector also updated. Also, during the financial year, the reconciliation strategies for Mgeni and Amathole water supply systems were finalised and the annual operating rules and speciality strategy studies for eleven (11) water supply systems also finalised. Also, the Record of Implementation Decision (RID) for the Coerney Balancing Dam was issued.

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 main report for water resource classes and resource quality objectives of Usutu to Mhlathuze and the Luvuvhu catchment draft wetland Ecological Water Requirements (EWR) report were finalised.

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 implementation of the national digitised integrated water and sanitation monitoring system was finalised. For the River Eco-status Monitoring programme, a total of 85 rivers were monitored in the six water management areas.

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, advanced planning work was underway to have the Nwamitwa, Coerney, Foxwood, Lusikisiki Regional Water Supply Scheme (Zalu) Dams, Gcuwa Dam (raising) and the Olifants River Water Resource Development Programme (ORWRDP) Olifants Management Model (OMM) ready for construction. Although some delays were experienced in the construction programme of Tzaneen and Clanwilliam Dams, these bulk raw water projects and the Mzimvubu Water project were under construction for the period under review. To ensure the maintenance of strategic water resource infrastructure, a total of 474 projects were completed as per the maintenance plan with a further 126 projects completed as unscheduled maintenance. A total of 5.032-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 246%. Through the implementation of infrastructure projects, a total of 567 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 public consultation of the National Water Amendment Bill were convened, and the National Water Resource Strategy (NWRS-3) implementation plan was finalised.

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 Olifants (middle to lower) and Inkomati-Usuthu and implementation plans for the Crocodile and Limpopo catchments were developed. This was supported by the implementation of the waste discharge charge system strategy in the Vaal, Crocodile West-Limpopo and Olifants catchments. To enhance the regulation of the water and sanitation sector, the 2024/25 raw water tariffs and the 2024/25 water research levy were approved with a total of 811 applications water use authorisation finalised within the regulated period. To assess the compliance within the sector, a total of 429 water users and 438 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 467 cases investigated by the end of the period. These investigations were also supported by the publishing of the Green Drop report that assessed the compliance of 1004 wastewater systems against requirements. To support the advancement of water allocation reform, a total of 9666 properties in the Olifants and 754 in the Orange catchments were verified. To support the streamlining of water resource management institutional arrangements, the draft bill on the water economic 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 catchment management agencies (CMAs), the Trans Caledon Tunnel Authority (TCTA), the Water Research Commission (WRC) and Water User Associations (WUAs). For the period under review, the annual assessment of

performance plans, annual and quarterly reports for Breede-Gouritz and Inkomati-Usuthu CMAs, the WRC and the TCTA were conducted. Also, the Limpopo-Olifants CMA was gazetted for establishment with the reports on the transformation of Keimoes, Crocodile West, Mooi River, Tzaneen and Kliep irrigation boards into water user associations finalised. Also, the National Water Resources Infrastructure Agency Bill was tabled in Parliament and public hearings were convened.

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 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, eight (8) large water supply systems were assessed and the No-Drop progress report that assessed 144 water service authorities was published. To support the development of regional bulk infrastructure a total of fifteen (15) feasibility studies and seven (7) 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 twenty (20) district municipalities 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 the national sanitation integrated plan was developed and the national faecal sludge management strategy for on-site sanitation was disseminated.

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 109 multi-year regional bulk infrastructure project phases were under construction and eleven (11) were completed. The provincial disaggregation is a total of twenty (20) project phases were under construction and three (3) were completed in the Eastern Cape. The Free State had a total of twenty-two (22) project phases were 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 and one (1) project completed. Mpumalanga had a total of twenty-eight (28) project phases under construction with three (3) completed whilst the Northern Cape had a total of four (4) project phases under construction with one (1) completed. The North West had a total of twelve (12) project phases under construction whilst the Western Cape had a total of three (3) projects phases under construction and two (2) completed. The construction of the regional bulk infrastructure projects yielded a total of 722 job opportunities. Also, the implementation of the fifteen (15) Budget for Facility Infrastructure (BFI) regional bulk infrastructure projects continued as planned.

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 433 projects were under construction with 54 projects completed. The provincial disaggregation is a total of fifty-one (51) projects were under construction and four (4) were completed in the Eastern Cape. The Free State had a total of forty-seven (47) projects under construction with three (3) completed whilst Gauteng had nine (9) projects under construction. KwaZulu-Natal had a total of seventy-five (75) projects under construction with six (6) completed whilst Limpopo had 138 projects under construction and seven (7) completed. Mpumalanga had a total of thirty-six (36) projects under construction with six (6) completed whilst the Northern Cape had a total of thirty-three (33) projects under construction with sixteen (16) completed. The North West had a total of thirty (30) projects under construction with seven (7) completed whilst the Western Cape had a total of fourteen (14) projects phases under construction and five (5) completed. Through the sub-programme, six (6) Ministerial interventions were implemented of which two (2) were in the Free State, one (1) in Gauteng, one (1) in KwaZulu-Natal, one (1) in Limpopo and one (1) in Mpumalanga.

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 stakeholder consultations on the Water Services Amendment Bill were conducted.

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 2024/25 bulk water tariffs were approved. Also, to evaluate the compliance within the sector, a total of 958 water supply systems were assessed for compliance with the Blue Drop requirements with 443 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 and close-out reports on the reconfiguration of the Rand Water and

Magalies Water boards were finalised. Also, the governing board for the uMngeni-Mhlathuze Water has been appointed.

6.2 Overview of the financial results of the Department

6.2.1 Departmental receipts

Departmental receipts	2023/24			2022/23		
	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	4 236	1 828	2 408	1 982	1 714	268
Transfers received	-	-	-	-	-	-
Fines, penalties, and forfeits	100	450	(350)	0	3 270	(3 270)
Interest, dividends and rent on land	2 340	128	2 212	490	1,146	(656)
Sale of capital assets	550	145	405	214	162	52
Financial transactions in assets and liabilities	6 300	1 301	4 999	2 578	20 417	(17 839)
Total	**13 526**	**3 852**	**9 674**	**5 264**	**26 709**	**(21 445)**

6.2.2 Programme expenditure

Programme name	2023/24			2022/23		
	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	2 004 624	1 987 507	17 117	1 990 699	1 957 253	33 446
Water Resources Management	4 245 626	4 234 703	10 923	3 814 317	3 781 243	33 074
Water Services Management	15 125 666	15 109 386	16 280	12 749 994	11 954 920	795 074
Total	**21 375 916**	**21 331 596**	**44 320**	**18 555 010**	**17 693 416**	**861 594**

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	Utilisation of savings on goods and services and capital payments to defray over expenditure in Water Services Management programme.	65 450	Water Services Management	To defray over expenditure on capital assets in the Water Services Management under the Regional Bulk Infrastructure Grant sub-programme.	123 014
Water Resources Management	Utilisation of savings on goods and services and capital payments to defray over expenditure in Water Services Management programme.	57 564			
Total		**123 014**	**Total**		**123 014**

6.2.3.2 Requests for rollover

There were no rollovers requested in the year under review.

6.3 New or proposed activities

None.

6.4 Supply chain management

The Department did not conclude any unsolicited bids for the 2023/24 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 Memoranda of Understanding (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.

The Department implemented a new Preferential Procurement Policy in line with the Preferential Procurement Regulations issued with effect from 16 January 2023.

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 R'000
Eastern & Southern African Water & Sanitations Regulators Association (ESAWAS): Flight and Accommodation - Learning Visit to ERSAR in Portugal	61
UNDP GEF ORASECOM - Orange-Senqu Watercourse Commission: S & T Participation 10th SADC RBO's Workshop – 2-4 October 2023 - Maputo	28
Eastern & Southern African Water & Sanitations Regulators Association (ESAWAS): Flight and Accommodation - ESAWAS conference and AGM in Kampala, Uganda	41
World Health Organisation (WHO) International of drinking water: S & T costs for official attending WHO International Network of Drinking Water & Sanitation Regulator - 08-10 Dec 2023	30
Eastern & Southern African Water & Sanitations Regulators Association (ESAWAS): S&T costs for official attending African Forum for Utility Regulator – 04-06 March 2024	21
UNESCO, Head Quarters, Paris: S & T - Launch of the World Water Development Report 2024	44
Eastern & Southern African Water & Sanitations Regulators Association (ESAWAS): Flight and Accommodation - Inaugural training in Regulation for Water & Sanitation Services in Mombasa, Kenya	57
Business Leadership South Africa: Training and capacity building	682
Total	964

6.6 Exemptions and deviations received from the National Treasury

The details are as follows:

6.6.1 Deviations

A total of thirty-seven (37) deviations were processed and finalised for the financial year period under review. Twenty-seven (27) transactions were relating to sole supplier and one (1) transaction were relating to emergency procurement. Nine (9) transactions were related 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.

6.6.2 Expansions and variations

A total of forty-two (42) contract expansions and variations were processed and finalised for the financial year period under review.

All requests for contract extensions and variations are reviewed, checked, and verified by the Contract Management unit prior to the approval by the relevant authority.

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.

Although all the CMAs had been listed by the end of the financial, the Department continued to perform these functions to allow for the full establishment of these CMAs and the subsequent transfer of the functions to them.

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 R7.516 billion which is a R966 million decrease compared to the 2022/23 financial year. This decrease can be mainly attributed to the escalation in operating expenditure driven by the change in accounting estimates of the impairment of infrastructure assets.

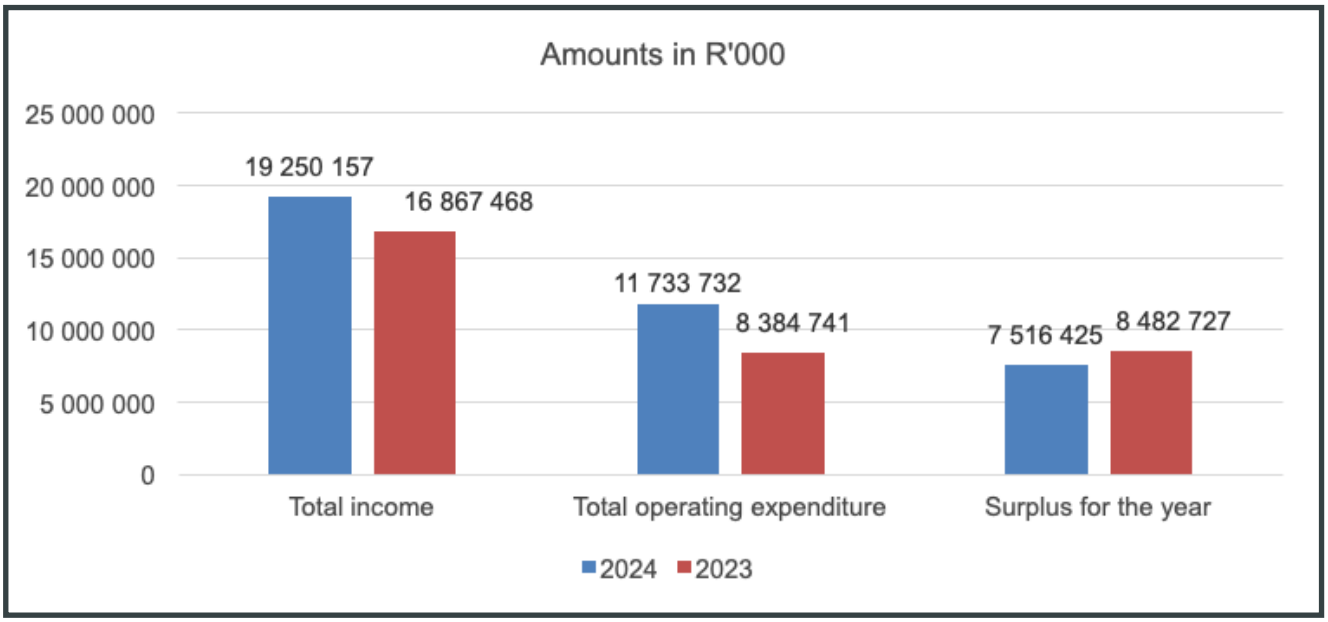


Figure 6.8.2.1: 2023/24 Water Trading operating surplus.

6.8.2.2 Operating income (revenue) analysis

The figure below reflects the revenue for the year under review at R19.250 billion compared to the R16.867 billion for the 2022/23 financial year. This R2.382 billion increase (i.e. 14%) is mainly driven by the increase in tariffs and in the sale of water.

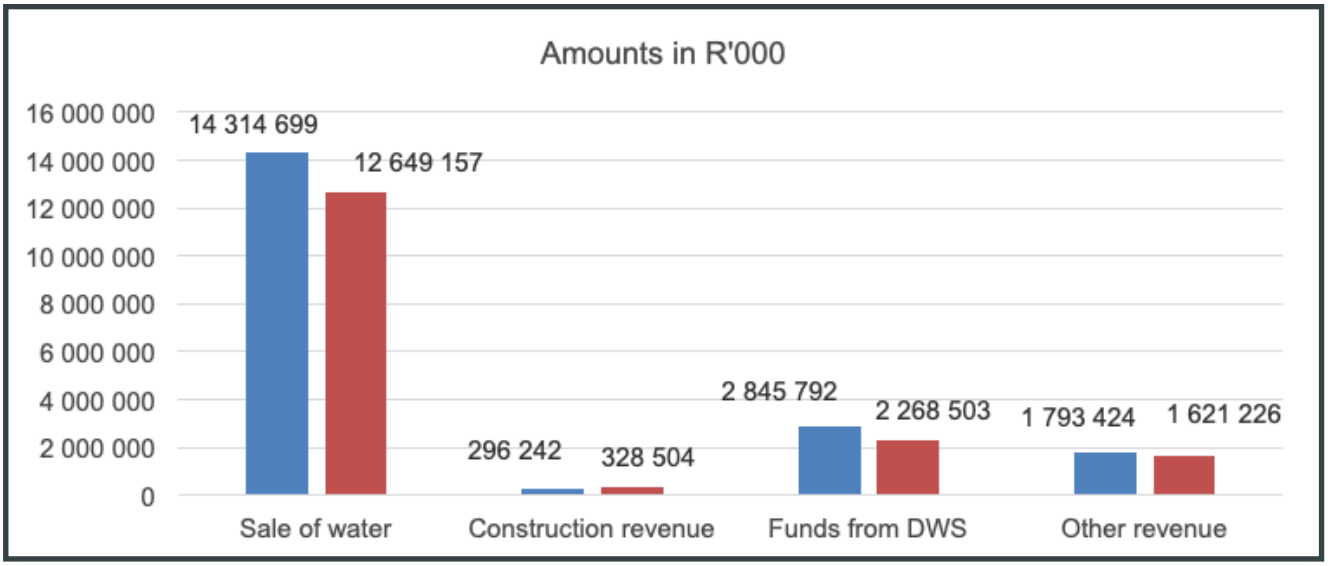


Figure 6.8.2.2: 2023/24 Water Trading revenue analysis.

6.8.2.3 Total operating expenditure overview

The figure below indicates that the total operating expenditure for the period under review amounted to R11.733 billion compared to the R8.384 billion in the 2022/23 financial year. This is a R3.349 billion increase (i.e. 40%) that is mainly due to the following:

- A change in accounting estimate was factored to assets whose remaining useful life was increased/decreased for assets still in use.
- Reduction in finance costs relating to interest on amortised payables.
- Provision for the impairment of trade receivables.

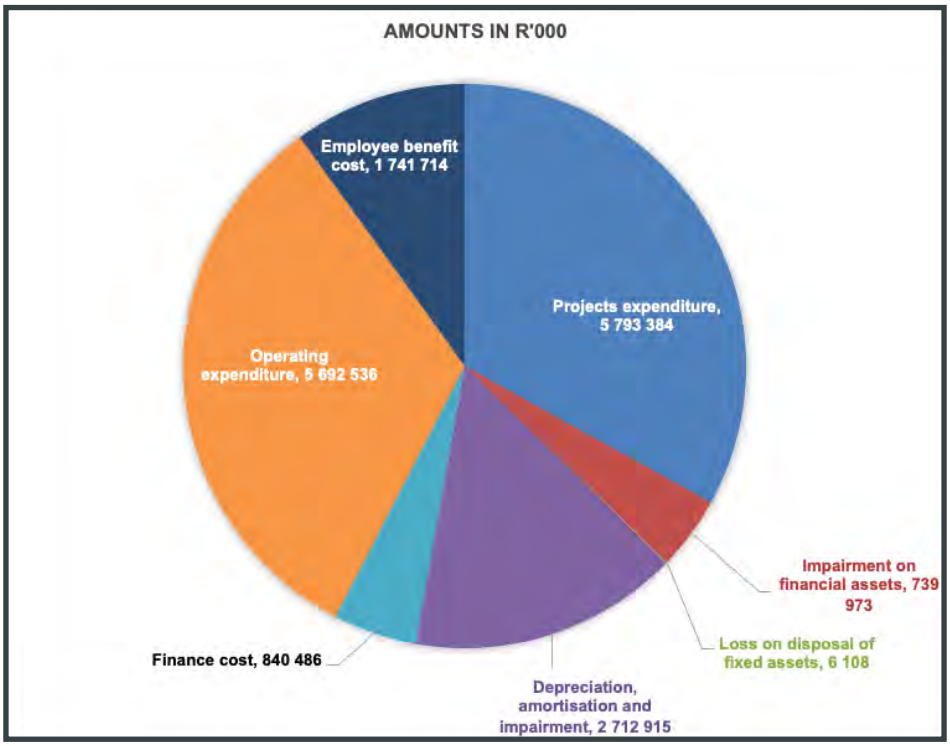


Figure 6.8.2.3: Total expenditure for the Water Trading for the 2023/24

6.8.2.4 Liquidity

The current ratio of the entity has increased from 7.65:1 in the 2022/23 financial year to 7.71:1 in the 2023/24 financial year, which indicates that the entity has sufficient liquid assets to meet its short-term financial obligations.

	2023/24	2022/23
Current ratio	**7.71:1**	**7.65:1**

6.8.2.5 Cash flow from operating activities

The increase is due to the following:

- Increase in the raw water tariffs.
- Increase in the augmentation from the Main Account

6.8.2.6 Debtors' collection days

For the period under review, the debtors' days reflects a regression compared to the 2022/23 financial year.

After impairment, the debtors' days moved from 451 days in 2022/23 to 473 days in 2023/24 mainly due to non-payment by various municipalities. The entity continues to struggle to collect outstanding debt from the sale of water. The entity has since put measures in place to follow up on the recoverable debts and implement cash flow management strategies while still complying with PFMA 30 day's payment period. The debtor's collection days clearly indicates that the entity has cash tied on the outstanding accounts.

	2023/24	2022/23
Debtor's days in sales (days)	**473**	**451**

The Water Trading Entity has implemented the below strategies to recover the monies owed and reduce the debt book to an acceptably low level. This is to encourage customers to settle their outstanding debts within a reasonable period.

The Department has developed a debt incentive scheme which includes:

- Interest write-off at a percentage that the Water Trading will determine from time-to-time.
- A percentage of the capital amount to be written-off that WTE will determine from time-to-time.
- Incremental write-off as an incentive to pay current invoices.
- Full interest write-off where capital amount balance is paid in full.

The WTE participates in the National Treasury Transversal contract on debt collection. The participation forms part of the aggressive debt collection approach to recover long outstanding debts.

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 advice 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 58 to 107 and the annual financial statements for the Main Account and Water Trading Entity set out in pages 232 to 304 and 359 to 413 respectively have been approved by the Accounting Officer.

Dr Sean Phillips
Accounting Officer
Department of Water and Sanitation

Date: 27 September 2024

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 2024.

Yours faithfully

Dr Sean Phillips
Accounting Officer
Department of Water and Sanitation

Date: 27 September 2024

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 policymaking.
- 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.

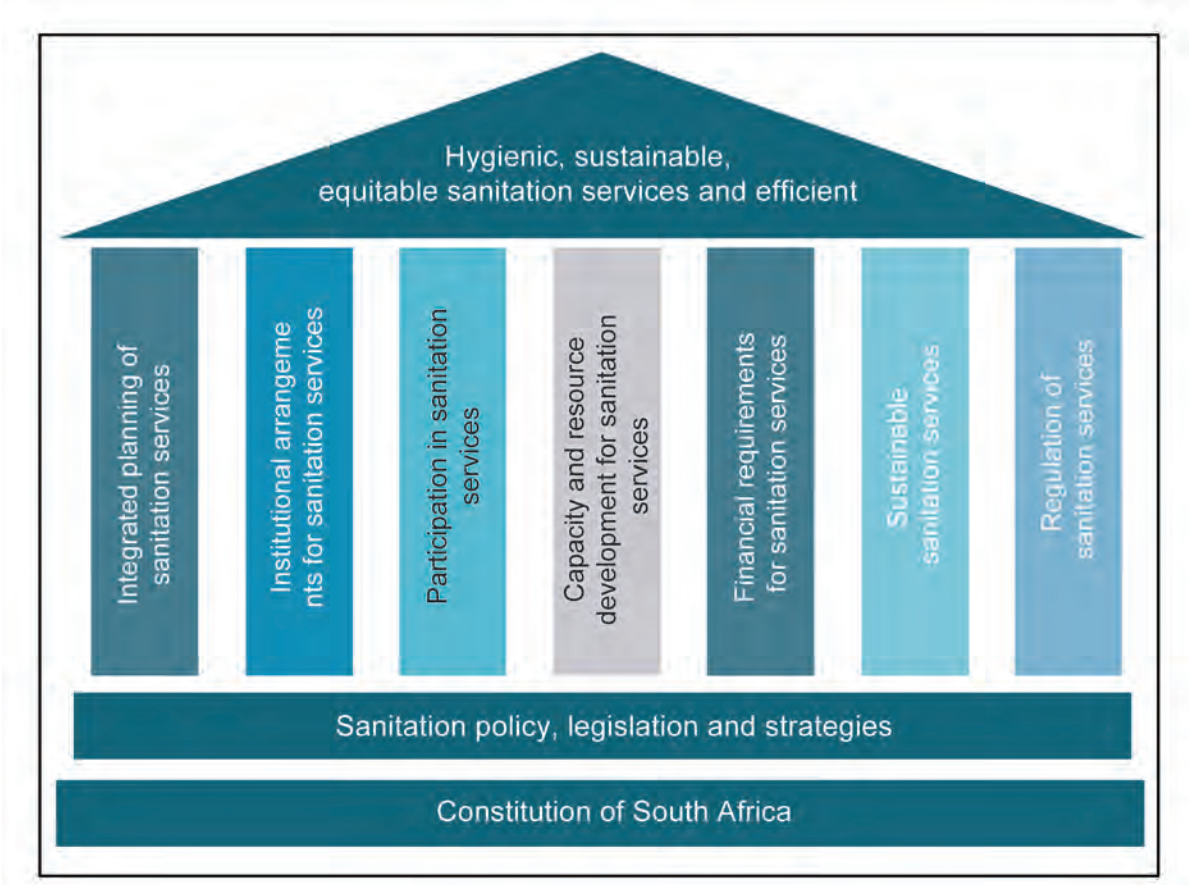
(c) ***Prioritising social and economic equity*:** The decision making will have equity as the primary consideration. Priority will be accorded to water use authorisation applications that meet the equity requirement, as provided in the regulatory instruments.

(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.

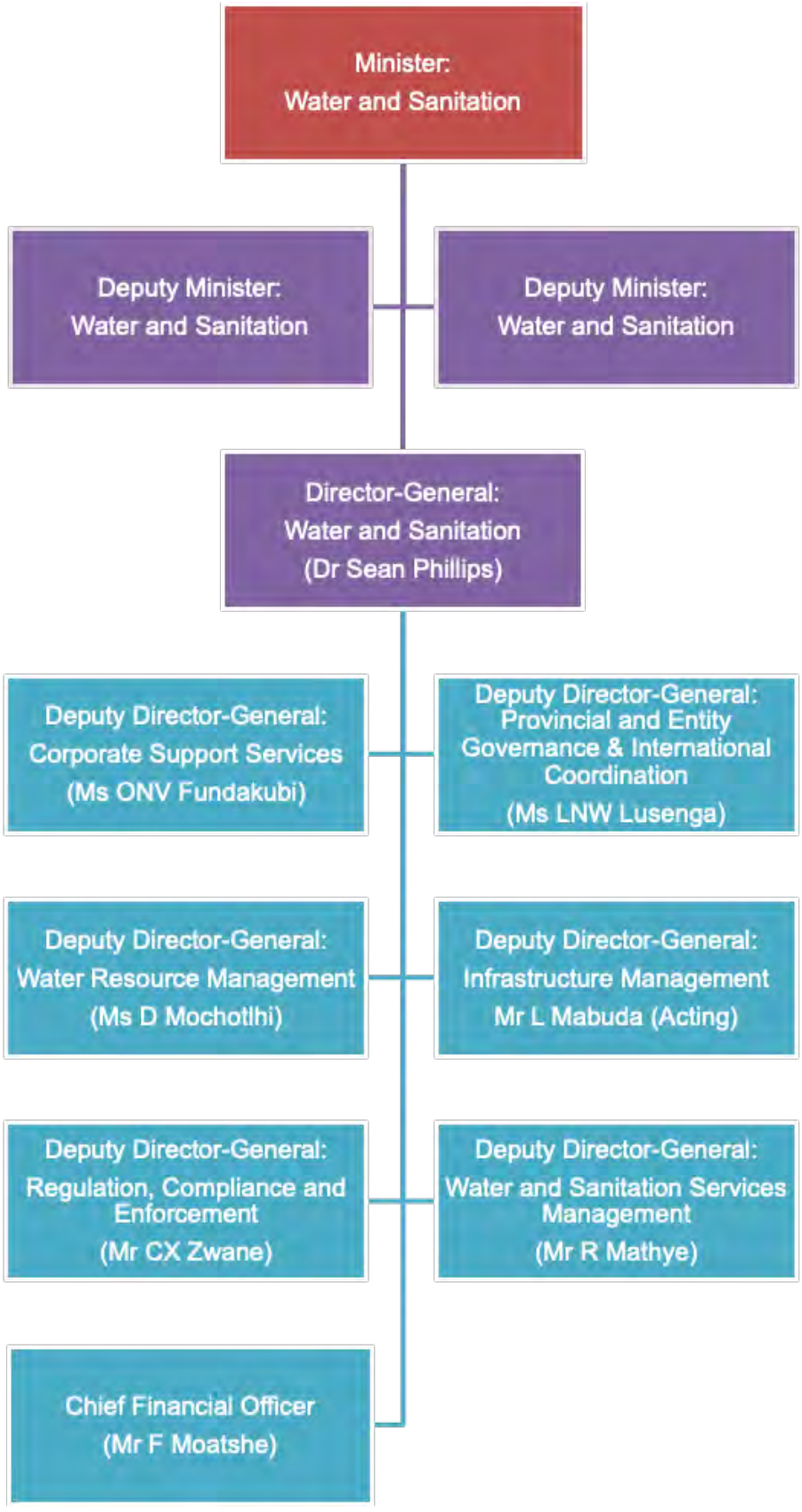
With reference to a "right to basic sanitation", this is the primary legislation relating to sanitation in South Africa. It further defines basic sanitation as: 'The prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of 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 works 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 15 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.
Catchment Management Agencies[1]				
3	Breede-Olifants (BOCMA)	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	Inkomati-Usuthu (IUCMA)			
5	Mzimvubu-Tsitsikamma (MTCMA)			
6	Pongola-Umzimkhulu (PUCMA)			
7	Vaal-Orange (VOCMA)			
Water Boards[2]				
8	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.
9	Vaal Central Water			
10	Lepelle Northern Water			
11	Magalies Water			
12	Mhlathuze Water			
13	Overberg Water			
14	Rand Water			
15	Umgeni Water			

1 Four (4) catchment management agencies were listed in the 2022/23 financial year.
2 The name for Bloem Water was changed in the 2023/24 financial year to Vaal Central Water.

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; section 220 to 229, set out on pages 394 to 357 in Part F and G (financial information) of this annual report.

2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service delivery environment

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 characterised 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. In the past decades, an increased groundwater utilisation in the country's water mix has been observed, due to the significant potential of the groundwater resources in adaptation to climate change and augmenting of conventional surface water supply systems.

South Africa is however, naturally inclined to drought conditions because it's a semi-arid country. For the period under review, some persistent challenges posed a risk to water security as summarised below:

Extreme climate and weather events

In South Africa, the year started off with relatively wetter conditions in the central and western interior, but drier than usual in the coastal regions and some north-eastern parts. The eastern province of KwaZulu-Natal was also relatively hot and a few highest maximum and minimum temperatures were broken.

In February, higher rainfall shifted to the east, with subsequent lower than normal maximum temperatures, and drier conditions in the western interior. With the higher rainfall, several instances of flash floods were reported, with accompanying damage to infrastructure and in some cases loss of life. In March the Western Cape received much higher-than-normal rainfall, while it was relatively dry in the rest of the country. The higher-than-normal rainfall persisted in the Cape Town metropolitan in April; about 130 residents and 50 shacks were flooded after spells of heavy rain. In May most of the country received above-normal rainfall.

Several major flooding events occurred in the eastern and south-eastern coastal region, with more than 1200 residents evacuated from their homes in the Nelson Mandela Bay Municipality in the Eastern Cape after heavy rains on the 13th. A much above normal rainfall occurred over most of the south-western half of South African in June. Many flooding events were reported resulting in hundreds of people left destitute. Traffic disruptions in the main arterials connecting the south-west to the remainder of the country occurred.

However, in the far north-east it was unusually hot and dry and maximum temperatures of more than 30°C were in many cases reported. Rainfall and temperature conditions in July and August was relatively normal. However, rainfall in September was characterised by many instances of floods in the Western Cape. A series of floods because of heavy rainfall on 24-25 September 2023 caused eleven (11) fatalities, the closure of over 200 roads, and over 80,000 people being left without electricity for an extended period. From October the extreme eastern parts of the country received significantly above normal rainfall with many instances of floods in the KwaZulu-Natal province. A part from several fatalities, extensive damage to infrastructure occurred and hundreds of homes were destroyed. More than 20 people were killed in floods in Ladysmith in the interior due to floods that occurred mainly on 24 December 2023.

Implications of climatic trends on water resources

South Africa experienced a relatively warm year, especially in the central and northern interior whilst the south, experienced near normal temperatures. The annual mean temperature anomaly for 2023, based on the data of 26 climate stations, was on average about 0.4 ºC above the average of the reference period (1991-2020), making it approximately the eighth hottest year on record since

1951 as depicted in the figure below. A warming trend of approximately 0.17 ºC per decade is indicated for the country, over the period 1951-2023, statistically significant at the 5% level.

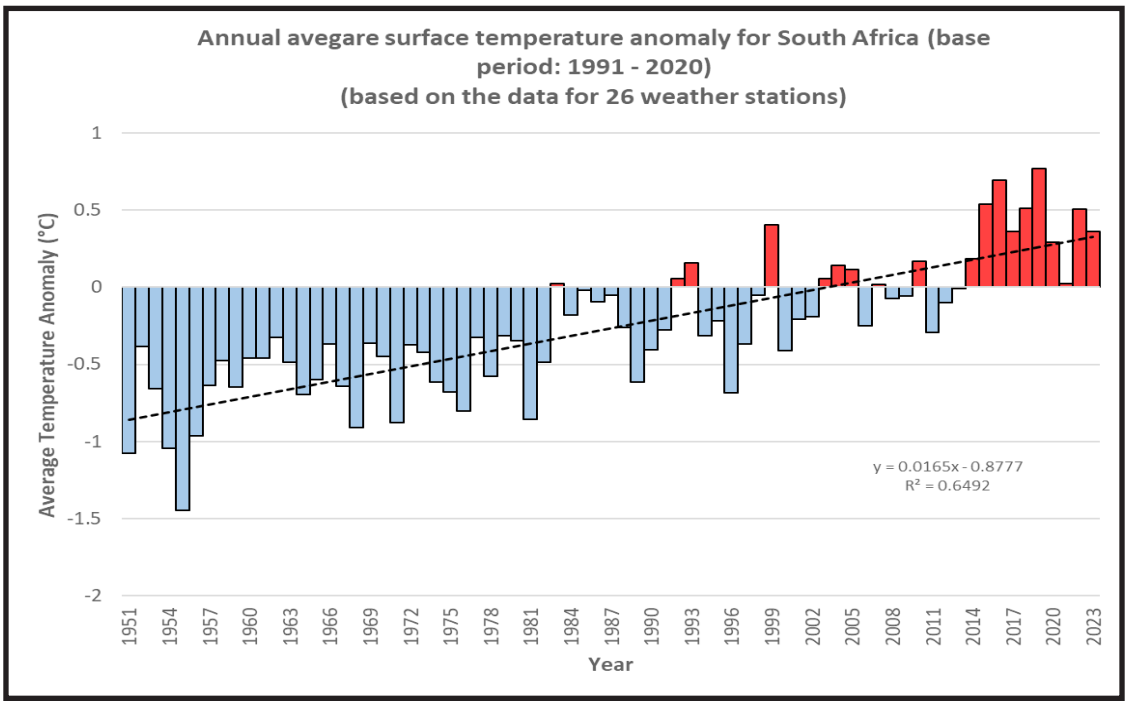


Figure 2.1.1: Average surface temperature deviation over South Africa based on 26 climate stations: 1951 - 2023 (base period: 1991 - 2020). The linear trend is indicated (Source: South African Weather Service).

As depicted below, the most significant feature of the rainfall during 2023 was the near-normal rainfall amounts received over most of South Africa, except for the north-western interior which received well below-normal rainfall. In contrast, some regions along the coast and extreme east received well above-normal rainfall, especially in the Mpumalanga province.

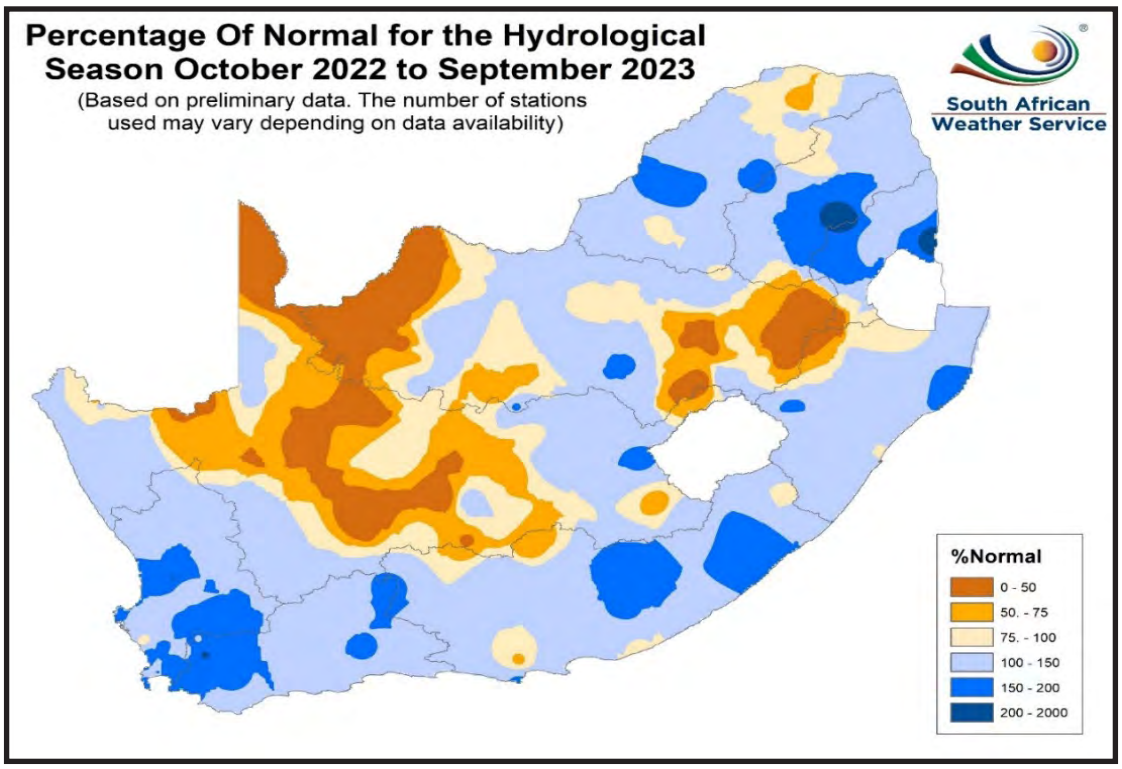


Figure 2.1.2: Seasonal total rainfall anomalies (Data source: South African Weather Service)

As a result of the La Niña phase, areas that experienced drought conditions have decreased over the past four hydrological years. The Mpumalanga, encompassing the Inkomati-Usuthu water management areas (WMAs), experienced significantly higher rainfall levels surpassing 200% of the normal precipitation. Also, the eastern parts of the country characterised by summer rainfall, (i.e. Mzimvubu-Tsitsikamma and Pongola-Umzimkulu WMA) also received above-normal rainfall during the past two hydrological years (i.e. 2021/22 and 2022/23). Notably, the surface storage dam levels in these WMAs were also at their highest.

Surface water

The total volume of surface water stored in dams nationally is expressed as a percentage of full supply capacity (FSC), based on weekly monitoring data from 221 dams across the country. 2.1.3 shows the national storage trends for the past five hydrological years.

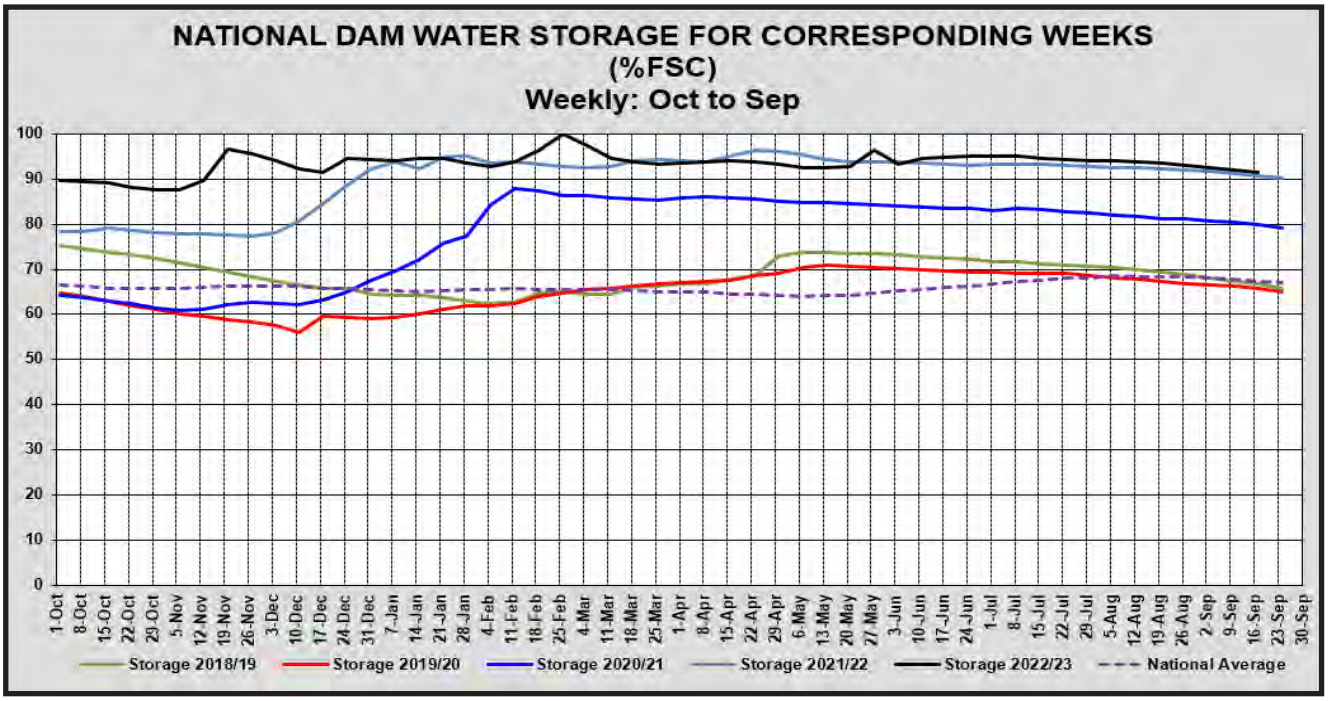


Figure 2.1.3: National dam storage levels for the past five years compared to a national average.

The national dam storage levels for the 2021/22 and 2022/23 hydrological years, were the highest for most of the months in the past five hydrological years, especially after the beginning of summer rainfalls received between November and February 2023 for the eastern parts of the country.

The figure below compares the long-term median storage for each province during the 2022/23 hydrological year with the previous hydrological year. For the hydrological year 2022/23, the dam levels for all provinces were above the long-term median storage levels. Notably, all median storages for the 2022/23 hydrological year were higher than the past year reporting period.

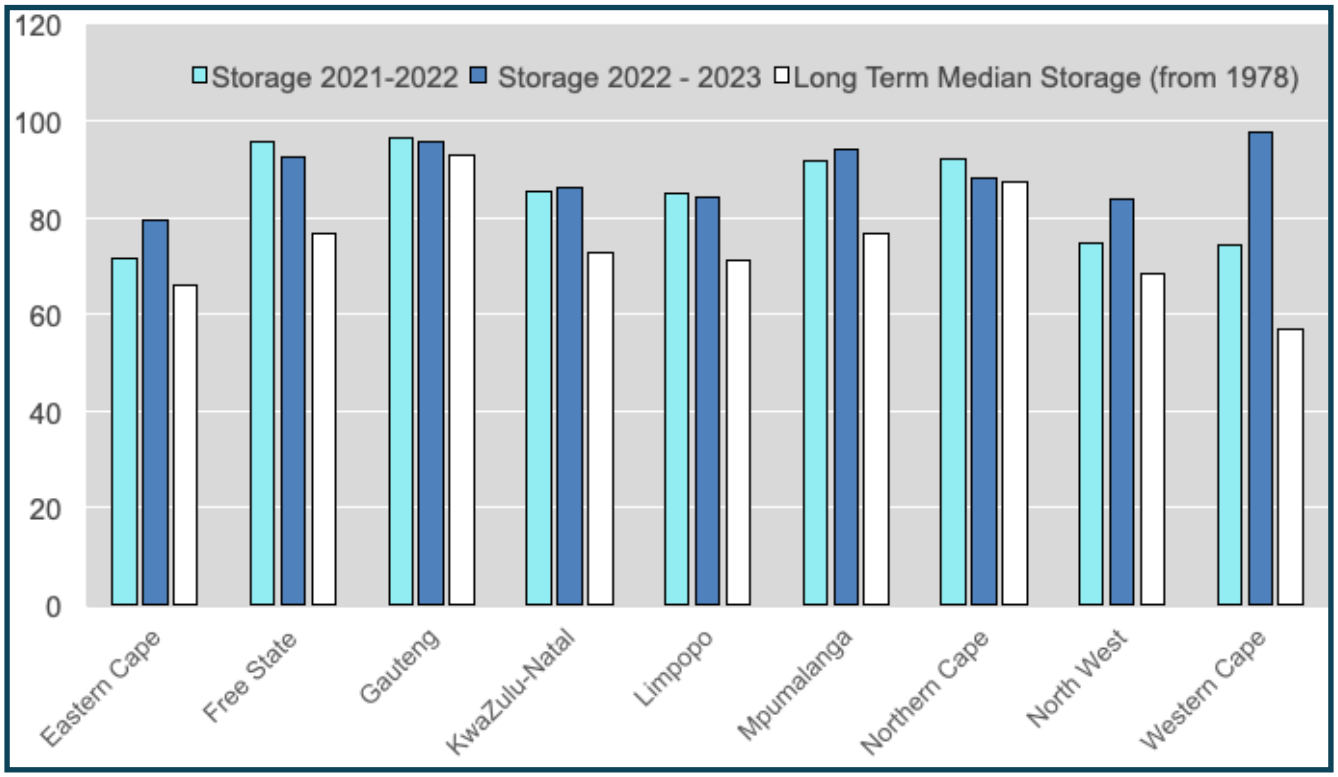


Figure 2.1.4: The storage situation in each Province during 2022/2023, compared with the previous hydrological year and the median.

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 the figure below:

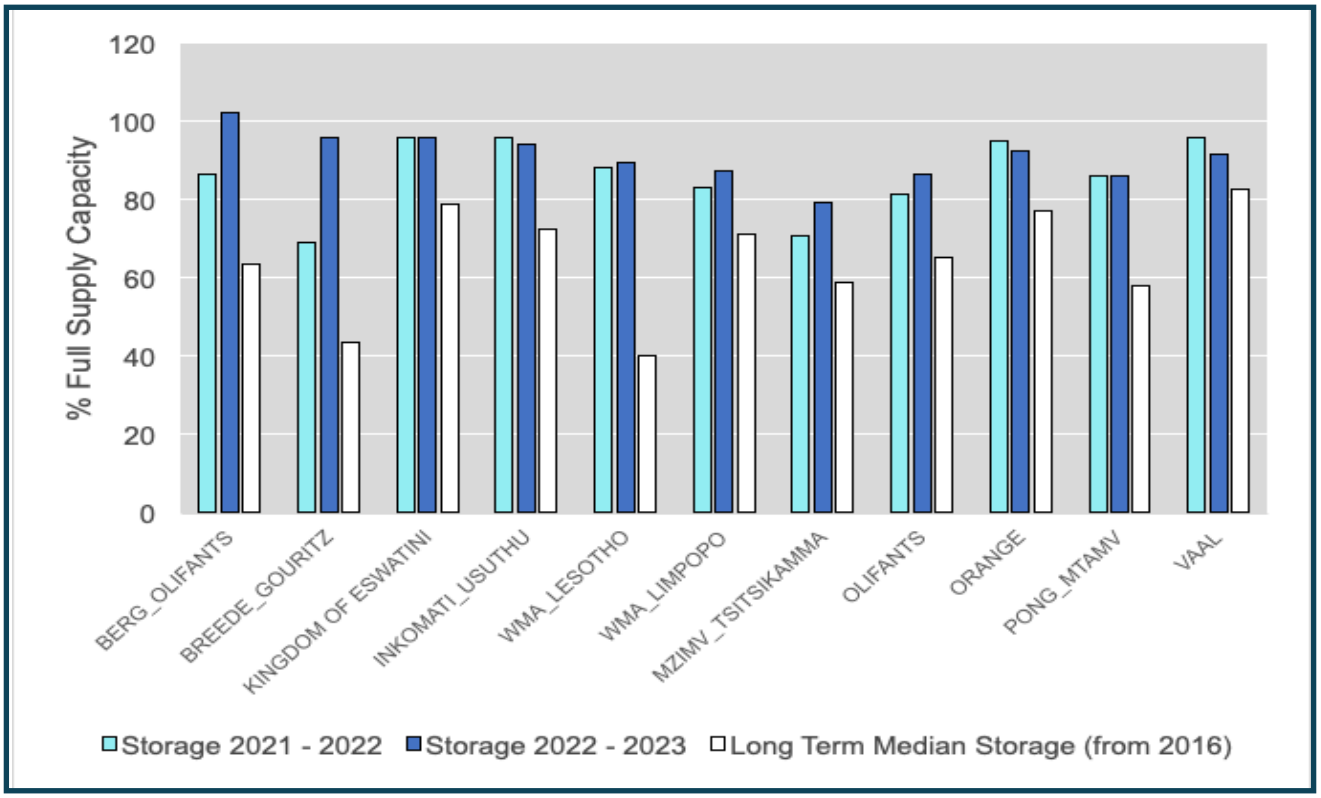


Figure 2.1 5: The storage situation in each WMA during 2022/23, compared with the previous hydrological year and the median.

The 2022/23 storages have been above the historical median for all water management areas. A similar pattern is observed for the past hydrological year (2021/22) for all WMAs. Notably, all median storages for the 2022/23 hydrological year are higher than the past year for all WMAs, apart from the Inkomati-Usuthu, Orange and Vaal WMAs. However, the dam storage levels in these two WMAs remained higher than the long-term median dam levels.

Ground water

The National groundwater level value is indicated 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 figure below indicates the national average groundwater level status is presented against the alert percentiles of the historical average groundwater levels. This graph provides a visual presentation to alert of drought conditions to implement restrictions on groundwater abstractions timeously before any negative impacts can occur. Each grouping of boreholes will have a different severity range - seven percentile ranges.

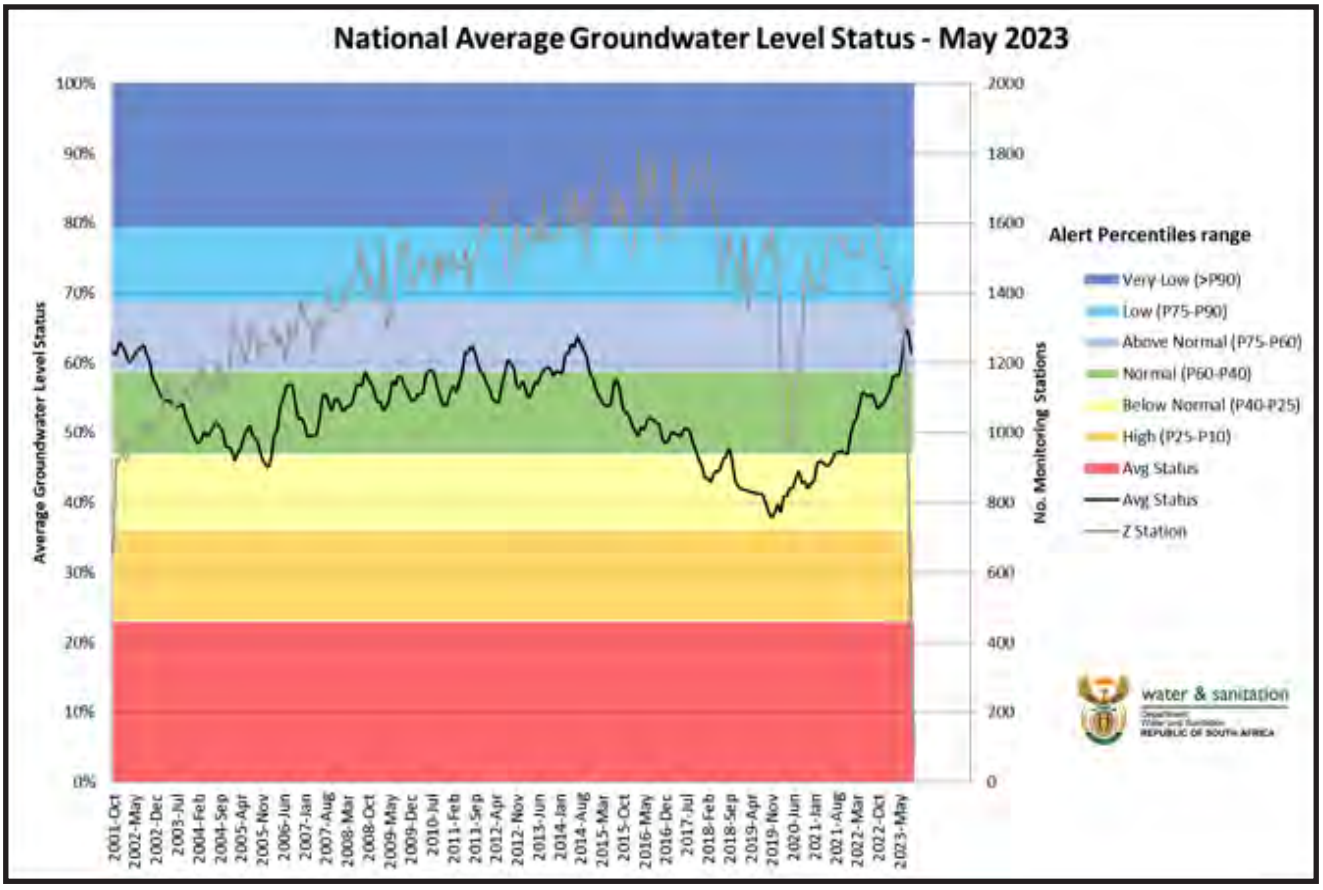


Figure 2.1.6: National average groundwater level status severity.

The national current average groundwater level status indicates a recovery trend from below normal in 2019 to above normal in May 2023. This can be attributed to the above-normal rainfall received in the current and previous years, which has significantly recharged aquifers, now showing above normal risk percentile levels. At levels below normal restrictions on groundwater abstraction can be implemented to stabilize groundwater levels and mitigate risks of groundwater depletion.

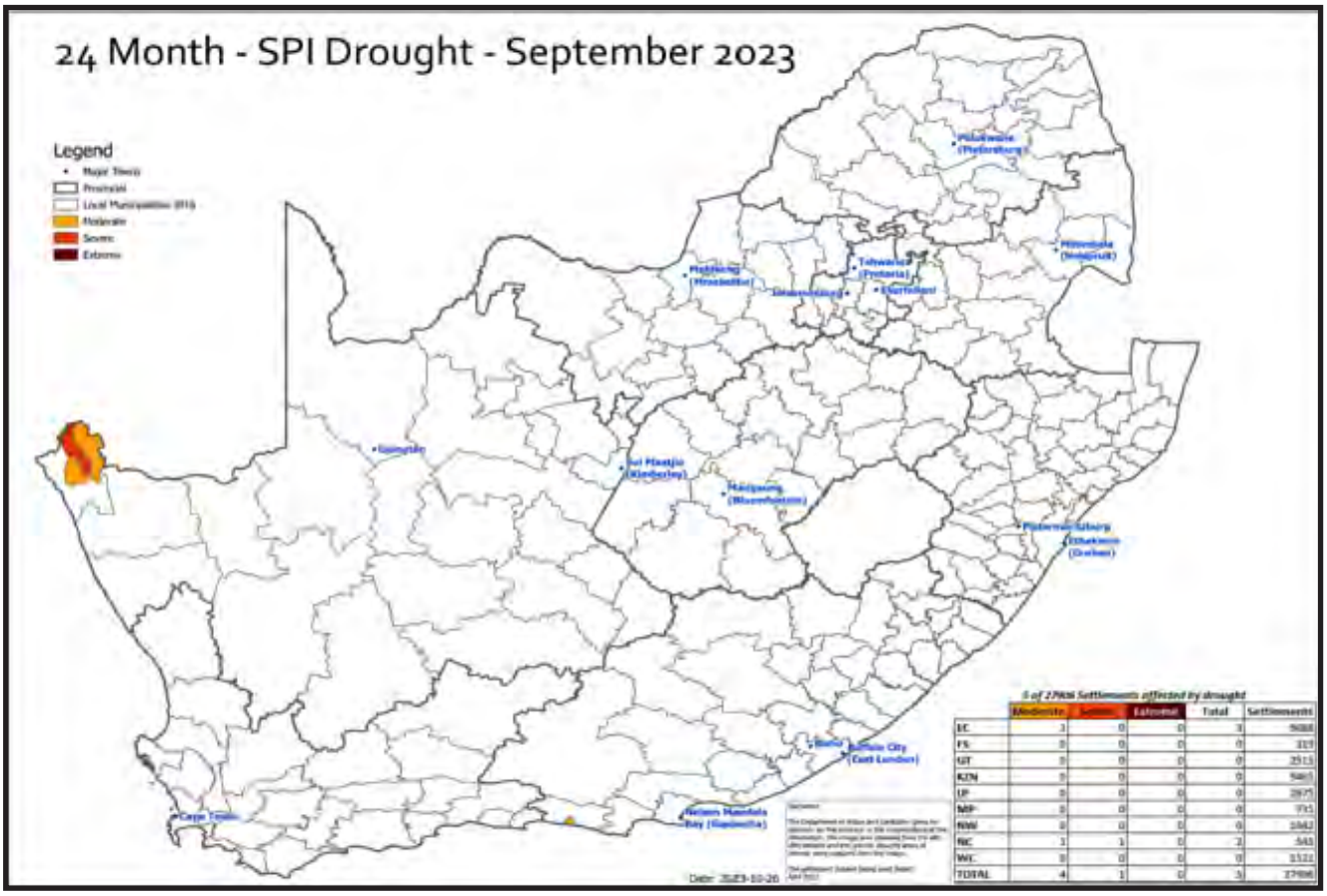


Figure 2.1.7: Twenty-four (24) months standard precipitation index (SPI) end of 2022/23 HY
(Data source: Agricultural Research Council)

The figure above indicates that based on the Standard Precipitation Index (SPI) the Eastern Cape and Northern Cape are the two (2) provinces which have been affected by drought in the last twenty-four (24) months. The Northern Cape Province is the only province with areas experiencing extreme drought, while the Eastern Cape Province is moderately impacted. However, a recovery was observed in the Eastern Cape, with above-normal rainfall recorded during the summer season.

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.

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 76.2% compared to 48.8% for the same period last year. There has been significant improvement in system total storage in the year of 2023 which saw all 4 out of 5 dams in the system full and spilling, the exception was for the Impofu Dam in the Kromme subsystem. The system is not fully integrated and as a result, some relaxed restrictions remained in place in the Kromme and Kouga subsystems. Restrictions of 40% for domestic and industrial use and 50% on irrigation use were imposed for the 2023/2024 water operating year within the Kromme system. No water restrictions are imposed on the Groendal, Old Dams, OrangeFish-Sundays and Groundwater systems. These will be reviewed as part of the system annual operating analysis in November 2024.
- **Amathole system:** the six (6) dams serving the Buffalo City, and some parts of Amathole District Municipality are at a combined average of 92.6% compared to 98.5% the same period last year. There was no water restrictions required for the system from a water resource point of view in the 2023/2024 period due to sufficiently high storage at the 1 May 2023 decision date for the system. The system remains in good state in 2024 and will be reviewed again on 1 May 2025.

- **Crocodile West system:** the system supplies water to Tshwane, Madibeng and Rustenburg areas. The system storage on May 2023 decision date was on an average storage level of 93.3% at the 2023 decision date. No restrictions were imposed on major dams in the system.
- **Greater Bloemfontein system:** the system storage was above 95% on 1 May 2023 and no water restrictions are required when the combined system storage is above 95%. The water requirements for the system were projected at 108.56 million m^3/a. However, as the water requirements continue to exceed the yield of the system 18% water restrictions on domestic and industrial use was required in 2023 when the combined system storage dropped below the median (50% exceedance probability plot of projected storage). The system storage did not drop below this level during 2023/2024 period and no restrictions were implemented.

  The four (4) dams serving mainly Mangaung recorded 85.59% as of 19 August 2024. Restrictions of 25% are thus required (reduction in demand of 28 million m^3 over 12 months). If the system storage increases above the 95% storage, it can be used as an early warning system for the possible lifting of the restrictions. Restrictions should however only be lifted once Rustfontein dam is spilling, and the system storage is above 95%.
- **Integrated Vaal River system:** the system comprises of fourteen (14) dams that serve mainly Gauteng Rand Water, Sasol and Eskom. The system storage was recorded at 93.3% on the decision date of 1 May 2023. There were no restrictions recommended for the system during 2023/2024 period from the water resource perspective. An analysis was undertaken in May 2023 to assess the risk to the IVRS' performance because of the outage, and to determine the impact of the shutdown on water availability to users in South Africa.

  The analysis indicated the impact of the outage on the overall IVRS will be insignificant considering that dams in the IVRS such as the Sterkfontein Dam and others were relatively full. This meant that the closure of the tunnel for maintenance would not result in any disruption of water supply to Rand Water, and to the municipalities in Gauteng and other provinces which are customers of Rand Water.

  The standard operating rule is that Sterkfontein Dam releases water to the Vaal Dam when the Vaal Dam reaches a minimum operating level of 18%. The analysis indicated that this was unlikely to occur in the 2023-2024 operating year (1 May 2023 – 31 April 2024). Hence, releases from Sterkfontein Dam to support the Vaal Dam were not envisaged during the 2023-2024 operating year and Sterkfontein Dam remains full to date.
- **Olifants system:** the system consists of ten (10) dams supplying water to Sekhukhune District Municipality (DM) in Limpopo and Nkangala DM. The dams are operated independently as 5 sub-systems as they are not fully integrated yet. The combined storage levels in dams in the May 2023 decision date was 98.6%. Based on the annual operating analysis no water restrictions were required during the 2023/2024 period.
- **Orange River System:** the system consists of the Katse and Mohale Dams of the Lesotho Highlands Water Project as well as Gariep and Vanderkloof Dams of the Orange River Project and the Caledon-Modder supplying the Greater Bloemfontein. The Orange River System storage was at 97.5% at the decision date of 1 May 2023. Restrictions were thus not required for the 2023-24 period as confirmed from the Annual Operating Analysis (AOA) and adopted at the Stakeholders Operating Forum (SOF). As of August 19, 2024, the combined storage of Gariep and Vanderkloof dam was at 84.87%. Katse Dam was at 77.02 while Mohale Dam is full at 100%.
- **Polokwane system:** the system comprises of nine (9) dams supplying Polokwane and surrounding areas. The combined storage of the dams was above 95% with the major dams namely, Flag Boshielo and Ebenezer at 100% of their full supply capacity at the decision date of 1 May 2023. Allocable resources based on the AOA 2023/2024 were 44.32 million m^3/a compared to the target requirement of 61.34 million m^3/a. Due to the deficit in supply versus demand, an overall water restriction of 17.02 million m^3/a (~ 30%) was imposed on the system to bring the system into balance.
- **Umgeni system:** the system consists of six (6) dams namely: Spring Grove Dam, Mearns Weir, Midmar Dam, Albert Falls Dam, Nagle Dam, and Inanda Dam. The Umgeni WS system is augmented from the Mooi River System using the Mooi-Mgeni Transfer Scheme (MMTS). No restrictions were required for the 2023/24 operating year. However, 2% reduction in water use by the end of 2024 and 6% reduction in water use by the end of 2025 was recommended due to infrastructure limitation, risks and water use over the licensed water allocation.
- **Umhlathuze system:** the system comprises of Goedertrouw Dam and several lakes within the KwaZulu-Natal (KZN) coastline. The Umhlathuze system supplies water for irrigation, domestic, and industrial use within King Cetshwayo District Municipality. Goedertrouw Dam storage was at 100 % at the decision date on 1 May 2023. All lakes were full and farm dams were also assumed to be full. In the presentation of the results of the AOA to the SOF in May, it was agreed there would be no water restriction for the 2023/24 operating year, considering the good storage level in the system.
- **Western Cape Water Supply system (WCWSS):** the six (6) dams serving mainly the City of Cape Town and some irrigation users/ Water Users Associations. The system is currently at a combined storage level of 102.8% compared to 101.8% for the same period last year. There are no restrictions imposed on the system for current water operating year of 2023/2024. Next system review date will be 1 November 2024 as part of the 2024/2025 annual operating analysis.

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^3) 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 2023/24 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	4310	77.4%
Medium	135	120	27	51	63	689	1085	19.5%
Large	105	31	2	10	15	11	174	3.1%
Total	323	348	85	120	314	4379	5569	100%

Operations and maintenance of water resource infrastructure

The Department has an operations and maintenance (O & M) unit responsible for the management of 257 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 capping on full cost charges posed on the users. A case in point is the Central Cluster that generated revenue of R2,4 billion but only received R1,4 billion for operations expenditure (OPEX).

For the period under review, the entire unit received R2,4 billion for operation and maintenance. The total cost required for renewals of assets as per the Asset Management Plan is R3,2 billion and only R1,1billion 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 R37,6 billion comprising of:

- A refurbishment backlog of R13,2 billion caused primarily by inadequate maintenance; and
- A renewal backlog of aged infrastructure of about R24,4 billion, 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 note 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.

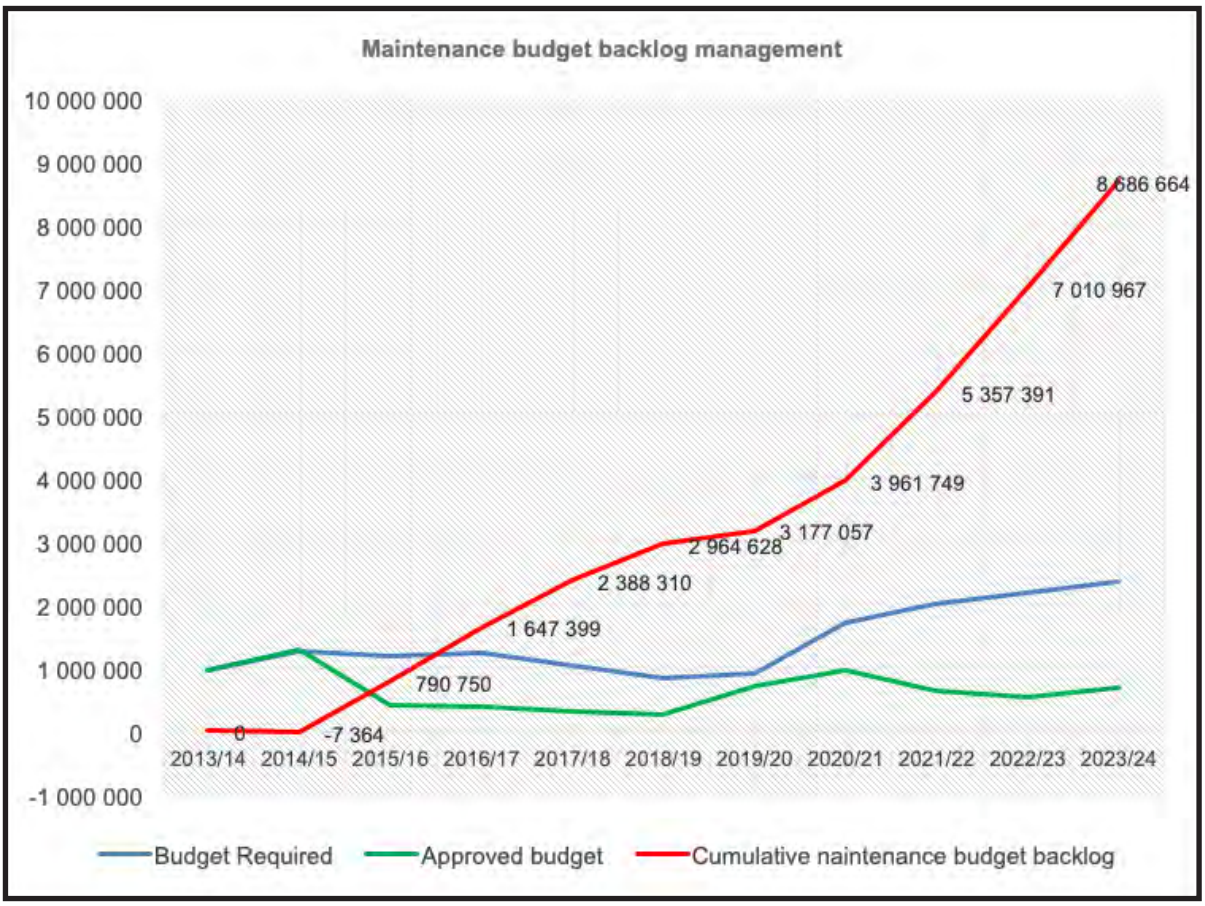


Figure 2.1.8: Backlog on maintenance due to decreasing budget allocation.

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.

Operations of water services infrastructure

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 and sanitation services. The poor compliance with reporting requirements continued for the period under review especially for the inaugural No Drop assessments. These WSA are encouraged to submit monthly data for both drinking water and wastewater effluent through the IRIS to allow for compliance monitoring. The summarised results from published departmental reports are as follows:

Blue Drop report: For the period under review, the assessments were conducted in 958 water supply systems. The report indicates that 277 (i.e. 29%) of these water supply systems received scores below 31% which requires detailed corrective actions and regular regulatory assessments as required by the Water Services Act. The report recommends the implementation of routine maintenance, the allocation of budget and competent human resources to plan for and implement the infrastructure projects.

Green Drop progress report: For the period under review, the risk rating of 1004 wastewater treatment works (WWTWs) in WSAs and the Department of Public Works and Infrastructure (DPWI). The results indicate that 14% of the WWTWs have a low risk (i.e. a cumulative risk rating of below 50%), with 24% having medium risk (i.e. a cumulative risk rating of 50% to 69%), 34% have a high risk (i.e. a cumulative risk rating of 70% to 89%) and 28% have a critical risk (i.e. a cumulative risk rating of 90% to 100%) rating. The main recommendation from the report is to have targeted interventions and with dedicated budget to operate and maintain the WWTWs to gradually reduce their risk ratings.

No Drop report: For the period under review, the published No Drop report indicates that there is still 53 of WSAs that do not submit their water balance data to determine the non-revenue water and water losses trends which required the Department to extrapolate. The report indicates eight (8) of WSA fully complied, another eight (8) was considered good and forty-six (46) were found to have critical deficiencies.

Compliance monitoring and enforcement

The trend for compliance monitoring and inspections continued its upward movement as there is a growing capacity to conduct these inspections and the awareness campaigns on non-compliance issues are bearing positive results.

Compliance monitoring

The figure indicates that for the period under review, a total of 429 compliance monitoring inspections were conducted.

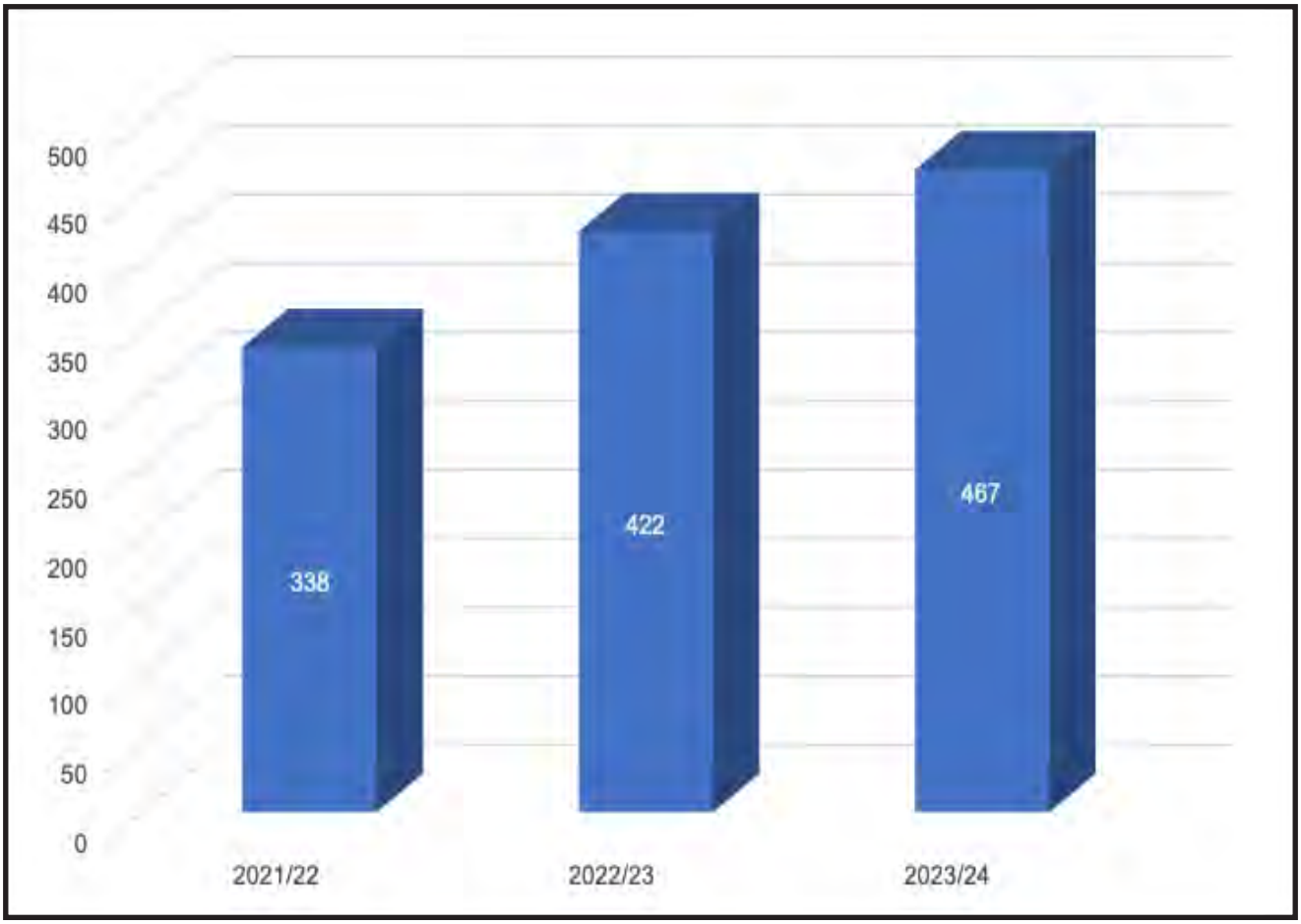


Figure 2.1.9: Trend analysis on compliance inspections conducted.

The figure below indicates the conducted compliance inspections per sector.

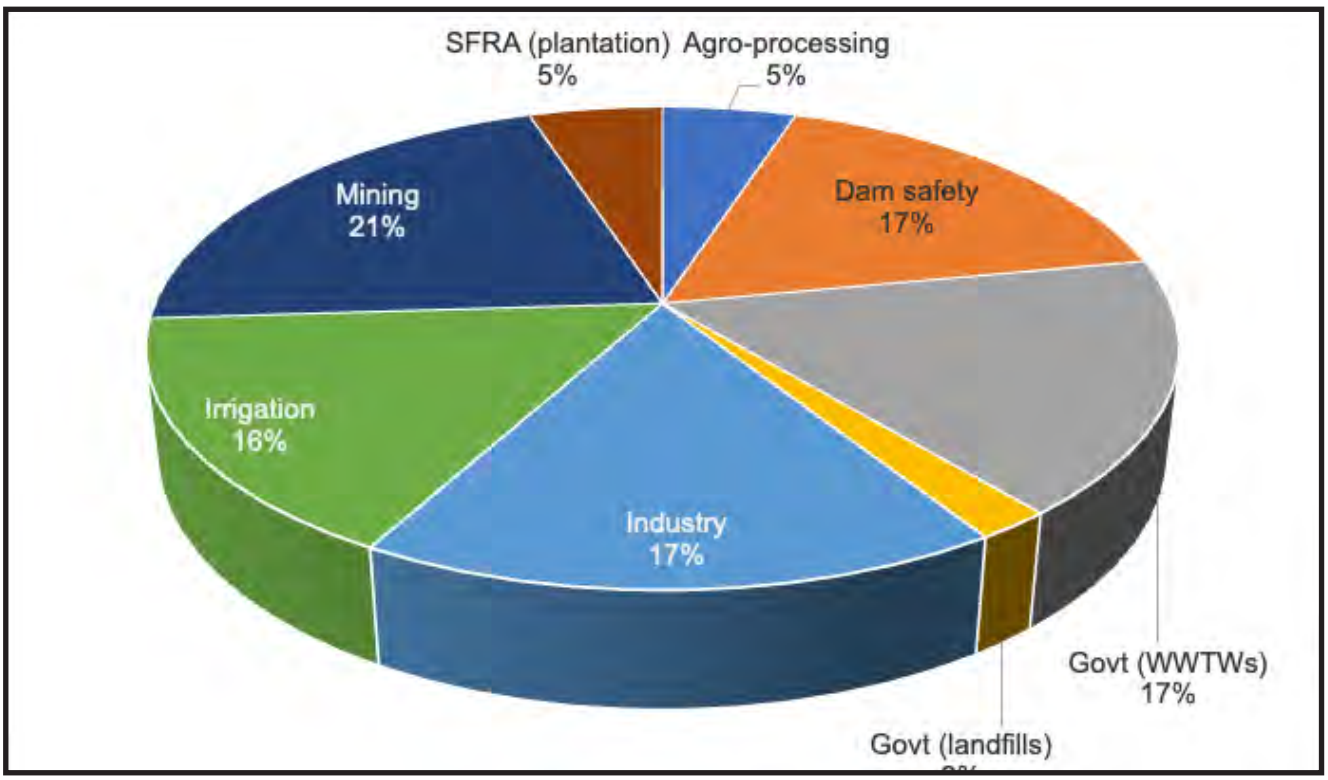


Figure 2.1.10: Compliance inspections conducted during the 2023/24 financial per sector.

The figure below indicates the compliance levels of monitored water users per sector (inclusive of dam safety regulations).

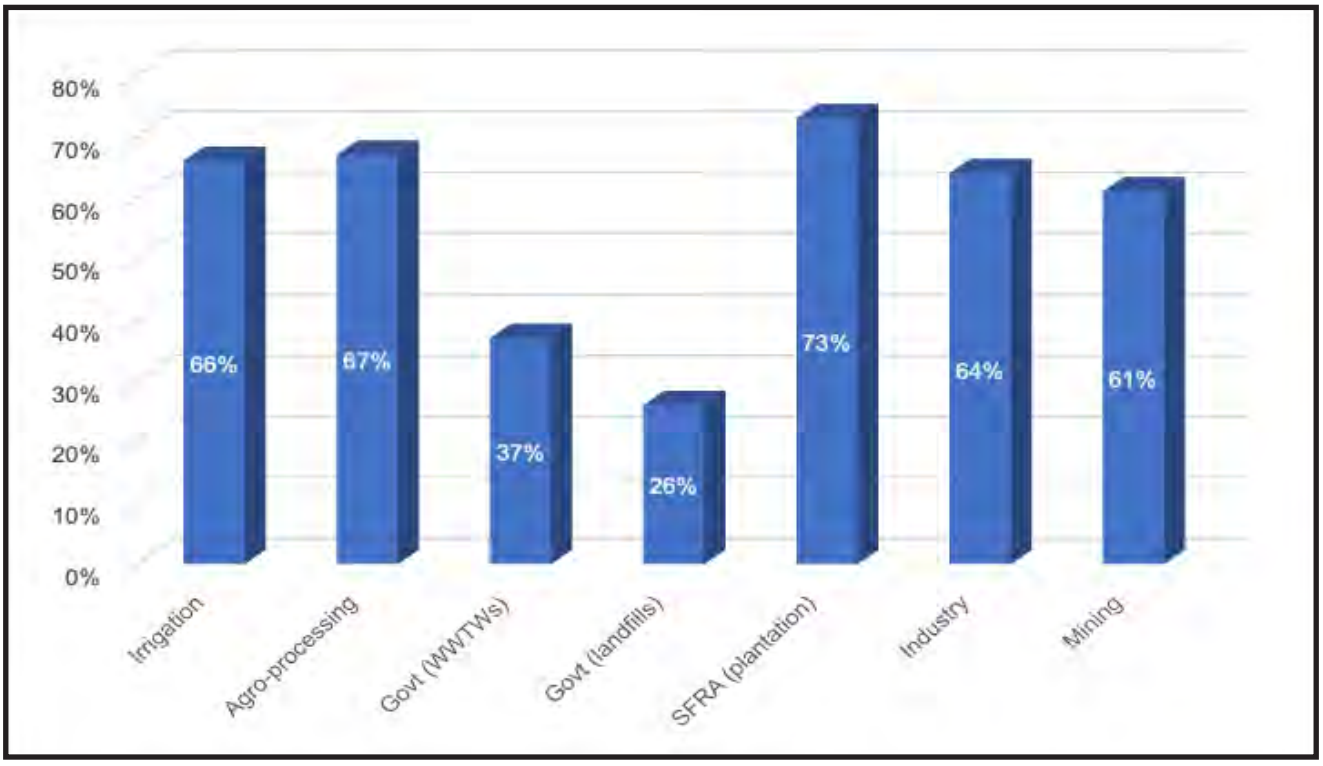


Figure 2.1.11: Average compliance percentage per sector

Enforcement

For the period under review, the Department conducted a total of 467 investigations on reported non-compliance. This is a 26% increase compared to the 344 reported cases in the previous financial year. The main reported cases are primarily attributed to suspected and/or over-abstraction of groundwater and pollution-related incidents. The figure below indicates the trend over the previous three (3) financial years:

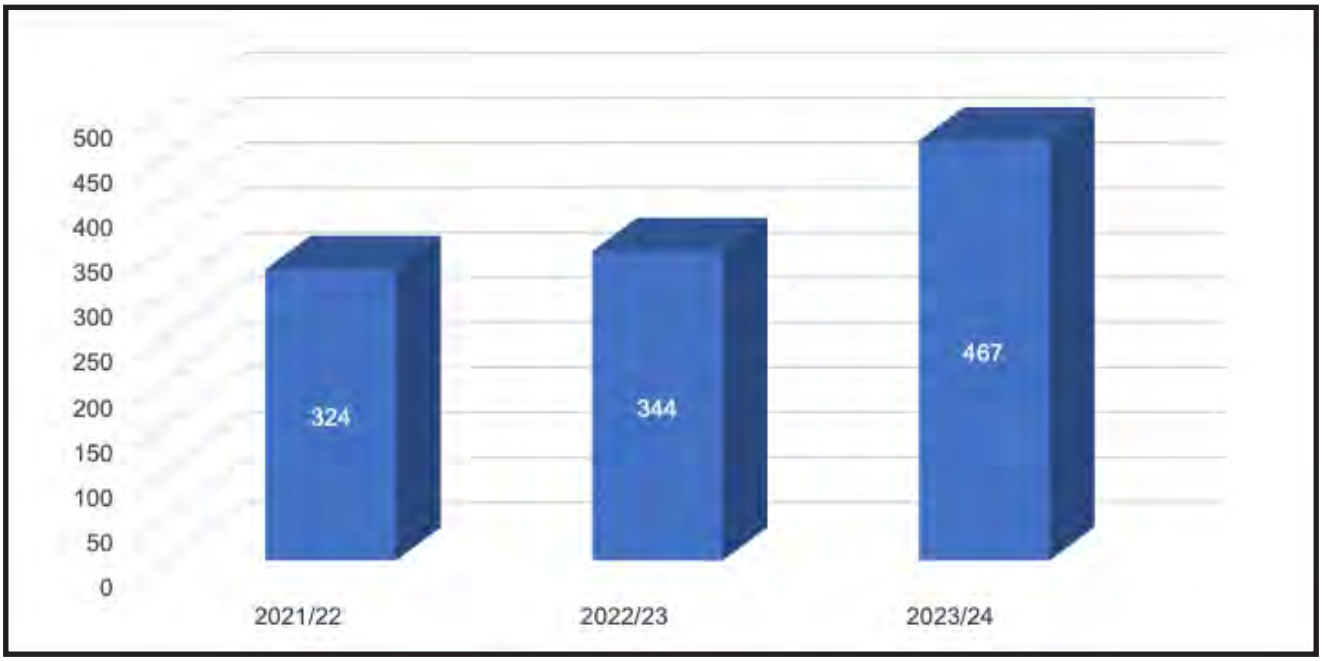


Figure 2.1.12: Trend analysis on reported non-compliant incidents.

The figure below indicates the reported non-compliance cases in different sectors.

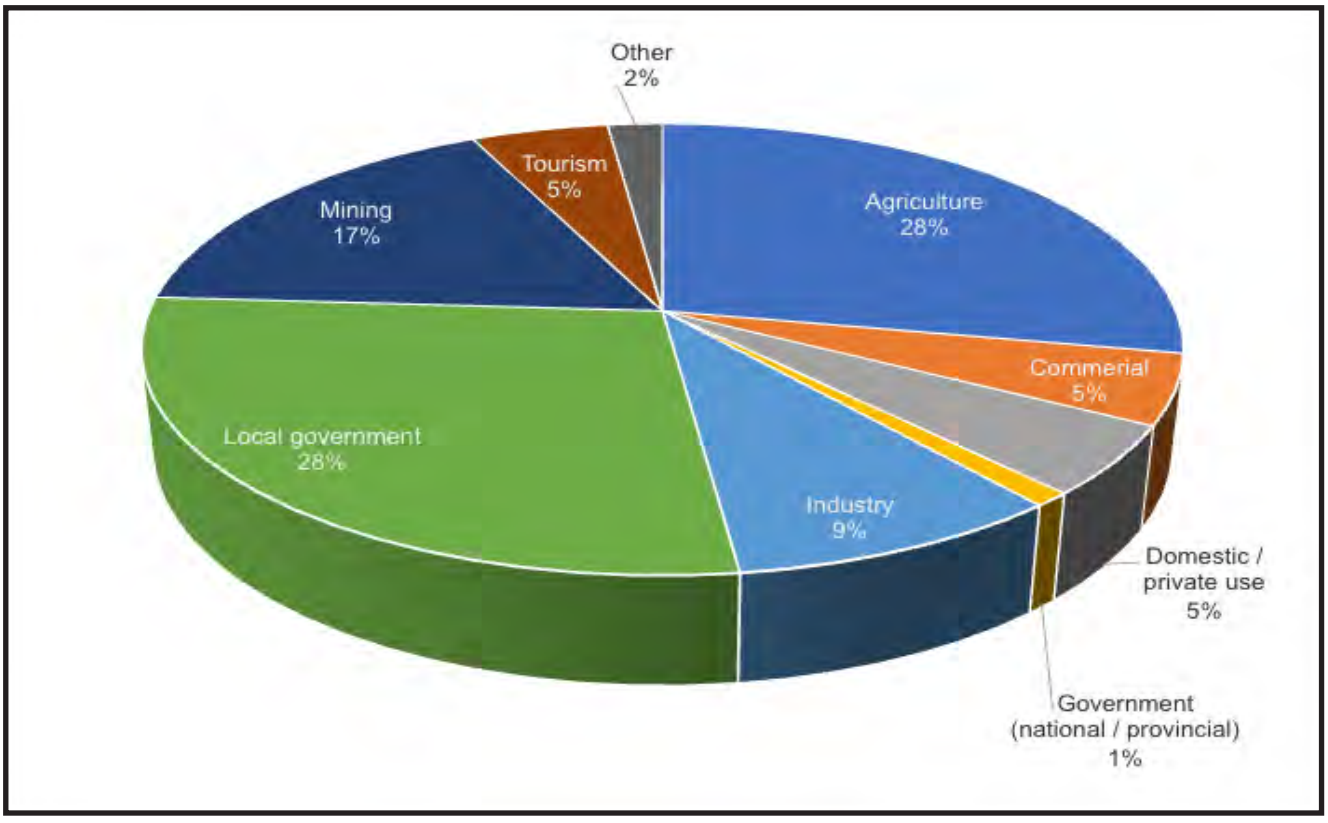


Figure 2.1.13: Reported non-compliant cases for the 2023/24 financial year.

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

	Parties	Case type	CAS number/court reference number	Offence(s)	Judgement
1	The Minister of Water and Sanitation [Applicant] and Msukaligwa Local Municipality [First Respondent] Gert Sibande District Municipality [Second Respondent] MEC For Cooperative Governance and Traditional Affairs [Third Respondent]	Civil Action: Court Order	CAS 192/11/2019/ ECMS 17132 4860/2022 In the High Court of South Africa Mpumalanga Division	Notice of Motion proceedings wherein the following order was sought- 1 The First Respondent is directed to immediately cease unlawful water use at the Ermelo Water Waste Treatment Works; 2 The First Respondent is directed to apply for registration of water use as set out in section 21(f) and 21(g) of the National Water Act 36 of 1998 read with Regulation 519 of 2009: Notice to register a water use; 3 The First Respondent must immediately take corrective measures to stop discharge of poor-quality effluent to prevent further pollution of water resources. 4 The First Respondent is directed to appoint a suitably qualified environmental consultant to compile a rehabilitation plan which must include: the nature and extent of the impact that the pollution has had or may have on the water resources; the measures that will be implemented to remediate or mitigate the impact; and clear time frames. 5 The rehabilitation plan referenced in paragraph 4 above must be compiled within 30 days from the date of the order of this court and submitted to the DWS for approval. 6 The First Respondent must implement all the remedial action contained in the rehabilitation plan within 30 days from the approval of the plan by the DWS.	The following Court Order was obtained on the 20 September 2023: 1 The First Respondent is directed to immediately cease unlawful water use at the Ermelo Wastewater Treatment Works; 2 The First Respondent is directed to apply for registration of water use as set out in section 21(f) and 21(g) of the National Water Act 36 of 1998 read with Regulation 519 OF 2009: Notice to register a water use. 3 The First Respondent must immediately take corrective measures to stop discharge of poor-quality effluent to prevent further pollution of water resources. 4 The First Respondent is directed to appoint a suitably qualified environmental consultant to compile a rehabilitation plan which must include: the nature and extent of the impact that the pollution has had or may have on the water resources; the measures that will be implemented to remediate or mitigate the impact; and clear time frames. 5 The rehabilitation plan referenced in paragraph 4 above must be compiled within 30 days from the date of the order of court and submitted to the DWS for approval. 6 The First Respondent must implement all the remedial action contained in the rehabilitation plan within 30 days from the date of approval of the plan by DWS.

	Parties	Case type	CAS number/court reference number	Offence(s)	Judgement
				7 The First Respondent is directed to compile a close out report after completion of the rehabilitation to be submitted to the DWS within 14 days of completion of the rehabilitation activities. The costs of this application are to be paid, jointly or severally, by any respondents opposing it.	8 The First Respondent is directed to compile a close out report after the completion of the rehabilitation to be submitted to DWS within 14 days of the completion of the rehabilitation activities. The costs of this application are to be paid by the First Respondent.
2	The State vs Govan Mbeki Local Municipality [Joint matter between Department of Agriculture Rural Development Land and Environmental Affairs (DARDLEA) and DWS]	Criminal Case: Pleaded Guilty	RC26/2023 In the Regional Court for the Regional Division of Mpumalanga	In respect of the charges: **COUNT 1:** <u>Unauthorised disposal of waste.</u> IN THAT the Accused is guilty of contravening Section 26(1)(a) and (b) read with Sections 27(1) and (2), 1 36 (5), 67(1)(a) & 68(1) and (2) of the National Environmental Management: Waste Act (NEMWA), 59 of 2008; **COUNT 2:** <u>Causing significant pollution to the environment (Act 36 of 1998)</u> IN THAT the accused is guilty of contravening Section 49A(1)(e) and (f) read with Sections 1, 49B (1) of the National Environmental Management Act (NEMA) Act 107 of 1998, as amended, read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977; **COUNT 3:** <u>Tamper or interfere with any waterwork or any seal or measuring device attached to a watercourse.</u> IN THAT the accused is guilty of contravening Section 151(1)(e) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, further read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977;	The Accused was convicted and sentence in respect of the plea and sentence agreement as follows: • S105A plea & sentence agreement: • Fine: R200m (R50m suspended for 5 years if no similar offences committed) • R150m utilized for urgent repairs; proof submitted to DARDLEA & DWS • R350 000 to DWS & DARDLEA each for EMI capacity building • Appointment of technical experts, supervisors & instalment of pre-treatment processes • Monitoring of effluent standards (receiving & leaving) • External auditing requirements

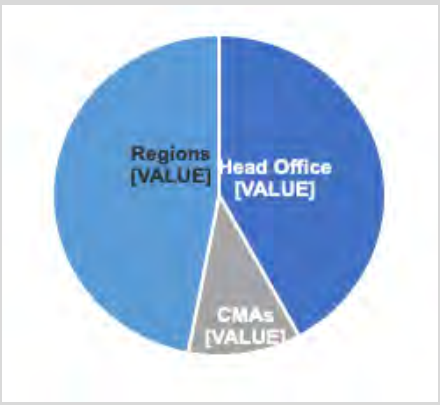
Parties	Case type	CAS number/court reference number	Offence(s)	Judgement
			COUNT 4: Unlawfully and intentionally or negligently commit any act or omission which pollutes or is likely to pollute a water resource. IN THAT the accused is guilty of contravening Section 151(1)(i) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, and read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977; **COUNT 5:** Unlawfully and intentionally or negligently commit any act or omission which detrimentally affects or is likely to affect a water resource. IN THAT the accused is guilty of contravening Section 151(1)(j) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, and read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977; **COUNT 6:** Failure to comply with a compliance notice. IN THAT the accused is guilty of contravening Section 31N (2) read with Section 31N (3) of the National Environmental Management Act (NEMA) Act 107 of 1998 as well as read with sections 94 and 332 of the Criminal Procedure Act 51 of 1977.	

	Parties	Case type	CAS number/court reference number	Offence(s)	Judgement
3	State vs Lekwa Local Municipality	Criminal Case: Pleaded Guilty	CAS 31/09/2019	**COUNT 1:** Failure to comply with the conditions stipulated in the Waste Management License issued to him in terms of section 20 (b) of the NMWA (Act 59 of 2008). **COUNT 2:** Prohibition of unauthorized disposal of waste. The accused is guilty of contravening section 26(1)(a) and (b) read with sections 1, section 27 (1), and (2) read with sections 36 (5), 67(1)(a) and 68 (1)(a) of the National Environmental Management: Waste Act, Act 59 of 2008 and further read with section 332 of the Criminal Procedure Act, Act 51 of 1977. **COUNT 3:** Failure to comply with the compliance notice. The accused contravened section 31N (2) and (3) of the National Environmental Management Act 107 of 1998 (NEMA). **COUNT 4:** Unlawful water use The accused is guilty of contravening sections 21(c), (f), (g) read with sections 28(1), section 151(1)(a) and 151 (2), 152, and 153 of the National Water Act, at 36 of 1998 and further read with section 94 and section 332 of the Criminal Procedure Act, at 51 of 1977 and with GNR 166 of 13 February 2009.	Counts 1 to 7 taken together for purposes of sentence and the Accused is to a sum of R70 000 000.00, (seventy million rands): In terms of section 34 (3) of the NEMA, a sum of R500 000.00 (five hundred thousand rands) in addition to the R70 000 000.00 (seventy million rands) was to be paid over to the DWS and the DARDLEA (R250 000.00 each) for the liabilities incurred during the investigation process.

	Parties	Case type	CAS number/court reference number	Offence(s)	Judgement
				COUNT 6: Unlawful, Negligent disposition and distribution of raw untreated sewer. The accused is guilty of contravention of section 151(1)(i) read with Sections 2 of the National Water Act, Act 36 of 1998, and read with section 34 (with reference to schedule 3) of the National Environmental Management Act, Act 107 of 1998 as amended and further read with section 332 of the Criminal Procedure Act, 51 of 1977. **COUNT 7:** Failure to comply with a directive in terms of section 28(4) of the NEMA (dated 6 April 2017). The accused is guilty of contravening section 49A (g) of the National Environmental Management Act 107 of 1998. (NEMA).	
4	The State vs Amathole District Municipality		FRG29/2021	The Accused wrongfully and unlawfully failed to comply with the Directive issued in terms of section 53 of the National Water Act, 36 of 1998, dated 25 August 2016.	The parties agree that the following is a just sentence in the circumstances: The accused Is fined an amount of R3 000 000.00 (three million rand), which is suspended for five (5) years on the following conditions: The accused is not convicted of any further offences in terms of the National Water Act, 36 of 1998, as amended. The appropriate Water Use License as required in terms of the National Water Act, 36 of 1998, is obtained as soon as possible after the date of judgment.

	Parties	Case type	CAS number/court reference number	Offence(s)	Judgement
5	The State vs Mr Driemeyer	Administrative penalty	ECMS 18968	Mr. Driemeyer was charged with contraventions related to two farms operated by Zenco Farming Brothers CC: Mara Farm and Eldorado Farms. At Mara Farm, the charges pertained to Portion 3 of Waayplaats No. 5690. The issue at Mara Farm involved the construction of a water storage dam without authorization, as well as the construction of two slurry dams without authorisation	Mr. Driemeyer agreed to pay an administrative penalty of R200,000 (two hundred thousand rands) for building a water storage dam on Mara Farm, Portion 3 of Waayplaats No. 5690, as well as constructing two slurry dams. Additionally, on Portion 6 of Strydpoort No. 1136, he built Water Storage Dam 1 without authorisation.
6	DWS vs Mr. Dieter Hinze (out of court settlement)	Administrative penalty	CAS 66/03/23 ECMS 17179	The accused is (a) using water otherwise than as permitted under National Water Act;	The accused was fined R100,000.00 for using water in a manner not permitted under the NWA.
7	The State vs Han Merensky	Criminal Case: Judgement	RP 30/2019	The Accused contravened section 16 (1)(c) of the National Environmental Management Waste Act no 59 of 2008 further read with section 94 of the Criminal Procedure Act 51 of 1977.	The Accused was convicted as charged. The accused is fined an amount of R5 000 000-00 (five million rand).

The Department continues to strengthen its compliance monitoring and enforcement capacity and the figure below depicts the number of designated environmental management inspectors during the period under review.

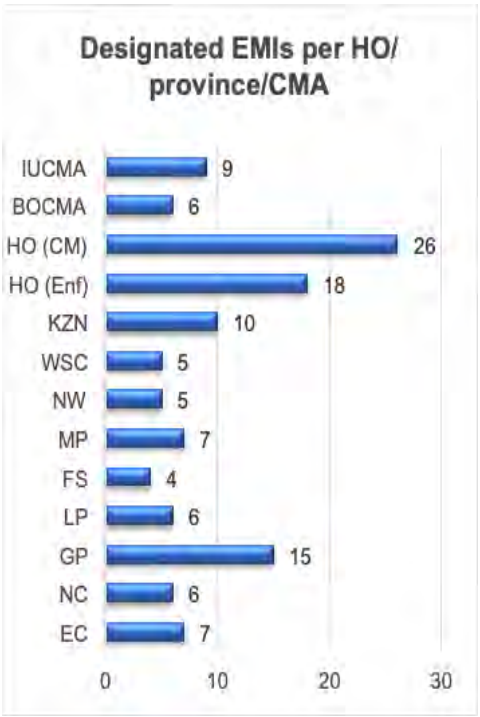


Total number of active designated EMIs is 124

- Active: 124
- Inactive (Left department/environment) = 9
- Waiting for designation: 21

Executive overview of the Environmental Management Inspectorate (EMI) designations

National and provincial EMIs trained per financial year:



Designated grades		
Grade 1 = 9	Grade 2 = 114	Grade 3 = 1

Training dates	Number of DWS and CMA/proto-CMA CME officials	Total officials enrolled
Training undertaken in May and October 2023 and February 2024	Twenty one (21) officials trained; one (1) in BOCMA; two (2) in IUCMA; four (4) in Mzimvubu Proto CMA; one (1) in Head Office: Compliance Monitoring; three (3) in Northern Cape Region; one (1) in Free State Region, one (1) in KZN Region; one (1) in Mpumalanga Region; one (1) in North West Region, one (1) in Gauteng Region; one (1) in Northern Cape Region, two (2) in Limpopo Region, one (1) in Western Cape Region, one (1) in Eastern Cape Region.	Training undertaken in May 2023 and October 2023 and February 2024.

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 246% 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	60% 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	80% 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 fifty-two (52) media briefings were convened.
Media products and publications	Develop material on the activities of the Department	A total of: • 1718 media products were developed. • 1 publication developed.
Marketing and advertising campaigns	Implement campaigns to make people aware of the Department's activities.	Four (4) 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	Multiple customer interaction channels created and integrated into a case management system: **Telephone:** 0800-200-200 **E-mail:** Info@dws.gov.za **SMS:** 45174 **Fax:** 012 336 8664 **Web:** *http://www.dwa.gov.za/CustomerCare/CustomerServicePortal.aspx* **Face-to-face:** 18 provincial walk-in centres

2.3 Organisational environment

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

Organisational alignment

From 2007, the Department adopted an integrated approach on water resources and water services functions. This was evident in the 2014, organisational structure that received concurrence from the Department of Public Service and Administration (DPSA) and the National Treasury (NT).

When reviewing its organisational structure in 2019, several challenges inclusive of poor service delivery necessitated the Department's reconsideration of this integrated approach to separate the water resources and water services functions. Some of the drivers of this separation include the alignment with the:

- Existing National Water Act and Water Services Act.
- Sixth administration mandate.
- Outcomes-based budgeting arising from the compensation of employees' budget constraints.
- Water and sanitation master plan.

The process of re-designing the functional organisational structure also resulted in the review and development of the service delivery model, the mapping of business processes, standard operating procedures, service standards, a concise service delivery charter, and the service delivery improvement plan.

For the period under review, the Department continued with the alignment of its budget structure with the organisational structure as well as ensuring that the complete organisational structure is funded in line with the Medium-Term Expenditure Framework. Also, the Department continued the process of matching and placing employees against the structure and prioritising the filling of vacant posts.

On 28 March 2023, the Berg-Olifants (increased operational boundaries of Breede-Gouritz), Mzimvubu-Tsitsikamma, Pongola-Umzimkulu and Vaal-Orange catchment management agencies were listed as schedule 3A entities of the PFMA. The Department thus started the process of ringfencing the affected positions that 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 creates the platform to initiate interventions/actions, understand trends, adapt management 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 and information systems that are outdated pose a high risk. Also, this is affected by budget constraints whilst the costs for running the programmes are increasing. Therefore, improved, and modernised information systems must be developed.

The use of information communication technology (ICT) in the department continues to play an enabling role in supporting the business processes. To this end, the department is embarking on a legacy technology modernisation drive while maintaining a high availability of ICT systems. Digital transformation presents the department with new opportunities to modernise service delivery through digital service delivery platforms that integrates products and services as new ways and approaches for improving service delivery and to bring about efficiencies in the water resource management environment. The lack of internal capacity to fill critical ICT posts poses a threat to the achievement of the departmental digital transformation aspirations.

Financial resources

Funding of the water sector comprises capital for infrastructure development, operation, and maintenance (O & M) along the water supply chain, as well as funding for governance (plan, organize, lead, and control) and effective management of water and sanitation services provisioning.

The financial health of the water and sanitation sector, however, is challenged by several factors, including but not limited to a funding gap, high non-revenue water, degradation of existing asset value, and tariffs that are not cost-reflective.

The WTE's funding is mainly sourced from the revenue generated from water users for the supply of raw water. The TCTA charge (Capital Unit Charge) is invoiced to customers and paid to TCTA irrespective of whether the money has been received or not. The National

Water Resource Infrastructure (NWRI) charge is used for Operations and Maintenance and refurbishment, as well as improvement of infrastructure assets. Other sources of revenue are from the fiscus/augmentation, water resource management and construction work for external parties. The fiscus is mainly utilised to fund the social portion of new infrastructure development and improvement of infrastructure, 2/3 of the Acid Mine Drainage costs, and covers the head office support function. Augmentation received for water resources management is mainly utilised to cover the shortfall on the revenue for the Catchment Management Agency.

Raw water billing is substantial, but revenue collection remains a challenge. Water pricing is based on the "user-pays" principle and tariffs from users provide a significant cash inflow to the sector with billing of raw water of about R 18 billion per annum to more than 110,000 users. Billing and collection is a major administrative and operating challenge with such a large user base.

Revenue collection remains a challenge however, on-going interventions to improve debt management through improved debt management processes including the units specifically in the provinces had been initiated.

Bulk raw water supply to domestic and industrial users (including mines and power stations) is often metered by the bulk user and the Department is not always directly involved, making meter reading problematic and erratic, impacting on billing and revenue collection.

Municipal accounts represent about 39% (R9.5 billion) of the accumulated raw water debt at DWS, while water boards add another 27% (R6.5 billion), which is mostly also due to non-payment by local municipalities.

Irrigation water revenue is at 56% of billable amount. Irrigation water is poorly metered, and billing is at best described as "ad-hoc". The large irrigation schemes have established water user associations (WUAs) and irrigation boards (IRBs), who assist the Department with operation and maintenance of water distribution to irrigable farm areas and selected towns and industries located along the canals. Currently, 47 of the 240 WUAs are also assisting the Department with revenue collection through signed "billing agent agreements".

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 Approved policies and those under development

Water and Sanitation Services in Privately Owned Land (POL): This policy defines the obligations of the Department of Water and Sanitation in regulating and supporting the provision of water and sanitation to residents living on privately owned land. It establishes basic principles to be applied to achieve access to water and sanitation services related infrastructure, establishment of institutional arrangements, financial and internal and external coordination mechanisms, and implementation responsibilities. The Policy reiterates maintains that the WSA's are constitutionally mandated to ensure that water and sanitation services are provided to people residing in privately owned land. This policy was approved during the period under review and specific implementation strategies are being formulated at provincial, district and local level municipal level to realise its obligations.

Integrated Water Quality Management: the policy seeks to provide the necessary guidance to the Department, as well as the larger water sector, for the effective, sustainable and integrated management of South Africa's surface and ground water quality. It also aims to consolidate all past policy intervention on the water quality management into one reference point. This policy was approved during the period under review as an operational policy.

Sustainable Hydropower Development Policy: this provides policy position for the Department on the establishment and development of hydropower using existing departmental infrastructure as well as within the water resources of South Africa as part of long-term interventions by the Department to support sustainable clean energy supply in South Africa. This policy was approved during the period under review as an operational policy.

Water and Sanitation Services Infrastructure Grant Management Draft Policy: This policy unpacks and provides guidance towards the implementation of the Regional Bulk Infrastructure Grant (RBIG) and Water Services Infrastructure Grant (WSIG) as provided for through the Division of Revenue Act (DoRA). It aims to provide implementers with a coherent framework on the entire value chain of the management of RBIG and WSIG. This policy is still under development.

2.4.2 Development of the National Water Amendment Bill

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 CMA to develop a catchment management strategy for the water resources within its jurisdiction.

During the period under review, public consultations were convened on the National Water Amendment Bill.

2.4.3 Development of the Water Services Amendment Bill

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 works towards this object, within the limits of physical and financial feasibility.

During the period under review, public consultations were convened on the National Water Amendment Bill.

3 ACHIEVEMENT OF DEPARTMENTAL IMPACTS AND OUTCOMES

Outcomes		Outcome indicators		2023/24 progress
1	Efficient, effective and development orientated department	1.1	Percentage compliance with corporate governance regulatory prescripts	***Annual milestone exceeded.*** 110% compliance
		1.2	Annual Communication, Stakeholder Management and Partnership Programme implemented	***Annual milestone exceeded.*** 177% implementation
		1.3	Targeted procurement supporting SMMEs	***Annual milestone exceeded.*** 47% targeted procurement
		1.4	Percentage implementation of the departmental financial recovery and turnaround plan	***Annual milestone partially met.*** 83% implementation
		1.5	Annual International Relations Programme implemented	***Annual milestone exceeded.*** 92% implementation
2	Ecological infrastructure protected and restored	2.1	Number of river systems with water resource classes and determined resource quality objectives	***Annual milestone partially met.***
		2.2	Waste Discharge Charge System (WDCS) finalised for priority water management areas	***Annual milestone met.*** WDCS implemented in 3 WMAs
		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	***Annual milestone met.*** 6 main stem rivers monitored
		2.4	Number of rivers in which the river eco-status monitoring programme is implemented	***Annual milestone exceeded.*** 85 rivers monitored
		2.5	Number of strategies developed for AMD mitigation	***Annual milestone met.*** 2 mine water and wastewater mitigation strategies developed
		2.6	Mine water/wastewater management plans implemented	***Annual milestone met.*** 2 catchment implementation plans developed.
3	Water demand reduced and water supply increased	3.1	Water conservation and water demand strategies developed for water use sectors	***Annual milestone met.*** 4 WCWDM strategies updated.
		3.2	Water resource mix diversified	N/A
			a) Surface water	10 228 million m^3 per annum
			b) Ground water	2 785 million m^3 per annum
			c) Return flows/re-use	1 431 million m^3 per annum
			d) Desalination	150 million m^3 per annum

Outcomes		Outcome indicators		2023/24 progress
		3.3	Gauging stations developed, maintained and refurbished to improve management decisions on water quantity and quality	***Annual milestone not met.***
			a) Additional gauging stations developed	0
			b) Existing gauging station maintained and refurbished	0
3	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	***Annual milestone met.*** 2023/24 MuSSA report developed
4	Enhanced regulation of the water and sanitation sector	5.1	Green Drop report on wastewater systems' compliance with regulatory requirements	***Annual milestone met.*** Green Drop Watch report published
		5.2	Blue Drop report on water supply systems' compliance with regulatory requirements	***Annual milestone met.*** Blue Drop report published
		5.3	Timeframe for processing water use license application reduced	***Annual milestone met.*** 60% 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	***Annual milestone met.*** 61% compliance
5	Water redistributed for transformation	6.1	Indication water availability for land reform projects	N/A
		6.2	Effective and efficient institutions established	***Annual milestone met.***
			a) Catchment Management Agencies	***Annual milestone met.*** 1 CMA gazetted for establishment
			b) Regional Water Utilities	***Annual milestone met.*** 3 water boards reconfigured
			c) Water User Associations	***Annual milestone met.*** 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
						2021/22	2022/23	2023/24			
Programme 1: Administration											
Sub-programme: Departmental Management											
1	Efficient, effective and development orientated department	1.1	Compliance with corporate governance regulatory prescripts	1.1.1	Percentage compliance with approved audit plan	107%	101.65%	80%	137%	***Target exceeded.*** Over by 57%	More effort was put towards the finalisation of the fraud, corruption, irregular, fruitless, and wasteful expenditure cases.
				1.1.2	Percentage compliance with the implementation of risk management plan	96% (24 of 25)	96% (24 of 25)	100%	83%	***Target partially* met.** Under by 17%	The risk maturity has not been conducted, due to the protracted supply chain management process.
Sub-programme: Corporate support Services											
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	115% (845 of 733 posts)	25% vacancy rate (279 of 1127 posts)	≤10%	39% vacancy rate (852 of 1398 posts filled)	***Target not met.*** Under by 29%	The new organisational structure under implementation increased the scientist and engineering posts to 1398 of which 90% 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	24% (1843 of 7681)	60% (3585 out of 5959)	50%	53% (3585 out of 5959)	***Target exceeded.*** Over by 3%	Additional training conducted based on identified needs.
				1.1.5	Number of safety and security assessments for facilities and installations conducted	91	67	64	106	***Target exceeded.*** Over by 42	There was a need to conduct additional threat and risk assessments to support departmental and executive events.

Outcome		Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
					2021/22	2022/23	2023/24			
			1.1.6	Percentage of information technology systems availability	99%	99%	90%	100%	***Target exceeded.*** Over by 10%	The current monitoring tool is reliable and configured to generate and send alerts for proactive resolution.
		1.2	Annual Communication and Public Participation Programme implemented	1.2.1	Percentage implementation of the 2022/23 Annual Communication and Public Participation Programme implemented	163% (1602 of 965)	175% (1791 out planned 1010)	98%	190%	***Target exceeded.*** Over by 92%	More issues arose in the environment which required the Department to respond accordingly
Sub-programme: Financial Management (Main Account milestones)										
1	Efficient, effective and development orientated department	1.3	Targeted procurement supporting SMMEs		Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	29.65%	26%	15%	20%	***Target exceeded.*** Over by 5%	More contracts were awarded to QSEs. 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.
					a) Women	66%	36%	40%	38%		
					b) Youth	19%	10%	30%	15%		
					c) People with disabilities	0.45%	2%	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
					2021/22	2022/23	2023/24			
				Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	24%	23%	15%	30%	***Target exceeded.*** Over by 15%	More contracts were awarded to EMEs. 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.
				Women	66%	36%	40%	38%		
				Youth	19%	10%	30%	15%		
				People with disabilities	0.45%	2%	7%	2%		
	1.4	Financial recovery and turnaround plan implemented	1.4.1	Percentage implementation of the financial recovery and turnaround plan	88%	100% (8 of 8)	91%	83%	***Target partially met.*** Under by 8%	The poor achievement in reducing the water use debt contributed to the reduced performance in the implementation of the financial recovery plan.
			1.4.2	Percentage expenditure on annual budget	85%	95%	100%	99.7%	***Target partially met.*** Under by 0.3%	The underspending is mainly due to: Compensation of employees underspending of R37,561 million due to unfilled vacant positions. Capital payments underspent by R17,440 million on the Water Services Infrastructure Grant due to an outstanding reconciliation of invoices from Implementing Agents.

Outcome		Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
					2021/22	2022/23	2023/24			
Sub-programme: Financial Management (Water Trading milestones)										
	Efficient, effective and development orientated department	1.3	Targeted procurement supporting SMMEs		Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	14%	21%	15%	16%	***Target exceeded.*** Over by 1%	More contracts were awarded to QSEs. 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.
					Women	66%	10%	40%	28%		
					Youth	19%	2%	30%	2%		
					People with disabilities	0.45%	0%	7%	0%		
					Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	36%	33%	15%	25%	***Target exceeded.*** Over by 10%	More contracts were awarded to EMEs. 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.
					Women	66%	10%	40%	28%		
					Youth	19%	2%	30%	2%		
					People with disabilities	0.45%	0%	7%	0%		
		1.4	Financial recovery and turnaround plan implemented	1.4.3	Number of debtor days	105 days	199 days	150 days	419 days	***Target not met.*** Over by 269 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
					2021/22	2022/23	2023/24			
Sub-programme: Provincial and International Coordination										
	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	119% (25 of 21)	105% (79 out of 75)	75%	92% (84 of 91)	***Target exceeded.*** Over by 17%	Some additional international obligatory engagements 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	144% (155 out of 102)	96%	128% (132 of 103)	***Target exceeded.*** Over by 32%	Due to increased requirement to project visits, stakeholder and community engagements and high demand for collaboration from water sector partners

4.1.3 Strategy to overcome areas of underperformance.

4.1.3.1 Departmental Management sub-programme

Percentage compliance with the implementation of risk management plan: As the procurement process is underway, the risk maturity assessment will be conducted during the 2024/25 financial year.

4.1.3.2 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 51 are engineering posts. A total of 80 posts have been filled and the filling of the remaining posts is underway.

4.1.3.3 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 FINCOM recommendations.

Financial recovery plan and 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 IMT.
- 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.

4.1.4 Sub-programme expenditure

Sub-programme name	2023/24			2022/23		
	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	69 092	69 034	58	60 065	59 796	269
Departmental Management	143 599	137 915	5 684	142 489	142 461	28
Corporate Services	861 725	855 842	5 883	848 582	815 927	32 655
Financial Management	270 131	266 864	3 267	255 835	255 797	38
Office Accommodation	563 552	563 552	-	587 785	587 785	-
Provincial and International Coordination	96 525	94 300	2 225	95 943	95 487	456
Total	**2 004 624**	**1 987 507**	**17 117**	**1 990 699**	**1 957 253**	**33 446**

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.

4.2.2 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
						2021/22	2022/23	2023/24			
Programme 2: Water Resource Management											
Sub-programme: Integrated Water Resource Planning											
3	Water demand reduced and water supply increased	3.1	Integrated water resource plans/ measures developed	3.1.1	National Water and Sanitation master plan (NW&SMP) updated	Annual update of the Water and Sanitation Master Plan (NW&SMP)	Annual status of the implementation of the National Water and Sanitation Master Plan (NW&SMP) produced	Draft update of National Water and Sanitation Master Plan (NW&SMP)	Draft update of National Water and Sanitation Master Plan (NW&SMP)	***Target met.***	***N/A***
				3.1.2	Number of reconciliation strategies completed for various systems (WSS)	2	0 Annual status produced on the monitoring of reconciliation strategies for • Mgeni, • Amathole, • Orange and • Crocodile West	2 • Mgeni • Amathole	2 • Mgeni • Amathole	***Target met.***	***N/A***
				3.1.3	Number of operating rules and specialist strategy studies completed annually for various water supply system	8	9	10	11	***Target exceeded.*** Over by 1	Additional annual operating rules for Levuvhu/Letaba were developed.

Outcome	Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
				2021/22	2022/23	2023/24			
					Annual operating rules (AOR) for: • Vaal • Western Cape • Mgeni • Algoa • Amathole • Crocodile West • Polokwane • Orange and • Olifants	Annual operating rules (AOR) for: • Vaal • Western Cape • Mgeni • Algoa • Amathole • Crocodile West • Polokwane • Orange and • Olifants	• Vaal • Western Cape • Mgeni • Algoa • Amathole • Crocodile West • Polokwane • Orange and • Olifants • Levuvhu/Letaba		
			3.1.4 Number of updates climate change for Risk and Vulnerability Assessments completed annually for various water supply systems	2	0 Status quo climate change scenarios for the water sector assessed.	0 Climate Change Strategy for water sector updated	0 Climate Change Strategy for water sector updated	***Target met.***	***N/A***
			3.1.5 Number of completed Record of Implementation Decisions (RID) for bulk raw water planning projects	0	0	2	1	***Target partially met.*** Under by 1	**Xhariep pipeline:** The expanded scope of work necessitated further planning work

Outcome			Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
						2021/22	2022/23	2023/24			
						Annual monitoring and evaluation report for Xhariep Pipeline, Clan William Bulk Conveyance Infrastructure and Lower Coerney Balancing Dam	Annual status on the Environmental Impact Assessment Study of Clan William Bulk Conveyance Infrastructure produced	Coerney Balancing Dam Xhariep pipeline	Coerney Balancing Dam		
							Annual status on the Environmental Impact Assessment Study of Lower Coemey Balancing Dam produced				
Sub-programme: Water Ecosystems Management											
2	Ecological infrastructure protected and restored	2.1	Water resource classes and Resource Quality Objectives determined and monitored	2.1.1	Number of river systems with water resources classes and determined resource quality objectives	0 Implementation plan for the Water Resource Classes and the RQOS (Thukela)	1 Final legal notice gazetted (Thukela)	0 Keiskamma Ecological consequences scenarios report finalised	0	***Target partially met.*** Under by Keiskamma Ecological consequences scenarios report	**Keiskamma Ecological consequences scenarios report:** The proposed changes to the estuary team delayed the completion of the scenario report
								Usutu to Mhlathuze main report finalised	Usutu to Mhlathuze main report finalised		
								Luvuvhu catchment draft wetland EWR report	Luvuvhu catchment draft wetland EWR report		

Outcome		Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
					2021/22	2022/23	2023/24			
Sub-programme: Water Resources Information and Management										
2	Ecological infrastructure protected and restored		Water resource classes and Resource Quality Objectives determined and monitoring	2.1.3	Number of rivers in which the River Eco-status Monitoring Programme is implemented	81	76	74[3]	85	***Target exceeded.*** Over by 11	Additional rivers were monitored in Pongola-Mtavuma WMA to ensure adequate dataset for the entire WMA
3	Water demand reduced and water supply increased	3.2	7 water resources monitoring programmes and 6 information systems reviewed and maintained by 2025	3.2.1	Number of water resources monitoring programmes reviewed and maintained	4	5 Groundwater (GW) Surface Water (SW) National Chemical (NCMP) National Eutrophication (NEMP) National Microbial (NMMP)	6 Groundwater (GW) Surface Water (SW) National Chemical (NCMP) National Eutrophication (NEMP) National Wetlands (NWNP) National Microbial (NMMP)	6 Groundwater (GW) Surface Water (SW) National Chemical (NCMP) National Eutrophication (NEMP) National Wetlands (NWNP) National Microbial (NMMP)	***Target met.***	***N/A***

3 This is a correction of the published 2023/24 APP which indicated 75 instead of 74 based on the disaggregated list.

Outcome	Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
				2021/22	2022/23	2023/24			
	3.2.2	Number of water and sanitation information systems maintained		6	6	6	6	***Target met.***	***N/A***
				National Integrated Water Information System	National Integrated Water Information System	National Integrated Water Information System	National Integrated Water Information System		
				Hydrological Information System	Hydrological Information System	Hydrological Information System	Hydrological Information System		
				National Geohydrological Information System	National Geohydrological Information System	National Geohydrological Information System	National Geohydrological Information System		
				Water Management System	Water Management System	Water Management System	Water Management System		
				Geographical Information System	Geographical Information System	Geographical Information System	Geographical Information System		
				Flood monitoring and forecasting System	Flood monitoring and forecasting System	Flood monitoring and forecasting System	Flood monitoring and forecasting System.		
	3.2.3	National Digitised Integrated Water and Sanitation Monitoring System Implemented		Framework for Digitised Integrated Water and Sanitation Monitoring System.	Annual status for design of the National Digitised Integrated Water and Sanitation Monitoring System completed.	Annual implementation status for the National Digitised Integrated Water and Sanitation Monitoring System design	Annual implementation status for the National Digitised Integrated Water and Sanitation Monitoring System design	***Target met.***	***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
						2021/22	2022/23	2023/24			
3	Water demand reduced and water supply increased	3.3	Gauging stations refurbished to improve management decisions.	3.3.1	Number of water resource gauging stations/weirs constructed	0	1	0	0	***Target not met.*** Under by	See reasons below
						Lindley gauging station at 90% completion	Bavaria gauging station completed	**FS:** Tweefontein (C6H006)- environmental, OHS and contracts management monitored	**FS**: Tweefontein: Outcome of EIA awaited	**FS:** Tweefontein (C6H006)	**FS:** Tweefontein (C6H006)- construction has not started
								GP: Skurwerberg (A2H014)– design and documentation of environmental, OHS and contracts management	**GP:** Skurwerberg: Designs are being finalised	**GP:** Skurwerberg (A2H014)	**GP:** Skurwerberg (A2H014)– environmental, OHS contracts have not been obtained for environmental impact
				3.3.2	Number of existing water resource gauging stations/ weirs refurbished	-	-	0	0	***Target not met.*** Under by	See reasons below
								GP: Rondawel (A2H061)- environmental, OHS and contracts management monitoring of construction activities	**GP:** Rondawel: EMP is being developed	**GP:** Rondawel (A2H061)	**GP:** Rondawel (A2H061)- construction has not started

Outcome			Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
						2021/22	2022/23	2023/24			
								WC: Kruismans (G3H001)- design and documentation of environmental, OHS and contracts management	**WC:** Kruismans: Draft designs developed	**WC:** Kruismans (G3H001)	**WC:** Kruismans (G3H001)- environmental, OHS contracts have not been obtained for environmental impact
Sub-programme: Water Resources Policy & Strategy											
5	Enhanced regulation of the water and sanitation sector	5.1	Water resource regulatory prescripts developed and implemented	5.1.1	National Water Act Amendment Bill developed	National Water Amendment Bill was submitted to the Office of Chief State Law Advisor for initial certification.	National Water Amendment Bill has been endorsed by the cluster system to be submitted to Cabinet.	National Water Amendment Bill submitted to cabinet for approval	The public consultations on the National Water Amendment Bill were convened.	***Target met.*** Submit National Water Amendment Bill to cabinet for approval	***N/A***
				5.1.2	National Water Resources Strategy Edition 3 (NWRS-3) developed	The final draft of NWRS-3 submitted to Cabinet for the approval.	The NWRS-3 has been endorsed by ESIEID cluster on 16 March 2023 and Technical Working Group of the SPCHD Cluster on 28 March 2023 both respectively and forwarded for tabling at Cabinet for approval.	NWRS-3 Water and Sanitation sector implementation plan finalised	NWRS-3 Water and Sanitation sector implementation plan finalised	***Target met.***	***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
					2021/22	2022/23	2023/24			
Sub-programme: Water Resources Institutional Oversight										
6	Water redistributed for transformation	6.2	Streamlined water resource management institutional arrangements	6.2.1	Performance of water resource institutions evaluated against their performance plans	4	Annual assessment of performance plans, annual and quarterly reports for	Annual assessment of performance plans, annual and quarterly reports for	Annual assessment of performance plans, annual and quarterly reports for	***Target met.***	***N/A***
						2 CMAs	2 CMAs	2 CMAs	2 CMAs		
						TCTA	TCTA	TCTA	TCTA		
						WRC	WRC	WRC	WRC		
				6.2.2	Number of Catchment Management Agencies gazetted for establishment	1	1	1	1		
						Phongola-Mzimkhulu	Mzimvubu-Tsitsikamma gazetted for CMA establishment submitted to the accounting officer for approval	Limpopo-Olifants	Limpopo-Olifants	***Target met.***	***N/A***
				6.2.3	National Water Resources Infrastructure Agency gazetted for establishment	Draft legislation for establishment of the Agency	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 and covenants which is currently underway.	Establishment of NWRIA through Act	NWRIA Bill tabled in Parliament and public hearings convened	***Target met.***	***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
					2021/22	2022/23	2023/24			
			6.2.4.	Number of irrigation boards transformed into Water User Associations	1	5	5 Transformation status report	5 Transformation status report	***Target met.***	***N/A***
					Upington Island report	Tierport	Keimoes (Amalgamation of 9 IBs)	Keimoes (Amalgamation of 9 IBs)		
						Klerksdorp	Crocodile West IB	Crocodile West IB		
						Pholela	Mooi River (Amalgamation of 2 IBs)	Mooi River (Amalgamation of 2 IBS)		
						Letsitela	Tzaneen IB	Tzaneen IB		
						Apies	Kliep IB	Kliep IB		
Sub-programme: Water Resources Infrastructure Managements										
3	Water demand reduced and water supply increased	3.4	Strategic water resources infrastructure projects implemented	3.4.1	Number of bulk raw water projects in preparation for implementation	1	1	6	1	***Target not met.*** Under by 5	See reasons below
						Nwamitwa Dam: <u>Procurement:</u> The terms of reference for the appointment of the PSP to provide services of an archaeologist have been developed.	**Nwamitwa Dam:** <u>Engineering:</u> The High Flood Line (HFL) and the dam boundary line drawings have been signed by the APP.	**Nwamitwa Dam:** land valuation	**Nwamitwa Dam:** TOR approved for archaeological services	**Nwamitwa Dam:** land valuation not done	Delay in the procurement of the archaeological PSP

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2021/22	2022/23	2023/24			
				The Directorate: Spatial Information is being requested to assist with the preparation of the land schedules.				
			Coerney Dam: <u>Procurement</u>: The draft terms of reference for the appointment of the PSP to provide geo-technical engineering and engineering geological services were compiled.	**Coerney Dam:** <u>Procurement</u>: 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.	**Coerney Dam:** Design: 25% complete	**Coerney Dam:** Design process initiated (inception meeting on 16 Feb 2024)	**Coerney Dam:** Design process not at 66%	Delay in the appointment of the PSP for the engineering design, site supervision and contract administration

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2021/22	2022/23	2023/24			
			-	**Foxwood Dam:** <u>Procurement</u>: 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.	**Foxwood Dam:** Design 3% complete	**Foxwood Dam:** TOR approved for PSP to undertake designs and construction supervision	**Foxwood Dam:** Design process has not started	Delay in the procurement of external PSP due to the previously submitted bids being non-responsive.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2021/22	2022/23	2023/24			
			Lusikisiki Regional Water Supply Scheme: ***Zalu Dam:*** Engineering: • The overall design progress is 47% complete.	**Lusikisiki Regional Water Supply Scheme:** ***Zalu Dam:*** • Engineering: The overall design progress is 65% complete. • Spillway overall progress: 90% completed. • Outlet Works overall progress: 84% completed. • Concrete NOC overall progress: 84% completed. • Embankment overall progress: 55% completed. • River diversion overall progress: 34% completed. • Geology overall progress: 50% completed.	**Lusikisiki Regional Water Supply Scheme:** ***Zalu Dam:*** Design 80% complete	**Lusikisiki Regional Water Supply Scheme:** ***Zalu Dam:*** Design 66% complete	Under by 9%	Delay in the commencement of the geotechnical investigations.

Outcome	Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
				2021/22	2022/23	2023/24			
				-	-	**Raising of Gcuwa Dam:** Tender documents: 100% complete	**Raising of Gcuwa Dam:** Tender documents: 70% complete	Under by 30%	Delay in the procurement of the Environmental Assessment Practitioner to perform the Environmental Impact Assessment.
						ORWRDP (OMM): Design optimisation commenced	**ORWRDP (OMM):** Design optimisation commenced	Annual milestone met	N/A
		3.4.2	Number of bulk raw water projects under construction	2	2	3	1	***Target not met.*** Under by 2	See reasons below

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2021/22	2022/23	2023/24			
			Tzaneen Dam: <u>Procurement:</u> Procurement: the appointment of the DBSA as an implementing Agent.	**Tzaneen Dam:** <u>Construction:</u> • The PSP has finalised the embankment strengthening design. • The License-to-Construct was issued by the Dam Safety Office on 10 February 2023. • DBSA has finalised the appointment of the Environmental Control Officer (ECO) and Construction Health and Safety Agent (CHS Agent). • The Rules of Engagement for Construction Management (contractor) have been finalised	**Tzaneen Dam:** Construction: 35% complete	**Tzaneen Dam:** Construction: 23% complete	Under by 12%	Delay experienced in the preparation of the stilling basin to provide access for the preparatory works for the erection of the crane platforms.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2021/22	2022/23	2023/24			
			Clanwilliam Dam: Construction is at 12% completion	**Clanwilliam Dam** Construction is 12% complete: • 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. • 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.	**Clanwilliam Dam** Construction: 26% complete	**Clanwilliam Dam** Construction: at 10% complete based on revised construction programme.	Under by 16%	Delays experienced in the procurement of construction materials and sub-contractors.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2021/22	2022/23	2023/24			
				• The PSP presented the findings of the geotechnical investigation report for the study done on the dam apron to investigate stability of the dam. • Site maintenance is ongoing.				
			Mzimvubu Water Project (Stage 1: Advance Works): Construction of access roads is at 36%.	**Mzimvubu Water Project (Stage 1: Advance Works)** <u>Construction:</u> The overall construction progress is at 64% complete	**Mzimvubu Water Project:** Construction of Ntabelanga Dam commenced	**Mzimvubu Water Project:** Construction of Ntabelanga Dam commenced (limited construction of clearing vegetation)	*N/A*	*N/A*
			Hazelmere Dam: • The assessment of prior works completed. • Site establishment completed.	**Hazelmere Dam:** <u>Construction:</u> Dam raising construction is 100% complete.	-	-	-	-

Outcome			Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
						2021/22	2022/23	2023/24			
				3.4.3	Number of bulk raw water projects completed	-	1 **Hazelmere Dam**	0	***N/A***[4]	***N/A***	***N/A***
				3.4.3.1	Number of job opportunities created through implementing augmentation infrastructure projects	37	65	419	313	Target partially met. Under by 106	Delays experienced in the procurement of construction materials and sub-contractors resulted in the slow implementation of planned projects.
3	Water demand reduced and water supply increased	3.5	Strategic water resources infrastructure projects implemented	3.5.1	Percentage scheduled maintenance projects completed as a proportion of planned maintenance projects	44% (351 of 795)	45% (473 of 1046)	70%	39% (474 of 1224)	***Target partially met.*** Under by 31%	Slow implementation of planned projects due to: Functional Managers performing project management. Construction sets and community demanding jobs without following recruitment and selection processes of the department.

4 For the 2023/24 financial year, the Department did not plan to complete any bulk raw water projects and none were completed.

Outcome	Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
				2021/22	2022/23	2023/24			
		3.5.2	Percentage unscheduled maintenance projects completed as a proportion of planned maintenance projects	39% (312 of 795)	35%[5] (364 of 1046)	≤30%	10%[6] (126 of 1224)	***Target met.***	***N/A***
		3.5.3	Number of dam safety evaluations completed	18	32	30	40	***Target exceeded.*** Over by 10	The unit was able to conduct inspections for more dams.
		3.5.4	Number of dam safety rehabilitation projects completed	1	0	2	0		
								Target not met. Under by 2	See reasons below
					Nkadimeng Dam: 79% completion	Bloemhof Dam	Bloemhof Dam: construction at 11%	Bloemhof Dam: construction under by 89%	Delays experienced in the procurement of construction materials
					Marico Bosveld Dam: 84% completion	Rietspurit Dam	Rietspurit Dam: construction at 88%	Rietspurit Dam: construction under by 12%	Delays due to rain and suspension of works for berm material.

5 The desire is to remain ≤30% as a proportion of planned maintenance projects.
6 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
				2021/22	2022/23	2023/24			
	3.5.5		Number of kilometres of conveyance systems rehabilitated per annum	4.771km	3.5km	10km	5.032km	Target partially met. Under by 4.968km	Delays due to the suspension of the dry period from December to mid- March, and the canal would be dry from Thursdays, Fridays, and weekends. Limited working space due to 5 bypass pipes and construction is at the start of the weir where it is more mountainous. Also, delays were experienced in procuring key material.

Outcome		Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
					2021/22	2022/23	2023/24			
		3.6	Adherence to Water Supply Agreements/	3.6.1	Percentage adherence to Water Supply Agreements/ Authorisations and Operating Rules (Water Resource Operations)	103.25%	200%	80%	246%	***Target exceeded.*** Over by 166%	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	311	117	80	254	***Target exceeded.*** Over by 174	More labour-intensive method used
Sub-programme: Water Resources Regulation											
2	Ecological infrastructure protected and restored	2.1	Water resource classes and Resource Quality Objectives determined and monitored	2.1.2	Number of river systems monitored for the implementation of resource directed measures	2	Compliance monitoring reports for:	6	6	***Target met.***	***N/A***
							Vaal (Upper, Middle & Lower)	Vaal (Upper, Middle & Lower)	Vaal (Upper, Middle & Lower)		
							Letaba	Letaba	Letaba		
							Inkomati Usutu	Inkomati Usutu	Inkomati Usutu		
							-	Limpopo (Mokolo and Matlabas)	Limpopo (Mokolo and Matlabas)		
							-	Crocodile (West and Marioo)	Crocodile (West and Marioo)		
							Olifants-Doorn	Olifants-Doorn	Olifants-Doorn		

Outcome		Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
					2021/22	2022/23	2023/24			
	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	2	Mitigation strategies for:	2	2	***Target met.***	***N/A***
						Upper Olifants	Olifants (middle and lower)	Olifants (middle and lower)		
						Limpopo	Inkomati-Usuthu	Inkomati-Usuthu		
	2.2	Wastewater management plans developed and implemented	2.2.2	Number of catchment plans implemented for mine water and wastewater management	1	Implementation plans for Orange Mzimvubu-Tsitsikamma	2	2	***Target met.***	***N/A***
							Catchment implementation plans developed for:	Catchment implementation plans developed for:		
							Crocodile	Crocodile	***Target met.***	***N/A***
							Limpopo	Limpopo		
			2.2.3	Waste Discharge Charge System (WDCS) piloted country wide	WDCS piloted in 3 WMAs	Final draft WDCS Strategy	3	3	***Target met.***	***N/A***
							Implement WDCS water resource management charge in WMAs:	Implement WDCS water resource management charge in WMAs:		
							Vaal	Vaal		
							Crocodile West-Limpopo	Crocodile West-Limpopo		
							Olifants	Olifants		

Outcome			Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
						2021/22	2022/23	2023/24			
5	Enhanced regulation of the water and sanitation sector	5.1	Water resource regulatory prescripts developed and implemented	5.1.3.	Raw water charges developed	2022/23 raw water charges developed	2023/24 raw water tariffs approved by Minister on 01 December 2023	2024/25 raw water charges developed	2024/25 raw water charges developed	***Target met.***	***N/A***
				5.1.4	Percentage of applications for water use authorisation finalised within regulated period	63% (612 of 968 applications)	62% (562 out of 902)	80%	60% (811 out of 1342)	***Target partially met.*** Under by 20%	Currently officials that are performing the water use authorisation function are also performing other functions.
				5.1.5	Number of water users monitored for compliance	338	422	404[7]	429	***Target exceeded.*** Over by 25	Additional work done by provincial operations.
				5.1.6	Percentage of reported non-compliant cases investigated	88% (324 of 367 cases)	81% (344 out of 342)	80%	80% (467 of 583)	***Target met.***	***N/A***

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7 This a correction of the published 2023/24 APP which indicated 406 instead of 404 based on the disaggregated list.

Outcome			Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
						2021/22	2022/23	2023/24			
				5.1.7	Water Research Commission (WRC) levy approved	2021/22 Water Research Commission (WRC) levy approved	2022/23 Water Research Commission (WRC) levy developed	2024/25 Water Research Commission (WRC) levy developed	2024/25 Water Research Commission (WRC) levy developed	***Target met.***	***N/A***
				5.1.8	Number of wastewater systems assessed for compliance with the Green Drop Regulatory Requirements	992 systems (Green Drop report)	-	1004	1004 systems (Green Drop Watch Report)	***Target met.***	***N/A***
				5.1.9	Number of wastewater systems monitored against the Regulatory Requirements	462	455	429[8]	438	***Target exceeded.*** Over by 9	Reprioritisation of the systems within proximity of those being monitored.
6	Water redistributed for transformation	6.1	Advance Water Allocation Reform by 2026	6.1.1	Regulation for advancement of water allocation reform finalised	Second draft Water Allocations Regulations developed	The process has been put on hold until the amendment of the NWA	0	0	***Target exceeded.***	See reasons below
								V & V in 2 WMAs	V & V in 2 WMAs	V & V in 2 WMAs	
								Olifants: 4200 properties validated	**Olifants:** 9666 properties validated	**Olifants:** 2024 additional properties verified.	Water user engagement assisted in fast-tracking the process.

8 This a correction of the published 2023/24 APP which indicated 435 instead of 429 based on the disaggregated list.

Outcome		Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
					2021/22	2022/23	2023/24			
							Orange: 754 properties verified	**Orange:** 754 properties verified	**Orange:** 275 properties not verified	Lack of responses from water users and non-operational post offices.
	6.2	Streamlined water resource management institutional arrangements	6.2.5	Water economic regulator gazetted for establishment	Second draft business case updated but not finalised.	Final business case for Water Regulator Version III developed.	Draft bill submitted to cabinet for approval	Draft bill under development	***Target not met.*** Under by Draft bill submitted to cabinet for approval.	Alignment with changes of policy direction.

4.2.3 Strategy to overcome areas of underperformance.

4.2.3.1 Integrated Water Resources Planning sub-programme.

Record of Implementation Decisions (RID) for bulk raw water planning projects: The Xhariep pipeline RID will be finalised during the 2024/25 financial year.

4.2.3.2 Water Ecosystems Management sub-programme

River systems with water resources classes and determined resource quality objectives: Keiskamma ecological scenarios report will be finalised during the 2024/25 financial year.

4.2.3.3 Water Resources Information Management sub-programme

New and existing water resource gauging stations/weirs constructed/refurbished: the activities relating to the FS: Tweefontein, GP: Skurwerberg, GP: Rondawel and WC: Kruismans have been deferred to the 2024/25 financial year.

4.2.3.4 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.

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 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.

4.2.3.5 Water Resource Regulation sub-programme

Percentage of applications for water use authorisation finalised within regulated period: Recruitment of dedicated personnel to process application is underway.

Water economic regulator gazetted for establishment: The draft bill for the establishment of the water economic regulator will be finalised during the 2024/25 financial year.

4.2.4 Sub-programme expenditure

Sub- programme name	2023/24			2022/23		
	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	6 004	4 191	1 813	6 802	6 312	490
Integrated Water Resources Planning	80 127	80 114	13	69 463	69 461	2
Water Ecosystems Management	63 239	62 662	577	69 966	69 834	132
Water Resources Information and Management	518 681	513 133	5 548	562 729	535 599	27 130
Water Resources Infrastructure Management	3 313 071	3 313 071	-	2 857 057	2 857 057	-
Water Resources Policy and Strategy	6 209	5 475	734	2 770	2 620	150
Water Resources Regulation	215 602	213 953	1 649	206 942	201 782	5 160
Water Resources Institutional Oversight	42 693	42 104	589	38 588	38 578	10
Total	**4 245 626**	**4 234 703**	**10 923**	**3 814 317**	**3 781 243**	**33 074**

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
						2021/22	2022/23	2023/24			
Programme 3: Water Services Management											
Sub-programme: Water Services and Local Management											
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	Draft inception report	4 Updated draft water conservation and water demand management strategies	4 • National • Agriculture • Industry, Mining and Power Generation • Water Services	4 • National • Agriculture • Industry, Mining and Power Generation • Water Services	***Target met.***	***N/A***
		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	8	Water balance data and information collected from municipalities within the 8 large water supply systems	8	8	***Target met.***	***N/A***
				3.8.2	Number of WSAs assessed for compliance with the requirements of the No Drop Regulatory Programme	-	0 (Draft No Drop Watch report)	144 WSAs assessed. (No Drop progress report)	144 WSAs assessed. (No Drop progress report)	***Target met.***	***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
					2021/22	2022/23	2023/24			
		3.9	Regional bulk infrastructure project implemented.	3.9.1	Number of feasibility studies for water and wastewater services projects (RBIG) completed	0 (3 bids were advertised and 2 evaluated for the appointment of PSPs)	8	7	15	***Target exceeded.*** Over by 8	Additional feasibility studies conducted
				3.9.2	Number of implementation readiness studies for water and wastewater services projects (RBIG) completed.	0 (Procurement process for the appointment of the PSP was initiated)	5	8	7	***Target partially met.*** Under by 1	**Port Nolloth BWS; Nandoni WTW and Olifantspoort / Ebenezer Water Scheme:** The IRS are still under development as the process to incorporate received comments is still underway.
4	Water and sanitation services managed effectively	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 (3 bids for the appointment of PSPs approved)	4	22	20	***Target partially met.*** Under by 2	**Overberg DM and West Coast DM:** There were procurement delays in the appointment of service providers by the municipalities.

Outcome		Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
					2021/22	2022/23	2023/24			
		4.2	WSAs assessed for water services performance	4.2.1	Annual MuSSA reports on water services authorities' performance in providing water and sanitation services	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	National Municipal Strategic Self-Assessments (MuSSA) within the WSAs, metros and secondary cities	***Target met.***	***N/A***
				4.2.2	Annual Municipal Priority Action Plan (MPAP) developed	1 national MPAP report developed	National Municipal Priority Action Plan (MPAP) developed	National Municipal Priority Action Plan (MPAP) developed	National Municipal Strategic Self-Assessments (MuSSA) within the WSAs, metros and secondary cities	***Target met.***	***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
					2021/22	2022/23	2023/24			
5	Enhanced regulation of the water and sanitation sector	5.2	Water services regulatory prescripts developed	5.2.2	National Sanitation Integrated Plan	Draft National Sanitation Integrated Plan	9 provincial Action Plans for National Sanitation Integrated Plan	National Sanitation Integrated Plan developed	National Sanitation Integrated Plan developed	***Target met.***	***N/A***
				5.2.3	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 disseminated.	National Faecal Sludge Management Strategy disseminated	***Target met.***	***N/A***
Sub-programme: Regional Bulk Infrastructure Grant											
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	7	13	20	18	***Target partially met.*** Under by 2	**Sebokeng WWTW phase 2 of 2** the project has not started as the procurement process is still underway. **Mametja Sekororo phase 2 of 3:** the project has not started pending the completion of phase 1.

Outcome	Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
				2021/22	2022/23	2023/24			
	3.9.3.2	Number of large regional bulk infrastructure project phases under construction	73	65	59	62	***Target exceeded.*** Over by 3	Additional projects were implemented in KZN, MP, and FS during the financial 2023/24.
	3.9.3.3	Number of small regional bulk infrastructure project phases under construction	48	22	20	29	***Target exceeded.*** Over by 9	Additional projects were implemented in the EC and FS.
	3.9.4.1	Number of mega regional bulk infrastructure project phases completed	1	1	3	0	***Target not met.***	**Mametja Sekororo phase 1 of 2** experienced delays because of poor contractor performance and not fully paying for pump station electrical connection by the municipality. **Taung/Naledi BWS phase 2 of 3:** The project was delayed by contractor cash flow problems and poor performance.

Outcome	Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
				2021/22	2022/23	2023/24			
									Phase 1 of 3 at Polokwane RWWTW experienced poor performance by the contractor, resulting in the termination of their contract. Additionally, persistent labour disputes caused disruptions to the project's progress.
		3.9.4.2	Number of large regional bulk infrastructure project phases completed	4	5	19	11	***Target partially met.*** Under by 8	**CHDM Cluster 4 Phase 5 of 9** *(Primary Steel Main and Pump Station from Ngxumza to Ndum Ndum Reservoir):* The commissioning of the pump station and the testing of the pipeline from the pump station to the reservoir has not been finalised.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2021/22	2022/23	2023/24			
								CHDM Cluster 9 Phase 3 of 5 *(Bulk pipeline from Jojweni to Xolobe, including reservoir and pumps) and Phase 4 of 5 (Bulk connection and distribution to Xolobe, Banzi & southern bulk, Tsomo town bulk line, and reservoir):* The project was delayed by the late delivery of the testing pump on 06 February 2024. **Xhora BWS phase 2 of 2** *(Bulk pipelines and reservoirs):* Delays in the commencement of phase 2 because of delays in the completion of phase 1 affected project completion.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2021/22	2022/23	2023/24			
								Maluti-a-Phofung BWS Phase 4 of 4: Termination of contractor due to poor performance. **Moutse phase 7-12, 13, & 14:** The delays in commissioning previously completed infrastructure has resulted in the need for its refurbishment. **Tlokwe (Potchefstroom) WTW Phase 3 of 5:** the project experienced community unrests. **Madibeng (Brits) Phase 2 of 3 WTW:** the project was delayed as the site was temporarily closed due to non-compliance with health and safety requirements.

Outcome	Output	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2021/22	2022/23	2023/24			
	3.9.4.3	Number of small regional bulk infrastructure project phases completed	10	5	9	4	***Target not met.*** Under by 5	**Rouxville/ Smithfield/Zastron BWS (Mohokare BWS):** The contractor's cash flow challenges delayed the project completion. **Metsimaholo Bulk Sewer Phase 1 of 1:** the project was delayed by disputes with the appointed contractor. **Mantsopa Water and Sanitation Bulk:** The poor performing sub-contractor and delays in the appointment of a contractor to equip the boreholes delayed the completion of the project.

Outcome	Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
				2021/22	2022/23	2023/24			
									Sibange phase 2 of 5: the project was delayed by strike action that resulted in work stoppage. **UniQwa Reversal Gravity Pipeline:** The delays in the procurement of material by the implementing agent delayed the project completion.
									Warrenton WTW Phase 1 of 1- the project performance was delayed by late payments, interruptions from labour issues and delayed fabrication and delivery of materials.
		3.9.5.4	Number of regional bulk infrastructure projects funded through BFI under construction	-	-	13	15	***Target exceeded***. Over by 2	Additional projects from the EC and WC.

Outcome			Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
						2021/22	2022/23	2023/24			
				3.9.6.4	Number of regional bulk infrastructure project phases funded through BFI completed	-	-	1	0	***Target not met.*** Under by 1	**George LM Potable Water Security and Remedial Works Phase 8:** Design changes, rain delays, EPWP labour strike, flooding of works.
				3.9.4.3.1	Number of job opportunities created through implementing RBIP infrastructure projects	831	872	500	722	***Target exceeded.*** Over by 222	More jobs were created as additional workforce was required at a particular time for projects
				3.10.3	Number of intervention projects under implementation	1	2	3	6	***Target exceeded.***	More interventions were implemented to address water challenges in the municipalities.
Sub-programme: Water Services Infrastructure Grant											
3	Water demand reduced and water supply increased	3.10	Water services Infrastructure Grant Projects implemented	3.10.1	Number of small WSIG projects under construction	331	379	387[9]	433	***Target exceeded.*** Over by 46	There were additional projects that started earlier than planned.

9 This is a correction of the published 2023/24 annual performance plan that indicated 374 instead of 387 WSIG projects based on the disaggregated list.

Outcome	Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
				2021/22	2022/23	2023/24			
		3.10.2	Number of small WSIG projects completed	72	102	101[9]	54	***Target partially met.*** Under by 47	The major challenges that delay the completion of projects is in the appointment of contractors by the municipalities, the poor performance of appointed contractors, community unrests, delays in the approval of technical reports and business plans as well as inclement weather conditions.
		3.10.4	Number of existing bucket sanitation backlog systems in formal settlements replaced	0	0	10798	0 (8 bulk sanitation infrastructure projects under construction)	***Target not met.*** Under by 10 798	There were several challenges linked to the project including: • procurement for goods and services • Labour and SMME disputes • Inclement weather

9 This is a correction of the published 2023/24 annual performance plan that indicated 98 instead of 101 WSIG projects based on the disaggregated list.

Outcome		Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
					2021/22	2022/23	2023/24			
Sub-programme: Water Services Policy and Strategy										
5	Enhanced regulation of the water and sanitation sector	5.2	Water services regulatory prescripts developed	5.2.1	Water Services Amendment Bill developed	Draft WSA Bill ready to be sent to OCSLA for preliminary certificate	OCSLA comments were addressed, and the final version of the bill was produced	Water Services Amendment Bill submitted to cabinet for approval	The Water Services amendment Bill was submitted to Cabinet for approval to publish for public comments. The public consultations on the Water Services Amendment Bill were convened.	***Target met.***	***N/A***
Sub-programme: Water Services Regulation										
5	Enhanced regulation of the water and sanitation sector	5.2	Water services regulatory prescripts developed	5.2.4	Bulk water tariffs developed	2022/23 bulk water tariffs developed and approved	2023/24 bulk tariffs developed and approved	2024/25 bulk water tariffs developed	2024/25 bulk water tariffs developed	***Target met.***	***N/A***
		5.3	Water supply systems monitored for compliance	5.3.1	Number of water supply systems assessed for compliance with Blue Drop regulatory requirements	1186 (Blue Drop risk rating)	979	0	958 WSS (Blue Drop Report published)	***Target met.***	The Blue Drop Report was published.

Outcome		Output		Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from the planned target to actual achievement	Reasons for deviations
					2021/22	2022/23	2023/24			
			5.3.2	Number of identified non-compliant water supply systems monitored against the regulatory requirements	459	446	389	443	***Target exceeded.*** Over by 54	Prioritised due to the failures to meet drinking water quality standards.
Sub-programme: Water Services Institutional Oversight										
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	Shareholder compacts, business plans and quarterly reports for 9 WBs	Annual assessment of shareholder compacts, business plans, quarterly and annual reports for 8 WBs[10]	Annual assessment of shareholder compacts, business plans, quarterly and annual reports for WBs	Annual assessment of shareholder compacts, business plans, quarterly and annual reports for WBs	***Target met.***	***N/A***
				6.3.2	Number of regional water utilities gazetted for establishment	0 (Draft due diligence reports for 2 regional water utilities)	0	3	3	***Target met.***	***N/A***
								Asset transfer: Rand Water	Close out: Rand Water		
								Asset transfer: Magalies Water	Close out: Magalies Water		
								Governing body appointed: Mhlathuze Mngeni	Governing body appointed: Mhlathuze Mngeni		
							Reconfiguration of Sedibeng	-	-		

10 Sedibeng water board was disestablished.

4.3.3 Strategy to overcome areas of underperformance.

4.3.3.1 Water Services and Local Management sub-programme

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.

4.3.3.2 Regional Bulk Infrastructure Grant sub-programme

Number of mega project phases under construction and completed, large and small regional bulk infrastructure project phases completed, and number of regional bulk infrastructure project phases funded through BFI 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 2024/25 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.

4.3.3.3 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 Sub-programme expenditure

Sub- programme name	2023/24			2022/23		
	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	39 225	39 225	-	32 955	32 732	223
Water Services and Local Management	290 317	280 131	10 186	378 397	359 096	19 301
Regional Bulk Infrastructure Grant	9 828 568	9 827 150	1 418	7 604 185	7 005 594	598 591
Water Services Regulation	32 730	32 698	32	57 531	42 314	15 217
Water Services Policy and Strategy	11 361	11 361	-	13 480	13 479	1
Water Services Infrastructure Grant	4 904 478	4 899 905	4 573	4 642 692	4 480 951	161 741
Water Services Institutional Oversight	18 987	18 916	71	20 754	20 754	-
Total	**15 125 666**	**15 109 386**	**16 280**	**12 749 994**	**11 954 920**	**795 074**

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 (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Magalies Water Board	Implementation of Pilanesburg Bulk Water Supply project	1 782 000	1 782 000	Phase 2 of the Pilanesburg Bulk Water Supply (Mafenya to Phokeng/Tlhabane pipeline) has been completed.
Umgeni Water Board	Implementation of the following projects:	269 000	269 000	The progress is summarised as follows:
	Umshwathi Regional Bulk Scheme			**Umshwathi Regional Bulk Scheme:** progress is at 65%. The project is at preparation for pipeline supply.
	Maphumulo Bulk Water Supply			**Maphumulo Bulk Water Supply:** progress is at 60%. The procurement process for construction of the dam repairs and the upgrade of the 6ML waterworks is underway.
	Lower Umkhomazi Bulk Water Supply Scheme			**Lower Umkhomazi Bulk Water Supply Scheme:** progress is at 30%
	Greater Mpofana Phase 1 of 3			**Greater Mpofana Phase 1 of 3:** 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	633 000	633 000	
Vaal Central Water Board	Implementation of the Namakwa Bulk Water Supply project	355 510	355 510	
Total		**3 039 510**	**3 039 510**	

5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2023 to 31 March 2024

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 (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Regional Bulk Infrastructure Grant (RBIG)	Municipalities	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. 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.	Yes	3 258 828	3 258 828	-
Water Services Infrastructure Grant (WSIG)	Municipalities	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. 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. Provide on-site sanitation solutions. Support the existing bucket eradication programme intervention in formal residential areas. Support drought relief projects in affected municipalities.	Yes	3 619 661	3 619 661	-
Departmental agencies and accounts						
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	3 427	3 427	-
Water Trading Account: Acid mine drainage and other capital projects	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	2 379 276	2 379 276	-

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 (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Water Trading Entity: Operations and maintenance of water resource management activities	Departmental trading account	To fund the operations budget of the Water Trading Account.	Yes	286 385	286 385	-
Water Trading Entity: Establishment of Catchment Management Agencies	Departmental agencies	Establishment of the Catchment Management Agencies	Yes	607 000	607 000	-
Communication licences (radio and TV)	Municipalities	Boats and vehicles licencing	Yes	7	7	-
Foreign governments and international organisations						
Komati River Basin Water Authority (KOBWA)	International organisation	The repayment of outstanding loans to various financial institutions for Driekoppies and Maguga dams; and operational overheads. 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. 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.	Yes	40 410	40 410	-

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 (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Limpopo Watercourse Commission (LIMCOM)	International organisation	Payment for the Limpopo Watercourse Commission (LIMCOM) Secretariat's operational costs. 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. 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.	Yes	951	951	-
Orange-Senque River Basin Commission (ORASECOM)	International organisation	Payment for the Orange-Senqu River Basin Commission (ORASECOM) Secretariat's operational costs. 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.	Yes	1 404	1 404	-
African Ministers' Council on Water (AMCOW) Trust Fund	International organisation	Payment for the African Ministers' Council on Water (AMCOW) Secretariat's operational costs. 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.	Yes	190	190	-

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 (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Incomati Maputo Watercourse Commission (INMACOM)	International organisation	The entity is established by the Kingdom of Eswatini, Republic of Mozambique, and Republic of South Africa through the Incomati and Maputo Watercourse Commission Establishment Agreement. The main responsibility of the Commission is to promote cooperation between the Parties to ensure the development, protection and sustainable utilisation of the water resources shared by the Member States	Yes	3 611	3 611	-
Non-profit institutions						
South African Youth Water Prize	Water and sanitation education programme	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. The Department has a responsibility to follow through the learners who won the competition and establish partnerships with stakeholders for piloting the innovations.	Yes	398	398	-
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	4 961	4 961	-

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 (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
NEPAD Business Foundation	Non-profit organisation	AU/NEPAD Southern African Network of Water Centre of Excellence (AU/NEPAD SANWATCE) – a network of universities and research institutions in Southern Africa region. 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.	Yes	2 497	2 497	-

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	• 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. • 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
Expected outputs of the grant	• 41 regional bulk project phases initiated. • 14 project phase phases completed. • 120 501 households benefitting from completed project phases. • 7 district municipalities benefitting from completed project phases. • 285 of job opportunities created.
Actual outputs achieved	• 44 bulk project phases initiated. • 11 project phase phases completed. • 141 864 households benefitting from completed project phases. • 6 district municipalities benefitting from completed project phases. • 310 of job opportunities created
Amount per amended DORA (R'000)	3 258 828
Amount transferred (R'000)	3 258 828
Reasons if amount as per DORA not transferred	Allocation fully transferred
Amount spent by the municipalities (R'000)	2 955 517

Reasons for the funds unspent by the municipalities	• Under spending recorded by WSAs is R303,311. Municipalities will be afforded an opportunity to apply rollover on unspent funds. Reason for under expenditures emanate from the following:
	  • Slow implementation of projects, due to numerals projects challenges
	  • Construction mafia masquerading as community forum.
	  • Delays in SCM processes, contractors without capacity (resulting in cash flows problems)
	  • Labour unrest due to late payment of wages and other technical project issues.

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	• 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. • 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. • Provide on-site sanitation solutions. • To support drought relief projects in affected municipalities.
Expected outputs of the grant	• Implement 301 water supply projects in 103 municipalities. • Complete 93 water supply projects in 51 municipalities. • 106 855 households provided with water through reticulated water supply or source identification.
Actual outputs achieved	• Implemented 335 water supply projects in 109 municipalities. • Completed 53 water supply projects in 37 municipalities. • Completed rural on-site sanitation in 773 households. • 118 925 households provided with water through reticulated water supply or source identification.
Amount per amended DORA (R'000)	3 619 661
Amount transferred (R'000)	3 619 661
Reasons if amount as per DORA not transferred	Allocation fully transferred
Amount spent by the municipalities (R'000)	3 301 936
Reasons for the funds unspent by the municipalities	Under spending recorded by WSAs is R317,725. Municipalities will be afforded an opportunity to apply rollover on unspent funds. Reason for under expenditures emanate from the following: • Slow implementation of projects, due to numerals projects challenges • Construction mafia masquerading as community forum. • Delays in SCM processes, contractors without capacity (resulting in cash flows problems) • Labour unrest due to late payment of wages and other technical project issues.
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings, spot checks & inspection and conduct quarterly performance evaluation and reporting. Department try all the time to minimise the risks that have negative impact on implementation of projects.

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 2023 to 31 March 2024.

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

Purpose of the grant	• 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. • 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.
Expected outputs of the grant	• 58 regional bulk project phases initiated. • 17 project phase phases completed. • 136 654 households benefitting from completed project phases. • 12 district municipalities benefitting from completed project phases. • 215 of job opportunities created
Actual outputs achieved	• 65 regional bulk project phases initiated. • 4 project phase phases completed. • 46 234 households benefitting from completed project phases. • 3 district municipalities benefitting from completed project phases. • 412 job opportunities created
Amount per amended DORA (R'000)	3 298 421
Amount received (R'000)	3 437 809
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	3 437 809
Reasons for the funds unspent by the Department	None, funds have been fully spent by the implementing agents and expenditure was over by 4% which was covered by savings from other cost centres within the department underspending.
Reasons for deviations on performance	N/A
Measures taken to improve performance	Reallocations of budget between projects to avoid under expenditure and accelerate projects ready for acceleration
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	• 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. • 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. • Provide on-site sanitation solutions. • To support drought relief projects in affected municipalities.
Expected outputs of the grant	• Implement 86 water supply projects in 16 municipalities. • Complete 8 water supply projects in 5 municipalities. • 294 households provided with water through reticulated water supply or source identification. • 10 798 households benefitted from sanitation projects.
Actual outputs achieved	• Implemented 98 water supply project in 20 municipalities. • Completed 1 water supply project in 1 municipality. • 37 households provided with water through reticulated water supply or source identification. • 0 households benefitted from sanitation projects.
Amount per amended DORA (R'000)	1 114 238
Amount received (R'000)	1 075 222
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	1 075 222
Reasons for the funds unspent by the Department	Slow implementation on BEP projects resulted in under expenditure. Late implementation of some projects.
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, spot checks & inspection and conduct quarterly performance evaluation and reporting. Department try all the time to minimise the risks that have negative impact on implementation of projects.

7 DONOR FUNDS

None.

8 CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan.

Infrastructure projects	2023/24			2022/23		
	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	4 000 881	4 000 875	6	3 762 736	2 328 453	1 434 283
Existing infrastructure assets	353 910	353 957	(47)	427 587	295 970	131 617
Upgrades and additions	194 950	194 950	-	140 637	127 493	13 144
Rehabilitation, renovations, and refurbishments	154 105	154 105	-	142 148	23 633	118 515
Maintenance and repairs	4 855	4 902	(47)	144 802	144 844	(42)
Infrastructure transfer	13 231 520	13 231 070	450	9 374 210	9 374 210	-
Current	326 795	326 795	-	541 469	541 469	-
Capital	12 904 725	12 904275	450	8 832 741	8 832 741	-
Total	**17 586 311**	**17 585 902**	**409**	**13 564 533**	**11 998 633**	**1 565 900**

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 responsibility 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 influenced by various variables, including changes in a complex and uncertain delivery environment, reliability of risk intelligence information, knowledge, and skills necessary to assess risks and opportunities. These factors may negatively affect the department's ability to deliver services effectively and efficiently to the citizenry.

Combined assurance

During the reporting period under review, the Department continued, through its risk and assurance governance structures, to assist the accounting officer in discharging his legislative responsibilities related to risk management by overseeing, among other things, the following:

- The department's assurance systems' effectiveness is underscored by its adoption of a combined assurance approach that incorporates multiple levels of assurance. The department has adopted the five lines of assurance in line with King IV which comprises key line management functions, specialists such as Risk Management and Internal Control, Internal Audit, and External Audit (Auditor General South Africa). The Executive Risk Management Committee performed a quarterly oversight function on the activities of the Combined Assurance Forum.
- The department has developed a combined assurance plan to strengthen the control environment and enhance the assurance obtained from management as the first level of assurance, internal audit, and Auditor-General South Africa.

The combined assurance forum which comprises nominated representatives from various line functions is chaired by the Chief Director: Risk and Compliance Management to give effect to the implementation of the Combined Assurance Framework and plan which outlines the combined assurance activities on how the Department of Water and Sanitation will assure its strategic risks.

The Combined Assurance Forum met quarterly and reported on its activities to the Executive Risk Management Committee.

Compliance management

The department adopted a decentralised approach to compliance risk management, wherein accountability for compliance risk management is assumed by each line function. Regular compliance monitoring engagements are conducted to ensure adherence across the department.

In doing so, management has developed and adopted a compliance universe monitoring plan that identifies, assesses, manages, monitors, and reports on key legislative instruments, aiming to establish effective compliance mechanisms. This enhanced compliance with legal and regulatory requirements to the extent that it might impact on financial and non-financial reporting. In terms of corporate and network partnership governance, the department-maintained compliance with relevant legislation and met the expectations of internal stakeholders (employees), external stakeholders (communities, and other actors).

Risk Management Implementation Plan

The proactive and effective management of risks enables the department to anticipate and respond to changes in its operational and delivery environment, as well as to make informed decisions amid uncertainty.

During the period under review, a Risk Management Implementation Plan has been developed to ensure the integration of the risk management process into the department's overall policies, governance, annual performance planning, management, and reporting processes.

All risk management efforts were focused on supporting the department's outcomes and outputs. The implementation of risk management processes continued be embedded into the department's systems and processes, ensuring that responses to risks remain relevant and continue to build resilience and agility. This was achieved through the following:

a) Outline of planned risk management activities and allocation of resources to the Risk Management Chief Directorate to ensure an effective and efficient risk management system.

b) The Department conducted its annual strategic risk assessments during the strategic review, of the department. Other risk assessments that were conducted cover operational risks with a specific focus on project specific risks, fraud and corruption, information and communication technology, compliance risks and ethics related risks.

c) New and emerging risks were identified during the operational and the executive risk committees' meetings and were incorporated in the risk register and were monitored throughout the financial year.

d) 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 risk maturity.

Risk governance

During the period under review, the department operated two governance structures in the form of risk management committees, namely:

a) **Executive Risk Management Committee:** This Committee was formally appointed by the Accounting Officer and is chaired by an independent non-executive member to assist the Accounting Officer in discharging risk management responsibilities by formulating, promoting, and reviewing the department's enterprise risk management objectives, strategy and policy. The committee monitors the risk management process at strategic management and operational levels. The Committee met quarterly to monitor and review the overall system of risk management as mandated in its Terms of Reference.

b) **Operational Risk Management Committee:** The Committee is chaired by a Deputy Director-General to support the Executive Risk Management Committee. The Committee is chaired by a Deputy Director-General to support the Executive Risk Management Committee. Its role includes evaluating the extent and effectiveness of integrating risk management within branches, regional offices, clusters, and units, as well as assessing the effectiveness of mitigation strategies implemented to address the department's significant operational risks. This ensures that critical operational risks are escalated to the Executive Risk Management Committee and the Accounting Officer.

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

No	Nature of meeting	Purpose	Date
Executive Risk Management Committee meetings			
1	Ordinary meeting	Review quarter four of the 2022/2023 financial year	19 May 2023
2	Ordinary meeting	Review quarter one of the 2023/2024 financial year	14 August 2023
3	Ordinary meeting	Review quarter two of the 2022/2023 financial year	08 November 2023
4	Ordinary meeting	Review quarter three of the 2022/2023 financial year	12 February 2024
Operational Risk Management Committee meetings			
1	Ordinary meeting	Review quarter four of the 2022/2023 financial year	09 May 2023
2	Ordinary meeting	Review quarter one of the 2023/2024 financial year	04 August 2023
3	Ordinary meeting	Review quarter two of the 2022/2023 financial year	25 October 2023
4	Ordinary meeting	Review quarter three of the 2022/2023 financial year	06 February 2024

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 adheres to the Protected Disclosures Amendment Act 5 of 2017. This ensures that employees who report incidents of fraud and corruption are protected from any form of occupational detriment. The anti-corruption and fraud prevention plan is a comprehensive strategy outlining how the Department will mitigate fraud and corruption. It details the specific activities the Department will undertake to limit or eliminate the exposure of corruption and fraud.

The Department's Forensic Investigations & Quality Assurance directorate investigated a total of 176 cases, with 53 cases investigated using internal resources and 123 using external resources. Upon finalization, applicable cases were referred to:

- Employee Relations for disciplinary action against officials involved in financial and other misconduct.
- SAPS and the Hawks for criminal investigation; and
- Legal Services for civil recovery in cases where the Department suffered financial losses.

The unit also conducted 18 fraud awareness sessions (both physical and virtual) at various directorates within the Department, reaching or having 934 officials in attendance. These sessions target new officials during their induction programme and existing officials across the Department, including provincial offices and operational clusters. The workshops aim to enhance officials' vigilance, keep employees informed about current fraud trends, identify operational areas susceptible to high fraud incidents, and, most importantly, deter employees from engaging in fraudulent activities.

The Department uses internal and external sources to identify incidents of fraud and corruption. The external source primarily involves the National Anti-Corruption Hotline (NACH), coordinated by the Public Service Commission (PSC), which ensures that reported cases of fraud and corruption are consolidated centrally and directed to the Department for investigation.

Feedback is subsequently provided to the Public Service Commission on how the reported matters have been addressed. The internal source primarily involves officials reporting incidents of fraud and corruption to the Office of the Director-General (ODG). Following approval by the DG, the Department's Forensic Investigation Unit conducts investigations and submits reports to the DG for approval of implementation of recommendations, and to the DWS Audit Committee for noting and subsequent monitoring. Additionally, the Department has established a Consequence Management Committee tasked with overseeing, ensuring accountability, and providing support.

The Department's Forensic Investigations Unit remains independent and strives to remain unbiased and free from any form of influence.

Additionally, all managers and employees are responsible for detecting and preventing fraud and corruption within their respective areas of responsibility. The Department has established an Ethics Management Committee to promote ethical behaviour and to prevent and manage fraud.

4 MINIMISING CONFLICT OF INTEREST

4.1 Disclosure of financial interests

Regulations 18 and 19 of the *Public Service Regulations 2016* compels designated employees to submit their annual financial disclosures within a specified period. Employees on the Senior Management Service (SMS) dispensation are required to disclose between 1 – 30 April of each year. For the last three financial years, the Department has consistently achieved 99% compliance where not more than two SMS employees failed to submit their financial disclosures within the specified timeframe. For the year under review, the Department achieved 100% (197) compliance regarding SMS employees.

For the non-SMS employees, the employees on levels 12, 11 and equivalent were also required to submit their disclosures from 1 June – 31 July 2023. For the year under review, 1820 employees were designated to disclose, of which 367 employees failed to submit their disclosures.

The disclosures are summarised as follows:

Category	Submitted	Not submitted	Total	Percentage compliance
	No	No	No	%
Senior Management Service	197	0	197	100%
Employees on level 12, 11 and OSD equivalent	1453	367	1820	80%

The Department initiated disciplinary action against two SMS employees who submitted their financial disclosures after 30 April in the previous disclosure periods. Additionally, disciplinary action was taken against 367 non-SMS officials who failed to disclose their financial interests by 31 July 2023.

4.2 SMS employee lifestyle review

Lifestyle review refers to an amalgamation of reports from a variety of government databases as reviewed against the information disclosed by the employee. When this information is compared to the income, liabilities and assets of the employee, an assessment can be made to determine if the employee's lifestyle is commensurate with his/her income. Thus, a lifestyle review is a preliminary tool to understand the financial profile of an employee against their disclosed financial position. Lifestyle reviews are performed by ethics officers through the disclosure verification process.

Emanating from the lifestyle review process, thirteen (13) SMS employees were referred for further investigation and possible disciplinary action by the Director-General.

4.3 Other remunerative work outside of the Department's employment

Section 30 of the Public Service Act, which addresses "other remunerative work by employees," prohibits departmental employees from engaging in work outside their employment without written permission from the executive authority.

During the period under review there has been an improvement regarding the compliance with Section 30 of the *Public Service Act*, which prohibits employees from engaging in other remunerated work outside their employment without the written permission from the executive authority. During the 2023/2024 financial year the Department received a total of 90 applications for approval to perform other remunerative work. Of these, 88 were approved, and 2 were declined due to potential conflicts of interest.

4.4 Policies and Advocacy

The department continued to create awareness of the importance of integrity and professional ethics in the department to improve the ethics culture through advocacy initiatives and employee engagement, 23 workshops were held whereby employees were informed and made aware of the policies on (a) doing business with the state, (b) other remunerative work, (c) financial disclosures and (d) conflict of interests.

5 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

During the period under review, the department continued its efforts to ensure officials' health, wellness, and safety.

Occupational Health and Safety (OHS) conducted 192 risk assessments, 281 inspections, and 56 audits (both external and internal) during the reporting period.

A total of 112 incidents were reported and investigated within the department. Despite efforts to secure all department sites for safety, incidents such as the tragic drowning of a child occurred in one (1) of our dams, primarily due to unauthorised entry by community members, especially children.

Additionally, a deceased body was discovered by the department's field workers while carrying out their duties. In another incident, a child was found abandoned in one of our dams in the Eastern Cape Province; fortunately, security personnel rescued the child and promptly alerted law enforcement.

October marks OHS Month in the Department of Water and Sanitation, dedicated to commemorating through various awareness initiatives. These activities encompassed fire safety, snake handling, and the procedures for reporting Injury on Duty (IOD). Throughout the 2023/24 financial year, the department conducted a total of 1,020 training and awareness sessions.

Regarding Employee Health and Wellness, the department secured a budget of R45 million to be utilised over three (3) years for a comprehensive Employee Health and Wellness Programme (EHWP). Instead of implementing a comprehensive EHWP, the Department appointed a company to provide counselling services to DWS staff for six (6) months.

Consistent with previous years, personal stress, bereavement, financial problems, alcohol abuse, and ill health were reported as some of the main issues for which staff sought assistance. Within the EHW Directorate, internal staff conducted psycho-social interventions, which included managing the Policy and Procedure on Incapacity Leave and Ill-health Retirement (PILIR), as well as handling organisational mediation cases. In certain cases, staff also accompanied officials to Rehabilitation Centres for alcohol and substance abuse treatment.

In addition to providing psychosocial services to officials, the team organized activities such as Blood Donation Drives, maternal health and men's health sessions, financial wellness sessions, discussions on drugs and drug abuse, and the Mental Health Talk series, all of which were conducted internally.

6 PORTFOLIO COMMITTEES

The Legislature holds legislative authority and oversees service delivery to all South African citizens by the Executive. It consists of two Houses: the National Assembly (NA) and the National Council of Provinces (NCOP). These bodies are mandated with responsibilities including law-making, oversight, and facilitating public participation. The Legislature, representing South African citizens, also facilitates cooperative governance among the various spheres of government. Parliament additionally appropriates funding on behalf of the government after scrutinising performance plans for each financial year and monitors the implementation of government programmmes.

The multi-party committees in the National Assembly and the National Council of Provinces ensure that the government remains accountable to the people by monitoring the expenditure of funds and the implementation of programmes aligned with the government's stated priorities.

Parliamentary committees conduct oversight visits to different provinces to verify the validity and benefits of projects or programmmes reported in performance reports presented to Parliament. These visits provide communities with opportunities to engage directly with their parliamentary representatives. Furthermore, the oversight visits enable parliamentary committees to assess the impact of service delivery.

During the year under review, the department had 28 interactions with Parliamentary Committees, categorized as follows:

- Twenty meetings with the Portfolio Committee on Water and Sanitation (PCWS).
- Two engagements with the Select Committee on COGTA.
- One engagement with the Standing Committee on Appropriations (ScoA).
- Three engagements with the Standing Committee on Public Accounts (SCOPA).
- One meeting with the Standing Committee on Petitions and Executive Undertakings.
- One meeting with the Portfolio Committee on Cooperative Governance and Traditional Affairs regarding Makhanda Municipality.

Issues raised by various Committees of Parliament are grouped into the following categories:

- **Department's Performance**: This includes the department's implementation performance of key projects such as the Giyani and Mzimvubu Water Projects, the Clanwilliam Dam raising project, and the Umkhomazi Water Project.

- **Municipal Service Delivery**: Committees expressed concerns about the declining capacity of municipalities to provide water and sanitation services. They requested the DWS to report on interventions being implemented across various provinces, including KwaZulu-Natal, Eastern Cape, Gauteng, Free State, North West, and Limpopo.

- **Departmental Entities and Reforms**: Discussions covered the performance and reforms related to the Department's entities, including the Water Boards, Trans-Caledon Tunnel Authority, Water Research Commission, and Catchment Management Agencies.

- **Conformance**: Committees scrutinized the department's compliance with legal requirements, including the timely tabling of Annual Performance Plans and Annual Reports.

- Matters of community interests such as how the department is addressing challenges arising in relation to water supply in Makhanda Local Municipality, Gauteng, and eradication of bucket toilets in the Free State and Northern Cape in particular.

- **Community Concerns**: Topics of community interest included the department's efforts to address water supply challenges in Makhanda Local Municipality, Gauteng and the eradication of bucket toilets in the Free State and Northern Cape.

- The impact of load shedding on the reliability of the water supply was also a major concern for all committees that engaged with the DWS.

- **Impact of Loadshedding**: The committees also expressed significant concern about the impact of loadshedding on the reliability of water supply.

Summary of Portfolio Committee meetings

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
Department's performance			
07 November 2023	Briefing the Water and Sanitation Portfolio Committee on the Second Quarterly Performance Report	The committee inquired about supporting municipalities to enhance their billing systems, aiming to facilitate the settlement of debts owed to Water Boards and the DWS.	The DWS informed the committee that it had in place programmes to support municipalities in reducing non-revenue water. Provincial Treasuries have also put in place measures to assist municipalities in improving their billing systems. Additionally, the DWS mentioned that it was in discussions with the National Treasury regarding the potential write-off of certain municipal debts, under strict conditions such as municipalities maintaining current payments. The DWS was also assisting water boards in enhancing credit control measures for all water users, primarily municipalities.
		DWS was requested to provide the committee with written information on which District Municipalities (DMs) are currently being assisted and whether the DWS is providing technical support to municipalities.	The DWS submitted a document to the Portfolio Committee detailing support and interventions in different municipalities across the country including • Emfuleni and Tshwane Metro • Nelson Mandela Bay Makana in the Eastern Cape • Emfuleni and Hammanskraal in Gauteng • Maluti-a-Phofung, Matjhabeng and Mangaung in Free State • eThekwini, uGu and uMsunduzi in KwaZulu-Natal • Giyani, Mogalakwena and Polokwane in Limpopo • Govan Mbeki and Dr JS Moroka in Mpumalanga • Sol Plaatjie Municipality in the Northern Cape • North West Province in terms of Operation Bulela Metsi
		DWS was requested to provide context regarding the challenges in local government, including those in eThekwini, Emfuleni, Thaba Nchu, Mangaung, Makana, and Matjhabeng Municipalities.	DWS indicated the following: • While access to water had improved overall, reliability and assurance of consistent supply remained a problem because municipalities had prioritised operations and maintenance of water and sanitation infrastructure. • Municipalities needed to improve revenue collection to afford payments for raw water provided by water boards and DWS. • Capacity to implement water and sanitation infrastructure projects was limited in most municipalities, prompting Water Boards to be deployed to assist with project implementation. · Apart from aging infrastructure, load shedding also impacts water availability. DWS and Water Boards have engaged with Eskom to prioritize the exclusion of water and wastewater infrastructure plants from load shedding wherever possible.

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
			The DWS also indicated that action plans were in place to assist municipalities where water and sanitation issues remain critical, providing the following examples: • Issues in eThekwini related to water provision and sewer spillages are being managed in collaboration with the Metro itself and COGTA • The next stage of the Vaal Remediation issue involves the rehabilitation of the Vaal Dam. • DWS is intervening in Matjhabeng Municipality through the Vaal Central Water Board.
		Progress on the processing of Legislation by the DWS	DWS reported on progress regarding draft legislation as follows: • The Water Services Amendment Bill and National Water Amendment Bill had been approved by the Cabinet for gazetting for public consultation. The DWS conducted public consultation workshops in all nine (9) provinces by the end of February 2024. • Consideration and adoption by the Clusters and Cabinet is planned for completion by September 2024. DWS indicated that it was planning to submit the Bill to Parliament for introduction and consideration by October 2024. • The National Water Resource Infrastructure Agency Bill was tabled in Parliament on 25 August 2023.
		Establishment of the Water Partnerships Office (in collaboration with SALGA and the DBSA)	The DWS, in partnership with the South African Local Government Association (SALGA) and the DBSA, has established a National Water Partnerships Programme and a Water Partnerships Office (WPO) within the DBSA. The WPO is a ring-fenced entity housed at the DBSA but owned by DWS. A steering committee, chaired by the Accounting Officer of the Department and convening quarterly, oversees the work of the WPO, which includes: • Development of standardized national programmes for private sector participation in municipal water and sanitation services, to make it easier, quicker, and cheaper for municipalities and water boards to enter into partnerships, without having to 'reinvent the wheel' for each partnership. • Supporting municipalities and water boards to participate in the programmes and prepare bankable projects – where municipalities are lacking in the required expertise to undertake feasibility studies and financial structuring. • Development of blended finance solutions and where appropriate, facilitate blended financing.
		Members asked about the Mzimvubu Water Project and the reasons the DWS still dealing with Phase 1 at 78% from 2021.	DWS reported that there had been a deadlock with the funding for the project, which had delayed the commencement of construction of the Mzimvubu Dam. However, they indicated that a resolution had since been reached through reconfiguring the project, resulting in reduced funding requirements. DWS also indicated that Phase 2 for the construction of the Ntabelanga Dam is planned to commence in 2024.

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		Members enquired about the transformation of Irrigation Boards (IBs) into Water Users Associations (WUAs), including how many IBs had already transitioned into WUAs. They also inquired about the timeframe set by the DWS for completion of the transition process	DWS reported that directives were issued to Irrigation IBs to transform into Water Use Associations. They mentioned that 30 irrigation boards had already submitted proposals for transformation into Water Boards. DWS also reported that in cases where Irrigation Boards were not complying, the Minister has strengthened political oversight by assigning the remaining IBs to the DMs for monitoring and support.
23 November 2023	DWS briefed SCOPA on the Giyani Water Project, with attendance from the SIU, Lepelle Northern Water, and Mopani District Municipality	Members observed that the Giyani Water Project was still reported to be at 99.8% completion by DWS, which was the same as when the committee visited the project at the end of March 2023. They also inquired whether the delays causing projects to stall had been addressed.	DWS informed the committee that: · poor planning and poor project management/ implementation had led to cost escalations for the project. · Servitudes had not been sorted out beforehand, leading to project stoppages. · DWS also reported that project progress was delayed by construction mafias stopping projects and community protests. DWS also indicated that significant progress had been made towards completing the Nandoni-Nsami Pipeline and delivering water to the households of Giyani residents through a reticulation project funded by DWS.
		Members asked whether the project would be finished by Dec 2023 as committed to MDM and DWS, and what measures were in place to ensure projects would be completed according to the timeline	The DWS reported that the Nandoni-Nsami Pipeline Project had reached practical completion. Pipeline testing needs to be conducted to make sure all troubleshooting is attended to. Technical forums have been established to oversee project implementation and meet weekly to assess project progress.

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
12 September 2023	Briefing to the Portfolio Committee on the Giyani Water Project	Committee Members raised concerns that little progress seemed to have been made with the Giyani Water Project from the previous year when the PC conducted an oversight visit in Giyani late in 2022	DWS reported that the following progress had been made: · Mopani District Municipality (MDM) embarked on a project to upgrade the bulk water infrastructure required to treat surface water from the Nsami Dam and to convey adequate and sustainable potable water to Giyani Town and the surrounding 55 villages. The project includes the upgrade of the Giyani WTW. · Ministry working on capacitating Mopani DM – working on a whole value chain from the source to the tap where communities receive water. · DWS was close to completing the Giyani Water Project and was busy with reticulation projects which were planned for completion by June 2024. · Where the pipeline already has water and reticulation projects are finished, communities to get water/ already getting water. The DWS also indicated that reticulation projects in Homu, Ngove, and Bambeni were nearing completion and households would be connected to the water supply upon completion. DWS has been providing Mopani DM and LNW with project management and management of contractors to ensure the delivery of the project objectives. DWS also represented on bid committees in the Mopani DM.
		The chairperson commented that even though DWS is intervening in different municipalities to restore services, there should be no intention for DWS to take over the functions of the municipalities – although DWS must keep track of the grants disseminated to municipalities.	The DWS indicated that there was ongoing collaboration with COGTA and MISA to intervene and support municipalities to meet the required norms and standards with regard to their water quality and wastewater management.

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		Department's conformance	
09 May 2023	DWS 2023/24 Annual Performance Plan briefing to the Select Committee on COGTA, Water, Sanitation, and Human Settlements	The DWS presentation highlighted the following as priorities in its presentation to the committee	· Implementation of major bulk water infrastructure such as the Lesotho Highlands Phase 2, uMkhomazi, and Mzimvubu projects. · Processing of the National Water Resource Infrastructure Agency Bill aimed towards the establishment of the Infrastructure Agency. · Strengthen the role of the DWS in regulating and supporting municipalities where water and sanitation services were deteriorating. · Provide ongoing support to municipalities to increase water use efficiency and conservation management in the local government space. · Guide the development of other water resources, including groundwater and desalination. · Increase participation of private sector finance and skills in the water sector.
		Members raised concerns about the inability of dysfunctional municipalities to provide communities with water and sanitation.	DWS stated that where the department had funded municipalities to implement water and sanitation projects, there processes were in place to assess whether municipalities had the necessary capacity, manpower, and technical skills to carry out projects. This also included ensuring that supply-chain processes were adhered to.
		The committee questioned the DWS about the under-expenditure by the department while the country was facing a water crisis	The DWS reported that the reasons for underspending were due to multiple challenges with the implementation of projects, especially through Water Services Authorities who were engaged as Implementing Agents to implement water and sanitation projects. Challenges include SCM processes within municipalities, which often result in the Department dealing with cases of irregularly appointed contractors. Municipal tenders are frequently awarded and subsequently canceled when PSPs are unable to deliver on the projects. The DWS also reported that it has put in place measures to provide technical support and intensify monitoring of projects as part of interventions to improve project management.

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		Members requested an update on the status of the Special Investigating Unit (SIU) investigation into the Giyani bulk water project, whether officials under investigation were still working within the Department, and the status of the cases.	DWS indicated that the SIU investigations in relation to Giyani were before the courts. The DWS and Water Board officials that were implicated had been charged and dismissed. Civil action had been taken on the Giyani Water Project contract and the matter was set down for a hearing at the Polokwane High Court.
		Members asked about progress with regard to approval of water licenses within 90 days	In line with the President's SONA address in 2020, water-user licenses the DWS is working towards processing WULAs within a 90-day period. Since the announcement, DWS has implemented an improvement plan to reduce the time taken to process water use applications. The DWS indicated that improvement plans had been put in place, including business process reengineering involving the standardization of information requirements and differentiation of processes for different categories of licenses. They mentioned improvements to the Electronic Water Use License Application and Authorization System (EWULAAS), enhanced monitoring of license application progress through licensing processes, and recruitment and training of personnel.

7 SCOPA RESOLUTIONS

There were no SCOPA resolutions during the period under review.

8 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
Department of Water and Sanitation		
Unqualified audit opinion with other matters in compliance. • Underspending of the vote • Irregular expenditure	2020/21	Clean audit action plan put in place to follow up and resolve outstanding matters
Unqualified audit opinion with other matters in compliance. • Underspending of the vote • Irregular expenditure	2021/22	Clean audit action plan put in place to follow up and resolve outstanding matters
Unqualified audit opinion with other matters in compliance. • Underspending of the vote • Restatement of corresponding figures	2022/23	Clean audit action plan put in place to follow up and resolve outstanding matters
Water Trading		
Unqualified audit opinion with other matters in compliance. • Non- compliance with GRAP • Non-compliance with the PFMA and National Treasury SCM Regulations	2020/21	Clean audit action plan put in place to follow up and resolve outstanding matters

9 INTERNAL CONTROL UNIT

Internal control is the process implemented by the department's management and other personnel designed to provide reasonable assurance of achieving objectives in operational effectiveness, financial reporting reliability, and compliance with applicable laws and regulations. The unit performed activities outlined in its Annual Performance Plan for the financial year ending on 31 March 2024. The activities conducted during the review period are summarized below:

Assurance services facilitation

The Unit played a vital role in facilitating audits conducted by both the Office of the Auditor-General of South Africa (AGSA) and the Internal Audit Unit of the Department. It administered audit queries raised by the AGSA and Internal Audit Unit and developed audit implementation action plans to address internal control deficiencies identified by these assurance services providers in their reports. During the financial year under review, the Unit monitored the implementation of audit action plans to address internal control deficiencies and reported progress to the branch managers and the Audit Committee to ensure that corrective actions were taken and issued findings were resolved.

Internal control systems

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.

Depository function

The Unit maintained a register for all the payment records supporting the expenditure processed within the Finance Directorate of the Department. These records are kept in compliance with the National Archives and Records Services of South Africa Act. The Unit facilitated easy retrievals of these records when needed by the assurance services providers, management, and law enforcement agencies.

10 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.

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 of termination	Number of meetings attended for 2023/24
Adv O Josie	Masters of Business Leadership, Master's degree in law, Bachelor of laws, BPROC Degree,	External	-	24 July 2023	-	5/8
Dr C 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, Certificate in Executive Leadership, Certificate in Human Resources Management, Certificate in Digital Transformation Strategy.	External	-	01 July 2023	-	8/8
Ms R Kalidass	CA(SA), Certificate in Accounting Theory (CTA), Bachelor of Commerce Honours, Bachelor of Accounting Science (BCompt)	External	-	01 July 2023	-	5/8
Mr Z Myeza	Master's degree in Business Administration, BCom Accounting, Certificate in Corporate Governance, Certificate in Estate Agency, Certificate in Retail Management, Certificate in Aviation Management	External	-	01 July 2023	-	5/8

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date of termination	Number of meetings attended for 2023/24
Ms N Sizani	Bachelor of Commerce Honours, Certificate in Accounting Theory (CTA), Post Graduate Diploma in Management, Bachelor of Commerce, Senior Secondary Teachers Diploma, Human Resources Management Programme, Graduate Diploma in company Direction, Housing Finance course, Real Estate qualification, Leadership in Local Government.	External	-	01 July 2020	30 June 2023	3/8
Mr S Faku	Master of Science degree, Bachelor of Education, Bachelor of Arts, Senior Teachers Diploma	External	-	01 July 2020	30 June 2023	3/8

11 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 RESOURCE MANAGEMENT

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

The Minister for Water and Sanitation signed off on the revised organisational structure on 26 September 2022. The migration of SMS members was implemented and some of the employees who were not directly affected through the implementation of the structure were migrated to corresponding posts on the new structure. Due to a deadlock in the Departmental Bargaining Chamber regarding the migration of staff, excess employees, and the matching and placement. The matter is being addressed through the chamber.

The vacancy rate reported in this HR Oversight Report is 41.9%. However, this figure does not accurately reflect the actual number of funded vacancies in 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. The 1442 employees additional to the establishment includes those employees who are currently in excess and who are yet to be matched and placed into positions on the revised structure. 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.

During the period under review, the department has made significant progress, particularly in filling Senior Management posts, and professional and technical positions. The current vacancy rate for funded Senior Management Service (SMS) posts is 8.7%.

Out of the 122 professional and technical posts within the Water Use Licence Authorisation Unit that were advertised in January 2023, 102 posts have been filled during 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. The Department has managed to address the backlog in the processing of water-use licenses.

Arising from an executive decision that was taken regarding the establishment of Catchment Management Agencies (CMA) in the respective Water Management Areas, the Department started a process of facilitating the transfer of staff from the Department to the CMAs. in terms of section 197 of the Labour Relations Act. The Department tabled a draft Transfer Agreement in the departmental bargaining chamber for negotiation with organised labour. it is anticipated that the transfer process will be concluded before 31 March 2025.

At the start of the reporting period, the Department aimed to at least implement 50% of all training and development programmes that were identified in the 2023/24 Departmental Workplace Skills Plan. A total of 3349 training interventions were implemented during the reporting period, which represents 53% of all planned training interventions.

The female representation at senior management level improved from the 45.8% recorded in the previous year, to 46.8% as of 31 March 2024. The filling of new vacancies has provided the Department with an opportunity to increase female representation at the SMS level. The employment of persons with disabilities currently stands at 1.29% which is a slight improvement from the previous year (i.e. 1.12%).

In conclusion, during the period under review, the Department has made significant strides in achieving its HR management targets. There has been notable significant improvement in filling Senior Management Service (SMS) positions and enhancing capacity in professional and technical roles. The implementation of the new organisational structure aligns with the Department's current mandate and strategic objectives.

3 HUMAN RESOURCES 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 2023 to 31 March 2024

Programme	Total expenditure	Personnel expenditure	Training expenditure	Professional and special services expenditure	Personnel expenditure as a % of total expenditure	Average personnel cost per employee	Number of employees
	R'000	R'000	R'000	R'000	%	R'000	No
Administration	1 989 450,00	870 171,00	0,00	0,00	43,70	556,00	1 564
Water Resource Management	4 236 210,00	620 393,00	0,00	0,00	14,60	700,00	886
Water Services Management	15 075 798,00	342 042,00	0,00	0,00	2,30	667,00	513
Total	**21 301 458,00**	**1 832 605,00**	**0,00**	**0,00**	**8,60**	**618,00**	**2 963**

Table 3.1.2 Personnel costs by salary band for the period 1 April 2023 to 31 March 2024

Salary band	Personnel expenditure	% of total personnel cost	Average personnel cost per employee	No. of employees
	R'000	%	R'000	No
Lower skilled (Levels 1-2)	21 277,00	1,10	226 351,00	94
Skilled (Levels 3-5)	162 453,00	8,50	319 789,00	508
Highly skilled production (Levels 6-8)	462 722,00	24,20	501 324,00	923
Highly skilled supervision (Levels 9-12)	853 959,00	44,70	897 016,00	952
Senior and top management (Levels 13-16)	213 860,00	11,20	1 320 123,00	162
Contract (Levels 1-2)	248,00	0,00	82 667,00	3
Contract (Levels 3-5)	3 149,00	0,20	242 231,00	13
Contract (Levels 6-8)	36 452,00	1,90	226 410,00	161
Contract (Levels 9-12)	67 879,00	3,60	652 683,00	104
Contract (Levels >= 13)	16 091,00	0,80	1 609 100,00	10
Contract other	5 863,00	0,30	189 129,00	31
Total	**1 843 953,00**	**96,50**	**622 326,00**	**2 963**

Table 3.1.3 Salaries, overtime, homeowners' allowance, and medical aid by programme for the period 1 April 2023 to 31 March 2024

Programme	Salaries		Overtime		Homeowners' allowance		Medical aid		Total personnel cost per programme
	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	%	R'000
Administration	725 242,00	81,50	6 629,00	0,70	23 416,00	2,60	43 087,00	4,80	889 800,00
Water Resource Management	518 929,00	80,10	691,00	0,10	15 460,00	2,40	26 748,00	4,10	647 879,00
Water Services Management	289 454,00	77,50	412,00	0,10	8 129,00	2,20	13 694,00	3,70	373 323,00
Total	**1 533 625,00**	**80,30**	**7 733,00**	**0,40**	**47 005,00**	**2,50**	**83 529,00**	**4,40**	**1 911 002,00**

Table 3.1.4 Salaries, overtime, homeowners' allowance and medical aid by salary band for the period 1 April 2023 to 31 March 2024

Salary band	Salaries		Overtime		Homeowners' allowance		Medical aid		Total personnel cost per salary band
	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	%	R'000
Lower skilled (Levels 1-2)	14 212,00	64,00	267,00	1,20	1 694,00	7,60	3 117,00	14,00	22 211,00
Skilled (Levels 3-5)	114 958,00	69,30	1 740,00	1,00	10 056,00	6,10	18 560,00	11,20	165 855,00
Highly skilled production (Levels 6-8)	357 437,00	75,80	4 305,00	0,90	18 184,00	3,90	35 608,00	7,60	471 626,00
Highly skilled supervision (Levels 9-12)	730 349,00	81,90	1 357,00	0,20	13 548,00	1,50	24 017,00	2,70	892 018,00
Senior management (Levels 13-16)	189 155,00	83,30	0,00	0,00	3 506,00	1,50	2 118,00	0,90	227 137,00
Contract (Levels 1-2)	248,00	98,40	0,00	0,00	0,00	0,00	0,00	0,00	252,00
Contract (Levels 3-5)	2 930,00	92,40	31,00	1,00	2,00	0,10	38,00	1,20	3 172,00
Contract (Levels 6-8)	36 118,00	97,00	27,00	0,10	14,00	0,00	53,00	0,10	37 250,00
Contract (Levels 9-12)	67 121,00	97,70	0,00	0,00	0,00	0,00	18,00	0,00	68 707,00
Contract (Levels >= 13)	15 295,00	91,20	0,00	0,00	3,00	0,00	0,00	0,00	16 771,00
Contract other	5 801,00	96,60	5,00	0,10	0,00	0,00	0,00	0,00	6 003,00
Total	**1 533 625,00**	**80,30**	**7 733,00**	**0,40**	**47 005,00**	**2,50**	**83 529,00**	**4,40**	**1 911 002,00**

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 2024

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate[1]	Number of employees additional to the establishment
	No.	No.	%	No.
Administration	2350	1591	32,30	332
Water Resources Management	7460	4152	44,30	1016
Water Services Management	958	513	46,50	94
Total	**10 768**	**6 256**	**41,90**	**1 442**

Table 3.2.2 Employment and vacancies by salary band as of 31 March 2024

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate[2]	Number of employees additional to the establishment
	No.	No.	%	No.
Lower skilled (Levels 1-2)	1198	566	52,80	23
Skilled (Levels 3-5)	2615	1280	51,10	141
Highly skilled production (Levels 6-8)	3399	2031	40,20	512
Highly skilled supervision (Levels 9-12)	2954	1806	38,90	411
Senior management (Levels 13-16)	223	194	13,00	9
Other	33	33	0,00	31
Contract (Levels 1-2)	3	3	0,00	0
Contract (Levels 3-5)	16	16	0,00	7
Contract (Levels 6-8)	177	177	0,00	174
Contract (Levels 9-12)	140	140	0,00	134
Contract (Levels >= 13)	10	10	0,00	0
Total	**10 768**	**6 256**	**41,90**	**1 442**

1 The vacancy rate includes frozen post
2 The vacancy rate includes frozen post

Table 3.2.3 Employment and vacancies by critical occupations as of 31 March 2024

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	No	No	%	No
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
General legal administration & related professionals	18	14	22.20	1

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	No	No	%	No
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
Other occupations	863	774	10.30	592
Photographic lithographic and related workers	2	0	100.00	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	No	No	%	No
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
Total	**9949**	**6361**	**36.10**	**1422**

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 2024

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
	No	No	%	No	%
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16					
Salary Level 15	8	6	75	2	25
Salary Level 14	45	43	95.56	2	4.44
Salary Level 13	170	149	87.65	21	12.35
Total	**224**	**199**	**88.84**	**25**	**11.16**

Table 3.3.2 SMS post information as of 30 September 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
	No	No	%	No	%
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16					
Salary Level 15	8	6	75	2	25
Salary Level 14	38	35	92.11	3	7.89
Salary Level 13	173	142	82.08	31	17.92
Total	**220**	**184**	**83.64**	**36**	**16.36**

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2023 to 31 March 2024

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
	No	No	%	No	%
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%
Total	**210**	**187**	**89%**	**22**	**11%**

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 2023 to 31 March 2024

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 impacted by 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 because 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 2023 to 31 March 2024

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 2023 to 31 March 2024

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
	No	No	%	No	%	No	%
Lower skilled (Levels 1-2)	1198	0	0	0	0	0	0
Skilled (Levels 3-5)	2615	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	3399	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	2954	0	0	0	0	0	0
SMS band A	166	0	0	0	0	0	0
SMS band B	46	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	33	0	0	0	0	0	0
Contract (Levels 1-2)	3						
Contract (Levels 3-5)	16	0	0	0	0	0	0
Contract (Levels 6-8)	177	0	0	0	0	0	0
Contract (Levels 9-12)	140	0	0	0	0	0	0
Contract band A	6	0	0	0	0	0	0
Contract band B	1	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
Total	**10768**	**0**	**0**	**0**	**0**	**0**	**0**

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 2023 to 31 March 2024

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Employees with a disability	0

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 2023 to 31 March 2024

Total number of employees whose salaries exceeded the grades determined by job evaluation	None

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

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 2023 to 31 March 2024

Salary band	Number of employees at beginning of 1 April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	No	No	No	%
Lower skilled (Levels 1-2)	581	12	14	2,40
Skilled (Levels 3-5)	1372	8	72	5,20
Highly skilled production (Levels 6-8)	2077	56	76	3,70
Highly skilled supervision (Levels 9-12)	1802	55	72	4,00
SMS band A	136	8	3	2,20
SMS band B	42	1	1	2,40
SMS band C	6	0	0	0
SMS band D	3	0	0	0
Other	109	52	6	5,50
Contract (Levels 1-2)	0	3	0	0,00
Contract (Levels 3-5)	20	11	12	60,00
Contract (Levels 6-8)	113	49	44	38,90
Contract (Levels 9-12)	148	80	70	47,30
Contract band A	7	0	2	28,60
Contract band B	2	0	1	50,00
Contract band C	1	0	0	0
Contract band D	2	0	0	0
Total	**6421**	**335**	**373**	**5,80**

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2023 to 31 March 2024

Critical occupation	Number of employees at beginning of 1 April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	No	No	No	%
Administration Clerks	0	1	0	0,00
Administrative Related	544	27	30	5,50
Agriculture Related	1	0	0	0,00
All Artisans in the Building Metal Machinery etc.	98	2	6	6,10
Architects Town & Traffic Planners	2	0	0	0,00
Artisan Project & Related Superintendents	8	0	1	12,50
Auxiliary and Related Workers	316	2	17	5,40
Building and Other Property Caretakers	30	0	2	6,70
Bus and Heavy Vehicle Drivers	9	0	2	22,20
Cartographers and Surveyors	26	12	3	11,50
Cartographic Surveying and Related Technicians	17	1	2	11,80
Chemical and Physical Science Technicians	10	1	0	0,00
Civil Engineer	0	1	0	0,00
Civil Engineering Technicians	83	3	6	7,20
Cleaners In Offices Workshops Hospitals etc.	110	2	4	3,60
Client Inform Clerks (switchboard reception information clerks)	6	0	0	0,00
Communication And Information Related	26	1	0	0,00
Community Development Workers	91	1	4	4,40
Computer System Designers and Analysts	1	0	0	0,00
Electrical And Electronics Engineering Technicians	1	0	0	0,00
Engineering Sciences Related	302	69	38	12,60
Engineers and Related Professionals	177	78	53	29,90
Environmental Scientist	0	2	0	0,00
Farm Hands and Labourers	11	0	0	0,00
Finance and Economics Related	230	3	12	5,20
Financial and Related Professionals	25	3	1	4,00
Financial Clerks and Credit Controllers	374	19	20	5,30
Food Services Aids and Waiters	10	1	0	0,00
Food Services Workers	1	0	0	0,00
General Legal Administration & Rel. Professionals	12	0	0	0,00

Critical occupation	Number of employees at beginning of 1 April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	No	No	No	%
Geologists Geophysicists Hydrologists & related Professionals	146	10	3	2,10
Head Of Department/Chief Executive Officer	1	0	0	0,00
Household and Laundry Workers	6	0	1	16,70
Household Food and Laundry Services Related	8	3	4	50,00
Human Resources & Organisational Development & Relate Professionals	24	0	1	4,20
Human Resources Clerks	126	0	6	4,80
Human Resources Related	127	3	5	3,90
Information Technology Related	38	4	2	5,30
Language Practitioners Interpreters & Other Communicators	20	0	0	0,00
Legal Related	2	0	0	0,00
Librarians and Related Professionals	2	0	0	0,00
Library Mail and Related Clerks	27	0	1	3,70
Light Vehicle Drivers	61	2	3	4,90
Logistical Support Personnel	62	1	1	1,60
Material-Recording and Transport Clerks	110	1	4	3,60
Mathematicians and Related Professionals	2	0	0	0,00
Mechanical Engineering Technicians	4	2	2	50,00
Messengers Porters and Deliverers	38	0	2	5,30
Mining Geology & Geophysical & Related Technicians	21	0	3	14,30
Motor Vehicle Drivers	9	0	0	0,00
Motorised Farm and Forestry Plant Operators	0	0	3	0,00
Natural Sciences Related	437	38	23	5,30
Nature Conservation and Oceanographical Related Technicians	1	0	0	0,00
Not Available	1	0	0	0,00
Other Administration & Related Clerks and Organisers	326	1	11	3,40
Other Administrative Policy and Related Officers	39	0	3	7,70
Other Information Technology Personnel	2	0	0	0,00
Other Machine Operators	8	0	0	0,00
Other Occupations	776	11	25	3,20
Photographic Lithographic and Related Workers	2	0	0	0,00

Critical occupation	Number of employees at beginning of 1 April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	No	No	No	%
Physicists	1	0	0	0,00
Quantity Surveyors & Related Professions Not Classified Elsewhere	3	0	0	0,00
Regulatory Inspectors	28	0	1	3,60
Risk Management and Security Services	66	4	4	6,10
Safety Health and Quality Inspectors	8	0	0	0,00
Secretaries & Other Keyboard Operating Clerks	110	0	7	6,40
Security Guards	8	0	1	12,50
Security Officers	92	5	9	9,80
Senior Managers	176	7	8	4,50
Social Sciences Related	54	1	1	1,90
Social Work and Related Professionals	8	0	0	0,00
Trade Labourers	745	12	31	4,20
Trade Related	6	0	0	0,00
Trade/ industry Advisers & Other Related Professionals	6	0	0	0,00
Water Plant and Related Operators	163	1	7	4,30
TOTAL	**6421**	**335**	**373**	**5,80**

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 2023 to 31 March 2024

Termination type	Number	% of total resignations
	No	%
Death	34	9,10
Resignation	136	36,50
Expiry of Contract	100	26,80
Transfers	1	0,30
Discharged due to ill health	9	2,40
Dismissal-misconduct	7	1,90
Retirement	86	23,10
TOTAL	**373**	**100,00**

Table 3.5.4 Promotions by critical occupation for the period 1 April 2023 to 31 March 2024

Occupation	Employees on 1 April 2023	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
	No	No	%	No	%
Administrative Related	544	4	0,70	324	59,60
Agriculture animal oceanography forestry & other sciences	0	0	0,00	3	0,00
Agriculture Related	1	0	0,00	3	300,00
All Artisans in The Building Metal Machinery Etc.	98	1	1,00	93	94,90
Appraisers-Valuers and Related Professionals	0	0	0,00	1	0,00
Architects Town and Traffic Planners	2	0	0,00	0	0,00
Artisan Project and Related Superintendents	8	1	12,50	6	75,00
Auxiliary And Related Workers	316	3	0,90	201	63,60
Biologists Botanists Zoologists & Related Professional	0	0	0,00	1	0,00
Building and Other Property Caretakers	30	0	0,00	19	63,30
Bus And Heavy Vehicle Drivers	9	0	0,00	3	33,30
Cartographers and Surveyors	26	2	7,70	21	80,80
Cartographic Surveying and Related Technicians	17	0	0,00	14	82,40
Chemical and Physical Science Technicians	10	0	0,00	12	120,00
Civil Engineering Technicians	83	4	4,80	71	85,50
Cleaners In Offices Workshops Hospitals Etc.	110	1	0,90	72	65,50
Client information clerks (Switchboard reception information clerks)	6	0	0,00	6	100,00
Communication And Information Related	26	0	0,00	22	84,60
Community Development Workers	91	0	0,00	52	57,10
Computer System Designers and Analysts.	1	0	0,00	0	0,00

Occupation	Employees on 1 April 2023	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
	No	No	%	No	%
Electrical and Electronics Engineering Technicians	1	0	0,00	1	100,00
Engineering Sciences Related	302	6	2,00	167	55,30
Engineers and Related Professionals	177	7	4,00	78	44,10
Farm Hands and Labourers	11	0	0,00	9	81,80
Finance and Economics Related	230	2	0,90	133	57,80
Financial and Related Professionals	25	4	16,00	19	76,00
Financial Clerks and Credit Controllers	374	1	0,30	228	61,00
Food Services Aids and Waiters	10	0	0,00	9	90,00
Food Services Workers	1	0	0,00	1	100,00
General Legal Administration & Related Professionals	12	0	0,00	11	91,70
Geologists Geophysicists Hydrologists & Related Professionals	146	4	2,70	142	97,30
Head Of Department/Chief Executive Officer	1	0	0,00	0	0,00
Health Sciences Related	0	0	0,00	1	0,00
Horticulturists Foresters Agriculture & Forestry Technicians	0	0	0,00	1	0,00
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	0	0	0,00	1	0,00
Human Resources & Organisational Development & Relate Professionals	24	0	0,00	22	91,70
Human Resources Clerks	126	0	0,00	84	66,70
Human Resources Related	127	1	0,80	71	55,90
Information Technology Related	38	0	0,00	24	63,20
Language Practitioners Interpreters & Other Communicators	20	0	0,00	10	50,00
Legal Related	2	0	0,00	0	0,00
Librarians and Related Professionals	2	0	0,00	2	100,00
Library Mail and Related Clerks	27	0	0,00	20	74,10
Light Vehicle Drivers	61	0	0,00	32	52,50
Logistical Support Personnel	62	2	3,20	54	87,10
Material-Recording and Transport Clerks	110	1	0,90	73	66,40
Mathematicians and Related Professionals	2	0	0,00	0	0,00
Mechanical Engineering Technicians	4	0	0,00	3	75,00
Messengers Porters and Deliverers	38	0	0,00	30	78,90
Meteorologists Statistical & Related Technicians	0	0	0,00	1	0,00

Occupation	Employees on 1 April 2023	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
	No	No	%	No	%
Mining Geology & Geophysical & Related Technicians	21	0	0,00	15	71,40
Motor Vehicle Drivers	9	0	0,00	4	44,40
Motorised Farm and Forestry Plant Operators	0	0	0,00	2	0,00
Natural Sciences Related	437	18	4,10	304	69,60
Nature Conservation and Oceanographical Related Technicians	1	0	0,00	0	0,00
Not Available	1	0	0,00	0	0,00
Other Administrative & Related Clerks and Organisers	326	2	0,60	227	69,60
Other Administrative Policy and Related Officers	39	0	0,00	37	94,90
Other Information Technology Personnel.	2	0	0,00	3	150,00
Other Machine Operators	8	0	0,00	4	50,00
Other Occupations	776	14	1,80	36	4,60
Photographic Lithographic and Related Workers	2	0	0,00	0	0,00
Physicists	1	0	0,00	1	100,00
Quantity Surveyors & Related Professional Not Classified Elsewhere	3	0	0,00	1	33,30
Regulatory Inspector*	28	0	0,00	26	92,90
Risk Management and Security Services	66	1	1,50	29	43,90
Road Workers	0	0	0,00	1	0,00
Safety Health and Quality Inspectors	8	0	0,00	8	100,00
Secretaries & Other Keyboard Operating Clerks	110	1	0,90	81	73,60
Security Guards	8	0	0,00	6	75,00
Security Officers	92	4	4,30	38	41,30
Senior Managers	176	2	1,10	104	59,10
Social Sciences Related	54	1	1,90	36	66,70
Social Work and Related Professionals	8	0	0,00	6	75,00
Statisticians and Related Professionals	0	0	0,00	1	0,00
Trade Labourers	745	2	0,30	385	51,70
Trade Related	6	0	0,00	5	83,30
Trade/Industry Advisers & Other Related Profession	6	0	0,00	4	66,70
Water Plant and Related Operators	163	4	2,50	104	63,80
TOTAL	**6421**	**93**	**1,40**	**3625**	**56,50**

Table 3.5.5 Promotions by salary band for the period 1 April 2023 to 31 March 2024

Salary Band	Employees on 1 April 2023	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
	No	No	%	No	%
Lower Skilled (Levels 1-2)	581	0	0,00	255	43,90
Skilled (Levels 3-5)	1372	18	1,30	870	63,40
Highly Skilled Production (Levels 6-8)	2077	23	1,10	1110	53,40
Highly Skilled Supervision (Levels 9-12)	1802	46	2,60	1171	65,00
Senior management (Level 13-16)	187	3	1,60	123	65,80
Other	109	0	0,00	0	0,00
Contract (Levels 3-5)	20	1	5,00	4	20,00
Contract (Levels 6-8)	113	0	0,00	41	36,30
Contract (Levels 9-12)	148	1	0,70	48	32,40
Contract (Levels 13-16)	12	1	8,30	3	25,00
TOTAL	**6421**	**93**	**1,40**	**3625**	**56,50**

3.6 Employment equity

Table 3.6.1a Total number of employees in each of the following occupational categories as of 31 March 2024

Occupational Category	Male				Female						Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Senior Officials and Managers	76	2	6	84	8	59	1	3	63	7	162
Professionals	527	28	23	578	102	563	29	19	611	30	1321
Technicians and Associate Professionals	598	47	14	659	56	657	22	21	700	49	1464
Clerks	289	12	4	305	11	636	47	12	694	73	1084
Service Shop and Market Sales Workers	132	1	0	133	1	61	2	0	63	0	197
Craft and Related Trade Workers	106	2	1	109	12	20	0	0	20	0	141
Plant and Machine Operators and Assemblers	642	55	3	700	72	155	16	3	174	37	983
Labourers and Related Workers	583	42	0	625	2	262	15	0	277	0	904
TOTAL	**2953**	**189**	**51**	**3193**	**264**	**2413**	**132**	**58**	**2602**	**196**	**6256**

Table 3.6.1b Total number of employees with disabilities in each of the following occupational categories as of 31 March 2024

Designated group	Male				Female						Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Employees with disabilities	24,00	1,00	0,00	25,00	7.00	30,00	2,00	2,00	34,00	3,00	69,00

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as of 31 March 2024

Occupational band	Male				Female						Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Top Management	5	0	0	5	0	4	0	0	4	0	9
Senior Management	85	2	8	95	7	71	1	3	75	8	185
Professionally qualified and experienced specialists and mid-management	807	53	31	891	171	618	31	27	676	68	1806
Skilled technical and academically qualified workers, junior management, supervisors, foremen	808	48	8	864	49	924	64	22	1010	108	2031
Semi-skilled and discretionary decision-making	749	60	2	811	5	435	18	4	457	7	1280
Unskilled and defined decision-making	355	13	0	368	0	188	10	0	198	0	566
Other	12	0	0	12	0	20	1	0	21	0	33
Contract (Top Management)	1	0	0	1	1	1	0	0	1	0	3
Contract (Senior Management)	4	0	0	4	0	3	0	0	3	0	7
Contract (Professionally Qualified)	37	9	2	48	27	54	5	1	60	5	140
Contract (Skilled Technical)	80	4	0	84	4	86	2	1	89	0	177
Contract (Semi-Skilled)	9	0	0	9	0	7	0	0	7	0	16
Contract (Unskilled)	1	0	0	1	0	2	0	0	2	0	3
TOTAL	**2953**	**189**	**51**	**3193**	**264**	**2413**	**132**	**58**	**2603**	**196**	**6256**

Table 3.6.3 Recruitment for the period 1 April 2023 to 31 March 2024

Occupational Band	Male					Female					
	African	Coloured	Indian	Blacks	White	African	Coloured	Indian	Blacks	White	
Senior Management	2	0	0	2	0	7	0	0	7	0	9
Professionally qualified and experienced specialists and mid-management	30	2	1	33	4	15	0	2	17	1	55
Skilled technical and academically qualified workers, junior management, supervisors, foremen	21	0	0	21	0	33	1	0	34	1	56
Semi-skilled and discretionary decision making	3	3	0	6	0	2	0	0	2	0	8
Unskilled and defined decision making	7	1	0	8	0	4	0	0	4	0	12
Other	17	0	0	17	0	33	2	0	35	0	52
Contract (Professionally qualified)	15	8	3	26	24	24	3	0	27	3	80
Contract (Skilled technical)	21	2	0	23	2	22	2	0	24	0	49
Contract (Semi-skilled)	6	0	0	6	0	5	0	0	5	0	11
Contract (Unskilled)	1	0	0	1	0	2	0	0	2	0	3
TOTAL	**123**	**16**	**4**	**143**	**30**	**147**	**8**	**2**	**157**	**5**	**335**
Employees with disabilities	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**1,00**	**0,00**	**0,00**	**0,00**	**0,00**	**1,00**

Table 3.6.4 Promotions for the period 1 April 2023 to 31 March 2024

Occupational Band	Male					Female					Total
	African	Coloured	Indian	Blacks	White	African	Coloured	Indian	Blacks	White	
Top Management	1	0	0	1	0	3	0	0	3	0	4
Senior Management	54	2	8	64	5	46	1	3	50	3	122
Professionally qualified and experienced specialists and mid-management	531	29	21	581	92	484	15	15	514	30	1217
Skilled technical and academically qualified workers, junior management, supervisors, foremen	404	23	3	430	31	565	40	9	614	58	1133
Semi-skilled and discretionary decision making	495	34	1	530	3	335	11	4	350	5	888
Unskilled and defined decision making	171	6	0	177	0	73	5	0	78	0	255
Contract (Senior Management)	1	0	0	1	1	2	0	0	2	0	4
Contract (Professionally qualified)	10	6	3	19	15	10	2	1	13	2	49
Contract (Skilled technical)	18	0	0	18	1	20	2	0	22	0	41
Contract (Semi-skilled)	2	0	0	2	0	3	0	0	3	0	5
TOTAL	**1687**	**100**	**36**	**1823**	**148**	**1541**	**76**	**32**	**1649**	**98**	**3718**
Employees with disabilities	**15**	**0**	**0**	**15**	**5**	**22**	**1**	**2**	**25**	**2**	**47**

Table 3.6.5 Terminations for the period 1 April 2023 to 31 March 2024

Occupational Band	Male					Female				Total
	African	Coloured	Indian	Blacks	White	African	Coloured	Indian	Blacks	
Senior Management	2	1	0	3	0	1	0	0	1	4
Professionally qualified and experienced specialists and mid-management	34	2	2	38	10	17	0	1	18	72
Skilled technical and academically qualified workers, junior management, supervisors, foremen	37	4	2	43	3	21	5	1	27	76
Semi-skilled and discretionary decision making	47	5	1	53	0	18	1	0	19	72
Unskilled and defined decision making	12	0	0	12	0	2	0	0	2	14
Other	3	0	0	3	0	3	0	0	3	6
Contract (Senior Management)	1	0	0	1	1	1	0	0	1	3
Contract (Professionally qualified)	17	9	5	31	22	12	3	0	15	70
Contract (Skilled technical)	17	1	0	18	3	22	1	0	23	44
Contract (Semi-skilled)	4	0	0	4	0	8	0	0	8	12
TOTAL	**174**	**22**	**10**	**206**	**39**	**105**	**10**	**2**	**117**	**373**
Employees with Disabilities	**2**	**0**	**0**	**2**	**1**	**2**	**1**	**0**	**3**	**6**

Table 3.6.6 Disciplinary action for the period 1 April 2023 to 31 March 2024

Disciplinary action	Male					Female				Total
	African	Coloured	Indian	Blacks	White	African	Coloured	Indian	Blacks	
Dismissal	0	1	0	1	0	0	0	0	0	1
Suspension without pay	2	2	0	4	0	2	0	0	2	6
Final written warning	7	0	0	7	0	0	0	0	0	7
Written warning	0	0	0	0	0	0	0	0	0	0
Demotion	1	0	0	1	0	0	0	0	0	1
TOTAL	**10**	**3**	**0**	**13**	**0**	**2**	**0**	**0**	**2**	**15**

Table 3.6.7 Skills development for the period 1 April 2023 to 31 March 2024

Occupational category	Male					Female				Total
	African	Coloured	Indian	Blacks	White	African	Coloured	Indian	Blacks	
Legislators, Senior Officials and Managers	100	2	1	0	7	101	8	3	0	225
Professionals	235	12	11	0	18	196	13	16	0	508
Technicians and Associate Professionals	292	9	8	0	20	341	27	14	0	720
Clerks	168	5	0	0	4	323	11	4	0	529
Service and Sales Workers	30	0	0	0	0	7	0	0	0	37
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	246	12	0	0	13	80	0	0	0	351
Plant and Machine Operators and Assemblers	109	1	0	0	0	6	0	0	0	116
Elementary Occupations	382	26	1	0	5	258	6	3	0	681
Employees with disabilities	0	0	0	0	0	0	0	0	0	0
TOTAL	**1562**	**67**	**21**	**0**	**67**	**1312**	**65**	**40**	**0**	**3167**

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 2023

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
	No	No	No	%
Director-General/ Head of Department	1	1	1	100%
Salary Level 16	0	0	0	0
Salary Level 15	8	6	6	100%
Salary Level 14	38	49	45	91.8%
Salary Level 13	173	144	139	96.5%
Total	**220**	**200**	**191**	**95.5%**

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 May 2023

Reasons
Disagreements between employees and supervisors
Non-compliance due to reasons known by employee and supervisor
Delays by supervisor to sign performance agreement of officials
Changes in the departmental structure
Extended leave and suspensions

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 on 31 May 2023

Reasons

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 2023 to 31 March 2024

Race and Gender	Number of Beneficiaries	Number of Employees	% of Total within Group	Total Cost	Average Cost per Employee
	No	No	%	R'000	R
African	554	5312		15 881.67	29 690.50
Female	116	2383	4,90	3 648,31	31 451,00
Male	438	2929	15,00	12 233,36	27 930,00
Asian	6	107		208.81	34 801.50
Female	3	56	5,40	74,93	24 977,00
Male	3	51	5,90	133,88	44 626,00
Coloured	59	318		1707.69	29373.50
Female	14	130	10,80	424,03	30 288,00
Male	45	188	23,90	1 280,66	28 459,00
Total Blacks, Female	**133**	**2569**	**5,20**	**4 147,27**	**31 182,00**
Total Blacks, Male	**486**	**3168**	**15,30**	**13 647,90**	**28 082,00**
White, Female	36	193	18,70	1 214,38	33 733,00
White, Male	63	257	24,50	2 427,01	38 524,00
Employees with a disability	**1**	**69**	**1,40**	**24,23**	**24 229,00**
TOTAL	**719**	**6256**	**11,50**	**21 460,79**	**29 848,00**

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2023 to 31 March 2024

Salary Band	Beneficiaries			Average cost per employee
	Number of beneficiaries	Number of employees	% of total within salary bands	
	No	No	%	R
Lower Skilled (Levels 1-2)	0	566	0,00	0,00
Skilled (Levels 3-5)	35	1280	2,70	13 927,00
Highly Skilled Production (Levels 6-8)	340	2031	16,70	22 377,00
Highly Skilled Supervision (Levels 9-12)	344	1806	19,00	38 852,00
Other	0	33	0,00	0,00
Contract (Levels 1-2)	0	3	0,00	0,00
Contract (Levels 3-5)	0	16	0,00	0,00
Contract (Levels 6-8)	0	177	0,00	0,00
Contract (Levels 9-12)	0	140	0,00	0,00
TOTAL	**719**	**6052**	**11,90**	**29 848,00**

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2023 to 31 March 2024

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost	Average cost per employee
	No	No	%	R'000	R
Administration Clerks	0	2	0,00	0,00	0,00
Administrative Related	0	524	0,00	0,00	0,00
Agriculture Related	0	1	0,00	0,00	0,00
All Artisans in The Building Metal Machinery etc.	0	109	0,00	0,00	0,00
Architects Town and Traffic Planners	0	2	0,00	0,00	0,00
Artisan Project and Related Superintendents	0	10	0,00	0,00	0,00
Auxiliary and Related Workers	0	246	0,00	0,00	0,00
Building and Other Property Caretakers	0	49	0,00	0,00	0,00
Bus And Heavy Vehicle Drivers	0	7	0,00	0,00	0,00
Cartographers and Surveyors	0	38	0,00	0,00	0,00
Cartographic Surveying and Related Technicians	0	25	0,00	0,00	0,00
Chemical and Physical Science Technicians	0	10	0,00	0,00	0,00
Civil Engineering Technicians	0	80	0,00	0,00	0,00
Cleaners In Offices Workshops Hospitals Etc.	0	106	0,00	0,00	0,00
Client information clerks (switchboard reception information clerks)	0	5	0,00	0,00	0,00
Communication and Information Related	0	27	0,00	0,00	0,00
Community Development Practitioner	0	4	0,00	0,00	0,00
Community Development Workers	0	85	0,00	0,00	0,00
Computer System Designers and Analysts.	0	1	0,00	0,00	0,00
Electrical and Electronics Engineering Technicians	0	1	0,00	0,00	0,00
Engineering Sciences Related	0	314	0,00	0,00	0,00
Engineers And Related Professionals	0	176	0,00	0,00	0,00
Farm Hands and Labourers	0	7	0,00	0,00	0,00
Finance And Economics Related	0	212	0,00	0,00	0,00
Financial And Related Professionals	0	37	0,00	0,00	0,00
Financial Clerks and Credit Controllers	0	352	0,00	0,00	0,00
Food Services Aids and Waiters	0	11	0,00	0,00	0,00
Food Services Workers	0	1	0,00	0,00	0,00
General Legal Administration & Related Professionals	0	12	0,00	0,00	0,00
Geologists Geophysicists Hydrologists & Related Professionals	0	146	0,00	0,00	0,00
Head Of Department/Chief Executive Officer	0	1	0,00	0,00	0,00
Household And Laundry Workers	0	5	0,00	0,00	0,00
Household Food and Laundry Services Related	0	5	0,00	0,00	0,00
Human Resources & Organisational Development & Related Professionals	0	25	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
	No	No	%	R'000	R
Human Resources Clerks	0	115	0,00	0,00	0,00
Human Resources Related	0	122	0,00	0,00	0,00
Information Technology Related	0	36	0,00	0,00	0,00
Language Practitioners Interpreters & Other Communicators	0	21	0,00	0,00	0,00
Legal Related	0	1	0,00	0,00	0,00
Librarians and Related Professionals	0	2	0,00	0,00	0,00
Library Mail and Related Clerks	0	26	0,00	0,00	0,00
Light Vehicle Drivers	0	54	0,00	0,00	0,00
Logistical Support Personnel	0	62	0,00	0,00	0,00
Material-Recording and Transport Clerks	0	105	0,00	0,00	0,00
Mathematicians and Related Professionals	0	2	0,00	0,00	0,00
Mechanical Engineering Technicians	0	3	0,00	0,00	0,00
Messengers Porters and Deliverers	0	35	0,00	0,00	0,00
Mining Geology & Geophysical & Related Technicians	0	19	0,00	0,00	0,00
Motor Vehicle Drivers	0	15	0,00	0,00	0,00
Natural Sciences Related	0	472	0,00	0,00	0,00
Others	0	2	0,00	0,00	0,00
Other Administration & Related Clerks and Organisers	0	305	0,00	0,00	0,00
Other Administrative Policy and Related Officers	0	34	0,00	0,00	0,00
Other Information Technology Personnel.	0	2	0,00	0,00	0,00
Other Machine Operators	0	7	0,00	0,00	0,00
Other Occupations	719	757	95,00	21 460,79	29 848,00
Photographic Lithographic and Related Workers	0	2	0,00	0,00	0,00
Physicists	0	1	0,00	0,00	0,00
Quantity Surveyors & Related Professionals Not Classified Elsewhere	0	3	0,00	0,00	0,00
Regulatory Inspector*	0	27	0,00	0,00	0,00
Risk Management and Security Services	0	62	0,00	0,00	0,00
Safety and Quality Inspectors	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	93	0,00	0,00	0,00
Security Guards	0	7	0,00	0,00	0,00
Security Officers	0	87	0,00	0,00	0,00
Senior Managers	0	179	0,00	0,00	0,00
Social Sciences Related	0	56	0,00	0,00	0,00
Social Work and Related Professionals	0	9	0,00	0,00	0,00
Supply Chain Clerk	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
	No	No	%	R'000	R
Trade Labourers	0	716	0,00	0,00	0,00
Trade Related	0	6	0,00	0,00	0,00
Trade/Industry Advisers & Other Related Professions	0	6	0,00	0,00	0,00
Water Plant and Related Operators	0	156	0,00	0,00	0,00
Water Plant Operator	0	2	0,00	0,00	0,00
TOTAL	**719**	**6256**	**11,50**	**21 460,79**	**29 848,00**

Notes

- The CORE classification, as prescribed by the DPSA, was used for the 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 in recruiting or retaining 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 2023to 31 March 2024

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure	Personnel Cost SMS
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost	Average cost per employee		
	No	No	%	R'000	R	%	R'000
Band A	0	149	0,00	0,00	0,00	0,00	195 641,99
Band B	0	43	0,00	0,00	0,00	0,00	70 884,72
Band C	0	7	0,00	0,00	0,00	0,00	13 012,59
Band D	0	5	0,00	0,00	0,00	0,00	12 125,64
Total	**0**	**204**	**0,00**	**0,00**	**0,00**	**0,00**	**291 664.9**

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 2023 to 31 March 2024

Salary band	01 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled production (Levels 6-8)	0	0,00	0	0,00	0	0,00
Highly skilled supervision (Levels 9-12)	25	92,60	0	0,00	-25	92,60
Senior management (Levels 13-16)	0	0,00	0	0,00	0	0,00
Skilled (Levels 3-5)	2	7,40	0	0,00	-2	7,40
TOTAL	**27**	**100,00**	**0**	**0,00**	**-27**	**100,00**

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2023 to 31 March 2024

Major occupation	01 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% change
Administrative office workers	0	0,00	0	0,00	0	0,00
Drivers, operators and ships' crew	0	0,00	0	0,00	0	0,00
Other occupations	0	0,00	0	0,00	0	0,00
Information technology personnel	0	0,00	0	0,00	0	0,00
Professionals and managers	25	92,60	0	0,00	-25	92,60
Technicians and associated professionals	2	7,40	0	0,00	-2	7,40
TOTAL	**27**	**100,00**	**0**	**0,00**	**-27**	**100,00**

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 2023 to 31 December 2023

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	Total number of days with medical certification
	No	%	No	%	No	R'000	No
Contract (Levels 13-16)	5	80,00	2	0,00	3	38,00	4
Contract (Levels 3-5)	14	35,70	4	0,10	4	14,00	5
Contract (Levels 6-8)	404	66,80	105	2,30	4	521,00	270
Contract (Levels 9-12)	390	73,30	80	1,70	5	959,00	286
Contract (Other)	135	47,40	50	1,10	3	41,00	64
Highly skilled production (Levels 6-8)	15657	83,20	1588	34,50	10	22 563,00	13026
Highly skilled supervision (Levels 9-12)	11672	82,50	1329	28,90	9	29 705,00	9632
Lower skilled (Levels 1-2)	2831	87,30	363	7,90	8	1 904,00	2471
Senior management (Levels 13-16)	772	81,30	117	2,50	7	3 775,00	628
Skilled (Levels 3-5)	8126	81,30	961	20,90	8	7 754,00	6604
TOTAL	**40006**	**82,50**	**4599**	**100,00**	**9**	**67 276,00**	**32990**

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2023 to 31 December 2023

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	Total number of days with medical certification
	#	%	#	%	#	R'000	No
Lower skilled (Levels 1-2)	594	100,00	11	7,60	54,00	402,00	594,00
Skilled (Levels 3-5)	1133	100,00	29	20,10	39,00	991,00	1 133,00
Highly skilled production (Levels 6-8)	2419	97,40	59	41,00	41,00	4 082,00	2 356,00
Contract (Levels 6-8)	4	100,00	1	0,70	4,00	6,00	4,00
Highly skilled supervision (Levels 9-12)	1222	100,00	37	25,70	33,00	3 683,00	1 222,00
Contract (Levels 9-12)	38	100,00	1	0,70	38,00	87,00	38,00
Senior management (Levels 13-16)	383	100,00	5	3,50	77,00	1 891,00	383,00
Contract Other	21	100,00	1	0,70	21,00	9,00	21,00
TOTAL	**5814**	**98,90**	**144**	**100,00**	**40,00**	**11 151,00**	**5 751,00**

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 from being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2023 to 31 December 2023

Salary band	Total days taken	Number of employees using annual leave	Average per employee
	No	No	No
Lower skills (Level 1-2)	12108	584	21,00
Skilled (Levels 3-5)	31139	1391	22,00
Highly skilled production (Levels 6-8)	50946	2141	24,00
Highly skilled supervision (Levels 9 -12)	43986	1871	24,00
Senior management (Levels 13-16)	4482	199	23,00
Contract (Level 1-2)	0	0	0
Contract (Levels 3-5)	204	16,00	13
Contract (Levels 6-8)	2189	212	10,00
Contract (Levels 9 -12)	2054	165	12,00
Contract (Levels 13-16)	72	10	7,00
Contract other	433	95	5,00
Total	**147613**	**6681**	**22,00**

Table 3.10.4 Capped leave for the period 1 January 2023 to 31 December 2023

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 of 31 March 2024	Total Number of Capped Leave Available as of 31 March 2024	Number of Employees as of 31 March 2024
	No	No	No	No	No	No
Lower skills (Level 1-2)	0	0	0	53	159	3
Skilled (Levels 3-5)	11	2	6	58	12290	212
Highly skilled production (Levels 6-8)	14	8	2	61	20304	333
Highly skilled supervision (Levels 9 -12)	9	2	5	50	10906	218
Senior management (Levels 13-16)	0	0	0	49	2389	49
Contract (Level 1-2)	0	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0
Contract (Levels 9 -12)	0	0	0	0	0	0
Contract (Levels 13-16)	0	0	0	0	0	0
Contract other	0	0	0	0	0	0
Total	**34**	**12**	**3**	**57**	**46048**	**815**

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

Table 3.10.5 Leave pay-outs for the period 1 April 2023 to 31 March 2024

Reason	Total amount	Number of employees	Average per employee
	R'000	No	R
Annual - discounting with resignation (workdays)	2149	75	28 653,00
Annual - discounting: contract expiry (workdays)	937	26	36 038,00
Annual - discounting: unused vacation credits (workdays)	976	20	48 800,00
Annual - gratuity: death/ retirement/ medical retirement (workdays)	3546	94	37 723,00
Capped - gratuity: death/retirement/ medical retirement (workdays)	6158	68	90 559,00
Other - discounting Water & Sanitation construct with served term	1267	12	105 583,00
Other - discounting Water & Sanitation construct with transfer	5089	88	57 830,00
Other - discounting: Water & Sanitation: =>55 year (calendar day)	1138	11	103 455,00
Other - gratuity (general) (calendar days)	1142	9	126 889,00
Total	**22402**	**403**	**55 588,08**

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.	Yes		Ms. O. Manyana - Director overseeing Employee Health and Wellness
2) Does the department have a dedicated unit, or have you designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available.	Yes		The department has assigned 2 professionals in EHWP, 1 Director of Employee Health & Wellness at the Head Office, and 16 EHWP Coordinators in regional offices. The allocated budget amounts to 1.5 million Rand (R1.5M).
3) Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/ services of the programme.	Yes		The department has introduced an Employee Assistance or Health Promotion Programme for employees. The key elements/services of the programme include: • HIV&AIDS • TB management • Health Risk Assessment • Occupational Health • Chronic Disease Management • Lifestyle Management Programme • Policy Development • Marketing, and • health and wellness promotion.
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.	Yes		The department has established a committee as stipulated in Part VI E.5(e) of Chapter 1 of the Public Service Regulations, 2001. The members of the committee and the stakeholders they represent are as follows: • Ms. O. Manyana • Ms. A. Moabelo • Ms. M. Mathe • Ms. T. Van Wyk • Ms. T. Mpshe • Mr. N. Khanyile • Ms. R. Ntwae • Ms. K. Mokoene
5) Has the department reviewed the employment policies and practices of your department 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.		No	The department is currently reviewing the HIV&AIDS management policy to ensure that employment policies and practices do not unfairly discriminate against employees based on their HIV status.

Question	Yes	No	Details, if yes
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.	Yes		The department has introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination. The key elements of these measures include: • Implementation of a policy that explicitly protects HIV+ employees against discrimination. • Clearly outlined disciplinary actions for individuals who violate this policy.
7) Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		The department encourages its employees to undergo Voluntary Counselling and Testing (VCT). The results achieved include conducting VCT sessions during HIV & AIDS calendar month commemoration events, such as Wellness Day, Wellness Aids Day, and STI Condom Week
8) Has the department developed measures/ indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes		The department has developed measures/indicators to monitor and evaluate the impact of its health promotion programme. These measures/indicators include: • Feedback sessions held after wellness days, health campaigns, and talks. • Questionnaires completed by participants. • Planned impact assessment to be conducted during the current financial year.

3.12 Labour relations

Table 3.12.1 Collective Agreements for the period 1 April 2023 to 31 March 2024

Total number of collective agreements	Number	Total
Collective agreements	1	1
TOTAL	**1**	**1**

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 2023 to 31 March 2024

Outcomes of disciplinary hearings	Number	Total	% of Total
Dismissal	12	12	34,29
Suspension without pay	12	12	34,29
Final written warning	8	8	22,86
Written warning	2	2	5,71
Demotion	1	1	2,86
TOTAL	**35**		**100,00**

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2023 to 31 March 2024

Type of misconduct	Number	Total	% of Total
Misuse of state vehicle	7	7	20,00
Gross Dishonesty	1	1	2,86
Insubordination	1	1	2,86
Fraud	3	3	8,57
Financial mismanagement/ unauthorised expenditure	2	2	5,71
Fighting	0	0	0,00
Contravention of Policy	1	1	2,86
Theft	6	6	17,14
Negligence	0	0	0,00
Absenteeism	7	7	20,00
Bringing the name of the Department into disrepute	0	0	0,00
Improper Conduct	1	1	2,86
Drunk on Duty	3	3	8,57
Assault	3	3	8,57
TOTAL	**35**	**35**	**100,00**

Table 3.12.4 Grievances logged for the period 1 April 2023 to 31 March 2024

Grievances	Number	Total	% of total
Number of grievances resolved	93	93	53,76
Number of grievances not resolved	80	80	46,24
Total number of grievances lodged	**173**	**173**	**100,00**

Table 3.12.5 Disputes logged with Councils for the period 1 April 2023 to 31 March 2024

Disputes	Number	% of total
Number of disputes resolved	6	15,00
Number of disputes not resolved	34	85,00
Total number of disputes lodged	**40**	**100,00**

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

Strike actions	None

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

Number of people suspended	6
Number of people whose suspension exceeded 30 days	6
Average number of days suspended	62

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 at Beginning of Period	Training needs identified on 01 April 2022			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	70	0	12	0	12
	Male	92	0	15	0	15
Professionals	Female	641	0	482	0	482
	Male	680	0	557	0	557
Technicians and associate professionals	Female	749	0	775	0	775
	Male	715	0	942	0	942
Clerks	Female	768	0	663	0	663
	Male	316	0	899	0	899
Service and sales workers	Female	63	0	0	0	0
	Male	134	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	20	0	0	0	0
	Male	121	0	0	0	0
Plant and machine operators and assemblers	Female	211	0	48	0	48
	Male	772	0	654	0	654
Elementary occupations	Female	277	0	339	0	339
	Male	627	0	774	0	774
Gender subtotals	**Female**	**2799**	**0**	**2319**	**0**	**2319**
	Male	**3457**	**0**	**3841**	**0**	**3841**
TOTAL		**6256**	**0**	**6160**	**0**	**6160**

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

Occupational Category	Gender	Number of Employees at Beginning of Period	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	70	0	115	0	115
	Male	92	0	110	0	110
Professionals	Female	641	0	232	0	232
	Male	680	0	276	0	276
Technicians and associate professionals	Female	749	0	391	0	391
	Male	715	0	329	0	329
Clerks	Female	768	0	352	0	352
	Male	316	0	177	0	177
Service and sales workers	Female	63	0	7	0	7
	Male	134	0	30	0	30
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	20	0	80	0	80
	Male	121	0	271	0	271
Plant and machine operators and assemblers	Female	211	0	6	0	6
	Male	772	0	110	0	110
Elementary occupations	Female	277	0	267	0	267
	Male	627	0	414	0	414
Gender sub totals	Female	2799	0	1450	0	1450
	Male	3457	0	1717	0	1717
TOTAL		**6256**	**0**	**3167**	**0**	**3167**

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	8	88,89
Temporary total disablement	0	0,00
Permanent disablement	0	0,00
Fatal	1	11,11
Total	**9**	**100,00**

3.15 Utilisation of consultants

The following tables provide information regarding the utilization of consultants within the department. According to the Public Service Regulations, a "consultant" refers to a natural person, juristic person, or partnership contracted on an ad hoc basis to provide specific professional services. These services include:

(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 2023 to 31 March 2024

Project title Number		Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
		Days	R	
1	To provide specialist and technical support for the no-drop programme for a period of six (06) months	15	6 Months	R2,941,550.00
2	The determination of water resources classes and resource quality objectives for the lower Orange Catchment	11	36 Months	R10,946,850.00
3	Conduct a due diligent study (updating the 2012 study), develop a business case and provide implementation support on reconfiguration of Water Boards	5	6 Months	R2,990,750.95
4	To develop educational and awareness materials for faecal sludge management for a period of eighteen (18) months	22	18 Months	R6,298,382.97
5	Rendering services for translation of a total of one million two hundred and sixty thousand words into eight (8) official languages adopted by the department as per its language policy for a period of 36 months	6	36 Months	R8,315,448.75
6	Conduct an audit of information technology (IT) infrastructure	17	10 Weeks	R1,302,375.00
7	Refinement of strategic groundwater source areas of South Africa for a period of 36 months	9	36 Months	R5,990,189.00
8	Finalising the development of level two (02) disaster management for a period of twenty-four (24) months	15	24 Months	R2,979,714.40

Total number of projects	Total individual consultants	Total duration Workdays	Total contract value in Rand
8	100	164 and 2 weeks	R41 765 261.07

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 to 31 March 2024

Project title %		Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
		%	No	
1	To provide specialist and technical support for the no drop programme for a period of six (06) months	49%	1	7
2	The determination of water resources classes and resource quality objectives for the lower orange catchment	51%	1	15
3	Conduct a due diligent study (updating the 2012 study), develop a business case and provide implementation support on reconfiguration of Water Boards	25%	0	6
4	To develop educational and awareness materials for faecal sludge management for a period of eighteen (18) months	0%	1	2
5	Rendering services for translation of a total of one million two hundred and sixty thousand words into eight (8) official languages adopted by the department as per its language policy for a period of 36 months	0%	1	20
6	Conduct an audit of information technology (IT) infrastructure	100%	1	5
7	Refinement of strategic groundwater source areas of South Africa for a period of 36 months	100%	0	7
8	Finalising the development of level two (02) disaster management for a period of twenty-four (24) months	0%	0	5
9	Providing support on the development updating and review of strategies to reconcile water availability and requirement in the east planning area comprising water supply systems for Mbombela, Richards Bay, Mgeni and all other towns and clusters of villages	49%	1	7
10	Providing specialist support resources to drinking water quality and wastewater services regulation for assessment of water supply and wastewater treatment systems	51%	1	15
11	The study, development, updating and review of strategies to reconcile water availability and requirements in the North Planning Area comprising Mahikeng water supply system-upper Molopo sub-area Crocodile West Marico, Limpopo North, Luvhuvu-Letaba and Olifants and all other towns and Clusters of villages	25%	0	6

3.16 Severance packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2023 to 31 March 2024

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
Total	**0**	**0**	**0**	**0**

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	2023/24	2022/23
	R'000	R'000
Opening balance	8 923 647	8 926 846
Add: Irregular expenditure confirmed	-	1 023
Less: Irregular expenditure condoned	-	4 222
Less: Irregular expenditure not condoned and removed	3 822 375	3 190
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**5 101 272**	**8 923 647**

Irregular expenditure not condoned and removed have been processed according to the National Treasury Guidelines/Instruction Notes.

Reconciling notes

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22 & 2022/23	3 822 375	2 541 229
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for the current year	-	1 023
Total	**3 822 375**	**2 542 252**

1.1.1.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Opening balance	6 787 050	7 118 912
Add: Irregular expenditure confirmed	362 649	101 365
Less: Irregular expenditure condoned	-	148 227
Less: Irregular expenditure not condoned and removed	1 353 050	285 000
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**5 796 649**	**6 787 050**

Current year irregular expenditure relates to prior year irregular contracts which are under investigation.

Irregular expenditure not condoned and removed have been processed according to the National Treasury Guidelines/Instruction Notes.

Reconciling notes

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure that was under assessment in 2023/24	2 979 377	2 744 029
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for the current year	362 649	101 365
Total	**3 342 026**	**2 845 394**

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

1.1.2.1 Main Account

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure under assessment	2 975 098	2 726 429
Irregular expenditure under determination	2 030 380	1 770 120
Irregular expenditure under investigation	791 171	2 290 501
Total	**5 796 649**	**6 787 050**

The cases under determination and investigation are at the various stages by the Department, South African Police Service, Special Investigating Unit, and Court proceedings.

1.1.2.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure under assessment	2 975 514	4 626 043
Irregular expenditure under determination	1 770 120	18 226
Irregular expenditure under investigation	2 004 550	2 437 777
Total	**6 750 184**	**7 082 046**

The cases under assessment, determination and investigation are at the various stages by the Department, South African Police Service, Special Investigating Unit, and Court proceedings.

1.1.3 Details of current and previous year irregular expenditure condoned

1.1.3.1 Main Account

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure condoned	-	4 222
Total	**-**	**4 222**

1.1.3.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure condoned	-	148 227
Total	**-**	**148 227**

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

1.1.4.1 Main Account

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure not condoned and removed	3 822 375	3 190
Total	**3 822 375**	**3 190**

1.1.4.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure not condoned and removed	1 353 050	285 000
Total	**1 353 050**	**285 000**

1.1.5 Details of current and previous year irregular expenditure recovered.

1.1.5.1 Main Account

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure recovered	-	-
Total	**-**	**-**

1.1.5.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure recovered	-	-
Total	**-**	**-**

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

1.1.6.1 Main Account

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure written off	-	-
Total	**-**	**-**

1.1.6.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure written off	-	-
Total	**-**	**-**

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	2023/24	2022/23
	R'000	R'000
Not applicable		

1.1.8.2 Water Trading

Description	2023/24	2022/23
	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
Vaal Intervention Irregular expenditure: Investigations have been concluded and the initiator has been appointed to start with disciplinary proceedings. A 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. A 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. A criminal case was registered with the South African Police Service.	3 300 219
Desalination Plant Richards Bay: The hearing in respect of one employee has been concluded and she was found guilty and dismissed on 2 November 2022. The other employee was requested to make representations as to why disciplinary action should not be taken against him. The final decision is pending	301 168
Bucket Eradication Programme: This is an ongoing case in the KZN High Court between the Department and Service Provider.	20 376

1.1.9.2 Water Trading

Disciplinary steps taken	Amount
Support and maintenance of SAP ECC: Disciplinary file is currently being processed by Labour Relations. The two remaining employees implicated in the report have been served with intention to discipline letters. Responses are awaited whereafter a final decision will be taken on whether to proceed with disciplinary action.	285 951
Desalination Plant Richards Bay: Two employees were implicated. Hearing in respect of one employee has been concluded and she was found guilty and dismissed on 2 November 2022. The other employee was requested to make representations as to why disciplinary action should not be taken against him and thereafter a final decision will be taken.	9 684
Upgrading of the Thukela Goedetrouw Scheme: Two employees were implicated, of which one was charged and found not guilty. The other employee has since been dismissed for different charges.	477 310
Usuthu Vaal Emergency Work: The hearing of one of the implicated employees commenced on 18 October 2023. The hearing had to be postponed due to the employee recovering from temporary incapacity. The disciplinary proceedings are in progress.	18 226
Total	**791 171**

1.2 Fruitless and wasteful expenditure

1.2.1 Reconciliation of fruitless and wasteful expenditure

1.2.1.1 Main Account

Description	2023/24	2022/23
	R'000	R'000
Opening balance	355 982	356 645
Add: Fruitless and wasteful expenditure confirmed	10	59
Less: Fruitless and wasteful expenditure written off	345 190	722
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	**10 802**	**355 982**

The Fruitless and Wasteful Expenditure written off have been processed according to the National Treasury Guidelines/Instruction Notes.

Reconciling notes

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	345 190	369
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	244
Fruitless and wasteful expenditure for the current year	10	59
Total	**345 200**	**672**

1.2.1.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Opening balance	132 290	99 354
Add: Fruitless and wasteful expenditure confirmed	100 259	70 308
Less: Fruitless and wasteful expenditure written off	-	37 372
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	**232 549**	**132 290**

The current year confirmed fruitless and wasteful expenditure relates to losses incurred on internal and external construction projects.

Reconciling notes

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	-	61 982
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	100 259	70 308
Total	**100 259**	**132 290**

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	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	369
Fruitless and wasteful expenditure under determination	-	10 500
Fruitless and wasteful expenditure under investigation	10 802	1 947
Total	**10 802**	**12 816**

The cases investigation are at the various stages by the Department.

1.2.2.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure under assessment	1 601	105 095
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	230 948	27 195
Total	**232 549**	**132 290**

The cases under assessment and investigation are at the various stages by the Department.

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

1.2.3.1 Main Account

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	1
Total	**-**	**1**

In the previous year, the total amount of Fruitless and Wasteful Expenditure recovered, amounts to R1 110, and the details are as follows:

- **R960** for no-show has been recovered from the North-West Provincial Office
- **R150** for cancellation fees has been recovered from the Western Cape Provincial Office.

1.2.3.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
Total	**-**	**-**

1.2.4 Details of current and previous year fruitless and wasteful expenditures written off

1.2.4.1 Main Account

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure written off	345 190	722
Total	**345 190**	**722**

1.2.4.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure written off	-	37 372
Total	**-**	**37 372**

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
The disciplinary process commenced on 12 June 2023, against the three officials who 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. The case was finalised, two officials were dismissed, and one official is back at work.	303
Vaal Intervention Irregular expenditure: Investigations have been concluded and the initiator has been appointed to start with disciplinary proceedings.	140 398
Total	**140 701**

1.2.5.2 Water Trading

Disciplinary steps taken
None

1.3 Unauthorised expenditure

1.3.1 Reconciliation of unauthorised expenditure

1.3.1.1 Main Account

Description	2023/24 R'000	2022/23 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	-	-
Closing balance	**641 109**	**641 109**

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

Reconciling notes

Description	2023/24	2022/23
	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	-	-
Total	**-**	**-**

1.3.1.2 Water Trading

Description	2023/24	2022/23
	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	-	-
Closing balance	**-**	**-**

There is no unauthorised expenditure for the Water Trading Entity.

Reconciling notes

Description	2023/24	2022/23
	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	-	-
Total	**-**	**-**

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

1.3.2.1 Main Account

Description	2023/24	2022/23
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total	**-**	**-**

An amount of R641.109 million for unauthorised expenditure incurred in the financial year 2016/17, has been submitted to National Treasury for condonation and is being processed through Parliament.

1.3.2.2 Water Trading

Description	2023/24	2022/23
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total	**-**	**-**

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 the current and previous year material losses through criminal conduct

1.4.1.1 Main Account

Material losses through criminal conduct	2023/24	2022/23
	R'000	R'000
Theft	4 604	4 108
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	928	936
Total	**3 676**	**3 171**

The write off amount of R928 is made up of both Minor and Major assets (Major – R893 and Minor R35).

Losses reported movement for the financial year amounted to R1 433 which is broken down to R1 424 Major and R8 minor.

1.4.1.2 Water Trading

Material losses through criminal conduct	2023/24	2022/23
	R'000	R'000
Theft	47	3 102
Other material losses	34	92 106
Less: Recovered	0	7
Less: Not recovered and written off	23	497
Total	**0**	**2 563**

1.4.2 Details of other material losses

1.4.2.1 Main Account

Nature of other material losses	2023/24	2022/23
	R'000	R'000
None		
Total	**-**	**-**

1.4.2.2 Water Trading

Nature of other material losses	2023/24	2022/23
	R'000	R'000
Laptops- computer equipment	23	1 220
Cameras- audio visuals	4	6
Construction equipment tools	16	85 049
Other material losses (machinery and equipment, other equipment, appliances and office equipment)	23	5 831
Total	**66**	**92 106**

The other material losses were attributed to assets being damaged and no longer in use. These assets were retired from the Departmental Asset Register using the proper disposal methods as agreed upon by the disposal committee.

1.4.3 Other material losses recovered

1.4.3.1 Main Account

Nature of losses	2023/24	2022/23
	R'000	R'000
None		
Total	-	-

1.4.3.2 Water Trading

Nature of losses	2023/24	2022/23
	R'000	R'000
Cameras- Audio Visuals	0	1
Office Furniture and Appliances	2 341	0
Other material losses (Machinery and Equipment, Other Equip, Appliances and Office Equip)	13	6
Total	**2 364**	**7**

1.4.4 Other material losses written off

1.4.4.1 Main Account

Nature of losses	2023/24	2022/23
	R'000	R'000
None	-	-
Total	**-**	**-**

1.4.4.2 Water Trading

Nature of losses	2023/24	2022/23
	R'000	R'000
Laptops- Computer Equipment	1 241	137
Cameras- Audio Visuals	0	10
Construction Equipment	0	284
Other material losses (Machinery and Equipment, Other Equip, Appliances and Office Equip)	11	66
Total	**1 252**	**497**

The investigation determined that there was no negligence on the part of the users, leading the legal opinion to conclude that the cost should be written off rather than being recovered.

2 LATE AND/OR NON-PAYMENT OF SUPPLIERS

2.1 Main Account

Description	Number of invoices	Consolidated value
	No	R'000
Valid invoices received	113 524	15 909 726
Invoices paid within 30 days or agreed period	113 032	15 868 408
Invoices paid after 30 days or agreed period	397	5 376
Invoices older than 30 days or agreed period (unpaid and without dispute)	95	35 940
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	-

Reasons for the late and or non-payment of invoices:

Verification of supplier invoices, outstanding information and certification of work.

Action plan:

The Department has put in controls to ensure that all invoices are paid within 30 days.

2.2 Water Trading

Description	Number of invoices	Consolidated value
	No	R'000
Valid invoices received	122 881	14 349 126
Invoices paid within 30 days or agreed period	120 416	14 339 961
Invoices paid after 30 days or agreed period	2 465	9 165
Invoices older than 30 days or agreed period (unpaid and without dispute)		
Invoices older than 30 days or agreed period (unpaid and in dispute)	1 963	11 242

Reasons for the late and or non-payment of invoices:
Verification of supplier invoices, outstanding information and certification of work.

Action plan:
The Department has put in controls 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
				No	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	To support the Department by testifying at the disciplinary hearings of officials who are accused of defrauding the Department through the subsistence and travel claim system	Abacus Financial Crime Advisory	The preferred service provider is to assist the Department during the disciplinary process since they had conducted the investigation and report.	WD402	R98 818.00
3	To support the Department by testifying at the disciplinary hearings of the officials involved and possible litigation - Site Re-establishment cost and standing time relating to the Hazelmere Dam project	Morar Incorporated Services	The preferred service provider is to assist the Department during the disciplinary process since they had conducted the investigation and report.	WD403	R943/hour estimated R100 000.00
4	Service of GCXGC TOF MS instrument at Roodeplaat Laboratory	Leco Africa (Pty) Ltd	Sole supplier	WD405	R473 005.35
5	Enrolment for the Occupational Certificate: Internal Audit Qualification (OCIA)	Institute of Internal Auditors SA (Leadership Academy)	Sole supplier	WD404	R446 711.75
6	Supply and delivery of consumables for the Inorganic laboratory at RQIS	Anatech Analyticak Technology	Sole supplier	WD407	R258 890.24
7	Development of guidelines for financial mechanisms and economic models to facilitate the circular economy in the provision of faecal sludge management	University of KwaZulu-Natal	Preferred Service Provider	WD397	R9 399 970.63
8	Supply and deliver consumables for the laboratory at Roodeplaat	Anatech Instruments (Pty) Ltd	Sole supplier	WD409	R32 687.03
9	Service of Gallery Plus instrument for the laboratory at Roodeplaat	Anatech Instruments (Pty) Ltd	Sole supplier	WD410	R3 691.50

Project description		Name of supplier	Type of procurement by other means	Contract number	Value of contract
				No	R'000
10	Soil and Water Assessment Tool (SWAT) training to the study team for the project: Development and Implementation of Water Quality Management Action Plans for the Integrated Vaal River System	Digital Soils Africa (Pty) Ltd	Sole supplier	WD406	R217 791.60
11	Security Operations Centre (SOC) services to DWS for a period of three (3) years	SITA	Sole supplier as per SITA Act	WD418	R16 451 708.53
12	Symantec Endpoint complete and Encryption licenses and support for a period of three (3) years for DWS	SITA	Sole supplier as per SITA Act	WD419	R11 442 082.55
13	An independent investigation into the failure of Jagersfontein Tailings Storage Facility for a period of six (6) months	University of Pretoria and University of Witwatersrand	Preferred service providers	WD420	R6 158 008.50
14	Servicing of Cary Spectrophotometer in Hydrobiology Laboratory at Resource Quality Information Services (RQIS)	Chemetrix Export (Pty) Ltd	Sole supplier	WD423	R6 405.16
15	Repair of FIA laboratory instrument for the Inorganic laboratory at Resource Quality Information Services (RQIS)	Anatech Instruments (Pty) Ltd	Sole supplier	WD414	R223 596.09
16	Laboratory consumables used for analysis of water samples in the Inorganic laboratory at Resource Quality Information Services (RQIS)	Anatech Instruments (Pty) Ltd	Sole supplier	WD426	R85 010.30
17	Supply and deliver household furniture for the DG's residential place in Cape Town	Patio Warehouse	Preferred supplier	WD422	R38 160.00
18	Supply and deliver household furniture for the DG's residential place in Cape Town	Coricraft	Preferred supplier		R118 286.00
19	Supply and deliver household furniture for the DG's residential place in Cape Town	A and S Renovations and Construction	Preferred supplier		R8 000.00
20	Supply and deliver household furniture for the DG's residential place in Cape Town	Lewis Group (UFO)	Preferred supplier		R11 000.00
21	Laboratory Information Management System (LIMS) maintenance and support for Resource Quality information Services (RQIS) for a period of twelve (12) months	Labware (Pty) Ltd	Sole supplier	WD427	R615 952.44
22	Booking of the exhibition stand and appointment of IAH congress for furniture hire and the stand design at the 50th worldwide progress of the international association of hydrogeology to be hosted in Cape Town from 18 to 22 September 2023	International Association of Hydrogeology	Sole supplier	WD435	R69 169.05
23	Repair of Smartchem 450 instrument	Analytic Solutions	Sole supplier	WD429	R18 198.75
24	Supply of microcystin kits	Stargate Scientific	Sole supplier	WD436	R138 000.00
25	Procurement of Colilert consumables	Idexx Laboratories	Sole supplier	WD437	R625 774.46

Project description		Name of supplier	Type of procurement by other means	Contract number	Value of contract
				No	R'000
26	Support to the Department by testifying at the disciplinary hearings of the officials involved and possible litigation – Gauteng irregular expenditure investigations	Morar Incorporated Services	The preferred service provider is to assist the Department during the disciplinary process since they had conducted the investigation and report.	WD439	R1 380/hour Estimated R200 000.00
27	Service of gallery M051940 instrument	Anatech Instrument (Pty) Ltd	Sole supplier	WD422	R101 935.07
28	Procurement of microbiology cultures for the microbiology laboratory	Anatech Instrument (Pty) Ltd	Sole supplier	WD443	R4 487.70
29	Appointment of Maputaland Community Radio station as a Sole Service Provider in Jozin to broadcast a community engagement led by Minster Senzo Mchunu on 13 December 2023	Maputaland community Radio Station	Sole Supplier	WD450	R40 250.00
30	Repair of GCXGCTOFMS at RQIS	Leco Africa (Pty) Ltd	Sole Supplier	WD447	R19 973.00
31	Method accreditation services for the laboratories at RQIS	South African Accreditation System	Sole Supplier	WD448	R95 288.87
32	Repair of GBC laboratory instrument	3FScientic (Pty) Ltd	Sole Supplier	WD449	R17 853.75
33	Teammate software licenses	Wolter Kluwer Tax and Accounting Southern Africa (Pty) Ltd	Sole Supplier	WD451	R729 197.21
34	Renewal of Audit Command Language (ACL) software solution renewal from 1 February 2024 to 31 January 2025	Surtech Solutions RSA (Pty) Ltd	Sole Supplier	WD452	R647 248.28
35	One (1) wildcard secure sockets layers (SSL) certificate for a period of one (1) year to DWS	SITA	Sole supplier as per SITA Act	WD454	R20 067.58
36	Emergency procurement for service of Bellville server room aircon	Fortuna Maintenance Services	Emergency procurement	WD458	R41 270.00
37	Ministerial Launch of the Water and Sanitation Services on Privately Owned Land Policy on 01 March 2024	SABC Ukhozi FM	Sole supplier	WD457	R391 000.00
38	Outside broadcast service for the Ministerial Water Imbizo in Musina, Limpopo on 15 March 2024	Musina Community Radio Station	Sole supplier	WD461	R70 000.00

3.1.2 Water Trading

	Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
				No	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	3 434 216.37
2	The hiring of a plant of the Giyani Project for 7 months to DWS Construction North in the Limpopo Province	Bluepond supply and projects Rise -Mate Trading Enterprise Gulas Business Solution Remoshomong Trading Enterprises Mavone Investments Mahlodi Construction	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	165 122.75
4	nominate the South African Bereau of Standard (SABS) as the Sole Supplier of the complete collection subscription for the Department to have access to the South African National Standards (SANS) codes for five years	The South African Bureau Standard (SABS)	Sole Supplier	DEV0008/22 WTE	3 493 322.80

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
				No	R'000	R'000	R'000
1	Delays due to rainy days incurred	G5 Group (Pty) Ltd	VO17: Extension of contract: HDA/FS/2020/005: the construction of bulk sewer lines and pump stations for eradication of buckets in Setsoto Municipality for Ficksburg in the free state for a period of one hundred and forty-two (142) and VO18: Additional scope of work for Client liaison Officer: HDA/FS/2020/005: the construction of bulk sewer lines And pump stations for the eradication of buckets in Setsoto Municipality for Ficksburg in the free state.	HAD/FS/2021/002	R179 513 953.50	R0.00	R284 299.74
2	The Inception process revealed the additional tasks that were not known during the Tender Stage.	Tlou Integrated Tech cc	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).	WP11339	R23 349 804.00	R0.00	R1 603 936.59
3	Process of bid not yet finalised.	Travel with Flair	Extension of Contract for rendering of travel reservation services for a period of 6 months effective from 8 July 2023 to 30 November 2023	W11301	R1 534 656 395.00	R0.00	R108 383 877.00

	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
				No	R'000	R'000	R'000
4	The Department of Water and Sanitation requested SITA to procure similar services through open Tender however SITA indicated that it is their prerogative to provide such services to the Organ of States. It was anticipated through engagement with SITA that, they might not finalise the on-boarding and procurement process before the contract expiry which is dated the 2nd April 2023 therefore the Department might have a risk of not having an IT outsource services.	EOH Mthombo PTY LTD	Extension of Contract for the Outsourcing of Information Technology Services for the Department of Water for a period of 3 Months	RFB1624/2017	R562 440 951.66	R0.00	R26 407 673.59
5	Due to high volume of accommodation, workshop and training bookings by various organ of states has impacted the high demand of laundry service usage.	Germp Trading Enterprise	Additional funds for rendering of laundry services at Roodeplaat Training Centre	WQ28538	R420 000.00	R0.00	R220 707.00
6	Due to COVID 19 Pandemic travel to site was limited and that resulted in budget constraints and cuts by DWS.	Bigen Africa	Extension of Contract for the Development of operating rules for water supply and drought management of stand-alone dams, schemes and integrated systems in the East water planning area for a period of 14 months	WP11251	R10 442 890.00	R0.00	R0.00
7	Due to several attempts to steal diesel, theft of equipment and office breaking which lead to which lead to serious damage on containers.	G5 Group (Pty) Ltd	Variation Order 15: Additional scope of work for Security: HDA/FS/2020/005: the construction of bulk sewer lines And pump stations for eradication of buckets in Setsoto Municipality for Ficksburg in the free state.	HAD/FS/2021/002	R179 513 953.50	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
				No	R'000	R'000	R'000
8	Due to COVID 19 Pandemic travel to site was limited and that resulted in budget constraints and cuts by DWS. Delays due to rainy days incurred. Due to Government declaring the national state of disaster in response to the floods disaster that occurred in the month of February 2023 and resulted in deviation of resources in seven provinces. The audited Financial statement are have been submitted where as those are the source of the information required in which will be received in July 2023.	Golder Associates	Development of operating rules for water supply and drought management of stand-alone dams, schemes and integrated systems in the East water planning area for a period of 6 months from 15 September 2023 to 15 March 2024.	WP11251	R10 991 598.00	20-Apr-23	R0.00
		G5 Group (Pty) Ltd		HAD/FS/2021/002	R179 513 953.50	18-Sep-23	R297 242.38
		GroundTruth cc		WP11354	R17 668 296.40		R0.00
		JS BEE Solutions (Pty) Ltd		WP11411	R1 656 000.00		R0.00
		GA Environment		WP11342	R919 474.45		R0.00
		WRP Consulting Engineers		WP11251	R13 210 288.00		R0.00
9			VO 15: Extension of time and inclement weather conditions: HDA/FS/2020/005: the construction of bulk sewer lines and pump stations for eradication of buckets in Setsoto Municipality for Clocolan in the free state. and VO 16: Additional scope of work for Client liason Officer: HDA/FS/2020/005: the construction of bulk sewer lines And pump stations for eradication of buckets in Setsoto Municipality for Clocolan in the free state.				
10			Extension of Contract to undertake the determination of water resource classes, reserve and resource quality objectives in the Keiskamma and fish to Tsitsikamma catchments within the Mzimvubu-Tsitsikamma management area for a effective from 20 September 2024 to 19 March 2025			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
				No	R'000	R'000	R'000
11			Extension of Contract for Broad-Base Black Economic Empowerment audit for DWS, nine Provincial Offices, five Construction Offices and four Clusters			R0.00	
12			VO 2: Extension of Contract Algoa water supply system: environmental impact assessment of the proposed Coerney Balancing Dam			R0.00	
13			Development of operating rules for water supply and drought management of stand-alone dams, schemes and integrated systems in the East water planning area for a period of 6 months from 17 August 2023 to 16 October 2024.			R0.00	
14	Due the time for addressing the comments and to finalise some of the deliverables that are still outstanding.	WRP Consulting Engineers (Pty) Ltd	Extension of Contract for classification of significant water resources and determination of resources quality objectives for water resource in the Usutu to Mhlathuze catchments	WP11387	R8 876 884.50	R0.00	R0.00
15	Complete Electronic Transfer of information data of all collected information.	Wayo Consulting cc	Variation No:01 Additional scope of work in complete Electronic Transfer of information data of all collected information and Extension of Contract for development of five-year reliable water and sanitation services delivery implementation plans for Ngaka Modiri Molema DM	WP11379	R1 497 944.00	R0.00	R149 749.44
16	Delay in procurement process.	News Clip Media Monitoring	Variation Order No 02: Extension of Contract for media monitoring effective from 01 January 2024 until 29 February 2024.	WQ-29384	R222 981.30	R0.00	R30 455.38
17	The process to procure another long-term contract is currently underway, however, it has been delayed by the cost containment measures inline with NT	Newsclip Media Monitoring	Variation No:01 Media monitoring services to the department of water and sanitation for a period of 2 months	WQ-29384	R222 981.30	R0.00	R 29 730.84

	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
				No	R'000	R'000	R'000
18	Network and loadshedding delayed the assessment since it has to be done manually.	Madi Water Solutions	VO 03: Extension of contract effective from 1 September 2023 to 31 October 2023, for providing specialist support resources to drinking water quality and wastewater services regulation for assessment of water supply and wastewater treatment systems	WP11351	R43 055 149.00	R0.00	R0,00
19	Additional feedback on strategies has just been provided which involved significant change in structure of the strategies and implementation plan	Pegasys Pty Ltd	Extension of time for the update of national and sectoral water conservation and water demand management strategies	WP11390	R4 274 428.68	R0.00	R0.00
20	Delays on study team members, changes on availability and project dependency on other study.	JG Africa Pty Ltd	VO 1: Extension of Contract A Undertake the study national water resource balances perspectives for South Africa for a period of 2 Months	WP11335	R13 135 081.50	R0.00	R0.00
21	Several challenges during the inception and the subsistence of the contract resulted in a slower pace of execution of project activities than originally planned	JG Africa Pty Ltd	VO 2: Extension of Contract A Undertake the study national water resource balances perspectives for South Africa for a period of 14 Months	WP11335	R13 135 081.50	R0.00	R0.00
22	The process of procuring the similar service is not yet finalised.	Rax Empowerment and projects cc and Empyrean Vision Holdings joint venture	Supply and delivery of grocery (food products) and cleaning consumables to Roodeplaat Training Centre for a period of 08 months	W11300	R0,00	R0.00	R2 100 000.00
23	Delays due to the Contractor not been able to install the lateral support as the process for approval was delayed.	Seedi Development Projects (Pty) Ltd	VO 7 Extension of time for a period of 4 months: Bucket Eradication Programme Petrus Steyn effective from 1 December 2023 until 16 April 2024	HA5/ FHDA/2020/005	R107 943 305.08	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
				No	R'000	R'000	R'000
24	During COVID-19 the service was introduced by SITA as pro-bono with the instruction of the Presidency and National Coronavirus Command Council and is widely used by Ministry and Director General. SITA stated that it must be a paying service.	SITA	VO NO 01: TE Mobile\Desktop Video Conferencing Service added to the Primary SLA. Dedicated VPN Service upgrade of datelines and pricing updated. LAN and Desktop support Service for Department of Water and Sanitation	SLA1107_001	R93 532 930.27	R0.00	R16 853 717.29
25	New cabinet that was added SITA Data centre that will cater for DWS Infrastructure.	SITA	Variation Order no: 02: additional scope for Annexure M of SITA server accommodation work for the primary service level agreement	SLA1107_001	R93 532 930.27	R0.00	R222 915.56
26	Delay due to adverse weather conditions and refurbishment of the maturation ponds that will boost a colony of Flaming as it is located adjacent to the wetland.	Tefla Group	VO 04: Extension of time with cost for a period of 2 months effective from 1 August 2023 until 30 October 2023 for Dealesville	HAD/FS/2021/003	R135 198 823.33	R0.00	R782 021.21
27	Delay due to Directorate Land Matters giving access to the Farm in order to commence with the sewer rising main and grey water pipeline	Tefla Group	VO 05: Extension of time without cost for a period of 6 months which is effective from 12 September 2023 until 31 March 2024 for Arlington and VO 06: Package Plant Change specification for Arlington	HAD/FS/2021/003	R135 198 823.33	R0.00	R0.00
28	Delays due to adverse weather conditions and as well as constant required design changes and also the contractor 's procurement process	Tefla Group	VO 05: Extension of time without cost for a period of 4 months effective from 31 October 2023 until 8 March 2024 for Dealesville	HAD/FS/2021/003	R135 198 823.33	R0.00	R0.00
29	Process of bid not yet finalised.	Travel with Flair	Extension of Contract for rendering of travel reservation services for 6 months effective from 8 November 2023 to 07 May 2024	W11301	R1 534 656 395.00	R0.00	R162 575 815.50
30	Delays in data Acquisitions.	Umvoto South Africa (Pty) Ltd	VO 01: Extension of Contract To conduct a high-confidence groundwater reserve determination study in the Berg Catchment	WP11398	R3 244 909.24	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
				No	R'000	R'000	R'000
31	The PSP encountered Delays in scheduling deport visits, struggled with updating data and use of multipled data sources during the collection process which did not always correlate.	DLV Project Managers and Engineers Pty Ltd	VO 01: Extension of time without Financial implications: Development of five-year reliable water and sanitation services delivery implementation plans for Joe Gqabi DM	WP11374	R1 731 762.00	R0.00	R0.00
32	Due to long lead times of the procurement of Mechanical and Electrical equipment.	G5 Group (Pty) Ltd	VO 18: Extension of time effective from 25 March 2024 until 30 July 2024: HDA/FS/2020/005: the construction of bulk sewer lines and pump stations for eradication of buckets in Setsoto Municipality for Clocolan in the free state.	HAD/FS/2021/002	R179 513 953.50	R0.00	R0.00
33	Due to the Tefla Group 's failure to achieve practical completion by the 8 March 2024.	Tefla Group	VO 06: Extension of time without cost for a period of 4 months period which is effective from 9 March 2024 until 19 April 2024 for Dealesville.	HAD/FS/2021/003	R107 943 305.08	R0.00	R0.00

3.2.2 Water Trading

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
				No	R'000	R'000	R'000
1	Mdloti River Development: Project Management and Construction supervision	Messrs Ingerop South Africa	Variation	DEV0053WTE	R 23 134 816.35	R11 722 004.97	R2 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	R0.00	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	R0.00	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	R0.00	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	R0.00	R 99 151.75
6	Health and Safety Agent for Kwaggaskloof Dam safety	Coetzee CHSA (PTY) Ltd	Variation	WQ9895 WT	R 356 270.00	R0.00	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	R91 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	R0.00	R 148 856.00
9	Monitoring services for Mzimvumbu WATER PROJECT (advanced work)	Coastal and Environmental Services (PTY) Ltd	Variation	WQ9370 WTE	R487 542.50	R0.00	R72 793.30
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
11	Olifants River Water Resource Development Project (ORWRDP): bulk distribution system	Zutari Ndodana Joint Venture	Expansion	TCTA05-041	R410 549 182.00	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

PART F:
ANNUAL FINANCIAL STATEMENTS FOR THE DEPARTMENT OF WATER AND SANITATION
(VOTE 41)

1 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

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, 1999 and National 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. Further it 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 external members who have sufficient qualifications and experience to render the required Audit Committee function as stipulated in its terms of reference.

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date of termination	Number of meetings attended for 2023/24
Adv O Josie	BA (Pol), BPROC (Law), LLB (Honours, Law), LLM (Masters, Law), MBL (Masters, Business Leadership-Unisa Business School), Programme in Project Management (UP) and a Chartered Director, SA (2017).	External	Not Applicable	01 November 2022	-	8/8
Dr C 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 2023	-	8/8
Ms R Kalidass[1]	Bachelor of Accounting Science (BCompt), Bachelor of Commerce Honours, Certificate in Accounting Theory (CTA), and a CA (SA)	External	Not Applicable	01 July 2023	-	5/8
Mr Z Myeza[2]	BCom Accounting, Master's degree in Business Administration, Certificate in Corporate Governance, Master Practitioner in Real Estate, Certificate in Retail Management, Certificate in Aviation Management and Chartered Director: SA.	External	Not Applicable	01 July 2023	-	5/8

1 Member was appointed on 01 July 2023. At that stage, three (3) meetings had already taken place.
2 Member was appointed on 01 July 2023. At that stage, three (3) meetings had already taken place.

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date of termination	Number of meetings attended for 2023/24
Ms N Sizani	Bachelor of Commerce Honors, Certificate in Accounting Theory (CTA), Post Graduate Diploma in Management, Bachelor of Commerce, and Senior Secondary Teachers Diploma.	External	Not Applicable	01 July 2020	30 June 2023	3/8
Mr S 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, and a Leadership in Local Government Certification	External	Not Applicable	01 July 2020	30 June 2023	3/8

The effectiveness of internal control

The systems of internal control are designed to provide reasonable assurance in achieving the Department's objectives by ensuring, amongst others, 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 quarterly reporting processes by management and 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. 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, indicate that Management needs to institute adequate corrective action to address control weaknesses identified.

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, 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 2023/24 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 the 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. It is envisaged that this coordination will result in the AGSA placing more reliance on the work of Internal Audit in the coming financial year.

Internal Audit Effectiveness

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

Internal Audit is part of the third line of defence as outlined 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. Regarding its evaluation of the adequacy and effectiveness of internal controls, the Audit Committee reviews and approves the Internal Audit Annual Coverage and Three-Year Rolling Plans, receives reports from Internal Audit on a quarterly basis, and assesses the effectiveness of the Internal Audit function.

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 the 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 on 24 May 2024, which the committee reviewed as satisfactory. Quarterly review of performance information was undertaken by the Internal Audit unit and verification of all Annual Performance Plan targets. An improvement was noted in this regard. Furthermore, the AGSA did not identify any material findings on the reported performance information for the selected programmes.

The Audit Committee is however concerned about the achievement of 70% of the set performance targets, which is a regression when compared to last year's achievement of 72%. The Committee however noted an improvement in the percentage spent against the appropriated budget as it improved from 86% during the 2022/23 financial year to 99.7% in 2023/24.

Therefore, the Audit Committee is of the view that the Department is making strides to improve its budgetary performance. However, some improvements are required to achieve annual targets.

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 Corporate 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 a focus on ethics within the Department to embed further enhancement of awareness and understanding of ethics at all levels. 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, and a report is provided to the Audit Committee regarding compliance thereof. The AGSA did not find any fraud risk factors.

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 the 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 the 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 and the control deficiencies that were identified by the AGSA and Internal Audit in the information security management and business continuity. 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 2024, 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 confirms that the reports were mostly in compliance with the statuary 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 24 May 2024.

The AGSA presented the Audit and Management reports to the management of the Department and the Audit Committee at a meeting held on 24 July 2024.

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 as the financial statements that were submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the PFMA. In this regard, material corrections were made to capital commitments. Therefore, management needs to implement the actions plans to ensure that the internal control environment is improved and increase the likelihood of a clean audit outcome. The implementation of these action plans will be monitored by Internal Audit and the Audit Committee on a quarterly basis.

The Audit Committee is pleased that:

- The department has made significant progress in addressing the findings on consequence management and must be commended for effectively driving this process to ensure that investigations are undertaken, actioned and that condonations are obtained to allow for removal of such irregular expenditure from the irregular expenditure register.
- Improvements were also noted with the audit of the annual performance report as no material findings were reported for the year under review.
- Improvements were noted on the spending of the budget and for improvements noted in the financial health indicators.
- There were no significant issues from the AGSA's audit of compliance with Supply Chain Management legislation and related prescripts, policies, and procedures. The significant improvement can be attributed to the improvements in the internal control environment.
- There were no new material irregularities 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 27.2 days in the prior year to 21 days in the 2023/24 financial year.
- The Department has embarked on the process of implementing the water services improvement plan to assist with improving service delivery at municipalities.

The Audit Committee is concerned about poor project management for projects, as various projects are managed for which implementing agents are appointed. There has been minimal achievement against the targets set for the Bucket eradication programme over the years. Management has indicated that poor planning contributed to this outcome as the infrastructure to support the toilet system was not in place. Management is currently focusing on getting this infrastructure in place. Action plans must be implemented to ensure the timely delivery of infrastructure projects within allocated budgets.

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. 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.

Chairperson of the Audit Committee
Department of the Water & Sanitation

Date: 27 September 2024

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 232 to 304, which comprise the appropriation statement, statement of financial position as at 31 March 2024, 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 2024, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (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 responsibilities of the auditor-general 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.

Other matter

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

Unaudited supplementary schedules

6 The supplementary information set out on pages 306 to 342 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.

Responsibility of the accounting officer for the financial statements

7 The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and 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.

8 In preparing 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

9 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.

10 A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 227, forms part of my auditor's report.

Report on the audit of the annual performance report

11 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 the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

12 I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measures 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 Resource Management	65 to 91	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	91 to 107	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.

13 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.

14 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.
- all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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.

15 I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

16 I did not identify any material findings on the reported performance information for the selected programmes.

Other matters

17 I draw attention to the matters below.

Achievement of planned targets

18 The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

19 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:

20 The table that follows provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for the underachievement of targets are included in the annual performance report on pages 65 to 107.

Key service delivery indicators not achieved		Planned target	Reported achievement
Programme 2: Water Resources Management *Targets achieved: 70,73%* *Budget spent: 99,7%*			
3.4.1	Number of bulk raw water projects in preparation for implementation	6	1
3.4.2	Number of bulk raw water projects under construction	3	1
3.5.1	Percentage scheduled maintenance projects completed as a proportion of planned maintenance projects	70%	39%
3.5.4	Number of dam safety rehabilitation projects completed	2	0
3.5.5	Number of kilometres of conveyance systems rehabilitated per annum	10km	5.032km
5.1.4	Percentage of applications for water use authorisation finalised within applicable period.	80%	60%

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme 3: water services management *Targets achieved: 68,97%* *Budget spent: 99,9%*		
PPI No 3.9.2: Number of implementation readiness studies for water and wastewater services projects (RBIG) completed	8	7
PPI No 3.10.2: Number of small WSIG projects completed.	101	54
PPI No 3.10.4: Number of existing bucket sanitation backlog systems in formal settlements replaced	10 798	0
PPI 3.9.3.1: Number of mega regional bulk infrastructure project phases under construction	20	18
PPI 3.9.4.1 Number of mega regional bulk infrastructure project phases completed	3	0
PPI 3.9.4.2 Number of large regional bulk infrastructure project phases completed	19	11
PPI No 3.9.4.3: Number of small regional bulk infrastructure project phases completed	9	4
PPI No 3.9.6.4: Number of regional bulk infrastructure project phases funded through BFI completed	1	0

Material misstatements

21 I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme 2 water resource management and Programme 3 water services management. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

22 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.

23 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.

24 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.

25 The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

26 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. Material misstatements of disclosure notes identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified opinion.

Other information in the annual report

27 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.

28 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.

29 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.

30 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

31 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.

32 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.

33 Management did not adequately implement internal controls designed to ensure that capital commitments are properly and accurately supported by evidence, resulting in material corrections to the financial statements.

34 Management did not adequately review the annual performance report prior to submission for audit.

Material irregularities

35 In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report 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

36 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.

37 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.

38 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.

39 The accounting officer was notified of the material irregularity on 17 July 2019. The following actions have been taken to resolve the material irregularity:

40 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.

41 One official joined another department and, on 9 June 2020 that department was requested to continue with the disciplinary process. The disciplinary hearing was concluded on 02 May 2024 with the dismissal of the employee.

42 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.

43 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.

44 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.

45 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.

46 I will follow up on the implementation of the above actions during my next audit.

Other reports

47 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.

48 The Special Investigating 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

31 July 2024

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.
- conclude on the appropriateness of 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)(I)

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 per programme

Programme R'000		2023/24 Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	2022/23 Final budget	Actual expenditure
R'000		R'000	R'000	R'000	R'000	%	R'000		R'000	
1	Administration	2 070 074	-	(65 450)	2 004 624	1 987 507	17 117	99,1%	1 990 699	1 957 254
2	Water Resources Management	4 303 190	-	(57 564)	4 245 626	4 234 703	10 923	99,7%	3 814 317	3 781 243
3	Water Services Management	15 002 652	-	123 014	15 125 666	15 109 386	16 280	99,9%	12 749 994	11 954 920
Total programmes		**21 375 916**	**-**	**-**	**21 375 916**	**21 331 596**	**44 320**	**99,8%**	**18 555 010**	**17 693 416**
					R'000					
Total (brought forward)					21 375 916				18 555 010	
Reconciliation with statement of financial performance										
ADD										
Departmental receipts					3 852				26 709	
Actual amounts per statement of financial performance (total revenue)					**21 379 768**				**18 581 719**	
Actual amounts per statement of financial performance (total expenditure)						**21 331 596**				**17 693 416**

Appropriation per economic classification

Economic classification	2023/24							2022/23	
	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
Current payments	**3 670 608**	**-16 952**	**-63 336**	**3 590 320**	**3 552 443**	**37 877**	**98,90%**	**3 727 919**	**3 643 526**
Compensation of employees	1 874 160	-3 748	-	1 870 412	1 832 606	37 806	98,00%	1 836 433	1 812 886
Goods and services	1 796 448	-13 204	-63 336	1 719 908	1 719 837	71	100,00%	1 891 483	1 830 637
Interest and rent on land	-	-	-	-	-	-	-	3	3
Transfers and subsidies	**13 279 365**	**7 365**	**-**	**13 286 730**	**13 280 292**	**6 438**	**100,00%**	**10 803 374**	**10 799 400**
Provinces and municipalities	6 879 218	-	-	6 879 218	6 878 958	260	100,00%	6 357 665	6 357 147
Departmental agencies and accounts	3 276 090	6	-	3 276 096	3 276 096	-	100,00%	2 612 141	2 612 140
Foreign governments and international organisations	43 230	3 611	-	46 841	46 566	275	99,40%	250 978	250 754
Public corporations and private enterprises	3 039 960	-	-	3 039 960	3 039 510	450	100,00%	1 543 686	1 543 686
Non-profit institutions	7 856	-	-	7 856	2 447	5 409	31,10%	1 592	1 485
Households	33 011	3 748	-	36 759	36 715	44	99,90%	37 312	34 188
Payments for capital assets	**4 425 937**	**9 552**	**63 336**	**4 498 825**	**4 498 820**	**5**	**100,00%**	**4 022 693**	**3 249 466**
Buildings and other fixed structures	4 224 496	12 263	113 177	4 349 936	4 349 931	5	100,00%	3 824 215	3 135 657
Machinery and equipment	133 647	-2 711	-46 744	84 192	84 192	-	100,00%	146 936	67 371
Intangible assets	67 794	-	-3 097	64 697	64 697	-	100,00%	51 542	46 438
Payments for financial assets	**6**	**35**	**-**	**41**	**41**	**-**	**100,00%**	**1 024**	**1 024**
Total for economic classification	**21 375 916**	**-**	**-**	**21 375 916**	**21 331 596**	**44 320**	**99,80%**	**18 555 010**	**17 693 416**

Programme 1: Administration

Sub-programmes R'000		2023/24								2022/23	
		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	
1	Ministry	52 404	17 120	-432	69 092	69 034	58	99,90%		60 065	59 796
2	Departmental Management	154 156	-43	-10 514	143 599	137 915	5 684	96,00%		142 489	142 461
3	Corporate Services	921 439	-26 241	-33 473	861 725	855 842	5 883	99,30%		848 582	815 927
4	Financial Management	283 778	-2 530	-11 117	270 131	266 864	3 267	98,80%		255 835	255 798
5	Office Accommodation	556 431	7 121	-	563 552	563 552	-	100,00%		587 785	587 785
6	Provincial and International Coordination	101 866	4 573	-9 914	96 525	94 300	2 225	97,70%		95 943	95 487
Total for sub-programmes		**2 070 074**	**-**	**-65 450**	**2 004 624**	**1 987 507**	**17 117**	**99,10%**		**1 990 699**	**1 957 254**

Economic classification	2023/24							2022/23	
	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
Current payments	**1 896 669**	**-5 218**	**-31 071**	**1 860 380**	**1 845 619**	**14 761**	**99,20%**	**1 851 357**	**1 849 619**
Compensation of employees	884 662	-1 571	-	883 091	868 332	14 759	98,30%	850 247	849 918
Goods and services	1 012 007	-3 647	-31 071	977 289	977 287	2	100,00%	1 001 107	999 698
Interest and rent on land		-	-			-	-	3	3
Transfers and subsidies	**38 241**	**5 183**	**-**	**43 424**	**41 068**	**2 356**	**94,60%**	**34 288**	**33 738**
Provinces and municipalities	96	-	-	96	9	87	9,40%	183	7
Departmental agencies and accounts	3 429	1	-	3 430	3 430	-	100,00%	3 354	3 354
Foreign governments and international organisations	2 820	3 611	-	6 431	6 156	275	95,70%	2 700	2 476
Non-profit institutions	2 497	-	-	2 497	547	1 950	21,90%	550	500
Households	29 399	1 571	-	30 970	30 926	44	99,90%	27 501	27 401

Economic classification	2023/24							2022/23	
	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
Payments for capital assets	**135 164**	**-**	**-34 379**	**100 785**	**100 785**	**-**	**100,00%**	**104 588**	**73 431**
Machinery and equipment	68 530	-	-32 276	36 254	36 254	-	100,00%	53 119	27 066
Intangible assets	66 634	-	-2 103	64 531	64 531	-	100,00%	51 469	46 365
Payments for financial assets	**-**	**35**	**-**	**35**	**35**	**-**	**100,00%**	**466**	**466**
Total for economic classification	**2 070 074**	**-**	**-65 450**	**2 004 624**	**1 987 507**	**17 117**	**99,10%**	**1 990 699**	**1 957 254**

Programme 2: Water Resource Management

Sub-programmes R'000		2023/24							2022/23	
		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	
1	Water Resources Management Support	5 684	409	(89)	6 004	4 191	1 813	69,8%	6 802	6 312
2	Integrated Water Resources Planning	78 942	4 039	(2 854)	80 127	80 114	13	100,0%	69 463	69 461
3	Water Ecosystems Management	62 786	526	(73)	63 239	62 662	577	99,1%	69 966	69 834
4	Water Resources Information and Management	560 259	(5 649)	(35 929)	518 681	513 133	5 548	98,9%	562 729	535 598
5	Water Resources Infrastructure Management	3 313 071	-	-	3 313 071	3 313 071	-	100,0%	2 857 057	2 857 057
6	Water Resources Policy and Strategy	9 481	49	(3 321)	6 209	5 475	734	88,2%	2 770	2 620
7	Water Resources Regulation	228 471	166	(13 035)	215 602	213 953	1 649	99,2%	206 942	201 782
8	Water Resources Institutional Oversight	44 496	460	(2 263)	42 693	42 104	589	98,6%	38 588	38 578
Total for sub-programmes		**4 303 190**	**-**	**(57 564)**	**4 245 626**	**4 234 703**	**10 923**	**99,7%**	**3 814 317**	**3 781 243**

Economic classification	2023/24							2022/23	
	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
Current payments	**923 846**	**(1 522)**	**(32 265)**	**890 059**	**879 309**	**10 750**	**98,8%**	**874 022**	**868 405**
Compensation of employees	630 634	(1 074)	-	629 560	618 878	10 682	98,3%	598 853	593 236
Goods and services	293 212	(448)	(32 265)	260 499	260 431	68	100,0%	275 169	275 169
Interest and rent on land		-	-			-	-	-	-
Transfers and subsidies	**3 315 785**	**1 079**	**-**	**3 316 864**	**3 316 691**	**173**	**100,0%**	**2 861 473**	**2 860 805**

Economic classification	2023/24							2022/23	
	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
Provinces and municipalities	633	-	-	633	460	173	72,7%	795	453
Departmental agencies and accounts	3 272 661	5	-	3 272 666	3 272 666	-	100,0%	2 608 787	2 608 786
Foreign governments and international organisations	40 410	-	-	40 410	40 410	-	100,0%	248 278	248 278
Households	2 081	1 074	-	3 155	3 155	-	100,0%	3 613	3 288
Payments for capital assets	**63 555**	**443**	**(25 299)**	**38 699**	**38 699**	**-**	**100,0%**	**78 548**	**51 759**
Buildings and other fixed structures	9 837	-	(9 837)	-	-	-	-	21 596	21 596
Machinery and equipment	52 558	443	(14 468)	38 533	38 533	-	100,0%	56 879	30 090
Intangible assets	1 160	-	(994)	166	166	-	100,0%	73	73
Payments for financial assets	**4**	**-**	**-**	**4**	**4**	**-**	**100,0%**	**274**	**274**
Total for economic classification	**4 303 190**	**-**	**(57 564)**	**4 245 626**	**4 234 703**	**10 923**	**99,7%**	**3 814 317**	**3 781 243**

Programme 3: Water Services Management

	Sub-programmes R'000	2023/24 Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	2022/23 Final budget	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1	Water Services Management Support	41 811	(2 586)	-	39 225	39 225	-	100,0%	32 955	32 732
2	Water Services and Local Management	331 466	(41 149)	-	290 317	280 131	10 186	96,5%	378 397	359 096
3	Regional Bulk Infrastructure Grant	9 677 315	28 239	123 014	9 828 568	9 827 150	1 418	100,0%	7 604 185	7 005 594
4	Water Services Regulation	47 721	(14 991)	-	32 730	32 698	32	99,9%	57 531	42 314
5	Water Services Policy and Strategy	8 762	2 599	-	11 361	11 361	-	100,0%	13 480	13 479
6	Water Services Infrastructure Grant	4 876 187	28 291	-	4 904 478	4 899 905	4 573	99,9%	4 642 692	4 480 951
7	Water Services Institutional Oversight	19 390	(403)	-	18 987	18 916	71	99,6%	20 754	20 754
Total for sub-programmes		**15 002 652**	**-**	**123 014**	**15 125 666**	**15 109 386**	**16 280**	**99,9%**	**12 749 994**	**11 954 920**

Economic classification	2023/24 Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	2022/23 Final budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**850 093**	**(10 212)**	**-**	**839 881**	**827 515**	**12 366**	**98,5%**	**1 002 540**	**925 503**
Compensation of employees	358 864	(1 103)	-	357 761	345 396	12 365	96,5%	387 333	369 732
Goods and services	491 229	(9 109)	-	482 120	482 119	1	100,0%	615 207	555 771
Interest and rent on land		-	-			-	-	-	-
Transfers and subsidies	**9 925 339**	**1 103**	**-**	**9 926 442**	**9 922 533**	**3 909**	**100,0%**	**7 907 613**	**7 904 857**
Provinces and municipalities	6 878 489	-	-	6 878 489	6 878 489	-	100,0%	6 356 687	6 356 687

Economic classification	2023/24							2022/23	
	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
Public corporations and private enterprises	3 039 960	-	-	3 039 960	3 039 510	450	100,0%	1 543 686	1 543 686
Non-profit institutions	5 359	-	-	5 359	1 900	3 459	35,5%	1 042	985
Households	1 531	1 103	-	2 634	2 634	-	100,0%	6 198	3 499
Payments for capital assets	**4 227 218**	**9 109**	**123 014**	**4 359 341**	**4 359 336**	**5**	**100,0%**	**3 839 557**	**3 124 276**
Buildings and other fixed structures	4 214 659	12 263	123 014	4 349 936	4 349 931	5	100,0%	3 802 619	3 114 061
Machinery and equipment	12 559	(3 154)	-	9 405	9 405	-	100,0%	36 938	10 215
Payments for financial assets	**2**	**-**	**-**	**2**	**2**	**-**	**100,0%**	**284**	**284**
Total for economic classification	**15 002 652**	**-**	**123 014**	**15 125 666**	**15 109 386**	**16 280**	**99,9%**	**12 749 994**	**11 954 920**

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

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	2 004 624	1 987 507	17 117	1%
	Water Resources Management	4 245 626	4 234 703	10 923	0%
	Water Services Management	15 125 666	15 109 386	16 280	0%
	Total	**21 375 916**	**21 331 596**	**44 320**	**0%**

Administration

The reasons for over and under-spending in programme 1 are due to the following factors:

Compensation of employees: The programme spent R868.332 million of the final allocation of R883.091 million. The underspending variance of R14.759 million in this economic classification is due to posts being frozen by the Department of Public Service and Administration (DPSA).

Goods and services: The total allocation for goods and services is R977.289 million and the final expenditure is R977.280 million. Therefore, the spending is in line with the allocation.

Transfers and Subsidies: The final expenditure in this economic classification is R41.068 million against the final allocation of R43.424 million. Therefore, the underspending variance of R2.081 million is for transfer payments for non-profit institutions that could not be implemented since it involved hiring of venues and facilities that could not be done as a result of cost containment measures imposed by the National Treasury.

Purchase of Capital Assets: The total spending on payment for capital assets is R100.785 million against the final allocation of R100.785 million. Therefore, the spending is in line with the allocation.

Water Resources Management

The reasons for over and under spending in programme 2 are due to the following factors:

Compensation of employees: The spending on payments for compensation of employees is R618.878 million against the final allocation of R629.560 million. The underspending is R10.682 million due to posts being frozen by the Department of Public Service and Administration (DPSA)

Goods and services: This Programme has spent R260.431 million against the final allocation of R260.499 million on goods and services. Therefore, the spending is in line with the allocation.

Transfers and Subsidies: This economic classification has spent R3.317 billion against the final allocation of R3.317 billion. Therefore, the spending is in line with the allocation.

Payment of Capital Assets: The programme 's final allocation on payment for capital assets is R38.699 million and the final expenditure is R38.699 million. Therefore, the spending is in line with the allocation.

Water Services Management

Compensation of employees: The final allocation for compensation of employees in this programme is R357.761 million and the final expenditure is R345.396 million. The underspending variance of R12.365 million is due to posts being frozen by the Department of Public Service and Administration (DPSA).

Goods and services: The programme has spent R482.119 million against the final allocation of R482.120 million on goods and services. Therefore, the spending is in line with the allocation.

Transfers and Subsidies: The final expenditure in this economic classification is R9.923 billion against the final allocation of R9.926 billion. Therefore, the spending is in line with the allocation.

Payments for capital assets: The programme spending on payments for capital assets is R4.359 billion against the final allocation of R4.359 billion. Therefore, the spending is in line with the allocation.

4.2 Economic classification	Final budget	Actual expenditure	Variance	Variance as a % of final budget
	R'000	R'000	R'000	%
Current payments	**3 590 320**	**3 552 443**	**37 877**	**1%**
Compensation of employees	1 870 412	1 832 606	37 806	2%
Goods and services	1 719 908	1 719 837	71	0%
Interest and rent on land	-	-	-	0%
Transfers and subsidies	**13 286 730**	**13 280 292**	**6 438**	**0%**
Provinces and municipalities	6 879 218	6 878 958	260	0%
Departmental agencies and accounts	3 276 096	3 276 096	-	0%
Public corporations and private enterprises	3 039 960	3 039 510	450	0%
Foreign governments and international organisations	46 841	46 566	275	1%
Non-profit institutions	7 856	2 447	5 409	69%
Households	36 759	36 715	44	0%
Payments for capital assets	**4 498 825**	**4 498 820**	**5**	**0%**
Buildings and other fixed structures	4 349 936	4 349 931	5	0%
Machinery and equipment	84 192	84 192	-	0%
Intangible assets	64 697	64 697	-	0%
Payments for financial assets	**41**	**41**	-	**0%**

***Current Expenditure**: The departmental spending on current payments is R3.552 billion against the final allocation of R3.590 billion. The underspending variance of R37.884 million is mainly from the compensation of employees. This is due to posts being frozen by the Department of Public Service and Administration (DPSA).*

***Transfers and Subsidies**: The Departmental actual expenditure in this economic classification is R13.280 billion against the adjusted allocation of R13.286 billion by 31 March 2024. Therefore, the remaining budget of R6.438 million is mainly for transfer payments to non-profit institutions that could not be implemented since it involved the hiring of venues and facilities that could not be done as a results of cost containment measures imposed by the National Treasury.*

***Payments for Capital Assets**: The total departmental allocation for payment of capital assets is R4.499 billion and the final expenditure is R4.499 billion. Therefore, the spending is in line with the allocation.*

4.3	Conditional grant	Final budget	Actual expenditure	Variance	Variance as a % of final budget
		R'000	R'000	R'000	%
	Total DoRA Schedule 5B & 6B	**11 291 148**	**11 291 143**	**5**	**100%**
	Regional Bulk Infrastructure Grant (RBIG): Schedule 5B	3 258 828	3 258 828	-	100%
	Regional Bulk Infrastructure Grant (RBIG): Schedule 6B	3 084 614	3 084 609	5	100%
	RBIG: 6B (Vaal River System)	213 807	213 807	-	100%
	Total DoRA Schedule 5B & 6B (RBIG)	**6 557 249**	**6 557 244**	**5**	**100%**
	Water Services Infrastructure Grant (WSIG): Schedule 5B	3 619 661	3 619 661	-	100%
	Water Services Infrastructure Grant (WSIG): Schedule 6B	1 114 238	1 114 238	-	100%
	Total DoRA Schedule 5B & 6B (WSIG)	**4 733 899**	**4 733 899**	**-**	**100%**

The spending is in line with the allocation.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2024

	Note	2023/24	2022/23
	Note	2023/24	2022/23
		R'000	R'000
REVENUE			
Annual appropriation	*1*	21 375 916	18 555 010
Departmental revenue	2	3 852	26 709
TOTAL REVENUE		**21 379 768**	**18 581 719**
EXPENDITURE			
Current expenditure		3 552 445	3 643 525
Compensation of employees	*3*	1 832 605	1 812 887
Goods and services	*4*	1 719 840	1 830 635
Interest and rent on land	5	-	3
Transfers and subsidies		13 280 292	10 799 400
Transfers and subsidies	7	13 280 292	10 799 400
Expenditure for capital assets		4 498 818	3 249 467
Tangible assets	*8*	4 434 122	3 203 028
Intangible assets	8	64 696	46 439
Payments for financial assets	6	41	1 024
TOTAL EXPENDITURE		21 331 596	17 693 416
SURPLUS/ (DEFICIT) FOR THE YEAR		**48 172**	**888 303**
Reconciliation of net surplus / (deficit) for the year			
Voted funds		44 320	861 594
Annual appropriation		44 320	861 594
Departmental revenue and NRF receipts	14	3 852	26 709
SURPLUS/ (DEFICIT) FOR THE YEAR		**48 172**	**888 303**

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2024

	Note	2023/24	2022/23
		R'000	R'000
ASSETS			
Current assets		**93 804**	**287 922**
Cash and cash equivalents	9	459	202 432
Prepayments and advances	10	40 812	28 669
Receivables	11	51 725	55 952
Loans	12	808	869
Non-current assets		**179**	**356**
Prepayments and advances	10	-	-
Receivables	11	175	89
Loans	12	4	267
TOTAL ASSETS		**93 983**	**288 278**
LIABILITIES			
Current liabilities		**686 936**	**881 369**
Voted funds to be surrendered to the Revenue Fund	13	44 319	861 594
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	144	18 920
Bank overdraft	15	640 974	10
Payables	16	1 499	845
Non-current liabilities			
Payables	16	-	-
TOTAL LIABILITIES		**686 936**	**881 369**
NET ASSETS		**(592 953)**	**(593 091)**
Represented by:			
Recoverable revenue		48 156	48 018
Unauthorised expenditure		(641 109)	(641 109)
TOTAL		**(592 953)**	**(593 091)**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2024

	Note	2023/24	2022/23
		R'000	R'000
Recoverable revenue			
Opening balance		**48 018**	**48 367**
Transfers:		138	(349)
Debts revised		438	69
Debts recovered (included in departmental revenue)		(1 092)	(2 765)
Debts raised		792	2 347
Closing balance		**48 156**	**48 018**
Unauthorised expenditure			
Opening balance		(641 109)	(641 109)
Closing balance		**(641 109)**	**(641 109)**
TOTAL		**(592 953)**	**(593 091)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Note	2023/24	2022/23
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**21 379 623**	**18 581 557**
Annual appropriation funds received	*1.1*	21 375 916	18 555 010
Departmental revenue received	*2*	3 579	25 401
Interest received	*2.3*	128	1 146
Net (increase)/decrease in net working capital		(7 262)	105 814
Surrendered to Revenue Fund		(884 223)	(2 539 640)
Current payments		(3 552 445)	(3 643 522)
Interest paid	*5*	-	(3)
Payments for financial assets		(41)	(1 024)
Transfers and subsidies paid		(13 280 292)	(10 799 400)
Net cash flow available from operating activities	*17*	**3 655 360**	**1 703 782**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	*8*	(4 498 818)	(3 249 467)
Proceeds from sale of capital assets	*2.4*	145	162
(Increase)/decrease in loans		324	311
(Increase)/decrease in non-current receivables	*11*	(86)	(60)
Net cash flow available from investing activities		**(4 498 435)**	**(3 249 054)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		138	-349
Net cash flows from financing activities		**138**	**-349**
Net increase/(decrease) in cash and cash equivalents		(842 937)	(1 545 621)
Cash and cash equivalents at beginning of period		202 422	1 748 043
Cash and cash equivalents at end of period	*18*	**(640 515)**	**202 422**

NOTES TO THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

Part A: Accounting policies

Summary of significant accounting policies

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.

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.

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.

1 **Basis of preparation**

The financial statements have been prepared in accordance with the Modified Cash Standard.

2 **Going concern**

The financial statements have been on a going concern basis.

3 **Presentation currency**

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4 **Rounding**

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5 **Foreign currency translation**

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.

6 **Comparative information**

6.1 **Prior period comparative information**

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.

6.2 **Current year comparison with budget**

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7 **Revenue**

7.1 **Appropriated funds**

Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

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.

Appropriated funds are measured at the amount receivable.

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.

7.2 **Departmental revenue**

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Departmental revenue is measured at the cash amount received.

In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 **Accrued departmental revenue**

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and/penalties) is measured at amounts receivable from collecting agents.

Write-offs are made according to the department's debt write-off policy.

8 **Expenditure**

8.1 **Compensation of employees**

8.1.1 **Salaries and wages**

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 **Social contributions**

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

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.

8.2 **Other expenditure**

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.

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.

8.3 **Accruals and payables not recognised**

Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.

8.4 **Leases**

8.4.1 **Operating leases**

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.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 **Finance leases**

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.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9 **Aid assistance**

9.1 **Aid assistance received**

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.

CARA Funds are recognised when receivable and measured at the amount receivable.

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.

9.2 **Aid assistance paid**

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.

10 **Cash and cash equivalents**

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

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.

11 **Prepayments and advances**

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

12 **Loans and receivables**

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.

13 **Investments**

Investments are recognised in the statement of financial position at cost.

14 **Financial assets**

14.1 **Financial assets (not covered elsewhere)**

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.

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.

14.2 **Impairment of financial assets**

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.

15 **Payables**

Payables recognised in the statement of financial position are recognised at cost.

16 **Capital assets**

16.1 **Immovable capital assets**

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.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

16.2 **Movable capital assets**

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.

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.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Biological assets are subsequently carried at fair value.

Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

16.3 **Intangible capital assets**

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.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

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.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

16.4 **Project costs: Work-in-progress**

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

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.

Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian after completion.

17 **Provisions and Contingents**

17.1 **Provisions**

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.

17.2 **Contingent liabilities**

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.

17.3 **Contingent assets**

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.

17.4 **Capital commitments**

Capital commitments are recorded at cost in the notes to the financial statements.

18 **Unauthorised expenditure**

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure recorded in the notes to the financial statements comprise of

- unauthorised expenditure that was under assessment in the previous financial year.
- unauthorised expenditure relating to previous financial year and identified in the current year; and

Unauthorised incurred in the current year.

19 **Fruitless and wasteful expenditure**

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.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure that was under assessment in the previous financial year.
- fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and
- fruitless and wasteful expenditure incurred in the current year.

20 **Irregular expenditure**

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.

Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:

- irregular expenditure that was under assessment in the previous financial year;
- irregular expenditure relating to previous financial year and identified in the current year; and
- irregular expenditure incurred in the current year.

21 **Changes in accounting estimates and errors**

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

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.

22 **Events after the reporting date**

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.

23 **Principal-Agent arrangements**

The Department is not part to a Principal-Agent arrangement.

24 **Departures from the MCS requirements**

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.

25 **Capitalisation reserve**

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.

26 **Recoverable revenue**

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.

27 **Related party transactions**

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.

The full compensation of key management personnel is recorded in the notes to financial statements.

28 **Inventories**

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

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.

The cost of inventories is assigned by using the weighted average cost basis.

29 **Public-Private Partnerships**

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.

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.

30 **Employee benefits**

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note.

Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.

The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

31 **Transfer of functions**

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.

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.

32 **Mergers**

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.

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.

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	2023/24			2022/23		
	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	2 070 074	2 070 074	-	1 990 699	1 990 699	-
Water Resources Management	4 303 190	4 303 190	-	3 814 317	3 814 317	-
Water Services Management	15 002 652	15 002 652	-	12 749 994	12 714 994	-
Total	**21 375 916**	**21 375 916**	**-**	**18 555 010**	**18 555 010**	**-**

1.2 Conditional grants

	Note	2023/24	2022/23
		R'000	R'000
Total grants received		**11 291 148**	**10 464 166**

2 Departmental revenue

	Note	2023/24	2022/23
		R'000	R'000
Sales of goods and services other than capital assets	*2.1*	1 828	1 714
Fines, penalties, and forfeits	*2.2*	450	3 270
Interest, dividends and rent on land	*2.3*	128	1 146
Sales of capital assets	*2.4*	145	162
Transactions in financial assets and liabilities	*2.5*	1 301	20 417
Total		**3 852**	**26 709**

2.1 *Sale of goods and services other than capital assets*

	Note	2023/24	2022/23
		R'000	R'000
Sales of goods and services produced by the department		1 732	1 700
Sales by market establishment		572	598
Other sales		1 160	1 102
Sales of scrap, waste, and other used current goods		96	14
Total	*2*	**1 828**	**1 714**

2.2 *Fines, penalties and forfeits*

	Note	2023/24	2022/23
		R'000	R'000
Fines		450	3 270
Total	*2*	**450**	**3 270**

2.3 *Interest, dividends and rent on land*

	Note	2023/24	2022/23
		R'000	R'000
Interest		128	1 146
Total	*2*	**128**	**1 146**

2.4 *Sales of capital assets*

	Note	2023/24	2022/23
		R'000	R'000
Tangible capital assets			
Machinery and equipment		145	162
Total	*2*	**145**	**162**

2.5 *Transactions in financial assets and liabilities*

	Note	2023/24	2022/23
		R'000	R'000
Receivables		1 014	2 129
Other receipts including Recoverable Revenue		287	18 288
Total	*2*	**1 301**	**20 417**

2.5.1 Donations received in-kind (not included in the main note or sub note)

	Note	2023/24	2022/23
		R'000	R'000
GIFT		-	6
Donations sponsorship		-	-
		964	1 727
Total		**964**	**1 733**

Prior year error: sponsorships was misstated by R1.622 million.

3 Compensation of employees

3.1 Analysis of balance

	Note	2023/24	2022/23
		R'000	R'000
Basic salary		1 295 693	1 235 702
Performance award		666	1 438
Service based		2 322	2 536
Compensative/circumstantial		14 091	13 259
Other non-pensionable allowances		275 245	318 072
Total		**1 588 017**	**1 571 007**

3.2 Social contributions

	Note	2023/24	2022/23
		R'000	R'000
Employer contributions			
Pension		157 479	158 102
Medical		84 448	81 299
Bargaining council		327	336
Insurance		2 334	2 143
Total		**244 588**	**241 880**
Total compensation of employees		**1 832 605**	**1 812 887**
Average number of employees		2 971	3 096

4 Goods and services

	Note	2023/24	2022/23
		R'000	R'000
Administrative fees		11 060	10 063
Advertising		15 033	32 430
Minor assets	*4.1*	2 614	2 727
Bursaries (employees)		8 403	11 346
Catering		2 574	4 483
Communication		25 934	31 019
Computer services	*4.2*	134 713	127 394
Consultants: Business and advisory services		275 330	209 575
Infrastructure and planning services		145 402	79 619
Laboratory services		4 867	2 308
Scientific and technological services		-	-
Legal services		23 466	17 493
Contractors		47 492	88 728
Agency and support/outsourced services		2 392	2 218
Entertainment		83	97
Audit cost – external	*4.3*	49 185	35 684
Fleet services		4 236	4 130
Inventories	*4.4*	12 605	13 799
Consumables	*4.5*	43 544	45 236
Housing		-	-
Operating leases		514 906	534 812
Property payments	*4.6*	109 262	119 050
Rental and hiring		1 550	2 436
Transport provided as part of the departmental activities		-	320
Travel and subsistence	*4.7*	254 820	266 657
Venues and facilities		13 034	21 067
Training and development		8 276	149 333
Other operating expenditure	*4.8*	9 059	18 611
Total		**1 719 840**	**1 830 635**

4.1 Minor assets

	Note	2023/24	2022/23
		R'000	R'000
Tangible capital assets			
Machinery and equipment		2 614	2 707
Land and subsoil assets			20
Total	*4*	**2 614**	**2 727**

4.2 Computer services

	Note	2023/24 R'000	2022/23 R'000
SITA computer services		42 025	30 349
External computer service providers		92 688	97 045
Total	*4*	**134 713**	**127 394**

4.3 Audit cost - external

	Note	2023/24 R'000	2022/23 R'000
Regularity audits		46 136	34 633
Investigations		2 253	693
Computer audits		796	358
Total	*4*	**49 185**	**35 684**

4.4 Inventories

	Note	2023/24 R'000	2022/23 R'000
Other supplies	*4.4.1*	12 605	13 799
Total	*4*	**12 605**	**13 799**

4.4.1 Other supplies

	Note	2023/24 R'000	2022/23 R'000
Assets for distribution			
Other assets for distribution		12 605	13 799
Total	*4.4*	**12 605**	**13 799**

4.5 Consumables

	Note	2023/24	2022/23
		R'000	R'000
Consumable supplies		33 448	28 640
Uniform and clothing		4 282	6 092
Household supplies		7 216	7 395
Building material and supplies		1 398	1 915
IT consumables		1 858	1 072
Other consumables		18 694	12 166
Stationery, printing, and office supplies		10 096	16 596
Total	*4*	**43 544**	**45 236**

4.6 Property payments

	Note	2023/24	2022/23
		R'000	R'000
Municipal services		49 476	68 166
Property maintenance and repairs		21 482	20 152
Other		38 304	30 732
Total	*4*	**109 262**	**119 050**

4.7 Travel and subsistence

	Note	2023/24	2022/23
		R'000	R'000
Local		230 388	251 654
Foreign		24 432	15 003
Total	*4*	**254 820**	**266 657**

4.8 Other operating expenditure

	Note	2023/24	2022/23
		R'000	R'000
Professional bodies, membership, and subscription fees		2 276	2 023
Resettlement costs		710	1 818
Other		6 073	14 770
Total	*4*	**9 059**	**18 611**

5 Interest on rent and land

	Note	2023/24 R'000	2022/23 R'000
Interest paid		-	3
Rent on land		-	-
Total		**-**	**3**

6 Payment for financial assets

	Note	2023/24 R'000	2022/23 R'000
Debts written off	*6.1*	41	1 024
Total		**41**	**1 024**

6.1 Debts written-off

	Note	2023/24 R'000	2022/23 R'000
Nature of debts written off			
Recoverable revenue written off			
Disallowance Miscellaneous		-	5
Total		**-**	**5**
Other debt written off			
Debt write-off		17	1 019
T&S Advances		24	-
Total		**41**	**1 019**
Total debt written off	*6*	**41**	**1 024**

7 Transfers and subsidies

	Note	2023/24	2022/23
		R'000	R'000
Provinces and municipalities	*32*	6 878 959	6 357 149
Departmental agencies and accounts	*Annex 1B*	3 276 095	2 612 140
Higher education institutions	*Annex 1C*	-	-
Foreign governments and international organisations	*Annex 1E*	46 566	250 753
Public corporations and private enterprises	*Annex 1D*	3 039 510	1 543 686
Non-profit institutions	*Annex 1F*	2 447	1 485
Households	*Annex 1G*	36 715	34 187
Total		**13 280 292**	**10 799 400**

7.1 Donations made in-kind

	Note	*2023/24*	*2022/23*
		R'000	*R'000*
List in-kind donations made	*Annex 1J*	*5*	*10*
Gifts		*8*	-
Donations		-	-
Total		**13**	**10**

8 Expenditure for capital assets

	Note	2023/24	2022/23
		R'000	R'000
Tangible capital assets		**4 434 122**	**3 203 028**
Buildings and other fixed structures	*29.2*	4 349 931	3 135 657
Machinery and equipment	*27*	84 191	67 371
Intangible capital assets		**64 696**	**46 439**
Software	*28*	64 696	46 439
Total		**4 498 818**	**3 249 467**

8.1 *Analysis of funds utilised to acquire capital assets - current year*

	2023/24		
	Voted funds	Aid assistance	Total
Name of entity	R'000	R'000	R'000
Tangible capital assets	**4 434 122**	**-**	**4 434 122**
Buildings and other fixed structures	4 349 931	-	4 349 931
Machinery and equipment	84 191	-	84 191
Intangible capital assets	64 696	-	64 696
Software	64 696	-	64 696
Total	**4 498 818**	**-**	**4 498 818**

8.2 *Analysis of funds utilised to acquire capital assets - prior year*

	2022/23		
	Voted funds	Aid assistance	Total
Name of entity	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
Total	**3 249 467**	**-**	**3 249 467**

8.3 *Finance lease expenditure included in expenditure for capital assets*

	Note	2023/24	2022/23
		R'000	R'000
Tangible capital assets			
Machinery and equipment		10 874	6 632
Total		**10 874**	**6 632**

9 Cash and cash equivalent

	Note	2023/24 R'000	2022/23 R'000
Consolidated Paymaster General Account		-	184 769
Disbursements		28	-
Cash on hand		93	92
Investments (Domestic)		338	17 571
Total		**459**	**202 432**

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 represent cash receipts deposited on/before the last day of the Month but not yet interphase on BAS.

10 Prepayments and advances

	Note	2023/24 R'000	2022/23 R'000
Travel and subsistence		4	220
Prepayments (Not expensed)		16 207	-
Advances paid (Not expensed)	*10.1*	24 601	28 449
Total		**40 812**	**28 669**
Analysis of Total Prepayments and advances			
Current Prepayments and advances		40 812	28 669
Non-current Prepayments and advances		-	-
Total		**40 812**	**28 669**

10.1 Advances paid (not expensed)

		2023/24				
	Note	Amount as at 1 April 2023 R'000	Less: Amounts expensed in current year R'000	Add/Less: Other R'000	Add Current year advances R'000	Amount as at 31 March 2024 R'000
National departments		4 425	(4 708)	-	4 376	4 093
Public entities		24 024	(380 279)	-	376 763	20 508
Total	*10*	**28 449**	**(384 987)**	**-**	**381 139**	**24 601**

		2022/23				
	Note	Amount as at 1 April 2022 R'000	Less: Amounts expensed in current year R'000	Add/Less: Other R'000	Add Current year advances R'000	Amount as at 31 March 2023 R'000
National departments		817	(4 184)	-	7 792	4 425
Public entities		137 085	(213 110)	-	100 049	24 024
Total	*10*	**137 902**	**(217 294)**	**-**	**107 841**	**28 449**

10.2 Prepayments (not expensed)

		2023/24				
	Note	Amount as at 1 April 2023 R'000	Less: Amounts expensed in current year R'000	Add/Less: Other R'000	Add Current year advances R'000	Amount as at 31 March 2024 R'000
Capital assets		-	-	-	16 207	16 207
Total	*10*	**-**	**-**	**-**	**16 207**	**16 207**

		2022/23				
	Note	Amount as at 1 April 2022 R'000	Less: Amounts expensed in current year R'000	Add/Less: Other R'000	Add Current year advances R'000	Amount as at 31 March 2023 R'000
Capital assets		-	-	-	-	-
Total	*10*	**-**	**-**	**-**	**-**	**-**

10.3 *Prepayments (expensed)*

	2023/24				
	Amount as at 1 April 2023	Less: Received in the current year	Add/Less: Other	Add Current year prepayments	Amount as at 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Goods and services	250	-	-	-	250
Total	**250**	**-**	**-**	**-**	**250**

	2022/23				
	Amount as at 1 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
Total	**250**	**-**	**-**	**-**	**250**

10.4 *Advances paid (expensed)*

	2023/24				
	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	-	-	-	-	-
Public entities	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

	2022/23				
	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	1 363	(2 783)	-	1 420	-
Public entities	18 156	(18 156)	-	-	-
Total	**19 519**	**(20 939)**	**-**	**1 420**	**-**

11 Receivables

		2023/24			2022/23		
	Note	Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	*11.1*	383	-	383	50	-	50
Recoverable expenditure	*11.2*	103	-	103	5 256	-	5 256
Staff debt	*11.3*	8 362	175	8 537	8 171	89	8 260
Other receivables	*11.4*	42 877	-	42 877	42 475	-	42 475
Total		**51 725**	**175**	**51 900**	**55 952**	**89**	**56 041**

11.1 Claims recoverable

	Note	2023/24 R'000	2022/23 R'000
National departments		158	47
Provincial departments		219	3
Public entities		6	-
Total	*11*	**383**	**50**

11.2 Recoverable expenditure

	Note	2023/24 R'000	2022/23 R'000
Sal: Tax Debt		1	16
Disallowance Miscellaneous: CA		8	4 823
Sal: GEHS Refund Control Acc: CL		87	316
Sal: Medical Aid:CL		4	6
Sal: Reversal Control		-	95
Sal: Pension Fund		3	-
Total	*11*	**103**	**5 256**

11.3 Staff debt

	Note	2023/24 R'000	2022/23 R'000
Salary Overpayment & leave without pay		5 584	5 392
Tax Debt		64	55
Bursary (Breach of Contract)		1 191	1 152
Petty Cash		1	1
T&S Advance Dom		184	171
Telephone /cell phone Debt		284	285
Subsidies Transport		785	756
Departmental debt/Employee/Ex-employee/Traffic fines/Arrears on house rent		42	70
Loss and damages		402	378
Total	*11*	**8 537**	**8 260**

11.4 Other receivables

	Note	2023/24 R'000	2022/23 R'000
Unauthorised expenditure		-	-
Irregular expenditure		-	-
Fruitless and wasteful expenditure		12 958	12 960
Municipal & Supplier Debt		18 259	18 270
External Debt		11 650	11 245
Total	*11*	**42 877**	**42 475**

11.5 Impairment of receivables

	Note	2023/24 R'000	2022/23 R'000
Estimate of impairment of receivables		5 563	5 541
Total		**5 563**	**5 541**

12 Loans

	Note	2023/24	2022/23
		R'000	R'000
Public corporations		812	1 136
Total		**812**	**1 136**
Analysis of balance			
Opening balance		1 136	1 447
New issues		32	45
Repayments		(356)	(356)
Write-offs		-	-
Closing balance		**812**	**1 136**

12.1 Impairment of loans

	Note	2023/24	2022/23
		R'000	R'000
Estimate of impairment of loans		-	-
Total		**-**	**-**

13 Voted funds to be surrendered to the revenue fund

	Note	2023/24	2022/23
		R'000	R'000
Opening balance		861 594	2 531 543
Prior period error			
As restated		861 594	2 531 543
Transferred from statement of financial performance (as restated)		44 320	861 594
Paid during the year		(861 595)	(2 531 543)
Closing balance		**44 319**	**861 594**

13.1. Reconciliation of unspent conditional grants

	Note	2023/24 R'000	2022/23 R'000
Total conditional grants received	*1.2*	11 291 148	10 464 166
Total conditional grants spent		(11 291 143)	(10 464 166)
Due by the Provincial Revenue Fund		**5**	**-**

14 Departmental revenue and NRF receipts to be surrendered to the revenue fund

	Note	2023/24 R'000	2022/23 R'000
Opening balance		18 920	308
Prior period error			
As restated		18 920	308
Transferred from statement of financial performance (as restated)		3 852	26 709
Paid during the year		(22 628)	(8 097)
Closing balance		**144**	**18 920**

15 Bank overdraft

	Note	2023/24 R'000	2022/23 R'000
Consolidated Paymaster General Account		640 965	-
Overdraft with commercial banks (Local)		9	10
Total		**640 974**	**10**

The Department have recorded an unfavourable Bank balance on the PMG Account due to pending approval by parliament of the unauthorised expenditure incurred in the past.

The overdraft on commercial banks comprises unpaid bank charges which are only paid in the following month.

16 Payables - current

	Note	2023/24 R'000	2022/23 R'000
Clearing accounts	*16.1*	386	845
Other payables		1 113	-
Total		**1 499**	**845**

16.1 Clearing accounts

Description	Note	2023/24 R'000	2022/23 R'000
Sal: Income Tax		386	839
Sal: Pension Fund		-	6
Total	*16*	**386**	**845**

16.2 Other payables

Description	Note	2023/24 R'000	2022/23 R'000
Public Works		43	-
Payables: Public Entities		740	-
Water Trading Entity		330	-
Total	*16*	**1 113**	**-**

17 Net cash flow available from operating activities

	Note	2023/24 R'000	2022/23 R'000
Net surplus/(deficit) as per Statement of Financial Performance		48 172	888 303
Add back non-cash/cash movements not deemed operating activities		3 607 188	815 479
(Increase)/decrease in receivables		4 227	(3 258)
(Increase)/decrease in prepayments and advances		(12 143)	109 358
Increase/(decrease) in payables – current		654	(286)
Proceeds from sale of capital assets		(145)	(162)
Expenditure on capital assets		4 498 818	3 249 467
Surrenders to RDP Fund/Donors		(884 223)	(2 539 640)
Voted funds not requested/not received		-	-
		3 655 360	**1 703 782**

18 Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2023/24 R'000	2022/23 R'000
Consolidated Paymaster General account		(640 965)	184 769
Disbursements		28	-
Cash on hand		93	92
Cash with commercial banks (Local)		329	17 561
Total		**(640 515)**	**202 422**

19 Contingent liabilities and contingent assets

19.1 Contingent liabilities

Liable to	Nature	Note	2023/24 R'000	2022/23 R'000
Motor vehicle guarantees	Employees	*Annex 3A*	-	-
Housing loan guarantees	Employees	*Annex 3A*	-	110
Other guarantees		*Annex 3A*	8 300 865	9 154 186
Claims against the department		*Annex 3B*	105 044	1 378 687
Total			**8 405 909**	**10 532 983**

Prior year error: Claims against the state were overstated by R4.989 million as a result of Two cases resolved in the previous year and one case where no relief was sought against the department

19.2 Contingent assets

Nature of contingent asset	Note	2023/24 R'000	2022/23 R'000
Noncompliance with Procurement processes		9 253	8 011
Noncompliance with Procurement processes		2 575	2 230
Advisory Services		17 900	17 900
Giyani Project		4 298 617	3 890 151
Bucket Eradication Project		15 095	15 095
Total		**4 343 439**	**3 933 386**

The Department entered into an Implementation Agent Protocol Agreement with EWSETA on 19 August 2015 for the War on Leaks training programme. During the implementation of the programme contractual arrangements were altered resulting in possible overpayment to the Service Provider. EWSETA is currently involved in mediation process with the Service Provider, once the confirmed value is established the Department will implement the necessary accounting adjustments and recoveries.

20 Capital commitments

	Note	2023/24 R'000	2022/23 R'000
Buildings and other fixed structures		10 717 554	9 311 448
Machinery and equipment		3 295	13 625
Total		**10 720 849**	**9 325 073**

Prior year error: The opening balance on Commitment have been adjusted with an amount of R105.433 million. Adjustment from R9 .30 billion to R9.325 billion.

21 Accruals and payables not recognised

21.1 Accruals

		2023/24			2022/23
		30 Days	30+ Days	Total	Total
Listed by economic classification	*Note*	R'000	R'000	R'000	R'000
Goods and services		39 027	22 115	61 142	58 248
Interest and rent on land		-	-	-	-
Transfers and subsidies		8	17	25	-
Capital assets		134 045	85 821	219 866	216 797
Other		-	-	-	-
Total		**173 080**	**107 953**	**281 033**	**275 045**

		2023/24	2022/23
Listed by programme level	*Note*	R'000	R'000
Administration		45 961	42 627
Water Resource Management		6 041	7 444
Water Service Management		229 031	224 974
Total		**281 033**	**275 045**

Prior year error: The opening balance of accruals was misstated and thereby adjusted by R31.424 million, from R243.621 million to R275.045 million.

21.2 Payables not recognised

		2023/24			2022/23
		30 Days	30+ Days	Total	Total
Listed by economic classification	*Note*	R'000	R'000	R'000	R'000
Goods and services		10 773	12 078	22 851	47 024
Interest and rent on land		-	-	-	-
Transfers and subsidies		-	-	-	82
Capital assets		47 724	246	47 970	32 139
Other		-	-	-	-
Total		**58 497**	**12 324**	**70 821**	**79 245**

		2023/24	2022/23
Listed by programme level	*Note*	R'000	R'000
Administration		10 169	4 198
Water Resource Management		491	521
Water Service Management		60 161	74 526
Total		**70 821**	**79 245**

		2023/24	2022/23
Included in the above totals are the following:	*Note*	R'000	R'000
Confirmed balances with other departments	*Annex 5*	820	5 590
Confirmed balances with other government entities	*Annex 5*	23 103	38 349
Total		**23 923**	**43 939**

22 Employee benefits

	Note	2023/24	2022/23
		R'000	R'000
Leave entitlement		101 429	101 092
Service bonus		48 037	46 292
Performance awards		-	-
Capped leave		48 502	50 926
Long Service Awards		2 002	1 889
Total		**199 970**	**200 199**

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

	2023/24				
	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	-	-	171 180	-	171 180
Later than 1 year and not later than 5 years	-	-	268 084	-	268 084
Later than 5 years	-	-		-	
Total lease commitments	**-**	**-**	**439 265**	**-**	**439 265**

	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	-	-	258 293	-	258 293
Later than 1 year and not later than 5 years	-	-	454 483	-	454 483
Later than 5 years	-	-	-	-	-
Total lease commitments	**-**	**-**	**712 776**	**-**	**712 776**

- Prior year error: The opening balance of the operating lease was misstated and thereby adjusted by R162.509 million, from R550.267 million to R712.776 million.
- Leases are for lease of buildings occupied by the Department there are no material leasing arrangements and there are no assets that are sub-leased.
- Department entered into lease for various terms averaging 5years or 60 months with escalation clauses averaging 6% p.a. per lease agreement with an option of renewal and with no option for purchase. Restrictions imposed on the department through the lease agreement include enhancements, repairs & maintenance, sub-leasing, and disposal.

*23.2 Finance leases ***

	2023/24				
	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	-	-	-	6 723	6 723
Later than 1 year and not later than 5 years	-	-	-	5 806	5 806
Later than 5 years	-	-	-	-	-
Total lease commitments	**-**	**-**	**-**	**12 529**	**12 529**

	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 5 years	-	-	-	-	-
Total lease commitments	**-**	**-**	**-**	**9 018**	**9 018**

Leases are for lease of equipment, there are no material leasing arrangements and there are no assets that are sub-leased.

The department entered into a lease for various terms averaging 3 years or 36 months with no escalation clauses with an option of renewal. There are no restrictions imposed on the department through the lease agreement.

24 Unauthorised, irregular and fruitless and wasteful expenditure

	Note	2023/24	2022/23
		R'000	R'000
Unauthorised expenditure – current year		-	-
Irregular expenditure – current year		-	1 023
Fruitless and wasteful expenditure – current year		11	59
Total		**11**	**1 082**

The fruitless and wasteful expenditure incurred is due to: No Show - Air Transport (06 February 2024), and it has been written off, because it was not the fault of the employees.

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; Lepelle Northern Water ; Magalies Water; Mhlathuze Water; Overberg Water; Rand Water; Umgeni uThukela Water; Breede-Olifants 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 -Olifants Catchment Management Agency; Vaal Central Water;Vaal-Orange Catchment Management Agency;Mzimvubu-Tsitsikamma; Catchment Agency; Pongola-Mzimkulu Catchment Management Agency

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

	2023/24	2022/23
	R'000	R'000
Political office bearers	6 884	6 762
Officials:		-
Level 15 to 16	17 558	16 260
Level 14 (including CFO if at a lower level)	49 609	47 586
Family members of key management personnel	590	565
Total	**74 641**	**71 173**

Ministerial committees		
Chumani Maxwele	-	53
Subtotal	**-**	**53**
Water Advisory Committee		
B Scheiner	-	28
TL Mlangeni	-	45
J Kogl	-	123
Subtotal	**-**	**196**
Regulator Commission Committee		
Mr Modiba JB	262	104
Ms Breytenbach K	127	-
Mr Connolly JA	417	411
Dr Eberhard R	301	406
Ms van Der Merwe K	596	274
Ms Matsabu MM	459	284
Dr Muchara B	185	168
Ms Padayachee D	777	448
Ms Sondlo N	78	74
Ms Mnqeta NN	294	132
Mr Potloane EL	229	58
Subtotal	**3 725**	**2 359**
Total	**3 725**	**2 608**

27 Movable tangible capital assets

Movement in movable tangible capital assets per the asset register for the year ended 31 March 2024

	2023/24				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment					
Transport assets	77 700		763	-	78 463
Computer equipment	222 742		37 779	(7 321)	253 200
Furniture and office equipment	66 965		5 777	(895)	71 847
Other machinery and equipment	276 249		30 321	(7 322)	299 248
Total movable tangible capital assets	**643 656**		**74 640**	**(15 538)**	**702 758**

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		146	3 486
Total		**146**	**3 486**

27.1 Movement in movable tangible capital assets per the asset register for the year ended 31 March 2023

	2022/23				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment					
Transport assets	77 594	(6)	849	(737)	77 700
Computer equipment	191 190	26	34 431	(2 905)	222 742
Furniture and office equipment	60 809	(14)	6 586	(416)	66 965
Other machinery and equipment	257 689	(60)	18 706	(86)	276 249
Total movable tangible capital assets	**587 282**	**(54)**	**60 572**	**(4 144)**	**643 656**

27.1.1 Prior period error

Nature of prior period error	*Note*	2022/23
		R'000
Relating to 2022/23		
Value adjustment		(54)
Total prior period errors		**(54)**

Prior period error: Movable tangible capital assets were adjusted by R54 thousand from R643.710 million to R643.656 million

27.2 Minor assets

Movement in minor capital assets per the asset register for the year ended 31 March 2024

	2023/24					
	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	-	36	-	81 441	-	81 477
Value adjustments					-	-
Additions	-	-	-	2 685	-	2 685
Disposals	-	-	-	(1 732)	-	(1 732)
Total minor assets	**-**	**36**	**-**	**82 394**	**-**	**82 430**

	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	-	-	-	28 202	-	28 202
Number of minor assets at cost	-	-	-	49 035	-	49 035
Total number of minor assets	**-**	**-**	**-**	**77 237**	**-**	**77 237**

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		85	194

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
Prior period error	-	-	-	12	-	12
Additions	-	-	-	2 736	-	2 736
Disposals	-	(4)	-	(6 678)	-	(6 682)
Total Minor assets	**-**	**36**	**-**	**81 441**	**-**	**81 477**

	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	-	28 974
Number of minor assets at cost	-	-	-	49 148	-	49 148
Total number of minor assets	**-**	**-**	**-**	**78 122**	**-**	**78 122**

27.2.1 Prior period error

Nature of prior period error	Note	2022/23 R'000
Relating to 2022//23		
Value adjustment		12
Total prior period errors		**12**

Prior period error: Minor assets in movable tangible assets was adjusted by R12 thousand from R81.465 million to R81.477 thousand

28 Intangible capital assets

Movement in intangible capital assets per the asset register for the year ended 31 March 2024

	2023/24			
	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	154 795	64 697	-	219 492
Patents, licences, copyright, brand names, trademarks	5 468	-	-	5 468
Total intangible capital assets	**160 263**	**64 697**	**-**	**224 960**

28.1 Movement in intangible capital assets per the asset register for the year ended 31 March 2023

	2022/23				
	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	109 484	-	46 439	(1 128)	154 795
Patents, licences, copyright, brand names, trademarks	5 468	-	-	-	5 468
Total intangible capital assets	**114 952**	**-**	**46 439**	**(1 128)**	**160 263**

29 Immovable tangible capital assets

Movement in immovable tangible capital assets per the asset register for the year ended 31 March 2024

	2023/24			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Buildings and other fixed structures	**11 612 446**	**82 072**	**(776 505)**	**10 918 013**
Dwellings	3 316	-	-	3 316
Non-residential buildings	6 923	-	-	6 923
Other fixed structures	11 602 207	82 072	(776 505)	10 907 774
Land and subsoil assets	**11 503**	**-**	**-**	**11 503**
Land	11 503	-	-	11 503
Total immovable tangible capital assets	**11 623 949**	**82 072**	**(776 505)**	**10 929 516**

29.1 Movement in immovable tangible capital assets per the asset register for the year ended 31 March 2023

	2022/23				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	**11 066 773**	**291 969**	**559 261**	**(305 557)**	**11 612 446**
Dwellings	3 000	-	360	(44)	3 316
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	11 056 850	291 969	558 901	(305 513)	11 602 207
Land and subsoil assets	**11 503**	**-**	**-**	**-**	**11 503**
Land	11 503	-	-	-	11 503
Total immovable tangible capital assets	**11 078 276**	**291 969**	**559 261**	**(305 557)**	**11 623 949**

29.1.1 Prior period error

Nature of prior period error	*Note*	2022/23
		R'000
Relating to 2022/23		
Misstatement		291 969
Total prior period errors		**291 969**

Prior period error: Immovable tangible capital assets was adjusted by R291.969 million from R11.331 billion to R11.623 billion

29.2 Immovable tangible capital assets: capital work-in-progress

Capital work-in-progress for the year ended 31 March 2024

		2023/24			
		Opening balance 1 April 2023	Current Year WIP	Ready for use (assets to the AR)/contracts terminated	Closing balance 31 March 2024
	Note	R'000	R'000	R'000	R'000
	Annex 7				
Buildings and other fixed structures		25 746 618	4 349 931	82 072	30 014 477
Total		**25 746 618**	**4 349 931**	**82 072**	**30 014 477**

Payables not recognized relating to capital WIP

	Note	2023/24 R'000	2022/23 R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress		47 970	31 214
Total		**47 970**	**31 214**

Capital work-in-progress for the year ended 31 March 2023

		2022/23				
		Opening balance 1 April 2022	Prior period error	Current Year WIP	Ready for use (assets to the AR)/contracts terminated	Closing balance 31 March 2023
	Note	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures		23 461 454	(291 232)	3 135 657	559 261	25 746 618
Total		**23 461 454**	**(291 232)**	**3 135 657**	**559 261**	**25 746 618**

Prior period error: Capital work in progress was adjusted by R291.232 million from R26.038 billion to R25.746 billion

30 Prior period errors

30.1 Correction of prior period errors

		2022/23		
		Amount before error correction	Prior period error	Restated
	Note	R'000	R'000	R'000
Revenue: (e.g. Annual Appropriation, Departmental revenue, Aid assistance, etc.)				
Gifts, donations and sponsorships received in kind (not included in the main note or sub-note)		111	1 622	1 733
Net effect		**111**	**1 622**	**1 733**

Prior year error: Sponsorships were misstated by R1.622 million.

		2022/23		
		Amount before error correction	Prior period error	Restated
	Note	R'000	R'000	R'000
Expenditure:				
Movement in immovable tangible assets	28.1	11 331 980	291 969	11 623 949
Movement in movable tangible capital assets	26.1	643 710	(54)	643 656
Movement in movable tangible minor assets	26.2	81 465	12	81 477
Immovable tangible assets Capital Work-in-progress	28.2	26 037 850	(291 232)	25 746 618
Net effect		**38 095 005**	**695**	**38 095 700**

Prior period error: Immovable tangible assets were adjusted by R291.969 million from R11.332 billion to R11.623 billion.

Prior period error: Movable tangible capital assets were adjusted by R54 thousand from R643.710 million to R643.656 million.

Prior period error: Movable minor assets were adjusted by R12 thousand from R81.465 million to R81.477 million.

Prior period error: Immovable tangible assets Capital Work-in-progress was adjusted by R291.232 million from R26.037 billion to R25.746 billion.

		2022/23		
		Amount before error correction	Prior period error	Restated
	Note	R'000	R'000	R'000
Liabilities:				
Capital Commitments	20	9 430 506	(105 433)	9 325 073
Accruals	21.1	243 621	31 424	275 045
Contingent liabilities - Claims against the state	19.1	1 383 676	(4 989)	1 378 687
Operating Lease Commitment	23.1	550 267	162 509	712 776
Net effect		**11 608 070**	**83 511**	**11 691 581**

Prior year error: The opening balance of Capital commitments was misstated and thereby adjusted by an amount of R105.433 million. Adjustment from R9.430 billion to R9.325 billion.

Prior year error: The opening balance of accruals was misstated and thereby adjusted by R31.424 million, from R243.621 million to R275.045 million.

Prior year error: Claims against the state were overstated by R4.989 million because of Two cases resolved in the previous year and another where no relief was sought against the department.

Prior year error: The opening balance of the operating lease was misstated and thereby adjusted by R162.509 million, from R550.267 million to R712.776 million.

31 Statement of conditional grants received

Name of grant	2023/24										2022/23	
	Grant allocation					Spent						
	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	Division of Revenue Act	Amount spent by department
	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	3 619 661	-	-		3 619 661	3 619 661	3 619 661	-	100,0%	3 701 019	3 701 019	3 701 019
Regional Bulk Infrastructure Grant (RBIG): Schedule 5B	3 258 828	-	-		3 258 828	3 258 828	3 258 828	-	100,0%	2 655 668	2 655 668	2 655 668
Regional Bulk Infrastructure Grant (RBIG): Schedule 6B	3 006 439	-	-	78 175	3 084 614	3 084 614	3 084 609	5	100,0%	3 106 283	2 530 528	2 530 528
Regional Bulk Infrastructure	291 982	-	-	(78 175)	213 807	213 807	213 807	-	100,0%	229 860	194 292	194 292
Disaster Response Water Services Infrastructure Grant	-	-	-	-	-	-	-	-		75 000	31 439	31 439
Water Services Infrastructure Grant (WSIG): Schedule 6B	1 114 238	-	-	-	1 114 238	1 114 238	1 114 238	-	100,0%	696 336	583 536	583 536
Total	**11 291 148**	**-**	**-**	**-**	**11 291 148**	**11 291 148**	**11 291 143**	**5**		**10 464 166**	**9 696 482**	**9 696 482**

32 Statement of conditional grants paid to provinces

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
Water Services Infrastructure Grant (WSIG)	**3 619 661**	**-**	**-**	**3 619 661**	**3 619 661**	**-**	**-**	**3 701 019**	**3 701 019**
Eastern Cape Province	**476 864**	**-**	**11 000**	**487 864**	**487 864**	**-**	**-**	**471 362**	**471 362**
EC101 Dr Beyers Naude Local Municipality	20 000	-	6 250	26 250	26 250	-	-	8 939	8 939
EC102 Blue Crane Route Local Municipality	10 000	-	6 250	16 250	16 250	-	-	10 000	10 000
EC104 Makana Local Municipality	21 947	-	-	21 947	21 947	-	-	3 000	3 000
EC105 Ndlambe Local Municipality	26 962	-	-	26 962	26 962	-	-	85 000	85 000
EC106 Sundays River Valley Local Municipality	15 000	-	9 538	24 538	24 538	-	-	25 000	25 000
EC108 Kouga	30 000	-	-	30 000	30 000	-	-	38 000	38 000
EC 109 Kou-Kamma	8 038	-	-2 038	6 000	6 000	-	-	65 200	65 200
DC12 Amatole District Municipality	52 400	-	15 000	67 400	67 400	-	-	60 000	60 000
DC13 Chris Hani District Municipality	61 517		10 000	71 517	71 517				

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
DC14 Joe Gqabi District Municipality	62 000		-	62 000	62 000				
DC15 O.R Tambo District Municipality	72 000	-	-	72 000	72 000	-	-	76 223	76 223
DC44 Alfred Nzo District Municipality	97 000	-	-34 000	63 000	63 000	-	-	100 000	100 000
Free State Province	**334 442**	**-**	**(11 000)**	**323 442**	**323 442**	**-**	**-**	**332 599**	**332 599**
FS161 Letsemeng Local Municipality	26 327	-	-5 427	20 900	20 900	-	-	25 000	25 000
FS162 Kopanong Local Municipality	16 820	-	(4 615)	12 205	12 205	-	-	10 400	10 400
FS163 Mohokare Local Municipality	17 000	-	-10 000	7 000	7 000	-	-	17 008	17 008
FS181 Masilonyana Local Municipality	14 800	-	-5 324	9 476	9 476	-	-	18 334	18 334
FS182 Tokologo Local Municipality	20 727	-	-	20 727	20 727	-	-	20 533	20 533
FS183 Tswelopele Local Municipality	11 979	-	15 000	26 979	26 979	-	-	12 276	12 276
FS184 Matjhabeng Local Municipality	20 000	-	-10 000	10 000	10 000	-	-	25 800	25 800
FS185 Nala Local Municipality	11 846	-	10 000	21 846	21 846	-	-	11 528	11 528
FS191 Setsoto Local Municipality	14 173	-	-	14 173	14 173	-	-	15 301	15 301

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
FS192 Dihlabeng Local Municipality	15 022	-	3 000	18 022	18 022	-	-	25 000	25 000
FS193 Nketoana Local Municipality	20 689	-	(13 000)	7 689	7 689		-	3 000	3 000
FS194 Maluti-a-phofung Local Municipality	38 317	-	13 366	51 683	51 683	-	-	58 896	58 896
FS195 Phumelela Local Municipality	25 777	-	-	25 777	25 777	-	-	15 328	15 328
FS196 Mantsopa Local Municipality	15 427	-	-5 000	10 427	10 427	-	-	11 720	11 720
FS201 Moqhaka Local Municipality	20 900	-	-	20 900	20 900	-	-	10 292	10 292
FS203 Ngwathe Local Municipality	14 021	-	4 000	18 021	18 021	-	-	15 000	15 000
FS204 Metsimaholo Local Municipality	15 617	-	-	15 617	15 617	-	-	17 183	17 183
FS205 Mafube Local Municipality	15 000	-	-3 000	12 000	12 000	-	-	20 000	20 000
Gauteng Province	**184 290**	**-**	**-**	**184 290**	**184 290**	**-**	**-**	**177 338**	**177 338**
GT422 Midvaal Local Municipality	19 712	-	-	19 712	19 712	-	-	18 864	18 864
GT423 Lesedi Local Municipality	18 808	-	-	18 808	18 808		-	13 874	13 874
GT481 Mogale City Local Municipality	36 306	-	10 476	46 782	46 782		-	45 160	45 160

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
GT484 Merafong City Local Municipality	40 806	-	-10 476	30 330	30 330		-	35 420	35 420
GT485 Westonaria/ Randfontein Local Municipality	68 658	-	-	68 658	68 658		-	64 020	64 020
Kwa-Zulu Natal Province	**872 651**	**-**	**8 659**	**881 310**	**881 310**	**-**	**-**	**1 058 400**	**1 058 400**
DC21 Ugu District Municipality	117 000	-	18 900	135 900	135 900	-	-	220 000	220 000
KZN225 Msunduzi Local Municipality	50 000	-	53 659	103 659	53 659	-	-	60 000	60 000
DC22 uMgungundlovu District Municipality	90 650	-	-50 000	40 650	90 650	-	-	122 600	122 600
DC23 uThukela District Municipality	85 000	-	-	85 000	85 000	-	-	80 800	80 800
DC24 uMzinyathi District Municipality	50 001	-	(7 501)	42 500	42 500		-	80 000	80 000
KZN252 Newcastle Local Municipality	50 000	-	50 000	100 000	50 000		-	48 000	48 000
DC25 aMajuba District Municipality	50 000	-	-53 400	-3 400	46 600		-	60 000	60 000
DC26 Zululand District Municipality	95 000	-	-	95 000	95 000		-	95 000	95 000
DC27 uMkhanyakude District Municipality	-	-	-	-	-		-	-	-
KZN 282 uMhlathuze Local Municipality	40 000	-	52 001	92 001	52 001		-	37 000	37 000

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
DC28 King Cetshwayo District Municipality	60 000	-	-40 000	20 000	60 000		-	70 000	70 000
DC29 ILembe District Municipality	95 000	-	-15 000	80 000	80 000	-	-	100 000	100 000
DC43 Harry Gwala District Municipality	90 000	-	-	90 000	90 000	-	-	85 000	85 000
Limpopo Province	**440 808**	**-**	**-**	**440 808**	**440 808**	**-**	**-**	**452 774**	**452 774**
DC33 Mopani District Municipality	-	-	-	-	-		-	35 000	35 000
DC34 Vhembe District Municipality	97 000	-	-	97 000	97 000		-	60 000	60 000
LIM354 Polokwane Local Municipality	67 700	-	-	67 700	67 700		-	63 124	63 124
DC35 Capricorn District Municipality	145 025	-	-	145 025	145 025		-	165 000	165 000
LIM 362 Lephalale Local Municipality	-	-	-	-	-	-	-	-	-
LIM 366 Bela Bela Local Municipality	55 750	-	-	55 750	55 750	-	-	62 010	62 010
LIM 367 Mogalakwena Local Municipality	75 333	-	-	75 333	75 333	-	-	47 640	47 640
DC47 Greater Sekhukhune District Municipality	-	-	-	-	-		-	20 000	20 000
Mpumalanga Province	**483 937**	**-**	**-**	**483 937**	**483 937**	**-**	**-**	**479 745**	**479 745**

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
MP301 Albert Luthuli Local Municipality	104 937	-	-	104 937	104 937	-	-	72 745	72 745
MP302 Msukaligwa Local Municipality	30 000	-	-	30 000	30 000	-	-	60 000	60 000
MP303 Mkhondo Local Municipality	-	-	-	-	-	-	-	20 000	20 000
MP304 Pixley Ka Seme Local Municipality	15 000	-	-	15 000	15 000	-	-	6 000	6 000
MP307 Govan Mbeki Local Municipality	30 000	-	-	30 000	-	-	-	18 000	18 000
MP311 Victor Khanye Local Municipality	15 000	-		15 000	15 000	-	-	20 000	20 000
MP312 Emalahleni Local Municipality	12 000	-		12 000	12 000	-	-	15 000	15 000
MP313 Steve Tshwete Local Municipality	29 000	-	-	29 000	29 000	-	-	35 000	55 000
MP314 Emakhazeni Local Municipality	88 000	-	-	88 000	88 000	-	-	20 000	20 000
MP315 Thembisile Local Municipality	80 000	-	-	80 000	80 000	-	-	38 000	38 000
MP321 Thaba Chweu Local Municipality	30 000	-	-	30 000	30 000	-	-	40 000	20 000
MP324 Nkomazi Local Municipality	50 000	-	-	50 000	50 000	-	-	50 000	50 000

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
MP325 Bushbuckridge Local Municipality	-	-	-	-	30 000	-	-	55 000	55 000
MP326 Mbombela/ Umjindi Local Municipality	-	-	-	-	-	-	-	30 000	30 000
Northern Cape Province	**308 793**	**-**	**(7 659)**	**301 134**	**301 134**	**-**	**-**	**252 055**	**252 055**
NC451 Joe Morolong Local Municipality	53 700	-	-	53 700	53 700	-	-	40 000	40 000
NC452 Gasegonyana Local Municipality	42 250	-	-	42 250	42 250	-	-	36 958	36 958
NC453 Gamagara Local Municipality	14 225	-	(2 844)	11 381	11 381	-	-	4 000	4 000
NC061 Richtersveld Local Municipality	9 900	-	-4 950	4 950	4 950	-	-	10 000	10 000
NC062 Nama Khoi Local Municipality	13 000	-	-3 000	10 000	10 000	-	-	10 000	10 000
NC064 Kamiesberg Local Municipality	540	-	-540	-	-	-	-	2 500	2 500
NC065 Hantam Local Municipality	27 000	-	-	27 000	27 000	-	-	21 000	21 000
NC066 Karoo Hoogland Local Municipality	13 000	-	-502	12 498	12 498	-	-	11 000	11 000
NC067 Khai Ma Local Municipality	5 225	-	-	5 225	5 225	-	-	-	-

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
NC071 Ubuntu Local Municipality	9 450	-	-1 000	8 450	8 450	-	-	9 000	9 000
NC072 Umsobomvu Local Municipality	10 405	-	-2 702	7 703	7 703	-	-	12 000	12 000
NC073 Emthanjeni Local Municipality	16 675	-	-	16 675	16 675	-	-	2 000	2 000
NC074 Kareeberg Local Municipality	-	-	-	-	-	-	-	-	-
NC075 Renosterberg Local Municipality	-	-	-	-	-	-	-	7 000	7 000
NC076 Thembelihle Local Municipality	11 540	-	-3 000	8 540	8 540	-	-	10 000	10 000
NC077 Siyathemba Local Municipality	4 000	-	10 000	14 000	14 000	-	-	-	-
NC078 Siyancuma Local Municipality	-	-	-	-	-	-	-	3 000	3 000
NC082 !Kai! Garib Local Municipality	-	-	-	-	-	-	-	7 200	7 200
NC084 !Kheis Local Municipality	-	-	-	-	-	-	-	5 000	5 000
NC085 Tsantsabane Local Municipality	7 975	-	-3 987	3 988	3 988	-	-	6 000	6 000

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
NC086 Kgatelopele Local Municipality	12 975	-	11 000	23 975	23 975	-	-	12 000	12 000
NC087 //Khara Hais/ Mier Local Municipality	6 750	-	-	6 750	6 750	-	-	5 000	5 000
NC091 Sol Plaatjie Local Municipality	-	-	-	-	-	-	-	14 948	14 948
NC092 Dikgatlong Local Municipality	-	-	-	-	-	-	-	-	-
NC093 Magareng Local Munipality	19 515	-	-	19 515	19 515	-	-	9 000	9 000
NC094 Phokwane Local Municipality	30 668	-	-6 134	24 534	24 534	-	-	14 449	14 449
North West Province	**388 630**	**-**	**5 000**	**393 630**	**393 630**	**-**	**-**	**336 286**	**336 286**
NW371 Moretele Local Municipality	30 000	-	-	30 000	30 000	-	-	65 000	65 000
NW373 Rustenburg Local Municipality	85 000	-	(20 000)	65 000	65 000	-	-	49 000	49 000
NW375 Moses Kotane Local Municipality	60 000	-	10 000	70 000	70 000	-	-	59 125	59 125
DC39 Dr Ruth Segomotsi Mompati District Municipality	100 000	-	-	100 000	100 000	-	-	90 000	90 000
NW403 City Of Matlosana Local Municipality	46 130	-	2 500	48 630	48 630	-	-	11 161	11 161

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
NW404 Maquassi Hills Local Municipality	42 500	-	12 500	55 000	55 000	-	-	30 000	30 000
NW405 JB Marks Local Municipality	25 000	-	-	25 000	25 000	-	-	32 000	32 000
Western Cape Province	**129 246**	**-**	**(6 000)**	**123 246**	**123 246**	**-**	**-**	**140 460**	**140 460**
WC011 Matzikama Local Municipality	11 000	-	-	11 000	11 000	-	-	9 196	9 196
WC012 Cederberg Local Municipality	4 500	-	-	4 500	4 500	-	-	-	-
WC013 Bergrivier Local Municipality	8 500	-	-	8 500	8 500	-	-	3 150	3 150
WC022 Witzenberg Local Municipality	-	-	-	-	-	-	-	11 701	11 701
WC023 Drakenstein Local Municipality	13 400	-	-	13 400	13 400	-	-	-	-
WC025 Breede Valley Local Municipality	-	-		-	-	-	-	5 107	5 107
WC026 Langeberg Local Municipality	-	-	-	-	-	-	-	-	-
WC031 Theewaterskloof Local Municipality	9 630	-	-	9 630	9 630	-	-	-	-
WC032 Overstrand Local Municipality	4 500	-	-	4 500	4 500	-	-	27 439	27 439
WC033 Cape Agulhus Local Municipality	4 500	-	-	4 500	4 500	-	-	12 500	12 500

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
WC034 Swellendam Local Municipality	5 304	-	-	5 304	5 304	-	-	12 437	12 437
WC041 Kannaland Local Municipality	4 500	-	-	4 500	4 500	-	-	-	-
WC042 Hessequa Local Municipality	8 300	-	-	8 300	8 300	-	-	-	-
WC044 George Local Municipality	3 820	-	-	3 820	3 820	-	-	-	-
WC045 Oudtshoorn Local Municipality	8 060	-	-	8 060	8 060	-	-	6 579	6 579
WC048 Knysna Local Municipality	3 400	-	-	3 400	3 400	-	-	-	-
WC051 Laingsburg Local Municipality	31 832	-	-6 000	25 832	25 832	-	-	17 360	17 360
WC052 Prince Albert Local Municipality	8 000	-	-	8 000	8 000	-	-	6 552	6 552
Regional Bulk Infrastructure Grant (RBIG)	**3 258 828**	**-**	**-**	**3 258 828**	**3 258 828**	**-**	**-**	**2 655 668**	**2 655 668**
Eastern Cape Province	**692 700**	**-**	**(20 000)**	**672 700**	**672 700**	**-**	**-**	**413 907**	**413 907**
DC13 Chris Hani District Municipality	184 000	-	-	184 000	184 000	-	-	311 907	311 907
NMA Nelson Mandela Bay	348 000	-	-	348 000	348 000				

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
DC14 Joe Gqabi District Municipality	20 000	-	-	20 000	20 000	-	-	2 000	2 000
DC15 O.R. Tambo District Municipality	140 700	-	(20 000)	120 700	120 700	-	-	100 000	100 000
Free State Province	**178 896**	**-**	**(15 000)**	**163 896**	**163 896**	**-**	**-**	**204 407**	**204 407**
FS163 Mohokare Local Municipality	8 896	-	-	8 896	8 896	-	-	4 407	4 407
FS191 Setsoto Local Municipality	120 000	-	-5 000	115 000	115 000	-	-	150 000	150 000
FS195 Phumelela Local Municipality	-	-	-	-	-	-	-	-	-
FS203 Ngwathe Local Municipality	50 000	-	-10 000	40 000	40 000	-	-	50 000	50 000
Kwa-Zulu Natal Province	**636 452**	**-**	**-**	**636 452**	**636 452**	**-**	**-**	**463 810**	**463 810**
DC23 uThukela District Municipality	-	-	-	-	-	-	-	-	-
DC24 uMzinyathi District Municipality	-	-	-	-	-	-	-	-	-
DC25 aMajuba District Municipality	413 905	-	-	413 905	413 905	-	-	-	-
DC26 Zululand District Municipality	222 547	-	-	222 547	222 547	-	-	250 247	250 247
DC28 King Cetshwayo District Municipality	-	-	-	-	-	-	-	213 563	213 563

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
DC43 Harry Gwala District Municipality	-	-	-	-	-	-	-	-	-
Limpopo Province	**152 539**	**-**	**86 000**	**238 539**	**238 539**	**-**	**-**	**134 584**	**134 584**
DC33 Mopani District Municipality	-	-	-	-	-	-	-	-	-
LIM354 Polokwane Local Municipality	152 539	-	86 000	238 539	238 539		-	134 584	134 584
Mpumalanga Province	**435 793**	**-**	**(16 000)**	**419 793**	**419 793**	**-**	**-**	**657 142**	**657 142**
MP301 Chief Albert Luthuli Local Municipality	275 793	-	7 000	282 793	282 793	-	-	165 142	165 142
MP302 Msukaligwa Local Municipality	50 000	-	-7 000	43 000	43 000	-	-	175 000	175 000
MP303 Mkhondo Local Municipality	-	-	-	-	-	-	-	-	-
MP306 Dipaleseng Local Municipality	-	-	-	-	-	-	-	-	-
MP307 Govan Mbeki Local Municipality	-	-	-	-	-	-	-	-	-
MP313 Steve Tshwete Local Municipality	75 000	-	-	75 000	75 000	-	-	145 000	145 000

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
MP321 Thaba Chweu Local Municipality	5 000	-	-	5 000	5 000	-	-	5 100	5 100
MP324 Nkomazi Local Municipality	-	-	-	-	-	-	-	156 900	156 900
MP325 Bushbuckridge Local Municipality	30 000	-	-16 000	14 000	14 000	-	-	-	-
MP326 Mbombela/ Umjindi Local Municipality	-	-	-	-	-		-	10 000	10 000
Northern Cape Province	**185 000**	**-**	**(35 000)**	**150 000**	**150 000**	**-**	**-**	**50 000**	**50 000**
NC065 Hantam Local Municipality	110 000	-	-	110 000	110 000	-	-	50 000	50 000
NC074 Kareeberg Local Municipality	75 000	-	-35 000	40 000	40 000	-	-	-	-
NC085 Tsantsabane Local Municipality	-	-	-	-	-	-	-		
NC086 Kgatelopele Local Municipality	-	-	-	-	-	-	-	-	-
North West Province	**322 000**	**-**	**-**	**322 000**	**322 000**	**-**	**-**	**280 128**	**280 128**
DC39 Dr Ruth Segomtsi Mompati District Municipality	322 000	-	-	322 000	322 000		-	280 128	280 128
Western Cape Province	**655 448**	**-**	**-**	**655 448**	**655 448**	**-**	**-**	**451 690**	**451 690**
WC011 Matzikama Local Municipality	-	-	-	-	-	-	-	30 000	30 000

Name of province/ grant	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury/ National Department	DORA and other transfers	Actual transfer
WC022 Witzenberg Local Municipality	290 310	-	-	290 310	290 310	-	-	46 794	46 794
WC044 George Local Municipality	365 138	-	-	365 138	365 138	-	-	374 896	374 896
Unconditional transfers	719	-	-	719	469	-	-	978	462
Mun B/Acc: Vehicle Licences Mun	696		-67	629	393			904	387
Mun B/Acc:Fines & Penalties	23		67	90	76			73	75
Water information management	-			-	-			1	-
	6 879 208	**-**	**-**	**6 879 208**	**6 878 958**	**-**	**-**	**6 357 665**	**6 357 149**

ANNEXURES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

Annexure 1A: Statement of conditional grants and other transfers paid to municipalities

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	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)	**3 619 661**	**-**	**-**	**3 619 661**	**3 619 661**	**-**	**-**	**3 619 661**	**3 619 661**	**-**	**0%**	**3 701 019**	**3 701 019**
Eastern Cape Province	**476 864**	**-**	**11 000**	**487 864**	**487 864**	**-**	**-**	**487 864**	**487 864**	**-**	**0%**	**471 362**	**471 362**
EC101 Dr Beyers Naude Local Municipality	20 000		6 250	26 250	26 250	-		26 250	26 250	-	0%	8 939	8 939
EC102 Blue Crane Route Local Municipality	10 000		6 250	16 250	16 250	-	-	16 250	16 250	-	0%	10 000	10 000
EC104 Makana Local Municipality	21 947			21 947	21 947	-		21 947	21 947	-	0%	3 000	3 000
EC105 Ndlambe Local Municipality	26 962			26 962	26 962	-		26 962	26 962	-	0%	85 000	85 000
EC106 Sundays River Valley Local Municipality	15 000		9 538	24 538	24 538	-		24 538	24 538	-	0%	25 000	25 000
EC108 Kouga	30 000			30 000	30 000	-		30 000	30 000	-	0%	38 000	38 000
EC 109 Kou-Kamma	8 038		(2 038)	6 000	6 000	-		6 000	6 000	-	0%	65 200	65 200

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
DC12 Amatole District Municipality	52 400		15 000	67 400	67 400	-		67 400	67 400	-	0%	60 000	60 000
DC13 Chris Hani District Municipality	61 517		10 000	71 517	71 517			71 517	71 517	-	0%		
DC14 Joe Gqabi District Municipality	62 000			62 000	62 000			62 000	62 000	-	0%		
DC15 O.R Tambo District Municipality	72 000			72 000	72 000	-		72 000	72 000	-	0%	76 223	76 223
DC44 Alfred Nzo District Municipality	97 000		(34 000)	63 000	63 000	-		63 000	63 000	-	0%	100 000	100 000
Free State Province	**334 442**	**-**	**(11 000)**	**323 442**	**323 442**	**-**	**-**	**323 442**	**323 442**	**-**	**0%**	**332 599**	**332 599**
FS161 Letsemeng Local Municipality	26 327		(5 427)	20 900	20 900	-		20 900	20 900	-	0%	25 000	25 000
FS162 Kopanong Local Municipality	16 820		(4 615)	12 205	12 205	-		12 205	12 205	-	0%	10 400	10 400
FS163 Mohokare Local Municipality	17 000		(10 000)	7 000	7 000	-		7 000	7 000	-	0%	17 008	17 008

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
FS181 Masilonyana Local Municipality	14 800		(5 324)	9 476	9 476	-		9 476	9 476	-	0%	18 334	18 334
FS182 Tokologo Local Municipality	20 727			20 727	20 727	-		20 727	20 727	-	0%	20 533	20 533
FS183 Tswelopele Local Municipality	11 979		15 000	26 979	26 979	-		26 979	26 979	-	0%	12 276	12 276
FS184 Matjhabeng Local Municipality	20 000		(10 000)	10 000	10 000	-		10 000	10 000	-	0%	25 800	25 800
FS185 Nala Local Municipality	11 846		10 000	21 846	21 846	-		21 846	21 846	-	0%	11 528	11 528
FS191 Setsoto Local Municipality	14 173			14 173	14 173	-		14 173	14 173	-	0%	15 301	15 301
FS192 Dihlabeng Local Municipality	15 022		3 000	18 022	18 022	-		18 022	18 022	-	0%	25 000	25 000
FS193 Nketoana Local Municipality	20 689		(13 000)	7 689	7 689	-		7 689	7 689	-	0%	3 000	3 000

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
FS194 Maluti-a-phofung Local Municipality	38 317		13 366	51 683	51 683	-		51 683	51 683	-	0%	58 896	58 896
FS195 Phumelela Local Municipality	25 777			25 777	25 777	-		25 777	25 777	-	0%	15 328	15 328
FS196 Mantsopa Local Municipality	15 427		(5 000)	10 427	10 427	-		10 427	10 427	-	0%	11 720	11 720
FS201 Moqhaka Local Municipality	20 900			20 900	20 900	-		20 900	20 900	-	0%	10 292	10 292
FS203 Ngwathe Local Municipality	14 021		4 000	18 021	18 021	-		18 021	18 021	-	0%	15 000	15 000
FS204 Metsimaholo Local Municipality	15 617			15 617	15 617	-		15 617	15 617	-	0%	17 183	17 183
FS205 Mafube Local Municipality	15 000		(3 000)	12 000	12 000	-		12 000	12 000	-	0%	20 000	20 000
Guateng Province	**184 290**	**-**	**-**	**184 290**	**184 290**	**-**	**-**	**184 290**	**184 290**	**-**	**0%**	**177 338**	**177 338**

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
GT422 Midvaal Local Municipality	19 712			19 712	19 712	-		19 712	19 712	-	0%	18 864	18 864
GT423 Lesedi Local Municipality	18 808			18 808	18 808	-		18 808	18 808	-	0%	13 874	13 874
GT481 Mogale City Local Municipality	36 306		10 476	46 782	46 782	-		46 782	46 782	-	0%	45 160	45 160
GT484 Merafong City Local Municipality	40 806		(10 476)	30 330	30 330	-		30 330	30 330	-	0%	35 420	35 420
GT485 Westonaria/ Randfontein Local Municipality	68 658			68 658	68 658	-		68 658	68 658	-	0%	64 020	64 020
Kwa-Zulu Natal Province	**872 651**	**-**	**8 659**	**881 310**	**881 310**	**-**	**-**	**881 310**	**881 310**	**-**	**0%**	**1 058 400**	**1 058 400**
DC21 Ugu District Municipality	117 000		18 900	135 900	135 900	-		135 900	135 900	-	0%	220 000	220 000
KZN225 Msunduzi Local Municipality	50 000		53 659	103 659	53 659	-		53 659	53 659	-	0%	60 000	60 000

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
DC22 uMgungundlovu District Municipality	90 650		(50 000)	40 650	90 650	-		90 650	90 650	-	0%	122 600	122 600
DC23 uThukela District Municipality	85 000			85 000	85 000	-		85 000	85 000	-	0%	80 800	80 800
DC24 uMzinyathi District Municipality	50 001		(7 501)	42 500	42 500	-		42 500	42 500	-	0%	80 000	80 000
KZN252 Newcastle Local Municipality	50 000		50 000	100 000	50 000	-		50 000	50 000	-	0%	48 000	48 000
DC25 aMajuba District Municipality	50 000		(53 400)	(3 400)	46 600	-		46 600	46 600	-	0%	60 000	60 000
DC26 Zululand District Municipality	95 000			95 000	95 000	-		95 000	95 000	-	0%	95 000	95 000
DC27 uMkhanyakude District Municipality	-			-	-	-		-	-	-		-	-
KZN 282 uMhlathuze Local Municipality	40 000		52 001	92 001	52 001	-		52 001	52 001	-	0%	37 000	37 000

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
DC28 King Cetshwayo District Municipality	60 000		(40 000)	20 000	60 000	-		60 000	60 000	-	0%	70 000	70 000
DC29 ILembe District Municipality	95 000		(15 000)	80 000	80 000	-		80 000	80 000	-	0%	100 000	100 000
DC43 Harry Gwala District Municipality	90 000			90 000	90 000	-		90 000	90 000	-	0%	85 000	85 000
Limpopo Province	**440 808**	**-**	**-**	**440 808**	**440 808**	**-**	**-**	**440 808**	**440 808**	**-**	**0%**	**452 774**	**452 774**
DC33 Mopani District Municipality	-			-	-	-		-	-	-		35 000	35 000
DC34 Vhembe District Municipality	97 000			97 000	97 000	-		97 000	97 000	-	0%	60 000	60 000
LIM354 Polokwane Local Municipality	67 700			67 700	67 700	-		67 700	67 700	-	0%	63 124	63 124
DC35 Capricorn District Municipality	145 025			145 025	145 025	-		145 025	145 025	-	0%	165 000	165 000
LIM 362 Lephalale Local Municipality	-			-	-	-		-	-	-		-	-

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
LIM 366 Bela Bela Local Municipality	55 750			55 750	55 750	-		55 750	55 750	-	0%	62 010	62 010
LIM 367 Mogalakwena Local Municipality	75 333			75 333	75 333	-		75 333	75 333	-	0%	47 640	47 640
DC47 Greater Sekhukhune District Municipality	-			-	-	-		-	-	-		20 000	20 000
Mpumalanga Province	**483 937**	**-**	**-**	**483 937**	**483 937**	**-**	**-**	**483 937**	**483 937**	**-**	**0%**	**479 745**	**479 745**
MP301 Albert Luthuli Local Municipality	104 937			104 937	104 937	-		104 937	104 937	-	0%	72 745	72 745
MP302 Msukaligwa Local Municipality	30 000			30 000	30 000	-		30 000	30 000	-	0%	60 000	60 000
MP303 Mkhondo Local Municipality	-			-	-	-		-	-	-		20 000	20 000
MP304 Pixley Ka Seme Local Municipality	15 000			15 000	15 000	-		15 000	15 000	-	0%	6 000	6 000
MP307 Govan Mbeki Local Municipality	30 000			30 000		-		-	-	-		18 000	18 000

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
MP312 Emalahleni Local Municipality	15 000			15 000	15 000	-		15 000	15 000	-		20 000	20 000
MP313 Steve Tshwete Local Municipality	12 000			12 000	12 000	-		12 000	12 000	-		15 000	15 000
MP314 Emakhazeni Local Municipality	29 000			29 000	29 000	-		29 000	29 000	-	0%	35 000	55 000
MP315 Thembisile Local Municipality	88 000			88 000	88 000	-		88 000	88 000	-	0%	20 000	20 000
MP321 Thaba Chweu Local Municipality	80 000			80 000	80 000	-		80 000	80 000	-	0%	38 000	38 000
MP324 Nkomazi Local Municipality	30 000			30 000	30 000	-		30 000	30 000	-	0%	40 000	20 000
MP325 Bushbuckridge Local Municipality	50 000			50 000	50 000	-		50 000	50 000	-	0%	50 000	50 000
MP311 Victor Khanye	-			-	30 000	-		30 000	30 000	-	0%	55 000	55 000
Northern Cape Province	**308 793**	**-**	**(7 659)**	**301 134**	**301 134**	**-**	**-**	**301 134**	**301 134**	**-**	**0%**	**252 055**	**252 055**

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
NC451 Joe Morolong Local Municipality	53 700			53 700	53 700	-		53 700	53 700	-	0%	40 000	40 000
NC452 Gasegonyana Local Municipality	42 250			42 250	42 250	-		42 250	42 250	-	0%	36 958	36 958
NC453 Gamagara Local Municipality	14 225		(2 844)	11 381	11 381	-		11 381	11 381	-	0%	4 000	4 000
NC061 Richtersveld Local Municipality	9 900		(4 950)	4 950	4 950	-		4 950	4 950	-	0%	10 000	10 000
NC062 Nama Khoi Local Municipality	13 000		(3 000)	10 000	10 000	-		10 000	10 000	-	0%	10 000	10 000
NC064 Kamiesberg Local Municipality	540		(540)	-	-	-		-	-	-		2 500	2 500
NC065 Hantam Local Municipality	27 000			27 000	27 000	-		27 000	27 000	-	0%	21 000	21 000
NC066 Karoo Hoogland Local Municipality	13 000		(502)	12 498	12 498	-		12 498	12 498	-	0%	11 000	11 000

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
NC067 Khai-Ma Local Municipality	5 225			5 225	5 225	-		5 225	5 225	-	0%	-	-
NC071 Ubuntu Local Municipality	9 450		(1 000)	8 450	8 450	-		8 450	8 450	-	0%	9 000	9 000
NC072 Umsobomvu Local Municipality	10 405		(2 702)	7 703	7 703	-		7 703	7 703	-	0%	12 000	12 000
NC073 Emthanjeni Local Municipality	16 675			16 675	16 675	-		16 675	16 675	-	0%	2 000	2 000
NC074 Kareeberg Local Municipality	-			-	-	-		-	-	-		-	-
NC075 Renosterberg Local Municipality	-			-	-	-		-	-	-		7 000	7 000
NC076 Thembelihle Local Municipality	11 540		(3 000)	8 540	8 540	-		8 540	8 540	-	0%	10 000	10 000

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
NC077 Siyathemba Local Municipality	4 000		10 000	14 000	14 000	-		14 000	14 000	-	0%	-	-
NC078 Siyancuma Local Municipality	-			-	-	-		-	-	-		3 000	3 000
NC082 !Kai! Garib Local Municipality	-			-	-	-		-	-	-		7 200	7 200
NC084 Kheis Local Municipality	-			-	-	-		-	-	-		5 000	5 000
NC085 Tsantsabane Local Municipality	7 975		(3 987)	3 988	3 988	-		3 988	3 988	-	0%	6 000	6 000
NC086 Kgatelopele Local Municipality	12 975		11 000	23 975	23 975	-		23 975	23 975	-	0%	12 000	12 000
NC087 //Khara Hais/Mier Local Municipality	6 750			6 750	6 750	-		6 750	6 750	-	0%	5 000	5 000
NC091 Sol Plaatjie Local Municipality	-			-	-	-		-	-	-		14 948	14 948

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
NC092 Dikgatlong Local Municipality	-			-	-	-		-	-	-		-	-
NC093 Magareng Local Municipality	19 515			19 515	19 515	-		19 515	19 515	-	0%	9 000	9 000
NC094 Phokwane Local Municipality	30 668		(6 134)	24 534	24 534	-		24 534	24 534	-	0%	14 449	14 449
North West Province	**388 630**	**-**	**5 000**	**393 630**	**393 630**	**-**	**-**	**393 630**	**393 630**	**-**	**0%**	**336 286**	**336 286**
NW371 Moretele Local Municipality	30 000			30 000	30 000	-		30 000	30 000	-	0%	65 000	65 000
NW373 Rustenburg Local Municipality	85 000		(20 000)	65 000	65 000	-		65 000	65 000	-	0%	49 000	49 000
NW375 Moses Kotane Local Municipality	60 000		10 000	70 000	70 000	-		70 000	70 000	-	0%	59 125	59 125
DC39 Dr Ruth Segomotsi Mompati District Municipality	100 000			100 000	100 000	-		100 000	100 000	-	0%	90 000	90 000
NW403 City Of Matlosana Local Municipality	46 130		2 500	48 630	48 630	-		48 630	48 630	-	0%	11 161	11 161

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
NW404 Maquassi Hills Local Municipality	42 500		12 500	55 000	55 000	-		55 000	55 000	-	0%	30 000	30 000
NW405 Ventersdorp/ Tlokwe Local Municipality	25 000			25 000	25 000	-		25 000	25 000	-	0%	32 000	32 000
Western Cape Province	**129 246**	**-**	**(6 000)**	**123 246**	**123 246**	**-**	**-**	**123 246**	**123 246**	**-**	**0%**	**140 460**	**140 460**
WC011 Matzikama Local Municipality	11 000			11 000	11 000	-		11 000	11 000	-	0%	9 196	9 196
WC012 Cederberg Local Municipality	4 500			4 500	4 500	-		4 500	4 500	-	0%	-	-
WC013 Bergrivier Local Municipality	8 500			8 500	8 500	-		8 500	8 500	-	0%	3 150	3 150
WC022 Witzenberg Local Municipality	-			-	-	-		-	-	-		11 701	11 701
WC023 Drakenstein Local Municipality	13 400			13 400	13 400	-		13 400	13 400	-	0%	-	-

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
WC025 Breede Valley Local Municipality	-			-				-	-	-		5 107	5 107
WC026 Langeberg Local Municipality	-			-				-	-	-		-	-
WC031 Theewaterskloof Local Municipality	9 630			9 630	9 630			9 630	9 630	-	0%	-	-
WC032 Overstrand Local Municipality	4 500			4 500	4 500	-		4 500	4 500	-	0%	27 439	27 439
WC033 Cape Agulhus Local Municipality	4 500			4 500	4 500	-		4 500	4 500	-	0%	12 500	12 500
WC034 Swellendam Local Municipality	5 304			5 304	5 304	-		5 304	5 304	-	0%	12 437	12 437
WC041 Kannaland Local Municipality	4 500			4 500	4 500	-		4 500	4 500	-	0%	-	-
WC042 Hessequa Local Municipality	8 300			8 300	8 300	-		8 300	8 300	-	0%	-	-

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	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	3 820			3 820	3 820	-		3 820	3 820	-	0%	-	-
WC045 Oudtshoorn Local Municipality	8 060			8 060	8 060	-		8 060	8 060	-		6 579	6 579
WC048 Knysna Local Municipality	3 400			3 400	3 400	-		3 400	3 400	-	0%	-	-
WC051 Laingsburg Local Municipality	31 832		(6 000)	25 832	25 832	-		25 832	25 832	-	0%	17 360	17 360
WC052 Prince Albert Local Municipality	8 000			8 000	8 000	-		8 000	8 000	-		6 552	6 552
-	-				-				-	-			
				-		-		-	-	-		28 439	28 439
Regional Bulk Infrastructure Grant (RBIG)	**3 258 828**	**-**	**-**	**3 258 828**	**3 258 828**	**-**	**-**	**3 258 828**	**3 258 828**	**-**	**0%**	**2 655 668**	**2 655 668**
Eastern Cape Province	**692 700**	**-**	**(20 000)**	**672 700**	**672 700**	**-**	**-**	**672 700**	**672 700**	**-**	**0%**	**413 907**	**413 907**
DC13 Chris Hani District Municipality	184 000			184 000	184 000	-		184 000	184 000	-	0%	311 907	311 907
NMA Nelson Mandela Bay	348 000			348 000	348 000			348 000	348 000	-			

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
DC14 Joe Gqabi District Municipality	20 000			20 000	20 000	-		20 000	20 000	-	0%	2 000	2 000
DC15 O.R. Tambo District Municipality	140 700		(20 000)	120 700	120 700	-		120 700	120 700	-	0%	100 000	100 000
Free State Province	**178 896**	**-**	**(15 000)**	**163 896**	**163 896**	**-**	**-**	**163 896**	**163 896**	**-**	**0%**	**204 407**	**204 407**
FS163 Mohokare Local Municipality	8 896			8 896	8 896	-		8 896	8 896	-	0%	4 407	4 407
FS191 Setsoto Local Municipality	120 000		(5 000)	115 000	115 000	-		115 000	115 000	-	0%	150 000	150 000
FS195 Phumelela Local Municipality	-			-	-			-	-	-			
FS203 Ngwathe Local Municipality	50 000		(10 000)	40 000	40 000	-		40 000	40 000	-	0%	50 000	50 000
Kwa-Zulu Natal Province	**636 452**	**-**	**-**	**636 452**	**636 452**	**-**	**-**	**636 452**	**636 452**	**-**	**0%**	**463 810**	**463 810**
DC23 uThukela District Municipality	-			-	-	-		-	-	-		-	-

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
DC24 uMzinyathi District Municipality	-			-	-	-		-	-	-		-	-
DC26 Zululand District Municipality	413 905			413 905	413 905	-		413 905	413 905	-	0%	-	-
DC28 King Cetshwayo District Municipality	222 547			222 547	222 547	-		222 547	222 547	-	0%	250 247	250 247
DC29 ILembe District Municipality	-			-		-		-	-	-		213 563	213 563
DC43 Harry Gwala District Municipality	-			-	-	-		-	-	-		-	-
Limpopo Province	**152 539**	**-**	**86 000**	**238 539**	**238 539**	**-**	**-**	**238 539**	**238 539**	**-**	**0%**	**134 584**	**134 584**
DC33 Mopani District Municipality	-			-	-	-		-	-	-		-	-
LIM354 Polokwane Local Municipality	152 539		86 000	238 539	238 539			238 539	238 539	-			

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
DC47 Greater Sekhukhune District Municipality	-			-		-		-	-	-		134 584	134 584
Mpumalanga Province	**435 793**	**-**	**(16 000)**	**419 793**	**419 793**	**-**	**-**	**419 793**	**419 793**	**-**	**0%**	**657 142**	**657 142**
MP301 Chief Albert Luthuli Local Municipality	275 793		7 000	282 793	282 793	-		282 793	282 793	-	0%	165 142	165 142
MP302 Msukaligwa Local Municipality	50 000		(7 000)	43 000	43 000	-		43 000	43 000	-	0%	175 000	175 000
MP303 Mkhondo Local Municipality	-			-		-		-	-	-		-	-
MP306 Dipaleseng Local Municipality	-			-		-		-	-	-		-	-
MP307 Govan Mbeki Local Municipality	-			-		-		-	-	-		-	-
MP313 Steve Tshwete Local Municipality	75 000			75 000	75 000	-		75 000	75 000	-	0%	145 000	145 000

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
MP321 Thaba Chweu Local Municipality	5 000			5 000	5 000	-		5 000	5 000	-		5 100	5 100
MP324 Nkomazi Local Municipality	-			-		-		-	-	-		156 900	156 900
MP326 City of Mbombela	30 000		(16 000)	14 000	14 000	-		14 000	14 000	-	0%	10 000	10 000
Northern Cape Province	**185 000**	**-**	**(35 000)**	**150 000**	**150 000**	**-**	**-**	**150 000**	**150 000**	**-**	**0%**	**50 000**	**50 000**
NC065 Hantam Local Municipality	110 000			110 000	110 000	-	-	110 000	110 000	-	0%	50 000	50 000
NC091 Sol local municipality	75 000		(35 000)	40 000	40 000	-	-	40 000	40 000	-	0%	-	-
NC085 Tsantsabane Local Municipality	-			-	-	-	-	-	-	-		-	-
NC086 Kgatelopele Local Municipality	-			-	-	-	-	-	-	-		-	-
North West Province	**322 000**	**-**	**-**	**322 000**	**322 000**	**-**	**-**	**322 000**	**322 000**	**-**	**0%**	**280 128**	**280 128**

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
DC39 Dr Ruth Segomotsi Mompati District Municipality	322 000			322 000	322 000	-	-	322 000	322 000	-	0%	280 128	280 128
Western Cape Province	**655 448**	**-**	**-**	**655 448**	**655 448**	**-**	**-**	**655 448**	**655 448**	**-**	**0%**	**451 690**	**451 690**
WC011 Matzikama Local Municipality	-			-	-	-	-	-	-	-		30 000	30 000
WC023 Drakenstein	290 310			290 310	290 310	-	-	290 310	290 310	-	0%	46 794	46 794
WC044 George Local Municipality	365 138			365 138	365 138	-	-	365 138	365 138	-	0%	374 896	374 896
Unconditional transfers	**719**	**-**	**-**	**719**	**469**	**-**	**-**	**-**	**-**	**-**		**978**	**462**
Mun B/Acc: Vehicle Licences	696		(67)	629	393							904	387
Mun B/Acc: Fines & Penalties	23		67	90	76							73	75
Water information management												1	
	6 879 208	**-**	**-**	**6 879 208**	**6 878 958**	**-**	**-**	**6 878 489**	**6 878 489**	**-**	**100%**	**6 357 665**	**6 357 149**

Annexure 1B: Statement of transfers to departmental agencies and accounts

Departmental Agency or Account	2023/24						2022/23	
	Transfer Allocation				Transfer			
	Adjusted Budget	Rollovers	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Energy Water Sector Education and Training Authority (EWSETA)	3 427			3 427	3 427	100,0%	3 350	3 350
Water Trading Account: Augmentation (Capital)	-			-	-		2 608 779	2 608 779
Water Trading Entity - Acid mine drainage and other capital projects	2 379 276			2 379 276	2 379 276	100,0%	-	-
Water Trading Entity - Operations and maintenance of water resource management activities	286 385			286 385	286 385	100,0%	-	-
Water Trading Entity - Establishment of Catchment Management Agencies	707 000		(100 000)	607 000	607 000	100,0%	-	-
Com: Licences (Radio and TV)	3		4	7	7	100,0%	12	11
Total	**3 376 091**	**-**	**(99 996)**	**3 276 095**	**3 276 095**		**2 612 141**	**2 612 140**

Annexure 1D: Statement of transfers / subsidies to public corporations and private enterprises

Name of public corporation / private enterprise	2023/24								2022/23	
	GRANT ALLOCATION				EXPENDITURE					
	Adjusted Budget	Rollovers	Adjustments	Total Available	Actual transfer	% of Available funds transferred	Capital	Current	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Transfers										
Magalies Water	1 782 000			1 782 000	1 782 000	100,0%			130 449	130 449
Bloem Water	-			-	-				108 835	108 835
Sedibeng Water	-			-	-				143 729	143 729
Umgeni Water	269 000			269 000	269 000	100,0%			738 673	738 673
Lepelle Water	633 000			633 000	633 000	100,0%			422 000	422 000
VAAL Central Water Board Transfers	355 960			355 960	355 510	99,9%				
				-						
Total	**3 039 960**	**-**	**-**	**3 039 960**	**3 039 510**	**100,0%**	**-**	**-**	**1 543 686**	**1 543 686**

Annexure 1E: Statement of transfers to foreign governments and international organisations

Foreign government / International organisation	2023/24						2022/23	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Rollovers	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Komati River Basin Water Authority (KOBWA)	40 410	-	-	40 410	40 410	100,0%	248 278	248 278
Limpopo Watercourse Commission (LIMCOM)	1 070	-	-	1 070	951	88,9%	950	895
Orange-Seque River Basin Commission (ORASECOM)	1 550	-	-	1 550	1 404	90,6%	1 550	1 404
African Ministers' Council on Water (AMCOW) Trust Fund	200	-	-	200	190	95,0%	200	176
INMACOM		-	3 611	3 611	3 611	100,0%	-	-
Total	**43 230**	-	**3 611**	**46 841**	**46 566**		**250 978**	**250 753**

Annexure 1F: Statement of transfers to non-profit institutions

Non-profit institutions	2023/24						2022/23	
	Transfer Allocation				Expenditure			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
South African Youth Water Prize	398			398	398	100,0%	395	244
VAR Inst:2020 Vision-Water ED PR	4 961			4 961	1 502	30,3%	647	741
NEPAD Business Foundation	2 497			2 497	547	21,9%	550	500
Total	**7 856**	-		**7 856**	**2 447**		**1592**	**1485**

Annexure 1G: Statement of Transfers to Households

Household	2023/24						2022/23	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Rollovers	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
H/H: Bursaries (Non-Employees)	27 040	-	-	27 040	26 997	99,8%	21 521	21 441
H/H Empl S/Ben: Leave Gratuity	5 971	-	3 457	9 438	9 427	100,0%	15 567	12 666
H/H: Claim Against the State (Cash)	-		291	291	291	100,0%	224	80
Total	**33 011**	**-**	**3 748**	**36 759**	**36 715**	**100.0%**	**37 312**	**34 187**

Annexure 1H: Statement of gifts, donations and sponsorships made

Name of organisation	Nature of gift, donation, or sponsorship	2023/24	2022/23
		R'000	R'000
Received in kind			
Gifts			
Boegoeberg Water User Association NC	Gift Basket (Lower Orange River Forum - 2022)	-	5
LGSETA	Promotional Material - 2 x Lantern Bluetooth Speaker and 2 x Notebook	-	1
Total gifts		**-**	**6**
Sponsorships			
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, Coted'Ivoire	-	55
Global Water Partnership Southern Africa Specialist	Assistance towards the drafting and implementation of a Framework for the Water Services Improvement Programme in South		125
Blue Deal South African Partnership (Dutch Water Authorities)	Implementation of the New Infrastructure Procurement Strategy and Policy	-	1 497
Regulators Association (ESAWAS)	Flight and Accommodation - Learning Visit to ERSAR in Portugal	61	-
UNDP GEF ORASECOM-Orange-Senqu Watercourse Commission	S&T Participation 10th SADC RBO's workshop - 2-4 October 2023 - Maputo	28	-
Regulators Association (ESAWAS)	Flight and Accommodation -ESAWAS conference and AGM in Kampala, Uganda	41	-
World Health Organisation (WHO)	International of drinking water S&T costs for official attending WHO International Network of Drinking Water & Sanitation Regulator - 08-10 Dec 2023	30	-
Eastern & Southern African Water & Sanitations Regulators Association (ESAWAS)	S&T costs for official attending African Forum for Utility Regulator - 04-06 March 2024	21	-
UNESCO, Head Quarters, Paris	S&T - Launch of the World Water Development Report 2024	44	-
Regulators Association (ESAWAS) "	Flight and Accommodation - Inaugural training in Regulation for Water & Sanitation Services in Mombasa, Kenya	57	-
Business Leadership South Africa	Training and capacity building	682	
Total sponsorships		**964**	**1 727**
Total		**964**	**1 733**

Annexure 1J: Statement of gifts, donations and sponsorships made

Nature of gift, donation or sponsorship *(Group major categories but list material items including name of organisation)*	2023/24 R'000	2022/23 R'000
Made in kind		
Gifts		
Fruit basket/Flowers (Polokwane/North Cape))	3	1
Printing Frame - Ministerial Gift RSA & Mozambique	-	2
Diplomatic Gift Blanket + Plate - Minister Singapore	-	2
Photo Frames - Long Service	-	5
South African Arts Ceiling lights	2	-
Total gifts	**5**	**10**
Donations		
4 Wooden Plaques + Glass Trophies	6	-
African Ostrich egg Trophy	2	-
Total donations	**8**	**-**
TOTAL	**13**	**10**

Annexure 1L: Statement of indirect grants between national departments and municipalities

Name of grant	Grant allocation				Spent
	Division of Revenue Act	Rollovers	Adjustments	Total available	Amount
	R'000	R'000	R'000	R'000	R'000
Regional Bulk Infrastructure Grant (RBIG): Schedule 6B	3 006 439		78 175	3 084 614	3 084 609
Regional Bulk Infrastructure Grant (RBIG): Schedule 6B - Vaal River Pollution Remediation Project (Goods and services)	291 982		(78 175)	213 807	213 807
Water Services Infrastructure Grant (WSIG): Schedule 6B	1 114 238			1 114 238	1 114 238
Disaster Response Water Serv Infr Grant	-			-	-
Total					
	4 412 659	**-**	**-**	**4 412 659**	**4 412 654**

Annexure 2B: Statement of investments in and amounts owing by/ to entities

Name of entity	Nature of business	Cost of investments		Net Asset value of investments		Amounts owing to entities		Amounts owing by entities	
		R'000		R'000		R'000		R'000	
		2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Controlled entities									
Irrigation Boards									
Haarlem	Dam and pipelines	-	-	-	-	-	-	525	525
Manchester Noordwyk	For irrigation	-	-	-	-	-	-	269	540
Noord Agter Paarl	For irrigation	-	-	-	-	-	-	18	71
Total		**-**	**-**	**-**	**-**	**-**	**-**	**812**	**1 136**

Annexure 3A: Statement of financial guarantees issued as of 31 March 2024 – local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2023	Guarantees drawdowns during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2024	Revaluations due to inflation rate movements	Accrued guaranteed interest for the year ended 31 March 2024
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
Standard Bank	Loans	310	110	-	(110)	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-
	Other					-		-	-
KOBWA (21)	Hambros Maguga Dam	380 000	369 638	1 177		-	370 815	-	1 181
Land Bank (30)	Water Projects by WUA's	150 000	34 647				34 647	-	
TCTA	Investec Long-term Loan	1 000 000	885 246		65 574		819 672	-	738
TCTA	Investec RCF	500 000	-				-	-	
TCTA	Std Bank Long-term Loan	3 000 000	2 100 000		200 000		1 900 000	-	34 644
TCTA	Std Bank RCF	1 000 000	-				-	-	
TCTA	Standard Bank long term loan 2021	600 000	425 000		100 000		325 000	-	5 632
TCTA	Standard Bank long term loan 2021	900 000	675 000		128 571		546 429	-	9 918
TCTA	Absa long term loan 2021	1 000 000	750 000		250 000		500 000	-	442
TCTA	Investec long term loan 2021	1 650 000	1 457 500		110 000		1 347 500	-	12 208
TCTA	RMB long-term loan 2021	3 800 000	2 389 937				2 389 937	-	2 102
TCTA	DBSA long term loan 2021	5 500 000	-				-	-	-
TCTA	Nedbank long term loan 2021	2 000 000	-				-	-	-
TCTA	African Development Bank	1 300 000	-				-	-	-
TCTA (13)	Call bills & Capital Bills	3 200 000	-				-	-	-
TCTA (13)	Unutilised guarantee facility	10 000 000	-				-	-	-
	Total	**35 980 310**	**9 087 078**	**1 177**	**854 255**	**-**	**8 234 000**	**-**	**66 865**

Annexure 3B: Statement of Contingent Liabilities as at 31 March 2024

Nature of liability	Opening balance 1 April 2023	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Stephan Mogohlwane & Others	331	51	383		-
Freddy Aphane	57	9	66		-
Black Child Productions	10 000	-	10 000		-
Nkondo GM	555	-	555		-
Ntsumi Communications	945	85	1 030		-
JJ Jordaan	50 281	7 794	58 074		-
Mariam Mangera	35	5	41		-
Jan Hendrik George Blignault/ DWS	16	2	18		-
University of Limpopo v DG DWS	5 350	481	5 831		-
Kahlon Sylvia and 5 Others v DWS	56 240	5 765	62 004		-
Nevondo Azwihangwisi Andries	3 789	587	4 376		-
ADI Investment (PTY)LTD	1 155 764	179 143	1 334 907		-
EM Lamola / DWS	713	-	713		-
Minister of DWS/ Thembi J Shongwe	290	-	290		-
L Sishuba // DWS	1 592	-			1 592
Teffo Mashala/DWS	1 592	-			1 592
Ibrahim Mahomed and Others	12 839	1 990			14 830
SA Satar / DWS and Mokgadi Hellen Maloba	58	6			64
Mulangaphuma HL VS DWS	4 650	442			5 092
Nehawu Obo Tjeko Lischen Maja vs Minister of Water and Sanitation	246	-			246
M Shenxane & M Myantasi vs Amatola Water Board & DWS	6 000	-			6 000
Manyana Nondidlana 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	5 162	800			5 962
Fumile advisory	54 241	5 424			59 665
Blue Raindrops Advertising	3 354	-			3 354
DWS/ SJ Modiba and others	684	-			684
Zolile Burns-Ncamashe	550				550
Prito Response Trading (Pty) v Minister of Water and Sanitation	-	2 062			2 062
Total	**1 378 687**	**204 647**	**1 478 289**	**-**	**105 044**

Annexure 4: Claims Recoverable

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2023/24 *	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	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
Department								
National Department of Justice & Constitutional Dev (12)	-	-	-	17	-	17	-	-
East Cape Transport (D9)	-	-	-	3	-	3	-	-
National Department of Planning Monitoring & Evaluation (73)	-	-	-	30	-	30	-	-
National Department of Agriculture, Land Reform and Rural Development (42)			88		88	-		
National Department of Small Business Development (83)			47		47	-		
National Department of Correctional Services (95)			22		22	-		
Eastern Cape Department of Health (D2)			163		163	-		
Limpopo Department of Sport, Arts and Culture (N9)			56		56	-		
	-	**-**	**376**	**50**	**376**	**50**		
OTHER GOVERNMENT ENTITIES							-	-
Water Trading Entity	-	-	6	-	6	-	-	-
	-	-	6	-	6	-	**-**	**-**
TOTAL	**-**	**-**	**382**	**50**	**382**	**50**	**-**	**-**

Annexure 5: Intergovernment payables

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2023/24 *	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	Payment 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
DEPARTMENTS								
Current								
Department of Justice	820	5 590			820	5 590	-	-
Subtotal	820	5 590			820	5 590	-	-
OTHER GOVERNMENT ENTITY								
Current								
Water & Sanitation Trading Entity	19 409	25 623			19 409	25 623	-	-
Special Investigation Unit (SIU)	427	2 230			427	2 230	-	-
AGSA	3 267	6 070			3 267	6 070	-	-
Property Management	-	4 415			-	4 415		
Government Printing	-	11			-	11	-	-
Subtotal	**23 103**	**38 349**	**-**	**-**	**23 103**	**38 349**		
TOTAL INTERGOVERNMENT PAYABLES	**23 923**	**43 939**	**-**	**-**	**23 923**	**43 939**	**-**	**-**

Annexure 6: Inventories

Inventories for the year ended 31 March 2024	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-
Add/(Less: Adjustments to prior year balances	-	-	-	-	-
Add: Additions/Purchases – Cash	12 605	-	-	-	12 605
Add: Additions - non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	(12 605)	-	-	-	(12 605)
Add/(Less): Received current, not paid; (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**	**-**

Inventories for the year ended 31 March 2023	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	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	-	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**	**-**

Annexure 7: Movement in Capital Work in Progress

Movement in capital work in progress for the year ended 31 March 2024

	Opening balance	Current year CWIP	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	25 746 618	4 349 931	(82 072)	30 014 477
TOTAL	**25 746 618**	**4 349 931**	**(82 072)**	**30 014 477**

Movement in capital work in progress for the year ended 31 March 2023

	Opening balance	Prior period error	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	23 461 454	(291 232)	3 135 657	(559 261)	25 746 618
TOTAL	**23 461 454**	**(291 232)**	**3 135 657**	**(559 261)**	**25 746 618**

ANNEXURE 8A: INTER-ENTITY ADVANCES PAID (Note 10)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Department of International Relations & Cooperations		2 455			-	2 455
National School of Government	-	1 970			-	1 970
National Treasury (GTAC)	-	-	4 093		4 093	-
Subtotal	**-**	**4 425**	**4 093**	**-**	**4 093**	**4 425**
PUBLIC ENTITIES						
Lepelle Northern Water	-	23 716	11 122		11 122	23 716
Sedibeng Water	-	308	308		308	308
Rand Water	-	-	1 466		1 466	-
uMkhanyakude District Municipality	-	-	7 612		7 612	-
Subtotal	**-**	**24 024**	**20 508**	**-**	**20 508**	**24 024**
TOTAL	**-**	**28 449**	**24 601**	**-**	**24 601**	**28 449**

ANNEXURE 12: ANALYSIS OF PREPAYMENTS AND ADVANCES (Note 10)

Name of Entity	Sector	Description	Classification	Contract reference	Total contract value	Commence-ment date	Contract end date	Frequency of the prepayment or advance	Balance as at 31 March 2023	Prepaid / advanced	Less: received in the current year	Add / (Less): Other	Balance as at 31 March 2024	Reason for prepayment or advance and for it remaining outstanding
Prepayments														
TEFLA Group	Private Sector	Capital assets	Capital assets		16 207			Once-off	-	16 207	-	-	16 207	Awaiting invoices for work done
Total Prepayments									**-**	**16 207**	**-**	**-**	**16 207**	
Advances														
National Treasury (GTAC)	Public Sector	Current exp.	National department		4 360			Annual	-	4 360	(267)		4 093	The Transactional Advisor was appointed during the 23/24 Financial year and work has commenced
Dep of Int Relations & Cooperations	Public Sector	Current exp	National department		2 455			Once-off	2 455		(2 455)		-	
National School of Government	Public Sector	Current exp	National department		1 970			Once-off	1 970		(1 970)		-	
Lepelle Northern Water	Public Sector	Transfer & subs	Public entities		23 716			Once-off	23 716		(12 594)		11 122	Awaiting invoices for work done

Name of Entity	Sector	Description	Classification	Contract reference	Total contract value	Commence-ment date	Contract end date	Frequency of the prepayment or advance	Balance as at 31 March 2023	Prepaid / advanced	Less: received in the current year	Add / (Less): Other	Balance as at 31 March 2024	Reason for prepayment or advance and for it remaining outstanding
Sedibeng Water	Public Sector	Transfer & subs	Public entities		308			Once-off	308		-		308	The entity is disestablished
Rand Water	Public Sector	Transfer & subs	Public entities		60 364			Once-off	-	1 466	-		1 466	Awaiting invoices for work done
uMkhanyakude District Municipality	Public Sector	Transfer & subs	Public entities		20 226			Once-off	-	20 226	(12 614)		7 612	Awaiting invoices for work done
TOTAL ADVANCES									**28 449**	**26 052**	**(29 900)**	**-**	**24 601**	
									28 449	**42 259**	**(29 900)**	**-**	**40 808**	

PART G:
ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING

1 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

We are pleased to present our report for the financial year ended 31 March 2024.

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.

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 2024.

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 of termination	Number of meetings attended for 2023/24
Adv O Josie	BA (Pol), BPROC (Law), LLB (Honours, Law), LLM (Masters, Law), MBL (Masters, Business Leadership- Unisa Business School), Programme in Project Management (UP) and a Chartered Director, SA (2017).	External	Not Applicable	01 November 2022	-	8/8
Dr C 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 2023	-	8/8
Ms R Kalidass[1]	Bachelor of Accounting Science (BCompt), Bachelor of Commerce Honours, Certificate in Accounting Theory (CTA), and a CA (SA)	External	Not Applicable	01 July 2023		5/8

1 Member was appointed on 01 July 2023. At that stage, three (3) meetings had already taken place.

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date of termination	Number of meetings attended for 2023/24
Mr Z Myeza[2]	BCom Accounting, Master's degree in Business Administration, Certificate in Corporate Governance, Master Practitioner in Real Estate, Certificate in Retail Management, Certificate in Aviation Management and Chartered Director: SA.	External	Not Applicable	01 July 2023		5/8
Ms N Sizani	Bachelor of Commerce Honors, Certificate in Accounting Theory (CTA), Post Graduate Diploma in Management, Bachelor of Commerce, and Senior Secondary Teachers Diploma.	External	Not Applicable	01 July 2020	30 June 2023	3/8
Mr S 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, and a Leadership in Local Government Certification	External	Not Applicable	01 July 2020	30 June 2023	3/8

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 2024, 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.

2 Member was appointed on 01 July 2023. At that stage, three (3) meetings had already taken place.

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 the same with Management.

The Entity maintained an unqualified audit opinion for the 2023/24 financial years.

The Audit Committee noted the following concerns as reported in the AGSA's Management Report:

- Management did not adequately review the annual financial statements before submission for audit to ensure that they were prepared in accordance with the Standards of GRAP and the requirements of the PFMA, this has resulted in material adjustment in the financial statement.
- The entity did not implement adequate preventive internal controls such as an effective compliance checklist to prevent non-compliance with legislation, which resulted in irregular expenditure amounting to R326 million and fruitless and wasteful expenditure amounting to R100 million in the current year
- Material non-compliance on revenue management where the debtors were written off without reasonable steps taken to recover the debts this is due to lack of records of debtors as a result of system failure.
- The value of significantly delayed projects disclosed in the financial statement amounted to R2.995 billion in the 2023-24 financial year, while the carrying amount of assets under construction amount to R6,6billion, 45% of projects are delayed. This is a significant decrease compared to 59% in the prior year in monetary terms. The decrease is due to implementation of raising of Clanwilliam dam and Tzaneen dam projects where the contractor is on site and project resumed in the current year. However, there is still major concern on the number of the project delayed which is 79 projects
- The fruitless and wasteful expenditure relating to external projects has significantly increased and this was due to the Construction Unit exceeding their claimable allowable amounts on the projects and unable to recover the costs from DWS and Municipalities. In this regard, management needs to continue to implement the infrastructure procurement strategy to increase the efficiency of the Construction Unit.
- Payments were not processed within 30 days of receipt of the invoice. Furthermore, the creditor payment period regressed from 91 days to 111 days.

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 conditions 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 the area of financial management.

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 a review of the financial statements the entity continued incurring irregular expenditure amounting to R326 million and fruitless and wasteful expenditure, mostly relating to losses incurred on projects, amounting to R100 million as at 31 March 2024.

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 2023/24 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. It is envisaged that this coordination will result in the AGSA placing more reliance on the work of Internal Audit in coming financial year.

Internal Audit (IA) 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 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 2023/24 financial year, additional actions were implemented to ensure the Internal Audit function is adequately resourced. 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.

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 embed 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 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 entity is exposed to a significant internal and external threat of losing data with minimal prospect of recovery, either through cyberattack or failure of the ageing and outdated infrastructure. 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 and accepted 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 2024

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 set out on pages 359 to 414, which comprise the statement of financial position as at 31 March 2024, 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 Water Trading Entity as at 31 March 2024, 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.

Material impairments and losses

7 As disclosed in note 13 to the financial statements, material impairments to the amount of R7 189 331 000 were provided for trade receivables and are potentially irrecoverable. Furthermore, as stated in the same note to the financial statements, material losses to the amount of R3 095 324 000 were incurred as a result of a write-off of irrecoverable trade receivables.

Responsibilities of the accounting officer for the financial statements

8 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.

9 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

10 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.

11 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

12 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

13 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.

14 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.

15 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.

16 The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

17 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.

18 Material misstatements of non-current assets, expenditure, 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

19 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 was caused by losses or abnormal costs incurred on external projects.

Revenue management

20 Appropriate processes were not developed and implemented to provide for the safeguarding of information about revenue, as required by treasury regulation 7.2.1.

Other information in the annual report

21 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.

22 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.

23 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.

24 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

25 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.

26 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.

27 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.

28 Management did not adequately implement review and monitoring controls to prevent non-compliance with laws and regulations relating to supply chain management.

29 Management did not apply appropriate project management processes to prevent incurrence of fruitless and wasteful expenditure relating to internal and external projects.

Material irregularities

30 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

31 The material irregularities identified are as follows:

Non-maintenance of the Umtata Dam outlet pipes

32 The trading entity did not maintain the outlet pipes of the Umtata dam to keep it operational and functioning in a manner that supports efficient service delivery as required by section 5(1)(d) of the Government Immovable Asset Management Act of 2007.

33 The dam safety inspection report of May 2011 outlined that the outlet pipes for the Umtata water supply, were found to be in a poor condition and recommended that mechanical and electrical equipment should be repaired to avoid failure. This recommendation was categorised as a "level 1 urgency", which meant it should have been actioned as soon as possible.

34 Due to lack of implementation of the required corrective steps for refurbishment and repair, both outlet pipes had burst underneath the spillway return channel (2016 and 2021 respectively) resulting in excessive leakage and a high drop in pressure. This resulted in a reduction, interruptions, and eventually almost a complete shutdown in the past two years, in the water supply to the Thornhill water treatment works. Umtata dam is the only raw water source for the King Sabata Dalindyebo (KSD) local municipality and is the only source used to provide water to KSD municipality via the Thornhill water treatment plant as the sole provider of water to the complete water supply network.

35 The entity is currently using 4 High Density Polyethylene (HDPE) pipes to extract water from Umtata dam to Thornhill water treatment plant, but the supply from these pipes is minimal. Water supply was in the interim supplemented with the use of water tankers and pumping of some water from the Umtata River by the treatment works. Furthermore, the construction of a temporary bypass siphon to supply water to the Thornhill water treatment works, has also been significantly delayed and is not operational yet. These interim interventions were insufficient.

36 The severely limited water supply is negatively affecting the health, wellbeing, and livelihoods all the residents in the KSD local municipality on the water network over an extended period of time. Water is a basic human right necessary for consumption, cooking, basic hygiene and overall good health. Not only were private households and residences affected, but also private and public business with establishments such as, hospitals, schools and frail care facilities, not being able to provide vital services and hygienic conditions. The non-compliance has resulted in substantial harm to the residents and businesses of the KSD local municipality and will continue to cause harm until corrective action is taken.

37 The accounting officer was notified of the material irregularity on 23 April 2024 and invited to make a written submission on the actions taken and that will be taken to address the matter The accounting officer indicated that the appointment for the construction of the temporary bypass siphon to supply water to the Thornhill WTW was finalised on 17 May 2024. A programme for the construction of the temporary bypass siphon was developed and indicates that construction will be finalised on 30 September 2024.

38 I will follow up on the implementation of the planned actions during my next audit.

Status of previously reported material irregularities

Inadequate procurement processes in the Clanwilliam Dam project

39 The trading entity did not develop an effective and efficient infrastructure procurement system as required by section 38(1)(a)(i) of the PFMA.

40 The entity uses normal supply chain processes to procure goods and services for infrastructure projects. This procurement strategy does not best suit and accommodate the nature of business of WTE's construction units and as such significant delays in procurement is experienced as these processes were not envisaged for the construction environment.

41 Due to the ineffective procurement system for infrastructure, the trading entity experienced delays in the construction of the Clanwilliam project from the 2015/16 financial year. At this point the site had already been established at the dam.

42 The entity started incurring costs on the day to day running of the established site without any construction work being performed on site. The day to day site costs could not be linked to any construction work. Furthermore, the entity had appointed construction workers for the project who were idle as the required resources for the performance of construction work were not procured. This non-compliance of inadequate and ineffective SCM controls resulted in a material financial loss of R22 750 190.

43 The accounting officer was notified of the material irregularity on 13 July 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter.

44 The Dam Safety Office's (DSO) declared Clanwilliam dam as "condition F" (unsafe), in a letter from the DSO dated 23 September 2022, the Approved Professional Person (APP), issued an instruction to the internal construction unit on 03 March 2023, outlining the necessary emergency scope of work required to address the safety concerns of the dam.

45 Following the letter from the APP, the internal construction unit was granted emergency/urgent delegations by the accounting officer on 21 April 2023 to expedite the procurement processes for sub-contractors on the project. The emergency/ urgent procurement instructions was expedited, and a number of sub-contractors, including drilling and blasting, drilling and grouting, supply of aggregate, concrete surface preparation and others were awarded from May 2023.

46 The contractor and sub-contractors are currently on site and construction work is ongoing. This ensures that site overhead expenses are directly attributed to construction work on site and prevents the continuance of financial losses. No further losses were noted in the fruitless and wasteful expenditure register of the entity relating to the Clanwilliam dam project in the 2023/24 financial year.

47 The entity has implemented a Supply Chain Management policy for Infrastructure procurement that was approved by the accounting officer on 19 January 2023. This will assist in preventing delays in procurement and expedite the delivery of the projects.

48 I will follow up on the implementation of the progress of the project during my next audit.

Delay in the construction of the raising of the Clanwilliam Dam project

49 The entity has not taken the necessary steps to address serious safety risks pertaining to the condition of the Clanwilliam dam as required by Dam Safety Regulation 32(5). Serious safety risks were identified by the 4th dam safety evaluation report completed in September 2010. The evaluation report identified deficiencies on the dam wall and recommended that the dam wall be rehabilitated, allocating a category III risk rating, being the highest-level hazard potential. The construction project, already approved in 2012, to address the safety conditions and rehabilitate the structures of the dam wall has been delayed and no work has commenced to date. The 5th dam safety evaluation report completed on 1 April 2020, confirmed the 2010 dam safety evaluation report conclusions that the general hazard and risk levels of the dam were within the unacceptable category, even when measured against the latest DWS standards for a dam of this height and classification.

50 In the event that the dam wall is compromised, the floods may negatively affect the safety and livelihoods of the general Clanwilliam community immediately neighbouring the dam, as well as the communities within the West coast district municipality along the Olifants River. It may also result in no / little water capacity being available to the Cederberg and Matzikamma municipalities to provide water to towns and farmers in the region for domestic or irrigation purposes. This may adversely affect the health and wellbeing of the extended region for a several years, considering the scope and nature of work required to reconstruct and utilise the dam again. The harm has not yet occurred and therefore, the non-compliance is likely to result in substantial harm to the general public if the dam wall is not rehabilitated to address the significant safety concerns.

51 The accounting officer was notified of the material irregularity on 24 July 2023. In September 2023 the Dam Safety Office's (DSO) declared Clanwilliam Dam as "condition F" (unsafe). A letter of instruction was issued to the contractor outlining the necessary emergency scope of work required to address the safety concerns of the dam and the accounting officer granted emergency delegations on 21 April 2023, to expedite the procurement processes for sub-contractors on the project. Subcontractors were awarded from May 2023. The contractor and sub-contractors are currently on site and construction work is ongoing. The overall project was at 16% completion rate as at 30 June 2024.

52 I will follow up on the progress of the project during my next audit.

Payment not made within 30 days

53 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.

54 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.

55 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.

56 After consultations with the trading entity's legal department, the accounting officer issued claim letters to the former officials on 25 May 2021 requesting settlement 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.

57 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.

58 No response was received from the legal representatives and 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.

59 After consideration of the information by state attorney, clarity seeking engagements between the state attorney and the trading entity, summons for the recovery of the losses suffered by the trading entity were sent on 26 October 2023.

60 I will follow up on the progress of the litigation process during my next audit.

Amounts paid to a contractor for site re-establishment cost and standing time

61 The trading entity did not develop an effective and efficient infrastructure procurement system as required by section 38(1)(a)(i) of the PFMA.

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 appointed a professional service provider to perform an investigation on the irregularities identified. The investigation was finalised on 8 July 2022 and 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. No further losses relating to this irregularity was identified on the project.
- Disciplinary proceedings against officials of the entity implicated in the report have commenced and are still underway;
- A letter of demand delivered to the contractor on 28 June 2023. Legal representatives of the business rescue practitioners of the contractor responded to the letter of demand for the losses suffered on 06 July 2023. In their response they state that there were no losses suffered and no refund shall be made to the trading entity as the settlement agreement was agreed to and signed by the accounting officer of the trading entity at the time. A legal opinion was sought in response to the above letter and as at the date of this report it was still not concluded.

68 I will follow up on the implementation of the planned actions during my next audit.

Payments for repairs not fully performed at various pump stations.

69 Officials of the trading entity did not adequately execute internal controls established for the trading entity within their area of responsibility as required by section 45(a) of the PFMA

70 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 Subsystem Augmentation Project. Per 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.

71 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 conducted. Furthermore the contract does not make any provision for a prepayment. This issue was communicated to management on 19 August 2021, followed by an investigation completed on 30 April 2022 which confirmed that there were instances of overbilling, duplication of work and charging for work not undertaken.

72 The investigation report was further updated in November 2023 to consider inputs from the service provider. The overall conclusion and recommendation of the investigation after consideration of inputs from the service provider did not change. The investigation noted various sites where work was not fully completed. The total invoices billed which were reviewed for the various sites during this investigation amounted to R15 657 109.87, which was a combination of some work performed, inferior quality work performed and work not performed. The irregularity is likely to result in a material financial loss.

73 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. Accounting officer was also requested to quantify the full loss from these transactions and provide substantiating evidence / action plans of processes instituted since the date of the investigation report.

74 The following actions has been taken by the accouting 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:
    - Three officials are no longer in the employ of the entity; one official's contract ended on 31 December 2020, another official resigned on 31 March 2022 and the other official has retired during the 2023/24 financial year.
    - Two officials still under the employ of the entity are currently undergoing disciplinary hearings.

- The matter, relating to recovery of the loss, is currently pending before the High Court (Gauteng division), with a supplementary affidavit submitted by the DWS on 13 December 2023 to make available an updated investigation report where inputs of the service provider were considered, as indicated above.
- A case of alleged procurement irregularities has also been opened with the South African Police Service on 10 July 2022, where the matter is still under investigation.
- The entity has since enhanced internal controls in relation to work certification and payment thereof. The chief engineer in the cluster office has been assigned to assist the area offices with contract management.
- The matter was also referred to the Special Investigating Unit (SIU) for investigation. Proclamation number R96 of 2022 was assigned on 2 December 2022 to this investigation and the investigation is still ongoing.

75 I will follow up on the progress of the litigation and disciplinary processes during my next audit.

Other reports

76 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.

77 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
- Proclamation R33 of 2021: 4 contracts awarded to EOH
- Proclamation R96 of 2022 – Repairs of the Grootfontein Pump Stations

Auditor - General

Pretoria

31 July 2024

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.
- 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 38(1)(b), (c)(ii), (d), (h)(iii); Section 39(1)(a), (2)(a); Section 40(1)(a), (b), (c)(i); Section 43(4); Section 45(b); Section 57(b)
Preferential Procurement Policy Framework Act 5 of 2000	Section 2(1)(a), (b), (f)
Public Service Regulations, 2016	Paragraph 18(1), (2); Paragraph 25(1)(e)(i) and (iii)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); Regulation 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); Regulation 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; Regulation 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; Regulation 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; Regulation 16A3.2(a); 16A6.1; 16A6.2(a); Regulation 16A6.2(b); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A7.1; 16A7.3; 16A7.6; Regulation 16A7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; Regulation 16A9.2(a)(ii); 16A9.2(a)(iii); 17.1.1; 18.2; Regulation 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury Instruction No. 7 of 2017/18	Paragraph 4.3
PFMA National Treasury SCM Instruction No. 3 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
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 2024

	Note	2024 R'000	2023 restated R'000
Revenue		19 250 157	16 867 468
Revenue from exchange transactions	**3**	16 324 627	14 598 883
Revenue from non-exchange transactions	**4**	2 925 530	2 268 585
Expenditure		11 733 732	8 384 741
Employee benefit costs	**5**	1 741 714	1 797 143
Operating expenditure	**6**	5 475 921	4 314 192
Repairs and Maintenance - *Property, plant and equipment*	**7**	216 615	140 647
Impairment on financial assets	**8**	739 973	30 263
Finance cost	**9**	840 486	1 747 506
Depreciation, amortisation and impairment	**10**	2 712 915	350 378
Loss on disposal of fixed assets	**11**	6 108	4 612
Surplus/(deficit) for the year		**7 516 425**	**8 482 727**

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 R'000	2023 restated R'000
ASSETS			
Current assets		26 320 828	20 416 008
Cash and cash equivalents	12	**3 399 126**	**1 780 139**
Receivables from exchange transactions	13	**18 559 770**	**15 124 298**
Advances to public entities	14	**3 457 712**	**2 863 133**
Inventory	15	**149 643**	**129 369**
Construction Work In Progress	16	**754 577**	**519 069**
Non-current assets		**98 536 292**	**95 656 119**
Property, plant and equipment	17	**68 262 138**	**69 981 640**
Intangible assets	18	**30 274 154**	**25 674 479**
Total assets		**124 857 120**	**116 072 127**
LIABILITIES			
Current liabilities		**3 414 342**	2 662 522
Payables from exchange transactions	19	**1 755 635**	1 536 186
Employee benefits	20	**287 459**	271 746
Finance lease liability	22	**1 871**	1 725
Financial liabilities: TCTA	23	**1 369 377**	852 865
Non-current liabilities		**10 921 783**	10 405 035
Provisions	21	**506 848**	494 748
Finance lease liability	22	**1 073**	1 306
Financial liabilities: TCTA	23	**10 413 862**	9 908 981
Total liabilities		**14 336 125**	13 067 557
Total net assets		**110 520 995**	103 004 570
NET ASSETS			
Reserves		**107 264 597**	100 455 385
Accumulated surplus		**3 256 398**	2 549 185
Pumping cost reserve			
Net assets		**110 520 995**	**103 004 570**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2024

	Note	Accumulated surplus	Pumping cost reserve	Net assets
Balance at 1 April 2022		**92 766 610**	**1 755 229**	**94 521 839**
As previously stated		**92 591 347**	**1 755 229**	**94 346 576**
Prior period error	**34**	**175 263**	**-**	**175 263**
Surplus for the year		**8 482 727**		**8 482 727**
As previously stated		**9 227 813**		**9 227 813**
Prior period error	**34**	**(745 086)**		**(745 086)**
Net movement in reserves		**(793 956)**	**793 956**	**-**
Transfers between reserves		**(793 956)**	**793 956**	**-**
Balance at 31 March 2023		**100 455 385**	**2 549 185**	**103 004 570**
As previously stated		**101 025 209**	**2 549 185**	**103 574 394**
Prior period error	**34**	**(569 824)**	-	**(569 824)**
Surplus for the year		**7 516 425**	**-**	**7 516 425**
Net movement in reserves		**(707 213)**	**707 213**	**-**
Transfers between reserves		**(707 213)**	**707 213**	**-**
Balance at 31 March 2024		**107 264 597**	**3 256 398**	**110 520 995**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 R'000	2023 restated R'000
Cash flows from operating activities			
Cash receipts		**17 413 735**	**16 113 860**
Taxes and transfers		**2 845 792**	**2 268 507**
Sale of water services		**13 677 034**	**10 839 589**
Construction and other revenue		**632 669**	**2 825 720**
Water research levies - receipts		**256 280**	**178 116**
Commission earned		**1 034**	**980**
Lease revenue earned		**925**	**948**
Cash payments		**(11 449 881)**	**(12 834 581)**
Employee benefits		**1 792 530**	**1 720 003**
Water Research Commissioner - payments		**161 633**	**139 969**
Goods and services		**7 750 675**	**7 623 346**
Advances paid: LHDA		**433 627**	**2 150 823**
Finance cost paid		**1 311 416**	**1 200 440**
Net cash flows from operating activities	24	**5 963 854**	**3 279 280**
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(784 264)**	**(444 799)**
Acquisition of intangible assets		**(2 127)**	**(2 238 940)**
Net cash flows used in investing activities		**(786 391)**	**(2 683 740)**
Cash flows from financing activities			
Finance lease payments		**(1 228)**	**(1 341)**
Repayments of other financial liabilities		**(3 557 248)**	**(956 059)**
Net cash flows from financing activities		**(3 558 476)**	**(957 400)**
Net increase/ (decrease) in cash and cash equivalents		**1 618 987**	**(361 860)**
Cash and cash equivalents at beginning of year		**1 780 139**	**2 141 999**
Cash and cash equivalents at end of year	12	**3 399 126**	**1 780 139**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2024

	Note	**Approved budget R'000**	Final budget R'000	**Actual amounts R'000**	Variance amounts R'000
Revenue		**21 063 100**	20 963 100	**19 250 157**	1 712 943
Taxes and transfers		**3 372 661**	3 272 661	**2 845 792**	426 869
Sale of water services		**16 871 439**	16 871 439	**14 314 699**	2 556 740
Construction revenue		**384 900**	384 900	**296 242**	88 658
Commission earned		**-**	-	**1 038**	(1 038)
Lease revenue earned		**244 400**	244 400	**958**	243 442
Interest revenue		**-**	-	**1 692 361**	(1 692 361)
Other receipts		**189 700**	189 700	**99 067**	90 633
Total revenue		**21 063 100**	20 963 100	**19 250 157**	1 712 943
Expenses		**(5 892 019)**	(9 100 140)	**(11 733 732)**	2 633 592
Employee benefit costs		**1 608 992**	1 690 628	**1 741 714**	(51 086)
Operating expenditure		**4 283 027**	7 409 512	**5 692 536**	1 716 976
Impairment on financial assets		**-**	-	**739 973**	(739 973)
Finance cost		**-**	-	**840 486**	(840 486)
Depreciation, amortisation and impairment		**-**	-	**2 712 915**	(2 712 915)
Loss on disposal of fixed assets		**-**	-	**6 108**	(6 108)
Total expenses		**(5 892 019)**	(9 100 140)	**(11 733 732)**	2 633 592
Surplus/ (deficit) from operating activities	**25**	**15 171 081**	11 862 960	**7 516 425**	4 346 535
Project's expenditure	**25.1**	**(12 141 221)**	(8 833 100)	**(5 929 715)**	(2 903 385)
Allocation from government grants		**2 351 445**	2 251 445	**1 583 268**	668 177
Refurbishment and Rehabilitation and ROCS - Rehabilitation of Conveyance System		1 100 000	1 100 000	**263 876**	836 124
TCTA		**8 689 776**	5 481 656	**4 082 570**	1 399 085
Budget surplus/ (deficit)	**25.1**	**3 029 860**	3 029 859	**1 586 710**	1 443 149

Note: The budget figure reflected for taxes and transfers is vat inclusive

NOTES TO THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

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 20	Related party disclosures
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	Accounting for adjustment to revenue
IGRAP 21	The effect of past decisions on materiality
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.

1.3.1 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.

1.4 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 has a net surplus of R7.516 billion (2022/23 R8.483 billion surplus) Billion). 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 grants from the government to fund operation and maintenance and to refurbish and rehabilitate existing infrastructure for the foreseeable future.
- The augmentation received from the National Treasury is used to build new infrastructure and cover the support functions.
- The current ratio of the entity is 7,71 (2022/23 = 7,65) which indicates that the entity has sufficient liquid assets to meet its short-term financial obligations. The quick ratio is 7,45 (2022/23 = 7.42) which is very healthy.
- The debtors' days have moved from 451 days in 2022/23 to 473 days in the current year mainly due to non-payment by various municipalities. Efforts are underway to recover the outstanding debt.
- The total TCTA liability has increased by R1,022 billion from R10,762 billion to R11,783 billion and the total Reserves increased from R103,005 billion to R110,523 billion.
- The bank balance for the current year is R3.399 billion compared to R1.780 in the 2022/23 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).

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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.

1.9 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

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 2024.

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

(a) 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 Leave 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 WTE 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 WTE 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 if 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 Derecognition

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.

2.21 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.

2.22 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes 31 and 32.

2.23 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.

2.24 Budget information

The budget is prepared on a modified accrual basis. The WTE budget compromises 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.

2.25 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.

2.26 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 separately 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.

2.27 Events after reporting date

The Accounting Authority is not aware of any matter or circumstances arising since the end of the financial year to the date of this report in respect of matters that would require adjustments to or disclosure in the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3	Revenue from exchange transactions		2024	2023
			R'000	R'000
		Notes		
	Sale of water services		**14 314 699**	12 649 157
	Construction revenue		**296 242**	328 504
	Commission earned		**1 038**	980
	Short-term deposits and bank accounts		**1 038**	980
	Interest revenue		**1 692 361**	1 300 187
	Receivables		**1 692 345**	1 300 176
	Short-term deposits and bank accounts		**16**	11
	Lease revenue earned		**958**	948
	Property		**958**	948
	Sale of goods - scrap materials and wastepaper		**105**	17
	Other revenue		**19 224**	319 090
			16 324 627	14 598 883

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.

4	Revenue from non-exchange transactions		2024	2023
			R'000	R'000
		Notes		
	Transfer revenue includes:			
	Funds from the Department of Water & Sanitation		**2 845 792**	2 268 503
	Other revenue:			
	Assets received/ transferred		**79 737**	78
	Water usage license fees		**1**	4
			2 925 530	2 268 585

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.

5	**Employee benefit costs**		**2024**	2023
			R'000	R'000
		Notes		
	Employee benefits consist of:			
	Short term employee benefits		**2 043 676**	1 982 075
	Less: direct labour capitalised to assets under construction		**(136 114)**	(77 141)
	Less: amounts capitalised to construction costs for third parties		**(165 848)**	(107 792)
	Basic salaries and wages		**1 233 128**	1 296 498
	Car allowances		**9 755**	8 302
	Housing allowances		**56 001**	51 928
	Leave pay - adjustment		**39 884**	26 715
	Long term service awards		**3 540**	4 547
	Medical fund contributions		**93 188**	91 205
	Overtime		**46 842**	49 812
	Pension fund contributions		**130 344**	124 262
	Performance bonuses		**20 111**	52 138
	Service bonus (13th cheque)		**95 142**	79 074
	UIF contributions		**1 737**	2 052
	Other short-term benefits		**12 042**	10 610
			1 741 714	1 797 143

6	**Operating expenditure**		**2024**	2023
			R'000	R'000
		Notes		
	Construction costs incurred		346 557	280 695
	Other operating expenditure			
	Administrative fees		3 293	2 323
	Audit cost		23 897	25 353
	Communication		19 648	26 595
	Computer services		29 621	31 557
	Electricity		76 972	53 457
	Entertainment		-	16
	Administrative costs & LHWP Royalties: TCTA		3 115 709	2 393 897
	Materials consumed		396 507	397 215
	Maintenance, repairs and running costs		9 759	26 996
	Operating leases		186 061	139 182
	Owned and leasehold property expenditure		241 904	60 696
	Professional services: Business and advisory services, contractors and agency/ outsourced services		432 394	231 685
	Professional services: infrastructure and planning		115 242	170 263
	Printing, posting and stationery		11 092	9 743
	Transport cost		327	-
	Travel and subsistence		*310 893*	253 429
	Training and staff development		10 516	7 572
	Venues and facilities		2 012	999
	Auxiliary		143 517	202 519
			5 475 921	4 314 192

7	**Repairs and maintenance**		**2024**	2023
			R'000	R'000
		Notes		
	Maintenance, repairs and running costs - property, plant and equipment		**216 615**	140 647
			216 615	140 647

8	**Impairment on financial assets**		**2023**	2022
			R'000	R'000
		Notes		
	Impairment relating to:			
	Trade receivables		**717 006**	-
	Staff receivables		**928**	2 869
	Other receivables		**22 039**	27 394
			739 973	30 263

9	**Finance cost**		**2023**	2022
			R'000	R'000
		Notes		
	Finance leases		**92**	53
	Interest on amortised payables		**840 394**	1 747 453
			840 486	1 747 506

10	**Depreciation, amortisation and impairment**		**2024**	2023
			R'000	R'000
		Notes		
	Depreciation on property, plant and equipment		**1 627 435**	1 569 931
	Computer equipment		**12 081**	10 514
	Equipment		**38 174**	26 248
	Furniture and Fittings		**2 811**	2 454
	Infrastructure		**1 571 438**	1 527 692
	Leased equipment		**2 062**	2 152
	Mobile homes		**783**	763
	Vehicles		**86**	108
	Amortisation and Impairment on intangible assets		**4 267**	10 912
	Computer software		**4 267**	10 912
	Change in estimate - depreciation		**590 640**	(20 076)
	Computer equipment		**-**	(1 292)
	Equipment		**(1 518)**	(971)
	Furniture and Fittings		**(7)**	(566)
	Infrastructure		**592 165**	(17 238)
	Mobile homes		**-**	(1)
	Vehicles		**-**	(8)
	Impairment and impairment reversals		**490 573**	(1 210 389)
	Computer equipment		**154**	-
	Equipment		**501**	10
	Furniture and Fittings		**117**	-
	Infrastructure		**597 310**	(822 421)
	Assets under construction: Infrastructure assets		***(107 510)***	(387 978)
	Mobile		***1***	-
				-
			2 712 915	350 378

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 an increase in the current year's surplus by **R590.640 million.**

11	**Loss on disposal of fixed assets**		**2024**	2023
			R'000	R'000
		Notes		
	Loss on disposal of fixed assets		**6 108**	4 612
			6 108	4 612

12	**Cash and cash equivalents**		**2023**	2022
			R'000	R'000
		Notes		
	Cash and cash equivalents at fair value:			
	Current accounts at commercial banks		**3 398 883**	1 779 954
	Short-term deposits		**198**	183
	Cash on hand		**45**	2
			3 399 126	1 780 139

13	**Receivables from exchange transactions**		**2024**	2023
			R'000	R'000
		Notes		
	Current			
	Financial assets at amortised cost			
	Trade receivables		**24 985 051**	24 435 464
	Less: provision for impairment		**(7 189 332)**	(9 567 649)
	Carrying amount at the beginning of the period		**(9 567 649)**	(12 006 781)
	Trade receivables written off		**3 095 324**	2 275 952
	Change in estimates		**-**	163 179
	Current year provision		**(717 007)**	-
			17 795 719	14 867 815
	Staff related receivables		**7 782**	11 012
	Less: provision for impairment		**(6 390)**	(10 006)
	Carrying amount at the beginning of the period		**(10 006)**	(8 341)
	staff receivables written off		**4 543**	1 204
	Current year provision		**(928)**	(2 869)
			1 392	1 006
	Claims recoverable - Departments		**42**	357
	Other receivables		**939 379**	406 796
	Less: provision for impairment on other receivables		**(176 762)**	(151 676)
	Carrying amount at the beginning of the period		**(151 676)**	(120 292)
	Other receivables written off		**-**	134
	Current year provision		**(25 086)**	(31 518)
			762 617	255 120
			18 559 770	15 124 298

The fair value of the short-term receivables approximates the carrying amount of the balances due to their short-term maturity.

*The total write-off relating to Trade receivable during the year is **R3.095 billion**. The write off is due to the irrecoverability of these receivable accounts and as such a permission to write off these accounts was granted by the relevant authority.*

Below is the entity's age analysis as at 31 March 2024. The entity system ages the number of days that the invoices are outstanding from the date of invoice.

31 March 2024							
Customer category	Total	Current	30+ days	60+ days	90+ days	120+ days	150+ days
Company (C)	**5 547 910**	**631 331**	**134 829**	**107 264**	**100 643**	**13 481**	**4 560 362**
District Municipalities (DM)	**2 394 271**	**96 187**	**41 251**	**48 219**	**55 634**	**(18)**	**2 152 999**
Individual (I)	**1 173 552**	**26 134**	**4 922**	**24 225**	**589**	**(414)**	**1 118 096**
Irrigation Boards (IB)	**568 688**	**167 012**	**1 197**	**9 886**	**507**	**-**	**390 086**
Local Municipalities (LM)	**6 262 130**	**261 731**	**63 918**	**148 698**	**126 798**	**(1 017)**	**5 662 001**
Metropolitan Municipalities (MM)	**317 245**	**112 157**	**31 800**	**4 030**	**55 911**	**-**	**113 348**
National Government (N)	**325 891**	**16 792**	**651**	**6 550**	**1 679**	**-**	**300 218**
Provincial Government (P)	**104 786**	**2 457**	**76**	**4 050**	**122**	**-**	**98 082**
Water boards (WB)	**6 554 095**	**1 706 151**	**147 238**	**131 074**	**166 594**	**68**	**4 402 969**
Water User Association (A)	**1 514 452**	**147 715**	**28 674**	**29 592**	**31 196**	**-**	**1 277 275**
Grand total	**24 763 021**	**3 167 667**	**454 556**	**513 588**	**539 675**	**12 101**	**20 075 434**
31 March 2023							
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
Grand total	**25 033 108**	**3 520 611**	**(190 019)**	**259 684**	**6 672**	**261 927**	**21 174 234**

The difference between Age analysis and Trade receivable amounts is **R222.030 million**. This is as a result of accrued revenue, ordinarily revenue accrued does not form part of age analysis until the actual billing takes place, hence the difference.

14	**Advances to public entities**		**2024**	2023
			R'000	R'000
		Notes		
	Receivables - Advances			
	Carrying amount at the beginning of the period		**2 863 133**	457 155
	Additions		**969 819**	2 547 901
	Less: amount utilised		**(375 239)**	(141 923)
			3 457 712	2 863 133

15	**Inventory**		**2024**	2023
			R'000	R'000
		Notes		
	Construction and building materials		**110 789**	98 671
	Consumables		**13 699**	12 626
	Fuel and lubricants		**20 717**	14 459
	Stationery		**4 438**	3 613
			-	-
			149 643	129 369

16	**Construction work-in-progress**		**2024**	2023
			R'000	R'000
		Notes		
	Construction work-in-progress		**754 577**	519 069
			754 577	519 069

17 Property, plant and equipment

Summary	31 March 2024			31 March 2023		
	Cost / revaluation	Accumulated depreciation and impairment	Carrying amount	Cost / revaluation	Accumulated depreciation and impairment	Carrying amount - Restated
	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	**101 283 198**	**(33 023 614)**	**68 259 584**	100 446 814	(30 467 517)	69,979,297
Assets under construction: Infrastructure assets***	**6 751 094**	**(94 189)**	**6 656 905**	6 100 975	(201 699)	5,899,276
Computer equipment	**111 728**	**(79 035)**	**32 693**	93 039	(68 742)	24,297
Equipment	**1 468 350**	**(873 349)**	**595 001**	1 467 748	(902 601)	565,147
Furniture and fittings	**110 030**	**(75 351)**	**34 679**	100 472	(73 086)	27,386
Infrastructure assets**	**84 806 960**	**(31 423 647)**	**53 383 313**	84 649 897	(28 744 141)	55,905,756
Infrastructure: Land	**7 960 187**	**(409 798)**	**7 550 389**	7 960 187	(409 798)	7,550,389
Mobile homes	**68 397**	**(62 657)**	**5 740**	68 264	(61 945)	6,319
Motor vehicles	**6 452**	**(5 588)**	**864**	6 232	(5 505)	727
Leased assets	**4 341**	**(1 787)**	**2 554**	5 762	(3 419)	2,343
Equipment	**4 341**	**(1 787)**	**2 554**	5 762	(419)	2,343
	101 287 539	**(33 025 401)**	**68 262 138**	**100 452 576**	**(30 470 936)**	**69 981 640**

****Infrastructure assets consist of the following categories:**

31 March 2024				31 March 2023		
Asset Class Description	**Accumulated Cost**	**Accumulated depreciation**	**Carrying amount**	**Accumulated Cost**	**Accumulated depreciation**	**Carrying amount**
Buildings	3 043 385	(1 767 833)	1 275 552	2 989 003	(1 702 384)	1 589 901
Canals	12 214 547	(6 588 844)	5 625 703	12 183 425	(6 288 976)	6 515 506
Dams	40 563 473	(11 179 470)	29 384 003	40 521 383	(10 133 667)	32 253 603
Pipelines	10 877 565	(4 345 837)	6 531 728	10 887 612	(3 825 451)	7 876 130
Pump stations	3 920 903	(1 826 993)	2 093 910	3 931 184	(1 591 881)	2 716 938
Tunnels	8 912 694	(3 242 075)	5 670 619	8 912 409	(3 084 738)	6 116 424
Measuring facilities	3 410 041	(1 938 036)	1 472 005	3 349 546	(1 612 490)	1 819 099
Other	1 864 352	(534 559)	1 329 794	1 875 336	(504 554)	1 651 163
	84 806 960	(31 423 647)	53 383 313	84 649 897	(28 744 141)	55 905 756

*****Assets under construction consist of the following categories:**

31 March 2024		31 March 2023	
Asset Class Description	**Carrying amount**	**Asset Class Description**	**Carrying amount**
Buildings	**214 908**	Buildings	**297 748**
Canals	**1 245 995**	Canals	**1 232 773**
Dams	**4 877 498**	Dams	**4 066 954**
Pipelines	**116 738**	Pipelines	**151 588**
Pump stations	**140 318**	Pump stations	**101 258**
Tunnels	**4 501**	Tunnels	**1 843**
Roads and Bridges	**15 612**	Roads and Bridges	**2 021**
Treatment Works	**11 730**	Treatment Works	**11 977**
Other	**29 605**	Other	**33 114**
	6 656 905		5 899 276

Movement 2024	31 March 2023								31 March 2024
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Change in Estimate	Impairment	Impairment reversal	Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	**69 979 297**	**1 093 444**	**(23 484)**	**(83 083)**	**(1625 373)**	**(590 640)**	**(747 340)**	**256 767**	**68 259 584**
Assets under construction: Infrastructure assets	5 899 276	973 643	-	(323 524)	-	-	-	107 510	6 656 905
Computer equipment	24 297	20 854	(222)	-	(12 081)		(154)	-	32 693
Equipment	565 147	88 152	(21 143)	3	(38 174)	1 518	(501)	-	595 001
Furniture and fittings	27 386	10 356	(138)	(3)	(2 811)	7	(117)	-	34 679
Infrastructure assets	55 905 756	-	(1 970)	240 441	(1 571 438)	(592 165)	(746 568)	149 258	53 383 312
Infrastructure: Land	7 550 389	-	-	-	-	-	-	-	7 550 389
Mobile homes	6 319	205	-	-	(783)	-	-	(1)	5 740
Motor vehicles	727	233	(10)	-	(86)	-	-	-	864
Leased assets	**2 343**	**2 279**	**(6)**	**-**	**(2 062)**	**-**	**-**	**-**	**2 554**
Equipment	2 343	2 279	(6)	-	(2 062)	-	-	-	2 554
									1
Total assets	**69 981 640**	**1 095 723**	**(23 491)**	**(83 083)**	**(1 627 435)**	**(590 640)**	**(747 340)**	**256 767**	**68 262 138**

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
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	**69 648 849**	**903 606**	**(2 938)**	**(232 903)**	**(1 567 778)**	**20 076**	**(257 509)**	**1 467 898**	**69 979 297**
Assets under construction: Infrastructure assets	4 961 882	782 319	-	(232 902)	-	-	-	387 978	5 899 276
Computer equipment	17 893	15 834	(208)	-	(10 514)	1 292	-	-	24 297
Equipment	532 592	60 114	(2 271)	-	(26 248)	971	(10)	-	565 147
Furniture and fittings	25 425	4 289	(440)	-	(2 454)	566	-	-	27 386
Infrastructure assets	56 553 719	40 342	-	(273)	(1 527 692)	17 238	(257 499)	1 079 920	55 905 756
Infrastructure: Land	7 550 389	-	-	-	-	-	-	-	7 550 389
Mobile homes	6 160	668	(19)	273	(762)	1	-	-	6 319
Motor vehicles	790	40	-	-	(108)	8	-	-	727
Leased assets	**3 367**	**1 129**	**-**	**-**	**(2 152)**	**-**	**-**	**-**	**2 342**
Equipment	3 366	1 129	-	-	(2 152)	-	-	-	2 343
	1								
Total assets	**69 652 216**	**904 735**	**(2 938)**	**(232 903)**	**(1 569 930)**	**20 076**	**(257 509)**	**1 467 898**	**69 981 639**

- 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**		**2024**	2023
			R'000	R'000
		Notes		
	Summary			
	Enduring benefit		**30 269 067**	25 667 252
	Gross carrying amount: Lesotho Highlands		**15 945 921**	15 844 203
	Gross carrying amount: Lesotho Highlands Phase 2 Assets under construction		**13 053 423**	**8 553 326**
	Gross carrying amount: Komati Basin Water Authority (KOBWA)		**1 269 723**	1 269 723
	Computer software		**5 087**	7 227
	Gross carrying amount		**750 141**	748 014
	Accumulated amortisation and impairment		**(745 054)**	(740 787)
			30 274 154	25,674,479
	Reconciliation			
	Enduring benefit		**30 269 068**	25 667 251
	Gross carrying amount at the beginning: Lesotho Highlands		**15 844 203**	15 844 203
	Gross carrying amount at the beginning: Lesotho Highlands Phase 2 Assets under construction		**8 553 326**	6 286 596
	Gross carrying amount at the beginning: KOBWA		**1 269 723**	1 269 723
	Additions		**4 601 816**	2 266 730
	Computer software		**5 087**	7 227
	Gross carrying amount at the beginning		**7 227**	13 660
	Additions		**2 127**	4 479
	Amortisation and impairment		**(4 267)**	(10 912)
			30 274 154	25 674 479

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 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.

19	**Payables from exchange transactions**		**2024**	2023
			R'000	R'000
		Notes		
	Current			
	Financial liabilities at amortised cost		**889 420**	657 636
	Trade payables		**405 017**	131 478
	Accruals		**266 395**	421 203
	Amounts due to customers: trade debtors		**197 027**	79 164
	Retention creditors		**20 981**	25 791
	VAT payable		**786 667**	856 518
	Other payables		**18 756**	21 888
			60 792	144
	Unclaimed deposits		**60 786**	138
	Advances received		**6**	6
			1 755 635	1 536 186

20	**Employee benefits liability**		**2024**	2023
			R'000	R'000
		Notes		
	Current obligations:			
	Leave benefits due		**166 718**	155 307
	Carrying amount at the beginning of the period		**155 307**	156 002
	Current service costs		**166 718**	155 307
	Less: benefits utilised		**(155 307)**	(156 002)
	Performance bonuses		**21 461**	32 050
	Carrying amount at the beginning of the period		**32 050**	77 712
	Current service costs		**21 461**	32 050
	Less: benefits utilised		**(32 050)**	(77 712)
	Service bonuses - 13th cheque		**99 280**	84 389
	Carrying amount at the beginning of the period		**84 389**	72 017
	Current service costs		**99 281**	84 389
	Less: benefits utilised		**(84 389)**	(72 017)
			287 459	271 746

21	**Provisions**		**2024**	2023
			R'000	R'000
		Notes		
	Non-current obligation		506 848	494 748
	Carrying amount at the beginning		494 748	491 610
	Current year provision		12 100	3 138
	Carrying amount at the end		**506 848**	494 748

Other provision relates to compensation payments being made on the Lesotho Highlands Water Project (LHWP). 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.

22	**Finance lease liability**		**2024**	2023
			R'000	R'000
		Notes		
	Current obligation		**1 871**	1 725
	Non-current obligation		**1 073**	1 306
	Carrying amount at the end		**2 944**	3 031
			-	-
	Reconciliation of the carrying amount:			
	Future minimum lease payments due:		**3 193**	3 220
	Later than 1 year but less than 5 years		**1 252**	1 438
	Less than 1 year		**1 941**	1 781
	Less: future finance charges		**(249)**	(189)
	Present value of minimum lease payments		**2 944**	3 031

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**		**2024**	2023
			R'000	R'000
		Notes		
	Current obligation		**1 369 377**	852 865
			-	-
	Non-current obligation		**10 413 862**	9 908 981
			-	-
	Reconciliation			
	Carrying amount at the beginning of the period		**10 761 846**	11 416 087
	Additions		**8 457 457**	8 531 007
	Construction cost		**4 500 096**	4 386 297
	Interest accrued		**841 652**	1 747 606
	Administrative costs & LHWP royalties: TCTA		**3 115 709**	2 397 104
	Payments specifically allocated to liability		**(8 209 249)**	(8 938 447)
	Other movements		**773 186**	(246 801)
	Financial liabilities at amortised cost		**11 783 239**	10 761 846

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**		**2024**	2023
			R'000	R'000
		Notes		
	Surplus for the year		**7 516 425**	8 482 727
	Adjusted for non-cash items		**3 812 992**	703 860
	Employee benefits liability provisions		**287 460**	271 746
	Depreciation, amortisation and impairment		**2 712 915**	350 378
	Assets transferred at no cost		**(79 737)**	(78)
	Impairment on financial assets at amortised cost		**739 973**	30 263
	Interest accrued: TCTA		**11 186**	46 938
	Administrative costs: TCTA		**135 087**	1
	Loss on disposal of fixed assets		**6 108**	***4 612***
	Additional cash items		**(271 746)**	(305 731)
	Employee benefits utilised		**(271 746)**	(305 731)
	Operating cash flows before working capital changes		**11 057 670**	8 880 856
	Working capital changes:		**(5 093 817)**	(5 601 577)
	Decrease/ (increase) in receivables from exchange transactions		**(4 175 445)**	(2 140 648)
	Increase/ decrease in advances to public entities		**(594 579)**	(2 405 978)
	Increase/ (increase) in inventories/ construction work in progress		**(255 782)**	(238 528)
	(Decrease)/ increase in payables from exchange transactions		**(68 011)**	(816 423)
	Net cash from operating activities		**5 963 854**	3 279 280

25	Budget information		2024	2023
			R'000	R'000
		Notes		
	Reconciliation between budget deficit and statement of financial performance			
	Budget surplus (deficit)		**7 516 425**	7 154 258
	Project expenditure		**(5 929 715)**	(978 754)
	Surplus/ (deficit) for the year per statement of financial performance		**1 586 710**	6 175 504

25.1 BASIS OF PREPARATION OF BUDGET COMPARISON STATEMENT

The Basis of preparation of the budget during 2023/24 financial year is not the same with preparation of the statement of financial performance. The project expenditure is funded from augmentation fund, Rehabilitation and Refurbishment and Rehabilitation of Conveyance System are reported on the Statement of Financial Position.

The WTE does not budget for non-cash items which are impairment of financial assets, finance cost on amortized payables (present value of the future finance cost derived from the TCTA finance models) nor depreciation. The final budget has therefore been revised to account for these items.

25.2 REASON ON THE REVENUE VARIANCE

The unfavourable variance on revenue performance can be attributed to than lower volumes than anticipated as well as yearend adjustments. Revenue collection remains a challenge, however, on-going interventions to improve debt management through improved debt management processes including the Regions are continuing with customer engagement and the distribution of debt confirmation letters.

25.3 REASON FOR OPERATIONAL EXPENDITURE VARIANCE

The reported low expenditure in operational costs is attributable to lower than anticipated spending in main cost drives such as pumping/ electricity costs (loadshedding), travel and subsistence costs (reduced travelling in compliance with Cost Containment Circular of 2023/25), other operational projects, maintenance and repairs costs. The electricity costs are mostly incurred by both bulk water supply to strategic users and operations, maintenance and refurbishment of national water resources schemes for pumping. The delays in the construction stage of certain projects also has impact on the Travel and Subsistence expenditure. Travel costs will increase as soon as projects move into the construction phase.

REASON ON THE PROJECTS EXPENDITURE VARIANCE

The lower than anticipated spending has been recorded mainly in sub-programmes operations, maintenance and refurbishment of national water resources schemes, dam safety projects and bulk water supply to strategic users. The reasons for underspending varies from delays in site establishment and sourcing of required material before commencement of projects, delayed submission of claims and/or disputes on submitted claims, non-performance on the part of professional service providers, and delays in appointment of professional service providers

26	**Financial instruments**		**2024**	2023
			R'000	R'000
		Notes		
	Carrying amounts per category			
	The total carrying values of the various categories of financial assets and financial liabilities at the reporting date are as follows:			
	Financial assets at fair value			
	Cash and cash equivalents	**12**	**3 399 126**	1 780 139
	Financial assets at amortised cost		**18 558 336**	15 124 298
	Receivables from exchange transactions	**13**	**18 558 336**	15 124 298
	Total financial assets		**21 957 462**	16 904 437
	Financial liabilities at amortised cost		**12 188 256**	12 298 032
	Payables from exchange transactions	**19**	**405 017**	1 536 186
	Other financial liabilities	**23**	**11 783 239**	10 761 846
	Total financial liabilities		**12 188 256**	**12 298 032**
	Net losses included in the statement of financial performance on amortised receivables		**739 973**	30 263

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% (2023: 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 as a result 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.

			2024	2023
			R'000	R'000
	Maximum credit risk exposure			
	Cash and cash equivalents		**3 399 126**	1 780 139
	Receivables		**18 558 336**	15 124 298
			21 957 462	16 904 437
	% 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.

			2024	2023
			R'000	R'000
	Contractual maturities of non-derivative financial liabilities are:			
	Due within 30 days		**1 693 838**	1 938 890
	Later than one month but not later than 12 months		**1 720 504**	964 302
	Later than one year but not later than 5 years		**6 756 238**	6 884 990
	Later than 5 years		**4 165 545**	4 259 291

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	**Related party transactions**	**2024**	2023
		R'000	R'000
27.1	**Related party relationships and control**		
	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.		
27.2	**Related party transactions and outstanding balances**		
27.2.1	*Department of Water and Sanitation*		
	Revenue from non-exchange transactions	**2 845 792**	2 268 503
	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	*Water Research Commission*		
	WRL payment	**166 967**	159 439
	Outstanding balances - payables from exchange transactions	**12 392**	-
	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	**Related party transactions**	**2024**	2023
		R'000	R'000
27.2.3	*Trans Caledon Tunnel Authority*		
	The following transactions were carried out with TCTA:		
	Construction activities	**4 500 096**	4 386 297
	Finance cost	**841 652**	1 747 606
	Administrative costs & LHWP royalties: TCTA	**3 115 709**	2 397 104
	Outstanding balances - amount due to TCTA	**11 783 239**	10 761 846
	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	**1 967 574**	1 696 203
	Outstanding balances - receivables from exchange transactions	**580 197**	425 226
	Payment of electricity	**420 582**	406 369
	Outstanding balances - payables from exchange transactions	**28 615**	19 013
	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	**6 633 162**	7 587 388
	Finance revenue (discounting)	**(64 767)**	(57 953)
	Gross amount billed	**6 697 929**	7 645 341
	Outstanding balances – receivables from exchange transactions	**1 452 135**	2 224 951
	Gross amount due	**1 466 036**	2 243 987
	Less: Effect of discounting	**(13 901)**	(19 036)
	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.		

27	**Related party transactions**	**2024**	2023
		R'000	R'000
27.2.6	*Inkomati Usuthu Catchment Management Agency*		
	The following arm's length disclosable items were carried out with Inkomati Catchment Management Agency:		
	Inkomati Usuthu CMA: amount paid for the period	**94 054**	110 697
	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	Breede-Gouritz Catchment Management Agency	**42 182**	40 173
	The following arm's length disclosable items were carried out with Breede-Gouritz Catchment Management Agency:		
	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	*Entities under the control of the Minister of Water and Sanitation*		
	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	
	2 024	2 023	2 024	2 023	2 024	2 023	2 024	2 023
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Amatola Water Board	**110 662**	85 311	**451 227**	344 376	**19 059**	20 008.03	**212**	144
Vaal Central Water Board	**402 979**	472 765	**3 527 106**	3 714 002	**636**	437.69	**86**	-
Mhlathuze Water Board	**-**	82 434	**-**	94 706	**113 817**	119 952.20	**-**	-
Overberg Water Board	**998**	936	**252**	-	**-**	-	**-**	-
Lepelle Northern Water Board**	**82 651**	88 802	**585 443**	497 522	**7 468**	15 550.03	**6 029**	-
Magalies Water	**142 789**	142 030	**328 447**	167 874	**29 000**	-	**-**	-
Umgeni Water Board	**459 376**	284 037	**195 562**	306 792	**30 030**	5 173.07	**199 813**	-

**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.

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.		
27.2.10	**Development Bank of Southern Africa (DBSA)** The DBSA is an implementing agent of the WTE - Department of Water and Sanitation Infrastructure programme for the Tzaneen Dam to augment the existing capacity in order to fast track the completion and ultimate operation of the project for the department through the provision of an Integrated Programme Management Solution to unlock the procurement and other project related challenges.		

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 2024 R'000	Basic salary	Termination benefits	Other short term employee benefits	Post-employment benefits	Total
Ms Makhathini ZY - Deputy Director General	-	-	-	-	-
Ms Ndhlovu SD - Chief Director	**960**	-	**292**	**125**	**1 377**
Arumugam S - Chief Director					
Ms Maraka MM - Chief Director	**989**	-	**323**	**129**	**1 441**
Mkutukana SD - Chief Director	**960**	**74**	**333**	**125**	**1 492**
Mr Manus LAV - Chief Director	-	-	-	-	-
Chaminuka AM - Chief Director	**684**	**255**	**609**	**89**	**1 637**
Mr Nel P - Chief Director	**1 145**	-	**407**	**149**	**1 701**
Ms Makhathini ZY - Deputy Director General	**775**	**62**	**273**	**101**	**1 211**
	5 513	**391**	**2 238**	**717**	**8 858**

31 Mar 2023 R'000	Basic salary	Termination benefits	Other short term employee benefits	Post-employment benefits	Total
Ms Makhathini ZY - Deputy Director General	562	159	323	73	1 117
Ms Ndhlovu SD - Chief Director	916	-	299	119	1 333
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
	6 604	**246**	**3 196**	**859**	**10 905**

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 F Moatshe	Chief Financial Officer
Mr LS Mabuda	DDG: Infrastructure Management - WTE (Acting)

The following key management personnel officials have terminated their services during the year that ended 31 March 2024.

Official
Mr Manus LAV
Mr Nel P

29	**Capital commitments**	**2024**	2023
		R'000	R'000
	Capital commitments (Including TCTA)	**3 251 474**	1 578 284
	Operational commitments	**245 499**	342 037
	Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.	**3 496 974**	1 920 321
	Commitments per category:		
	Operational and Capital commitments		
	Inventory commitments	**5 003**	11 301
	Other operating commitments	**240 496**	330 736
	Total	**245 499**	342 037

29	**Capital commitments**		**2024**	2023
			R'000	R'000
	Capital Commitments			
	PPE: Assets under construction		**2 477 476**	802 784
	PPE: Computer equipments		**1 298**	5 875
	PPE: Equipment		**1 856**	1 558
	PPE: Furniture		**1 347**	248
	PPE: Motor vehicle		**-**	77 227
	PPE: Infrastructure assets (including TCTA)		**769 498**	690 591
			3 251 474	1 578 284
	Grant total		**3 496 974**	1 920 321

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**	**2024**	2023
		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:	**363**	5 273
	Due within 1 year	**363**	5 273
	Total minimum lease payments	**363**	5 273

31	**Contingent liabilities**	**2024**	2023
		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.		

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
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
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
31.2.7	MTO Forestry (Pty) Ltd vs DWS	**211 195**	211 195
31.2.8	A.J Lottering & DWA (Ref:Nc)	**6 000**	6 000
31.2.9	Pengi Consulting engineers and Land Surveyor//DWS	**15 000**	15 000
31.2.10	Bigen Africa v DWS	**-**	5 926
31.2.11	Pengi Consulting engineers and Land Surveyor//DWS	**10 000**	10 000
31.2.12	Siyani Mhlongo and Others	**10 000**	10 000
31.2.13	Pyramid Investment V Minister of Water and Sanitation and Others	**24 277**	24 277
31.2.14	Limphota Housing CC V Minister of Water and Sanitation	**18 705**	-
31.2.15	Isiphephu Water Services Pty Ltd vs Department of Water and Sanitation	**3 334**	-
31.2.16	Other claims against the state	**2 305**	5 186
		332 446	329 527

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 advice 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 suspend 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.

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	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.
31.1.9	The service provider issued summons against the Department claiming the amount emanating from an alleged contractual agreement with the Department.
31.1.10	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.
31.1.11	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.
31.1.12	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.
31.1.13	The service provider issued summons against the Department claiming the amount emanating from an alleged contractual agreement with the Department.
31.1.14	Plaintiffs seek a relief from court for compensation as a result of expropriation of land.
31.1.15	The plaintiff seeks the payment of invoice submitted as per contract. The department has done the investigation and found out that some of the work on the invoice was not performed by the plaintiff.
31.1.16	Other claims against the state - WTE is the defendant to various small claims below an amount of R 1 million each instituted by various companies/parties.
	Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R 332.446 million excluding interest of approximately R 39.062 million at a lending rate of 11.75%.

32	**Contingent assets**	**2024**	2023
		R'000	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
32.3	Department of Water and Sanitation vs Bicacon	**1 461**	1 461
32.4	DWS vs Margaret Diedricks and two others	**2 265**	-
		6 569	4 386

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.

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.

32.4 The former employees delayed approving the invoices on time and the service provider charged interest on the outstanding amount. The department is recovering the interest charged by service provider from the former employees.

33	**Irregular and fruitless & wasteful expenditure**		**2024**	2023
			R'000	R'000
		Notes		
	Reconciliation			
	Irregular expenditure - current year	**33.1**	**362 649**	101 365
	Fruitless and wasteful expenditure - current year	**33.2**	**100 259**	70 308
			462 908	171 673

33.1	**Details of irregular expenditure**		**2024**	2023
	Incident	**Disciplinary steps taken / criminal proceedings**	**R'000**	R'000
	Nonadherence of the Preferential Procurement requirements (Giyani Hiring of Plants)	Under investigation	**57 670**	-
	Bid award not in line with the advertised evaluation criteria/wrongful awarded in contravention of sec 217 of SA constitution	Under investigation	**304 979**	-
	Procurement not in accordance with the regulation and proper authority	Investigation to be conducted	**-**	74 367
	Delay in implementation of emergency procurement	Investigation to be conducted	**-**	26 998
			362 649	101 365

			2024	2023
33.2	**Details of fruitless & wasteful expenditure**		**R'000**	R'000
	Incident	**Disciplinary steps taken / criminal proceedings**		
	Losses incurred relating to external projects	Transaction under investigation	97 340	55 306
	Abnormal costs incurred relating internal projects	Transaction under investigation	2 919	14 415
	Mopani emergency project	Transaction to be investigated	**-**	145
	Interest expenditure incurred on overdue accounts paid to Professional Service Providers (PSP), Licenses and other 3rd parties	Transaction to be investigated	**-**	442
	Total		**100 259**	70 308

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 2024. 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 relates to the following items:			
	Other financial liabilities current and non-current - *The Trans Caledon Tunnel Authority (TCTA) made amendments to the project's financial models. The opening balances were restated as per 2021/22 and 2022/203 restated financial models from TCTA. The adjustment is a re-allocation between current and non-current financial liabilities which impacted the opening balance of liabilities in the statement of financial position. This resulted in a net decrease in Other financial liabilities the tune of R68.597 million in the year 2022/23 and R358.686 in the year 2021/22.*			
	Intangibles, 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. There was also a further reversal of accruals that were previously raised in relation to the LHDA project, the reversal is due to lack of proper source documents. These resulted in a decrease in AUC - Intangibles to the tune of R481.00 million, a further decrease and an increase in Payables from exchange transactions: current of R582.060 million in the year 2022/23 and R1.249 million in the year 2021/22 respectively; also resulted in a further decrease and increase in Operating Expenditure of R243.591 million in the year 2021/22 and R43.845 million in the year 2022/23. This has further resulted in a decrease in Repairs and Maintenance - PPE of R96.932 million in the year 2022/23.*			
	Revenue and 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 adjustment. The results of these adjustment are that here was an increase and a decrease in Receivables from exchange transactions current to the tune of R914.460 million in the year 2022/23 and R397.587 million in the year 2021/22 respectively. This further resulted in a decrease and an increase in Revenue from exchange transactions in the year 2022/23 and 2021/22 to the tune of R805.189 million and R38.901 million respectively.*			
	Employee benefits costs and liability - current - *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 2021/22 and further increase in in employee benefit costs to the tune of R29.428 million.*			
	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 *R175.263 million.*			

	The impact of these errors is summarised below, and the details are as follows:	**2024**	2023
		R'000	R'000
	Increase/ (Decrease) in assets	**(1 395 744)**	(153 995)
	(Increase)/ Decrease in liabilities	**650 657**	329 258
	Increase/ (Decrease) in net assets	**(745 086)**	175 263
	Represented by:		
	(Increase)/ Decrease in accumulated surplus:		
	(Increase)/ Decrease in revenue	**805 189**	38 901
	Increase/ (Decrease) in expenses	**(60 102)**	(214 163)
	Effect on surplus/deficit	**745 086**	(175 263)
	Effect on opening reserves	**(175 263)**	(153 995)
		(1 395 744)	
		569 824	(175 263)

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:**		
	Intangible assets	**(481 283)**	243 591
	Other financial liabilities: non-current	**(152 338)**	(159 624)
	Income received in advance: non-current	**220 936**	518 310
	Payables from exchange transactions: current	**582 060**	(1 249)
	Employee benefits - current liability	**-**	(28 179)
	Receivables from exchange transactions	**(914 460)**	(397 587)
		(745 086)	175 263
	Employee benefit costs	**-**	29 428
	Finance cost	**(7 013)**	-
	Operating expenditure	**43 843**	(243 591)
	Repairs and maintenance - PPE	**(96 932)**	-
	Revenue from exchange transactions	**805 189**	38 901
		745 086	(175 263)
	Effect on opening reserves	**(175 263)**	-
		569 824	(175 263)

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