

2018/19
ANNUAL REPORT
Vote 36

Department of Water and Sanitation
Water is Life - Sanitation is Dignity

1 DEPARTMENT OF WATER AND SANITATION

VOTE NO.36

ANNUAL REPORT

2018/19 FINANCIAL YEAR

DEPARTMENT GENERAL INFORMATION

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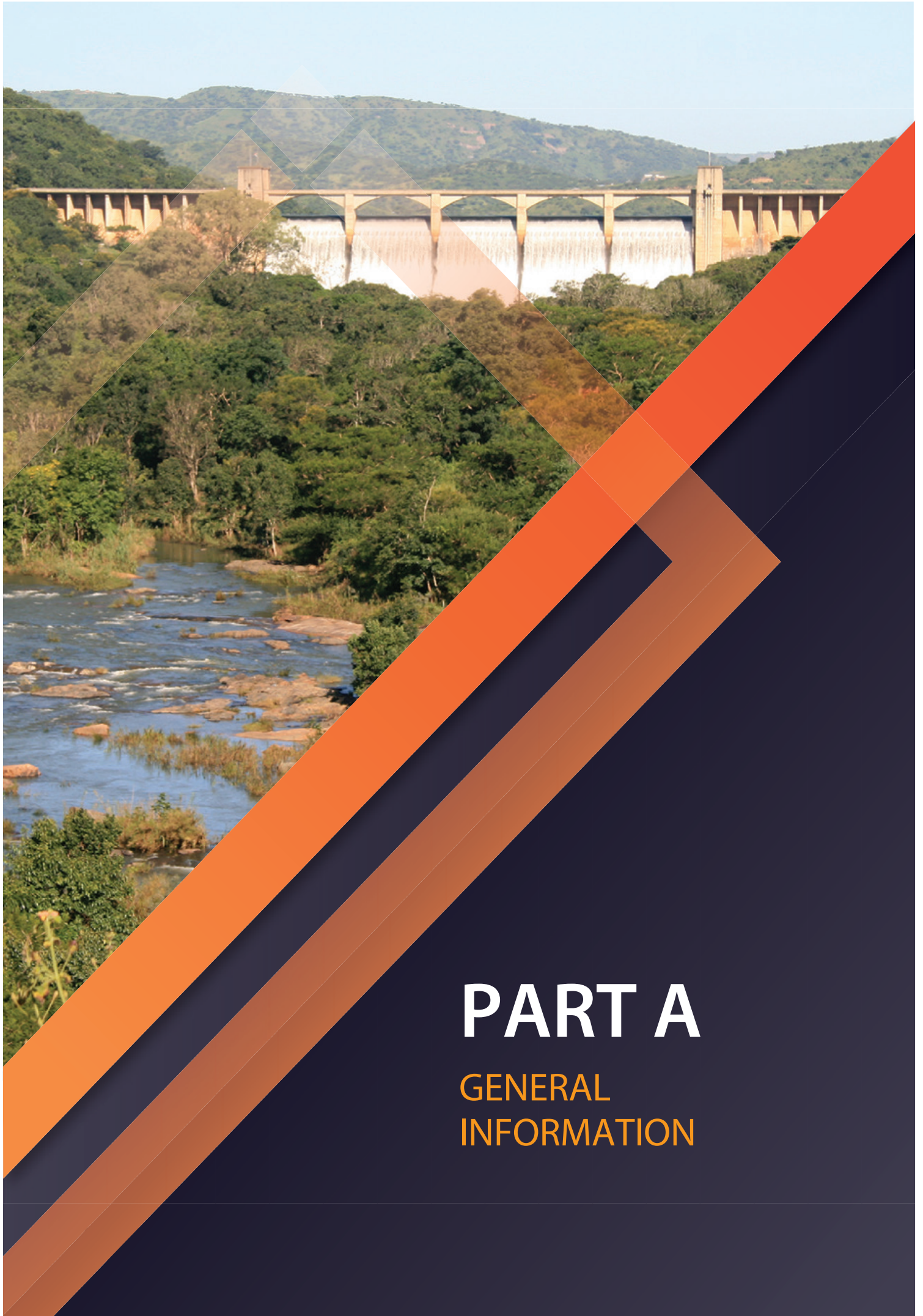
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PART A

GENERAL
INFORMATION

2 LIST OF ABBREVIATIONS / ACRONYMS

Abbreviation / Acronym	Description
ACIP	Accelerated Community Infrastructure Programme
AGSA	Auditor General of South Africa
AMCOW	African Ministers' Council on Water
AMD	Acid Mine Drainage
AMP	Asset Management Plan
AO	Accounting Officer
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
BDS	Bulk Distribution System
BEC	Bid Evaluation Committee
BGCMA	Breede-Gouritz Catchment Management Agency
BOQ	Bill of Quantities
BWS	Bulk Water Supply
CFO	Chief Financial Officer
CIP	Compulsory Induction Programme
CMA	Catchment Management Agency
CoGTA	Cooperative Governance and Traditional Affairs
DBAC	Departmental Bid Adjudication Committee
DBC	Departmental Bargaining Chamber
DM	District Municipality
DSRP	Dam Safety Rehabilitation Programme
DWS	Department of Water and Sanitation
ECSA	Engineering Council of South Africa
ELM	Emfuleni Local Municipality
EME	Exempted Micro Enterprises
ENSO	El Niño-Southern Oscillation
EU	European Union
EWSETA	Energy and Water Sector Education and Training Authority
FIDIC	Fédération Internationale Des Ingénieurs-Conseils (i.e. International Federation of Consulting Engineers)
FOSAD	Forum for South African Directors-General
GCC	General Conditions of Contract
GRAP	Generally Recognised Accounting Practice
HCT	HIV Counselling and Testing
HOD	Head of Department
HR	Human Resources
IA	Implementing Agent
IRS	Implementation Readiness Study



Abbreviation / Acronym	Description
IUCMA	Inkomati-Usuthu Catchment Management Agency
JWC	Joint Water Commission
KOBWA	Komati River Basin Water Authority
KZN	KwaZulu-Natal
LGSETA	Local Government Sector Education and Training Authority
LIMCOM	Limpopo Watercourse Commission
LM	Local Municipality
m ³	Cubic metres
MEC	Member of Executive Council
MoU	Memorandum of Understanding
MPAT	Management Performance Assessment Tool
MPSA	Minister of Public Service and Administration
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MuSSA	Municipal Strategic Self-Assessment
NACH	National Anti-Corruption Hotline
NAWASIA	National Water and Sanitation Infrastructure Agency
NDP	National Development Plan
NEHAWU	National Education, Health and Allied Workers' Union
NWA	National Water Act
NWRI	National Water Resources Infrastructure
NWRS	National Water Resources Strategy
NWSMP	National Water and Sanitation Master Plan
NWSRSS	National Water and Sanitation Resources and Services Strategy
O & M	Operation and Maintenance
OCSLA	Office of Chief State Law Advisor
OFA	Organisational Functionality Assessment
OHS	Occupational Health and Safety
OKP	Orange Knowledge Programme
ORASECOM	Orange-Senqu River Basin Commission
ORWRDP	Olifants River Water Resource Development Project
OSD	Occupation Specific Dispensation
PCWS	Portfolio Committee of Water and Sanitation
PFMA	Public Finance Management Act
PMDS	Performance Management Development System
PSA	Public Servants Association
PSC	Public Service Commission
PSCBC	Public Service Coordinating Bargaining Council
PSP	Professional Service Provider



Abbreviation / Acronym	Description
QR	Quarterly Report
QSE	Qualifying Small Enterprises
RBIG	Regional Bulk Infrastructure Grant
RID	Record of Implementation Decision
RMC	Risk Management Committee
SACNSP	South African Council for Natural Science Professions
SALGA	South African Local Government Association
SANDF	South African National Defense Force
SAYWP	South African Youth Water Prize
SCM	Supply Chain Management
SCM	Supply Chain Management
SCoA	Standing Committee on Appropriations
SCoPA	Standing Committee on Public Accounts
SCSS	Select Committee on Social Services
SDGs	Sustainable Development Goals
SDIP	Service Delivery Improvement Plan
SEIAS	Socio-Economic Impact Assessment System
SETA	Sector Education and Training Authority
SITA	State Information Technology Agency
SJWP	Africa in Stockholm Junior Water Prize
SMME	Small Medium and Micro Enterprises
SRSS	Sedibeng Regional Sanitation Scheme
Stats SA	Statistics South Africa
TCTA	Trans Caledon Tunnel Authority
TR	Treasury Regulations
V & V	Validation and Verification
VRS	Vaal River System
WC/WDM	Water Conservation and Water Demand Management
WMA	Water Management Area
WoL	War on Leaks
WRC	Water Research Commission
WSA	Water Services Act
WSAs	water service authorities
WSIG	Water Services Infrastructure Grant
WTE	Water Trading Entity
WTW	Water Treatment Works
WWTW	Wastewater Treatment Works



3 FOREWORD BY THE MINISTER



The Department of Water and Sanitation is central to the economic development and social well-being of the country as its mandate is to provide sufficient, reliable, clean water 365 days a year to support socio-economic growth. The improvements in water resources management and access to water supply and sanitation services are essential to addressing various social and economic inequalities in South Africa to ensure that all its citizens enjoy the multiple benefits of the basic human right to access water as enshrined in the Constitution.

An additional challenge that confronts the water sector in South Africa is the reality that aging infrastructure never designed for the current demands of industry, agriculture and the 57.5 million people who live in South Africa poses a serious threat to the future sustainability of the country's water supply. More than 20% of the population have migrated from the rural to major metropolitan centres over the last 10 years. Therefore, the development of new and the refurbishment/upgrade of existing water infrastructure to serve extensive areas across municipal boundaries, has become imperative.

It is in this context that I present the Department of Water and Sanitation Annual Report for the 2019/2020 performance period.

The Department of Human Settlements, Water and Sanitation is governed by the National Water Act (Act No. 36 of 1998) and the Water Services Act (Act No.108 of 1997). These Acts, in conjunction with national strategic objectives, governance and regulatory frameworks, provide an enabling environment for effective water use and management.

The Ministry is primarily responsible for the formulation and implementation of policy governing the water sector. In the process of promoting effective and efficient water resources management to ensure sustainable economic and social development, the role of Water Boards and the Catchment Management Agencies as strategic partners of the Department of Human Settlements, Water and Sanitation cannot be over-emphasised.

As a developmental state our end goal is the universal access of water and sanitation services to all South Africans. We recognise that we still have a large number of our population that is still un-served as three million households in the country do not have access to reliable drinking water and 14.1 million households do not have access to safe sanitation. Many of our communities continue living without water as municipalities have not been able to maintain or provide the necessary infrastructure to ensure water reaches the taps.

South Africa remains a water scarce country and water availability is endangered by among other factors, insufficient water infrastructure maintenance and investment, recurrent droughts driven by climatic variation, inequities in access to water and sanitation, deteriorating water quality.

The recent drought, the worst for many decades, necessitated our immediate attention. The Department implemented interventions aimed at extending water availability and providing relief to drought stricken areas. The Department also embarked on public awareness campaigns focusing on water conservation practices. Water tankering and drilling of boreholes helped provide relief in places which were experiencing severe water shortages.

We cannot afford to ignore the impact of climate change, of growing populations and changing economic activities; all these make the planning of our long term water management more difficult. We are faced with a backlog of challenges we need to address urgently if we are to achieve water security for community use and also business and economic development. We need to address our own insufficient investment in water infrastructure and inadequate management of the water sources we have.

To respond to the challenges facing the water and sanitation sector, the Department has developed a Water and Sanitation Master Plan. In preparation for the launch of this Plan we met with a range of stakeholders, from the agricultural community, the business sector, NGOs and most importantly communities. We visited a number of key projects to understand what the challenges are and worked on recommendations from practitioners in the field of water provision. We also engaged the Human Settlements family and MINMEC, Water Boards and many other players and water users across the country and internationally.



The recently launched National Water and Sanitation Master Plan will drive our agendas in the coming decade; at its core is the alignment of sector institutions, and the functions they perform. The Master Plan outlines a series of urgent steps to be taken and implemented by all stakeholders in the water sector in order to address systemic and infrastructural challenges to secure continuous and uninterrupted supply of water for both community and business use.

An integrated approach to water resource development and management is important to maintain a balanced approach in which the vital role of infrastructure to manage variability and uncertainty are recognised and balanced with the goals of environmental protection and conservation. Water is all our business and to ensure our continued water security all water users and the public in general must reduce use and conserve and preserve our water.

My appreciation to the Portfolio Committee on Human Settlements, Water and Sanitation for the robust engagements and their guidance. My gratitude to the Deputy Minister, the Management and staff of the Department for their role in ensuring that government delivers on its mandate to deliver secure and sustainable water and sanitation services.



LN Sisulu, MP
Minister of Human Settlements, Water and Sanitation
Date: 17 March 2020



4 DEPUTY MINISTER STATEMENT



Over the last twenty five years we have made strides in building a truly united, non-racial, non-sexist, democratic and prosperous society but we are the first to admit that more still needs to be done.

After the Sustainable Development Goals agenda was established by the United Nations (UN) in 2015, water and sanitation factored as part of the SDG goals especially goal 6 (Clean water & sanitation). Based on the decisions taken by the UN on SDGs various countries including South Africa are at various stages of driving this goal both at technical and policy levels.

The global importance of water cannot be overstated; it is crucial for all life and important for human socio-economic wellbeing; hence its value is seen from the context as an environmental, social and economic good. The well-being of human society through the ages has been dependent on secure sources of water; conversely, its absence has seen the demise of often well-established societies.

The fact that SADC countries share similar climate, hydrological and water resources governance provides a strong case to create a water-energy-food nexus platform to support regional planning. For example, Mozambique, Zambia and Zimbabwe share the Zambezi water basin, while South Africa supplies energy to several countries such as Zimbabwe, Botswana, and Swaziland.

The security of water supply is paramount socio-economic development. We must always plan for climate change. The challenges posed by climate change, water, nutrients and energy are converging. About 12 million hectares of land becomes degraded each year. Droughts and floods are becoming more frequent and larger. For a host of reasons Africa is at the eye of this storm.

Some reasons include the fact that southern Africa has already lost 25% of its soil fertility. And some countries on the continent have some of the highest population growth rates globally.

The recent World Economic Forum (WEF) report indicates that a quarter of the world's human population already living in the regions that suffer from severe water scarcity for at least six months of the year.

We are also enjoined to ensure all South Africans receive dignified sanitation services. This is notwithstanding ours being a water-scarce country. In this regard, there is a great need to look into and raise awareness that in our situation of water scarcity, there is absolute need for the introduction and use of alternative and new sanitation technologies. It will be most critical that sufficient buy-in is received in this regard.

It is important to raise the point that whilst as a department we continue to deliver on the planning, and delivery of bulk services, these need to translate to the actual betterment of the lives of all South Africans. The district development model will improve coordination amongst the three spheres and broader stakeholder in driving development.

With all the work that went into the completion of the fifteen regional bulk infrastructure project phases that were completed, we know that a total of 262 796 more households are being served than before. In addition, a total of 907 job opportunities were created from the construction of infrastructure projects, with a direct impact on the livelihoods of people.

Protection of the water resources is critical especial due to high levels of deteriorating water quality caused by infrastructure failure by many of the municipalities who are water services, mines and industries. The department conducted compliance monitoring on no less than 407 water users; these were within a number of disciplines including agriculture, dam safety, industry, mining, municipality, public entities and stream flow reduction activities. We are pleased to indicate that as the report will indicate, no less than a healthy number totalling 94% of reported non-compliant cases were investigated. In actual numbers this relates to 441 of 471 cases.

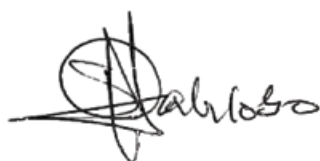


As a developmental state, we cannot and should not compromise on that. With regard to water management and the protection of the source from pollution, an Anti-Pollution Task Team has been assembled and it has had its first bite in Mpumalanga province where it has been discovered that the Victor Khanye Municipality was discharging raw sewer into the river.

Regulation is a critical part of the core function of the DWS as it assist in ensuring that there is sufficient protection of the resource, a very important function in light of the country's challenges of water scarcity.

Cooperation and governance systems therefore become imperative and are critical success factors in addressing water resources and associated issues and challenges. Addressing these complexities requires collaboration on human capacity development. We need to continuously obtain new knowledge, develop new skills and tools for the changing conditions. We need to investigate opportunities to leapfrog to alternative pathways for delivering on water security and managing water and sanitation services.

We can and must build on these small developments. The path is clear. But we all need to work together and walk together to get to the destination we seek.



Mr David Mahlobo, MP
DEPUTY MINISTER: WATER AND SANITATION
Date: 10 March 2020

5 REPORT OF THE ACCOUNTING OFFICER



5.1 Overview of the operations of the department

During the year under review, the Department of Water and Sanitation (DWS) implemented its strategic 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.

Although the Department was allocated R 15.5 billion, it started the 2018/19 financial year with significant budget pressures owing to 2017/18 accruals and payables amounting to R 2.004 billion. These budget pressures impacted the Department's operations and hence the achievement of some of its planned targets. The progress per budget programme is summarised below:

Administration

The Department's Learning Academy 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 in order to meet projected demands within the Department and the water sector as a whole. Its dual academic and professional development focus provides aspirants an opportunity to be exposed to real-time professional experiences and valuable work experience. This also allows them to register with relevant professional bodies such as the Engineering Council of South Africa (ECSA), the South African Council for Natural Science Professions (SACNSP) and the Geomatics Council for Surveyors (formerly PLATO). Since its inception, a total of 870 bursaries have been granted to learners at the identified Institutions of Higher Learning. Of these, 783 have joined the Learning Academy's Professional Development Component and by May 2019 and all had been placed in the Department. In addition, 549 Graduate Trainees had been offered permanent or candidate Occupation Specific Dispensation (OSD) posts within the Department after completing their respective rotational training and development programmes and upon professional registration, where applicable.

The global bilateral relations with countries in the South and North demonstrated huge benefits in terms of information and expertise sharing; technical exchange programmes; secondments, scholarships and training programmes in support of the water and sanitation sector strategic vision. The Department secured the collaborative interventions based on existing agreements with countries outside Africa. Cooperation is an important element since, building capacity and skills development, is key to dealing with the challenges of water resources management, infrastructure operation and maintenance.

For their contribution in building water sector capacity through tailor-made training and individual scholarships, the Denmark, Japan and the Netherlands are viable cooperation programmes that are yielding great benefits. To date, twenty four (24) middle and senior management officials from the Department and from various municipalities have received scholarships from the Dutch Orange Knowledge Programme (OKP) in order to study the Masters of Business Administration (MBA) in Water Management through the Business School Netherlands. Seventeen (17) water sector officials from the Department, municipalities, South African Local Government Association (SALGA) and the Sector Education and Training Authority (SETA) will be attending a Training of Trainers programme in Japan as part of building municipal capacity to deal with water losses. A training yard has been completed at the Roodeplaat training centre supported by the Government of Japan, which enables the training of our youth, on our own premises, to provide opportunity for more trainees in-house, with less costs and for more trainees, for government.

It is imperative for the South African water and sanitation sector to contribute and participate at the multilateral platforms to influence the global position and trends for the country's benefit. For the period under review, eighteen (18) International Development Partners signed a pledge to support the South African initiative to achieve Sustainable Development Goal 6 targets relating to water and sanitation.



Water Planning and Information Management

South Africa needs to reduce water demand and increase supply for a growing population and economy in order to ensure water security by 2030. Therefore, in collaboration with all relevant state organs and water sector stakeholders, the Department developed a National Water and Sanitation Master Plan that was endorsed by Cabinet during the period under review. The Master Plan points out the priority actions required until 2030 and beyond to ensure the water security and equitable access to water and sanitation services for all. It is a vital tool for the entire South African water sector in that it strives to improve integrated planning and development across the value chain as well as addressing issues relating to the water and sanitation needs of the country as envisioned in the National Development Plan (NDP) and the Sustainable Development Goals (SDGs).

The country is faced with the challenge of protecting water resources on the one hand and the need to utilise water for social and economic development on the other hand. In order to ensure sustainable water resource management an accurate assessment of how much water can be taken out of the system before meeting the social, ecological and economic needs is required. The classification system and the determination of the resource quality objectives are two mechanisms that are used to try and balance protection and development. For the financial year under review, the Department had planned to complete and gazetted four (4) water resource classes and resource quality objectives in the Breede, Mzimvubu, Crocodile West & Marico, and Mokolo & Matlabas. Although two (i.e. Crocodile West & Marico, and Mokolo & Matlabas) of these were completed during the period, they could not be gazetted and plans are in place to gazette them during the 2019/20 financial year.

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. Some of the essential water resources data to manage includes regular measurements of rainfall, streamflow, dam levels, and of chemical and biological determinants based on a well-established network of monitoring points. The plans for the period under review were to refurbish associated infrastructure (e.g. rainfall measurement stations and gauging weirs) in order to minimise its deterioration; and also to implement the River Eco-Status Monitoring Programme. The Department had planned to complete the refurbishment of the Keurbooms gauging weir in Breede-Gouritz water management area (WMA); however, heavy rains damaged coffer walls resulting in the Department's ability to complete 90% of the work on site. The River Eco-Status Monitoring Programme, on the other hand, was successfully implemented in 71 rivers.

Water conservation and demand management is a key component to the sustainable management of South Africa's scarce water resources and is a key strategic intervention to reconcile water requirements with water availability. One mechanism used by the Department is the monitoring of water losses in eight (8) large priority water supply systems based on set targets for reducing water losses in these major demand centres (e.g. metropolitan and major cities that are mostly the largest water users). For the period under review, the Department collected water balance data and information for the eight (8) large water supply systems (i.e. the Vaal River, Umgeni River, Crocodile West River, Olifants River, Algoa, Amathole, Bloemfontein and Western Cape Supply Systems).

South Africa has progressed well in delivering access to basic water supply and sanitation services infrastructure. However, the reliability of these services remains a challenge in certain areas owing to some failures within water service authorities (e.g. lack of technical skills, institutional capacity and funding to operate, maintain and manage water and wastewater infrastructure assets properly). Through the Municipal Strategic Self-Assessment (MuSSA), Department is able to determine the vulnerability status of key functional business attributes (e.g. financial management, water conservation & water demand management, operation & maintenance of assets etc.) within water service authorities (WSAs). For the period under review, the Department finalised 58 MuSSA in 47 WSAs, eight (8) metropolitan municipalities and three (3) secondary cities. In addition, the Department completed a draft socio-economic impact study on the benefits derived from the development of infrastructure projects within their areas of operation.

The National Water Act (NWA) requires a National Water Resources Strategy (NWRS) to be developed every five (5) years. As the NWRS second edition excluded much of the sanitation service function, the third edition would ensure the full integration of sanitation into the legislated strategy. The Department had planned to develop a draft National Water and Sanitation Resources and Services Strategy (NWSRSS) with its associated implementation plan during the period under review. A draft NWSRSS was developed; however, as there is a delay in finalising the water and sanitation Bill, the NWSRSS is being re-worked to produce the NWRS-3 instead in order to comply with the NWA.



Water Infrastructure Development

A 2017 Statistics South Africa (Stats SA) General Household survey indicated that over three (3) million people still do not have access to a basic water supply service and 14.1 million people do not have access to safe sanitation. The 2017 household survey also indicated that only 10,3 million households (64%) have access to reliable water supply.

To reduce the number of unserved, the Department had planned to implement three (3) bulk raw water (e.g. dams); and through its Regional Bulk Infrastructure Grant (RBIG), implement 81 water and wastewater services project phases. Also, through the Water Services Infrastructure Grant (WSIG), the Department supported the implementation of 181 small water and wastewater services projects that address functionality and new infrastructure requirements within municipalities.

Although the Department did not complete any bulk raw water projects, work continued to ensure that three (3) projects are ready for implementation. This work entails finalising detailed designs for the Mzimvubu Water Project (Ntabelanga Dam); continuing with design work and geotechnical investigations for phases 2E and 2F of the Olifants River Water Resource Development Project (ORWRDP). Also, for the Goedertrouw Transfer Scheme, construction continued well until the end of the third quarter. However, during the fourth quarter, the construction ceased as there was a dispute with the contractor.

A total of 15 regional bulk infrastructure project phases were completed of which 14 were for bulk water supply and one (1) was for the development of a wastewater treatment works. These regional bulk infrastructure project phases are in the Free State (with seven project phases completed); the North West (with two project phases completed); the Northern Cape (with 2 project phases completed); Mpumalanga (with two project phases completed), Gauteng (with one project phase completed); and Limpopo (with one project phase completed). From these completed project phases a total of 262 796 households are being served. In addition, a total of 907 job opportunities created from the construction of infrastructure projects.

For period under review, the Department had planned to eradicate the remaining bucket sanitation systems in formal settlements of the Free State and Northern Cape provinces. Also, through the WSIG, the Department had planned to reduce the sanitation backlog in rural households nationwide. A total of 2019 bucket sanitation systems in the formal areas of the Free State and Northern Cape were eradicated with 5012 sanitation backlogs in rural households eradicated.

For the period under review, the Department had updated its immovable Asset Management Plan (AMP) outlining a ten-year plan for the acquisition, operation and maintenance (O & M), renewal, upgrading, new capital investments, and disposal of the National Water Resources Infrastructure's (NWRRI) immovable assets. As it aims to maximise the assets' service delivery potential and benefits, and minimising their related risks and costs over the assets' life cycle, the Department had planned to implement at least 41% of the projects in the AMP and maintain unscheduled maintenance at 20% and below. The Department implemented 46% of the AMP projects (i.e. 267 of the 579 projects completed), however, unscheduled maintenance increased to 27% partly due to the lack of a term contract to implement scheduled maintenance.

The Department has a Dam Safety Rehabilitation Programme (DSRP) that ensures that dams comply with Dam Safety Regulations. For the period under review, work did not commence in the rehabilitation of the Marico-Bosveld Dam and 15% of the rehabilitation in the Kalkfontein Dam was completed.

Water Sector Regulation

Strong regulation is critical to achieve water security in South Africa, in terms of water quality (in rivers and taps), balancing demand and supply, ensuring the safety of dams, and being resilient to climate change impacts. For the period under review, the Department used various regulatory instruments to safeguard the interests of all water users, whilst also ensuring that the quality of water resources is protected.

To support its regulatory function, the Department coordinates and monitors water users' compliance with standards, licence conditions and regulations; and ensures enforcement against non-compliance across the value chain. For the period under review, the Department monitored the compliance of 407 water users within the agriculture, dam safety, industry, mining, municipality, public entities and streamflow reduction activities. In addition, 94% of reported non-compliant cases (i.e. 441 of 471 cases) were investigated.



The Department oversees the regulation of water resources quality and water services quality across the water value chain. The focus of the water resources quality is the assessment of mine water in all mining areas of South Africa to determine any current or potential acid mine drainage (AMD) and / or any other related mine water issues. For the period under review, the coal mining operations in the Pongola- Mtamvuna WMA were assessed. The regulation of water services quality is on the provision of drinking water and the management of wastewater. Although no Blue Drop and Green Drop assessment were conducted during the year under review, 585 non-compliant water and wastewater systems were monitored.

The NWA requires a user to apply for a water use licence for any new water use that is not listed in schedule 1 or not covered by a general authorisation. Furthermore, the 2017 regulations require the Department to finalise applications for water use within 300 days. To comply with these requirements, the Department finalised 81% (i.e. 1% above the planned target) of water use licence applications within the regulated period.

The institutional landscape of the water sector is overly complex and not sufficiently transformed and thus impacting the water value chain. The National Water Act, 1998 (Act No. 36 of 1998) and the National Water Policy for South Africa provide for the establishment of catchment management agencies (CMAs) to facilitate the delegation of water resources management to a water management area level in support of the principles of integrated water resource management. In addition, the National Development Plan identified the need for the establishment of an Independent Economic Regulator to safeguard reliable and competitively priced water services for consumers and to promote affordable access to water for poor households.

During the period under review, a new vision of establishing a National Water Resources and Services Authority rather than a National Water and Sanitation Infrastructure Agency (NAWASIA) was introduced. As the process had to be restarted and by the end of the period under review, a draft concept note on the National Water Resources and Services Authority developed. Also, there was a revision on the establishment of an Independent Economic Regulator to a National Water Resources and Services Regulator. By the end of the period under review, a consultation on the first draft concept note for the National Water Resource and Services Regulator was done. Also, the decision to establish a single national CMA was reviewed which warranted the resuscitation of the process to establish the remaining seven (7) CMAs.

5.2 Overview of the financial results of the department

5.2.1 Departmental receipts

Departmental receipts	2018/19			2017/18		
	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	2 634	2 354	280	2 021	1 877	144
Fines, penalties and forfeits	400	400	0	0	0	0
Interest, dividends and rent on land	2 467	2 921	(454)	2 575	2 992	(417)
Sale of capital assets	0	1	(1)	96	197	(101)
Financial transactions in assets and liabilities	12 736	60 734	(47 998)	2 694	7 810	(5 116)
Total	18 237	66 410	(48 173)	7 386	12 876	(5 490)



5.2.2 Programme Expenditure

Programme Name	2018/19			2017/18		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 634 012	1 634 012	-	1 649 851	1 998 676	(348 825)
Water Planning and Information Management	689 717	689 717	-	738 252	653 262	84 990
Water Infrastructure Development	14 255 377	14 013 071	242 306	12 844 465	12 146 247	698 218
Water Sector Regulation	294 623	282 641	11 982	374 881	308 053	66 828
Total	16 873 729	16 619 441	254 288	15 607 449	15 106 238	501 211

5.2.3 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.

5.2.3.1 Virements approved by the Accounting Officer

The table below summarises the funds shifted and virements applied by the Department:

From			To		
Programmes	Reasons for virement	Amount R'000	Programmes	Reasons for virement	Amount R'000
Administration	Savings were realised on compensation of employees due to vacant posts during the greater part of the financial year within the Programme across all sub-programmes.	(27 142)			
Water Sector Regulation			Water Planning and Information Management	To defray over spending on goods and services under Water Information Management	87
Administration			Water Infrastructure Development	To defray over spending on compensation of employees, transfers & subsidies and payments for capital under Accelerated Community Infrastructure Programme (ACIP)	51 127
Water Sector Regulation	Underspending was due to ongoing Departmental reprioritisation of projects and budgets. The funds were used to defray over spending on under Accelerated Community Infrastructure Programme (ACIP)	(24 072)			
Total		(51 214)			51 214



5.2.3.1 Requests for rollover

The department requested a rollover amounting to R241.927 million on unspent funds to address the pollution of the strategic Vaal River System (VRS) that is within the jurisdiction of Emfuleni Local Municipality (ELM) in the Gauteng Province.

The table below summarises the rollover request per programme:

Programmes	Amount in R'000
Programme 3: Water Infrastructure Development Sub-programme: Regional Bulk Infrastructure Grant Project: Vaal River System(RBIG)	241 927
Total	241 927

5.3 New or proposed activities

There are no new or proposed activities.

5.4 Supply chain management

The Department did not conclude any unsolicited bids for the 2018/19 financial year. The Department experienced challenges with some of the Implementing Agents which did not adhere to Supply Chain Management processes. This resulted to a number of cases of Irregular Expenditure. Various intervention measures were undertaken with the Implementing Agents by the Department including the enhancement of contractual arrangements and continuous engagements with emphasis on the uniformity in the application of policies and legislation.

During the year, the Department, due to financial constraints, procurement was reduced drastically to manage the Departmental commitments.

SCM processes and systems have been put in place internally to prevent irregular expenditure. In order to ensure that contract variations are in line with Treasury prescripts and avoid irregular expenditure, the department has put in place a system where all requests for contract extensions/variations are reviewed and checked by Contract Management Unit prior to approval.

The Department undertook an organisational structural review which, amongst other things, resulted in the improvement of capacity in the Provincial Finance offices which include Supply Chain Management.

5.5 Gifts and Donations received in kind from non-related parties

Gifts and donations in kind to the value of R986 000 were received from different organisations during the financial year. These have been listed in Annexure 1 H of the Annual Financial Statements.

5.6 Exemptions and deviations received from the National Treasury

No exemptions and deviations were received from National Treasury during the financial year.

5.7 Events after the reporting date

There were no events after the reporting date.

5.8 Other Water Trading

5.8.1 Background

The Water Trading 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 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:

5.8.1.1 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.

5.8.1.2 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 components, namely Integrated Systems and Bulk Water Schemes.

Integrated Systems: These are those schemes that cut across a number of provinces. This infrastructure was primarily developed to transport water from water rich catchments to water scarce catchments. A system comprises of a number of 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.

5.8.2 Analysis of operating performance

5.8.2.1 Operating surplus

Figure 1 below indicates that the operating surplus increased from R125.9 million in the financial year 2017/18 to R2 258 billion in the financial year 2018/19. The financial statement of performance reflects an operating surplus of R2 258 million for the period ended 31 March 2019.

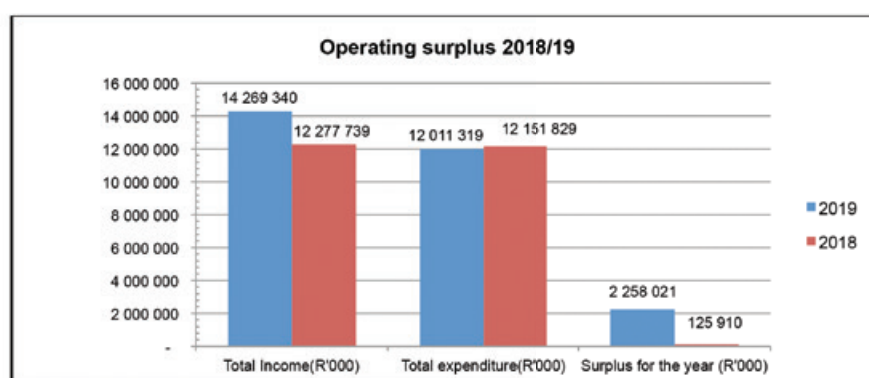


Figure 1: Operating surplus for 2018/19

5.8.2.2 Operating income (revenue) analysis

Figure 2 below reflects that the revenue from sale of water had an increase of 14% when compared to the prior year. This is due to increase on the annual water tariff and efforts that the entity is making to ensure that billing is conducted efficiently. The construction sites experienced numerous delays on the external projects which affected certification of work. This is reflected in the construction revenue that had a 31% decline for the 2018/19 financial year as less work was being certified as completed. The augmentation allocation for the 2018/19 financial year amounted to R1.971 billion and other revenue amounted to R1.267 billion. Other revenue includes interest charged on overdue debtors' accounts, lease revenue earned, commission earned, assets received or transferred and sale of goods such as scrap material.

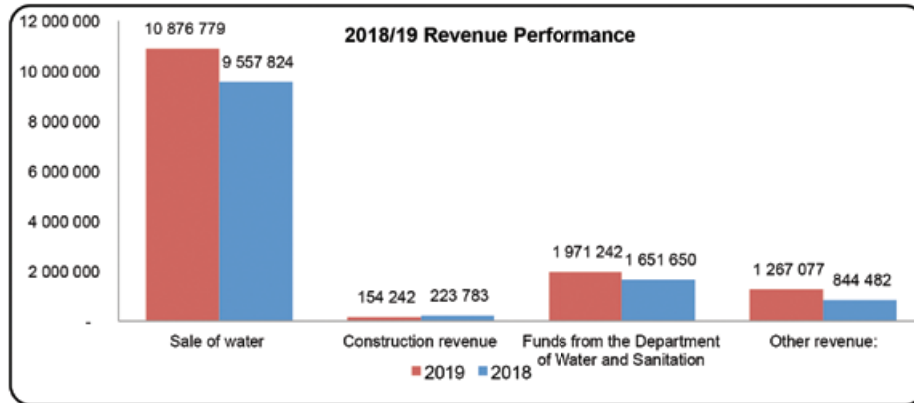


Figure 2: Revenue analysis

5.8.2.3 Total operating expenditure overview

Figure 3 below indicates that the total expenditure decreased by 1% during 2018/19, from R12.151 billion in 2017/18 to R12.011 billion in 2018/19. This is mainly due to the reduction on impairment of financial assets. The operating expenditure for the 2018/19 financial year amounted to R3.908 billion. The employee costs increased by 29%; as a result of annual salary adjustment and non-capitalisation of some of the construction unit's salaries. The depreciation, amortisation and impairment decreased from R2.058 billion in 2017/18 to R2.045 billion in 2018/19.

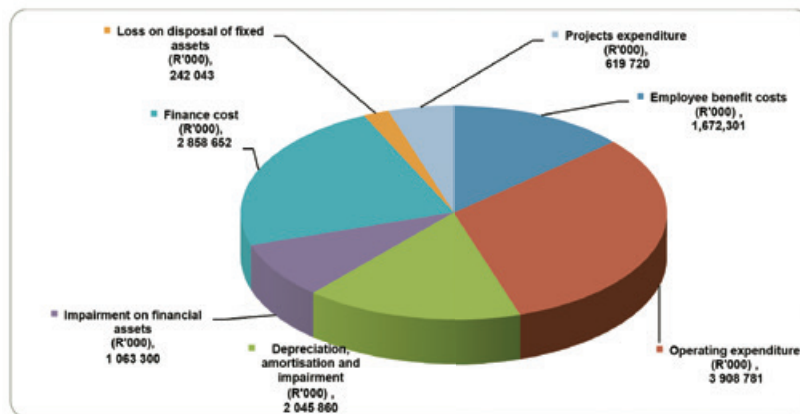


Figure 3: Total expenditure

5.8.3 Liquidity

The current ratio of the entity has increased from 0.68:1 in the 2017/18 financial year to 0.97:1 during the 2018/19 financial year. The cash flow is tied to the outstanding debts owed mainly by municipalities and water boards.



5.8.4 Cash flow from operating activities

The Water Trading had a positive cash flow from operating activities amounting to R4.859 billion. This is attributed to the increased augmentation allocation and revenue receipts. The cash and cash equivalent reflected an adverse balance of R1 451 million at the end of the 2018/19 financial year. Measures have been put 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.

5.8.5 Debtors' collection days

	2018/19	2017/18
Debtor's days in sales (Days)	182	193

For the 2018/19 financial year, the debtors' days' analysis reflected an improvement from the prior year debtor's days of 193 days. The decrease on debtors' days is due to provision for impairment. The debtor's collection days indicates that the Water Trading has cash tied on the debtors' outstanding accounts.

5.9 Acknowledgement/s or Appreciation

The year under review has not been an easy one as the country was faced with severe drought. I would like to express my deepest appreciation to the Department's officials, who invested all their efforts in ensuring that water is supplied to our communities despite the drought challenges we faced.

The contribution from our water entities is also acknowledged in their endeavours to respond to the drought challenges.

We have indeed made strides to better assert the role of the Department as a Water sector leader, and mechanisms that we had put in motion to transform the water and sanitation sector.

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

5.10 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.

5.11 Approval and sign off

The Annual Financial Statements set out on pages 180 to 346 and 362 to 410 have been approved by the Accounting Officer.



Mbulelo Tshangana
Accounting Officer
Department of Water and Sanitation
Date: 20 February 2020



6 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 (Part E) 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 2019.

Yours faithfully



Mbulelo Tshangana
Accounting Officer
Department of Water and Sanitation
Date: 20 February 2020



7 Strategic Overview

7.1 Vision

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

7.2 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.

7.3 Values

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

8 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.

8.1 The Constitutional mandate

8.1.1 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.



8.1.2 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

8.1.3 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

8.1.4 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 waste-water and sewage disposal systems

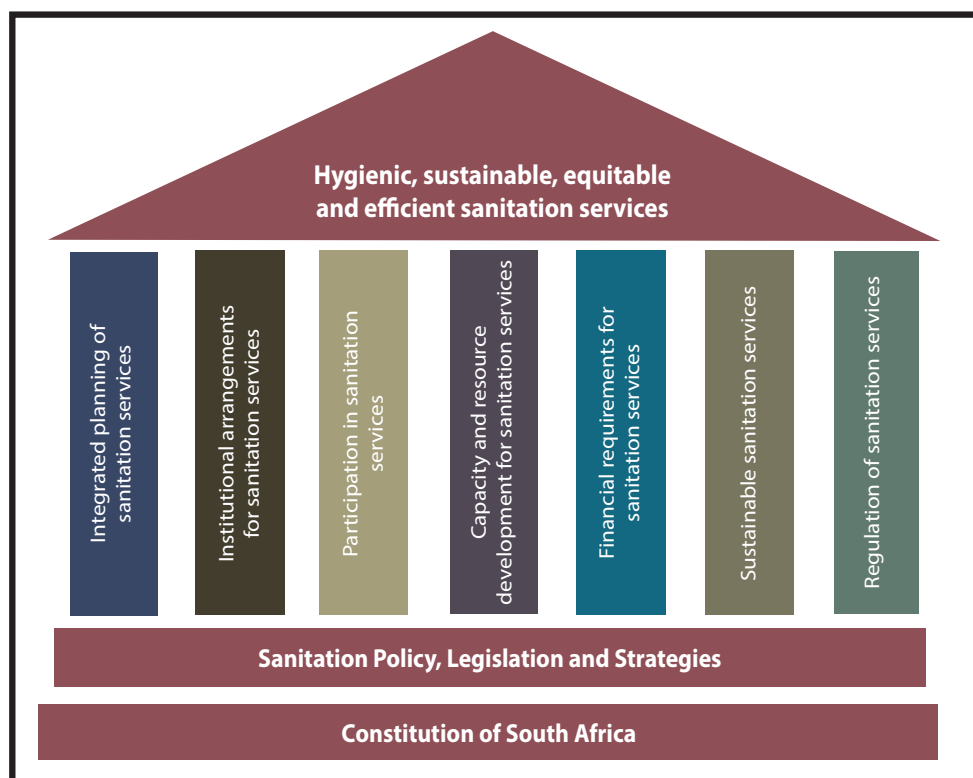
8.2 Water and Sanitation policy framework

8.2.1 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



8.2.2 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



8.2.3 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)

8.3 The legislative mandates

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

8.3.1 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 in order 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.

8.3.2 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 waste water and sewerage from households, including informal households'. Further regulations, norms and standards pertaining to sanitation can be found in the Housing Act (No.107 of 1997).

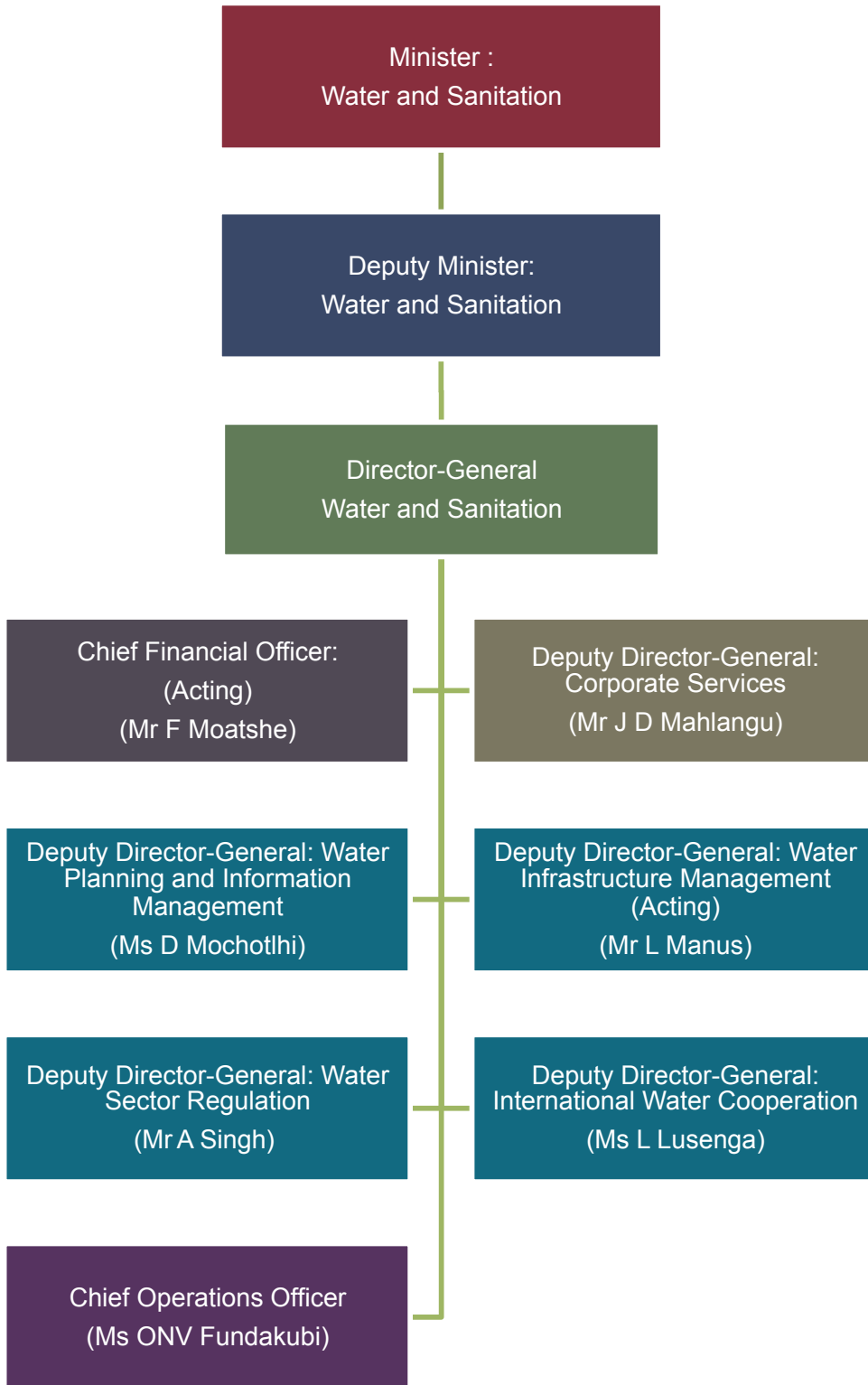
It acknowledges that although municipalities have authority to administer water supply services and sanitation services, all government spheres are required to work towards this object, within the limits of physical and financial feasibility.

8.3.3 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.



9 ORGANISATIONAL STRUCTURE

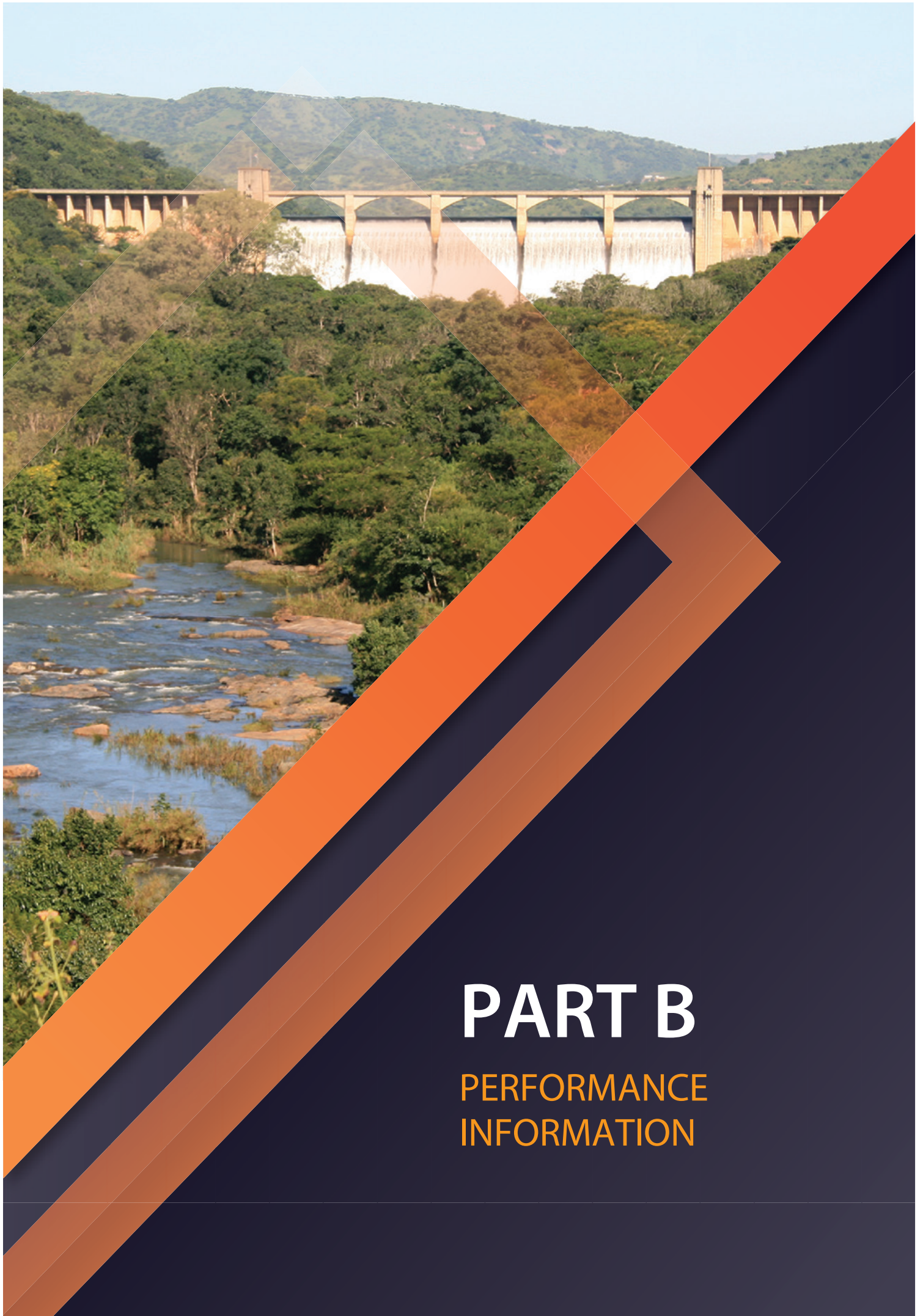


10 ENTITIES REPORTING TO THE MINISTER

The table below summarises the legislative mandate, the financial relationship and the nature of operation for the 13 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				
3	Inkomati-Usuthu (IUCMA)	Catchment Management Agencies (CMAs) are established in terms of Chapter 7 of the National Water Act	The CMAs are listed as schedule 3A entities in the PFMA.	Management water resources at catchment level in collaboration with local stakeholders (with a specific focus on involving local communities in the decision making) regarding the basic human needs, promoting equitable access to water and facilitating social and economic development.
4	Breede-Gouritz (BGCMA)			
Water Boards				
5	Amatola Water	Water boards are established in terms of the Water Services Act of 1997 to provide bulk water services	Water boards are listed as schedule 3B in terms of the PFMA	All water boards provide bulk water services to the municipalities, industries and the mines
6	Bloem Water			
7	Lepelle Northern Water			
8	Magalies Water			
9	Mhlathuze Water			
10	Overberg Water			
11	Rand Water			
12	Sedibeng Water			
13	Umgeni 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 36; section 19 to 26, set out on pages 173 in Part E: Financial Information of this annual report.

2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

At the beginning of 2018/19 financial year there were some significant albeit below normal rains in the winter rainfall region which had been experiencing extreme yet abating drought from the previous year. The winter rainfall region continued to receive good rains through the winter season such that the drought in the western parts of the country was considered over.

The summer rainfall season started with below normal monthly rainfall totals in the central interior, east and southern parts of the country which appeared to be in line with effects of the El Niño conditions predicted in previous months. Above normal rains occurred sporadically in different parts of the country from December until the end of the season. Overall average rainfall was near normal for the year with some places slightly above and others slightly below normal.

The mid-summer El Niño-Southern Oscillation (ENSO) predictions suggested the weak El Niño conditions would continue to weaken from November through to autumn, perhaps influencing the improvement of rains from mid to late summer. Parts of the Limpopo province were showing early signs of the development of meteorological drought conditions. Under different circumstances, this wouldn't be cause for concern as poor rains are normal in that time of the year. However, the prediction of possible El Niño conditions during the following months including the summer season (usually associated with hot and dry conditions in southern Africa) meant that this development had to be monitored closely.

Weather information

When the 2017/18 hydrological year started, the whole country was still experiencing the drought which had been going on since the 2013/14 year. However, due to the good rains received most parts of the country with the exception of the western interior and the extreme north east, had recovered from the drought by the end of March 2018. The continued drought in these two areas (western interior and the extreme north east) resulted in severe water shortages in the Western Cape Region.

In the second half of the hydrological year (April to September 2018), most of the winter rainfall areas received exceptional good rainfall, resulting in most parts of the country including the Western Cape experiencing mildly wet conditions. The only exceptions were the extreme north-east parts of the country, where some areas in Mpumalanga and Limpopo were classified either as moderately or severely dry.

The 2017/18 hydrological year had few high intensity storms and no heavy and long duration showers, hence no major incidences of flooding occurred in the country. Isolated cases of localized urban flooding occurred in Durban, Johannesburg and Centurion. The winter rainfall also caused some flooding in the Western Cape region.



Surface water flow information

For measuring the country's river water levels and the calculation of the related discharge the Department operate a national surface water level monitoring network of 1515 gauging stations. However during the 2017/18 hydrological year the Department faced a lot of operational challenges resulting in a number of stations having partial data. Most of the stations have data from October 2017 to June 2018. A total of 49 representative hydrological stations were selected, and the analysis was based on comparing the monthly cumulative flows for the 2017/18 hydrological year with the previous hydrological years and the 10 years average cumulative flows.

Although the country received significant rainfall during the 2017/18 hydrological year resulting in most parts of the country recovering from the previous drought conditions, the impact on the river flows was minimal. The flows significantly increased as of March 2018 in most parts of the country but remained below the 10 year average for the entire hydrological year. The 2017/18 hydrological year began with a severe drought in the Western Cape with most rivers recording flows well below the regional average. However the situation improved after the winter rainfall season which started in June 2018 and significant flows were recorded on a number of rivers. Despite the good winter rains, the total flows recorded were still below the 10 year average (i.e. from 2007 to 2017).

The below normal rainfall experienced by the country at the beginning of 2017/18 hydrological year resulted in the national dam's levels being below the National Average for the first half of the hydrological year. The water storage for 2017/2018 increased from March and exceeded the national average during the second half of the hydrological year, when the country received above normal rainfall.

Groundwater information

The Department's groundwater level monitoring network consists of over 1 847 active geo-sites. As the case with surface water monitoring, during the 2017/18 hydrological year the Department faced a lot of operational challenges resulting in a number of stations having partial data. Most of the stations have data from October 2017 to June 2018. These challenges limited the analysis of groundwater levels data to be conducted on the 2016/17 hydrological year as there is complete hydrological year cycle data to base conclusions and recommendations.

The country's groundwater levels follow a steadily declining trend on a national scale. There are various reasons for such a decline including the perceived natural aquifer discharges to surface water systems during the dry period and anthropogenic withdrawals of groundwater (groundwater abstractions and dewatering). Over-abstraction is mainly the major cause of groundwater level decline in major aquifers, including Karst aquifers of the country and the Limpopo Province, for domestic supply and agricultural purposes. Coastal aquifers of the KwaZulu-Natal Province are impacted presumably by the extensive afforestation taking place in the area. In most cases, the reasons for decline in groundwater levels are not known and that it is crucial to continue monitoring and investigate the cause of declines in observed groundwater levels.

The groundwater levels over the last two years (period from September 2016 to September 2018) still show high (>60%) declining trend in Western Cape (whole), Eastern Cape and Limpopo provinces. A good recovery but stable water levels (only 29% declined or in other words a 57% of all the geo-sites shown an increase in water levels) were observed in Mpumalanga province over the past 2 years. Limpopo showed stable water levels in last year whereas Mpumalanga, Free State and North West provinces showed a drastic decline after a very positive season 2 year ago (2016 – 2017). The Western Cape (summer) is showing a constant drastic decline for the last 2 years. The Western Cape (winter) showed a very good turnaround from a drastic decline to an increase of water levels in the last 2 years with the Eastern Cape in a lesser effect.

The severity of the drought can also be shown if the current groundwater level is compared against the highest and lowest groundwater levels ever measured at the geo-sites. The average status of the groundwater levels for the country in on overall average stay the same from March till August 2018 (last 6 months) to the higher figures in September 2017 and September 2016. The highest decreases in the last 3 months were with Limpopo (6.9%), Free State (6.7%, Mpumalanga (9.0%) and Northern Cape (south) (8.7%) provinces. The highest increases in the last 3 months were with Western Cape (winter) with 12.5%. 41% of geo-sites in the Western Cape (summer rainfall area) and 31% in Limpopo province indicates that the current groundwater level status is in the lowest range (<10%) that ever measured. The lowest range (0%) ever measured of all the current groundwater levels in history were for the North West Province (i.e.14% of geo-sites). In the winter rainfall area of the Western Cape Province, 25% of the geo-sites have groundwater level status of higher than 75%. The current average groundwater level status for the geo-sites in the Western Cape Water Supply Systems is 51.4%, Beaufort West Water



Supply Systems – 17.4% and the Algoa Water Supply Systems 45.8% as well as the Middle to Lower Olifants River catchments (Limpopo) – 20.8%.

Operations of water resource systems

The Department developed guidelines for water supply systems during normal, drought and flooding conditions. Also, formal operating rules using scientific methods have been developed for a number of 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 systems.

The monitoring of the water supply systems during the period under review can be summarised as follows:

- Algoa system: the five (5) dams serving the Nelson Mandela Bay reflected a decrease of 0.4% to 25.6%. This is a 25.7% decrease compared to the same period last year where the system was at 51.3%. The situation remains critical for this system, particularly the Kouga/ Loerie subsystem supplying water to Gamtoos valley and small towns like Hankey and Patensie. Restrictions of 25% for urban and 60% for irrigation are in place.
- Amathole system: the six (6) dams serving the Buffalo City reflected a decrease of 0.8% to 77.2%. Although this is a 4.9% decrease compared to the same period last year (which was at 72.3%), there are no restrictions in place as the system is still able to supply its allocated water use.
- Greater Bloemfontein system: the four (4) dams serving mainly Mangaung recorded an increase of 0.9% in storage to 33.6%. This is a decrease of 5% compared to 38.6% at the same period last year. There is still inflow in Caledon River and pumping from Tienfontein pump station is still continuing. There are restrictions of 20% for urban and 35% for irrigation in place.
- Western Cape system: the six (6) dams serving mainly the City of Cape Town and the irrigation sector decreased by 0.8% to 24.4%. This is an 11.3% reduction compared to the same period last year (which was at 35.7%). There are restrictions of 45% for the urban sector and 60% for agriculture with the municipality introducing level 6B restrictions to meet the target of 450 Megalitres per day. Water restrictions apply to both surface water and groundwater resources.
- Crocodile West system: the six (6) dams serving mainly Tshwane, Madibeng and Rustenburg had a decrease of 1.4% to 83.7%. The system was at 95.5% at the same time last year.
- Integrated Vaal River system: the fourteen (14) dams serving mainly Gauteng, Sasol and Eskom increased by 1.2% to 74.0% compared to 67.6% the same time last year. There are no restrictions currently.
- Polokwane system: the dams in this system decreased by 2.6% to 52.9% which is the drop by 1.3% compared to the previous year. There are restrictions of 20% for all users in place.
- Umgeni system: the five (5) dams mainly serving eThekweni and Msunduzi reflected a decrease of 1% to 62.5% compared to last week. This is a 13.2% increase compared to the same period last year (which was at 49.3%). There are restrictions of 15% for domestic and industry users as well as 50% for irrigation in place.
- Umhlathuze system: comprises of Goedertrouw Dam and several lakes within the KwaZulu-Natal (KZN) coastline, supplies water to irrigation and domestic and industrial use within King Cetshwayo Municipality. Goedertrouw Dam storage decreased slightly to 35.1%, the Dam was at 27.4% at the same time last year. Water restrictions of 20% for domestic, 10% for industrial and 70% for irrigation use remain in place.

The water restrictions for the systems in the summer and winter rainfall regions are reviewed during May and November respectively.



Infrastructure in terms of water resources and water services

There is a well-developed infrastructure, with more than 5 551 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 5 metres and are capable of storing more than 50 Megalitres (i.e. 50 000 m³) water. The dams which do not fall within the above-mentioned category are not registered with the Department's Dam Safety.

The table and figure below indicate the current registered ownership:

Table 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	3663	4294	77%
Medium	135	120	27	51	63	687	1083	20%
Large	105	31	2	10	15	11	174	3%
Total	323	348	85	120	314	4361	5551	

Figure 1 below indicates that of the Department accounts for six (6) percent of the registered dams with the agriculture sector accounting for 79% of the registered dams.

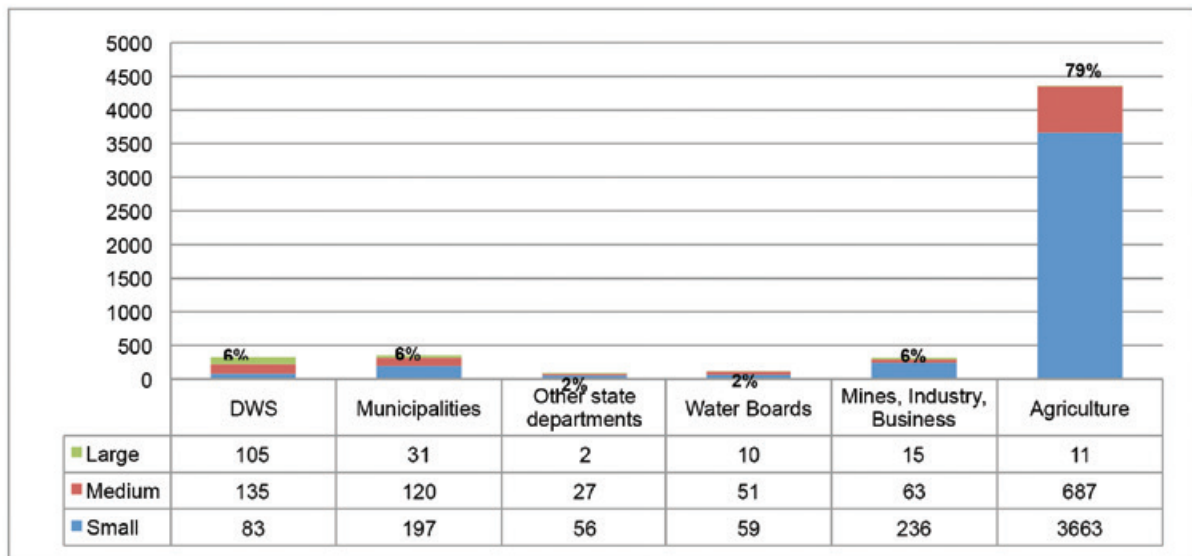


Figure 4: Percentage of registered dams per ownership

The total gross storage capacity of registered dams (i.e. only dams with a safety risk) is approximately 33 291 794 000 m³ (i.e. 33 292 gegaliters). The capacity is not an indication of the dam's current level but the design storage capacity when the dam is full (i.e. 100% storage).

Figure 2 below indicates the storage capacity per category of registered ownership. This figure depicts that although the Department accounts for 6% of the registered dams (as indicated in figure 1 above), it accounts for 88% storage capacity in the country. The agriculture sector on the other hand accounts for 5% of the country's storage capacity.

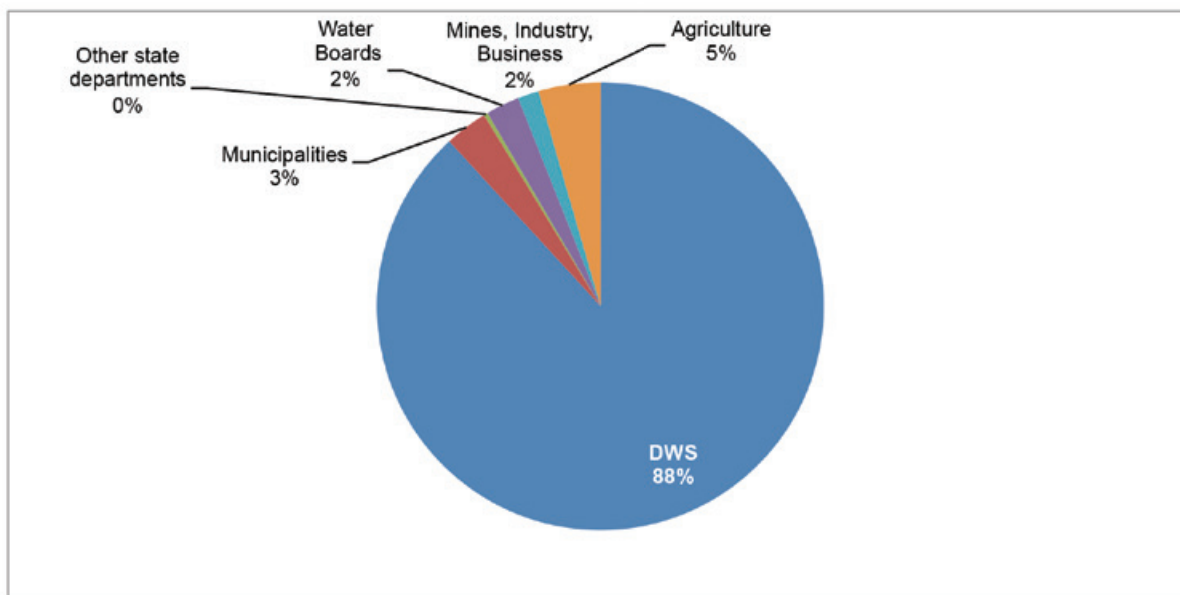


Figure 5: Percentage of registered storage capacity per ownership

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

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



The existing infrastructure needs maintenance and the country is already experiencing challenges with lack of focus on sustainable asset management. The funding pressures, however, prevent the O & M unit to receive the required allocation as per the charges posed on the users. A case in point is the Southern Cluster that generated revenue of R520m but could only receive R120m for Operations Budget (OPEX). For the period under review, the entire unit received R1.6bn whilst R2.3bn was required. This implied that CAPEX funding for maintenance on the 37 pump stations, 322 state dams and others strategic infrastructure are still severely affected.

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

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

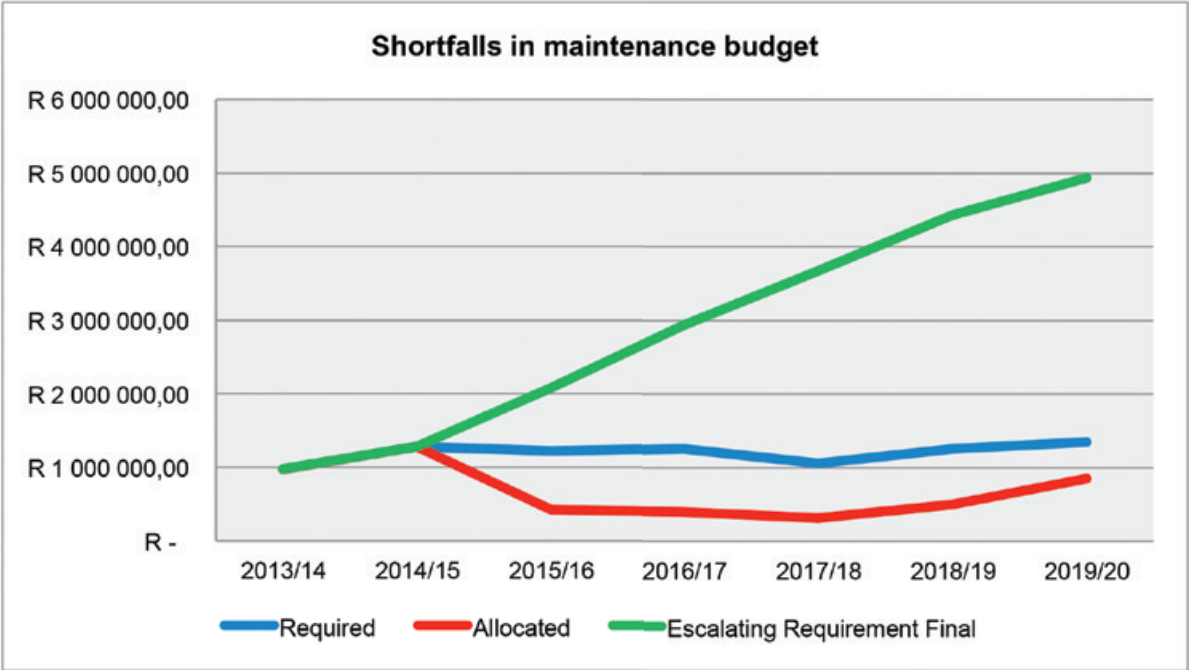


Figure 6: Backlog on maintenance due to decreasing budget allocation

The schemes also require efficient and effective operations, for which specialised skills and capabilities at all levels are needed. Major challenges are experienced with regard to 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.

2.2 Service Delivery Improvement Plan

Table 2: 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	A total of 92% 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	95% of applications for water use authorisation finalised within 300 days	80% of applications for water use authorisation finalised within 300 days	81% of applications for water use authorisation finalised within 300 days
Investigate reported non compliant water uses	All water users	80% of reported non-compliant cases investigated	80% of reported non-compliant cases investigated	94% of reported non-compliant cases investigated

Table 3: 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 31 media briefings were convened
Media products	Develop material on the activities of the Department	A total of 840 media products were developed
Marketing and advertising campaigns	Implement campaigns to make people aware of the Department's activities	A total of 5 marketing and advertising campaigns were conducted



Table 4: 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

For the period under review, a new streamlined organogram of the Department aligned with the Five Pillar Turn-around Strategy was introduced. An interim organisational structure was subsequently implemented with the view to develop a structure that will support the Medium Term Strategic Framework (MTSF) for the 2019 to 2024 period.

This is preceded by various processes related to organisational design and service delivery enhancement. These include a diagnostic analysis, organisational functionality assessment (OFA) and business process mapping. The Department's service delivery model (containing operations management framework, service standards, standard operating procedures, service delivery improvement plan and the service charter) was also finalised.

The cuts on the compensation of employee budget necessitated a review of critical posts that were filled. This resulted in the adoption of a reprioritised list of vacancies mainly focusing on scarce and critical posts in the core functions of the Department.

Although the Department's overall vacancy rate was at 13.7% by the end of the financial year, the target of maintaining the minimum vacancy rate for engineers and scientists at 10% or below was met and exceeded.

The 2017 decision of establishing one (1) national catchment management agency (CMA) was reviewed during the period under review. This resulted in a subsequent decision to proceed with the establishment of the remaining seven (7) CMAs.



2.4 Key policy developments and legislative changes

2.4.1 Policies under development

- c) **Mine Water Management:** the policy seeks to balance the mining sector's economic development with the protection and ensuring sustainable use of water resources in a manner that is beneficial to all. It will provide a coherent and integrated South African approach for sustainable mine water management by building on existing strengths; addressing gaps / weaknesses and seizing identified opportunities relating to mine water management (including acid mine drainage).
- d) **Sustainable Hydropower Generation:** the policy aims to support the long term energy master plan that pursues hydropower as part of the energy mix. In addition, it would provide policy positions on the establishment and development of hydropower from infrastructure owned by the DWS as part of long term interventions that support and contribute towards sustainable power supply in South Africa.
- e) **Integrated Water Quality Management:** the policy seeks to develop an intergovernmental water quality management approach which would facilitate an integrated response to address water quality management challenges in the country. The policy would strengthen the existing integrated water quality management strategy that identified priority programmes to be implemented country-wide.

2.4.2 Development of the National Water and Sanitation Act

The Department conducted a legislative review which sought to consolidate the National Water Act, 1998 (NWA) and the Water Services Act, 1997 (WSA) to a single legislation called the National Water and Sanitation Act (the Act). This consolidation will clarify the legislative framework regarding water management across the water and sanitation value chain. It will further obviate the need for cross reading between the NWA and the WSA.

The development of the National Water and Sanitation Bill, 2018 was prioritised to be presented to Cabinet for the period under review. Therefore, a number of processes to realise this target occurred during the period under review. Preliminary certifications of the Bill by the Office of Chief State Law Advisor (OCSLA) and the final Socio-Economic Impact Assessment System (SEIAS) have been obtained. The Bill was presented through the Forum for South African Directors-General (FOSAD) clusters that approved its submission to Cabinet during the 2019/20 financial year.

3 STRATEGIC OUTCOME ORIENTED GOALS

The Department's performance in achieving its strategic outcome oriented goals is summarised below:

Enhanced and protected water as a resource across the value chain

To ensure the realisation of this goal, the Department had planned to develop a draft regulatory framework; measure 60% of mines against individual water use entitlements; complete the construction of one (1) gauging weir in the Breede-Gouritz water management area; determine water resource classes and resource quality objectives for four (4) river systems; collect water balance data and information for the eight (8) large water supply systems; and develop a mine water management strategy for one catchment area.

Of these planned annual deliverables, the two (2) that were achieved during the period under review are the collection of water balance data and information for the eight (8) large water supply systems; and develop a mine water management strategy for one catchment area.



Although the terms of reference for the regulatory framework have been developed, the process was not finalised owing to a lack of budget. Also, the compliance level for mines against individual water use entitlements was at 58% by the end of the financial year. The completion of the Keurbooms gauging weir was negatively affected by heavy rains that damaged coffer walls; thus the 39 working days lost due to the site flooding could not be recovered by the end of the financial year. The delays experienced in the gazetting the approval process resulted in the Department's inability to determine water resource classes and resource quality objectives for four (4) river systems.

In view of the above, the Department's performance for this goal is at 40%.

Equitable access to reliable, sustainable and acceptable water resources and water and sanitation services

To ensure the realisation of this goal, the Department had planned to develop the National Water and Sanitation Master Plan; provide 93 579 households provided with sustainable and reliable water supply and sanitation services; and implement the National Asset Management Plan (NAMP) and maintain unscheduled maintenance at 10% or below.

During the period under review, the two (2) annual deliverables that were achieved are the National Water and Sanitation Master Plan was developed. Also, 262 796 households were provided with sustainable and reliable water supply and sanitation services.

Although 46% National Asset Management Plan (NAMP) was implemented; the unscheduled maintenance increased to 27% partly due to the lack of a term contract to implement scheduled maintenance. In addition, various housing maintenance including storm damage in Groblersdal area increased the number of unscheduled maintenance work completed in the last quarter. In view of the above, the Department's performance for this goal is at 67%.

An enhanced contribution to socio-economic development and transformation by the sector

To ensure the realisation of this goal, the Department had planned to conduct validation and verification of existing lawful use in six (6) Water Management Areas; support black entrepreneurs in the sector with targeted procurement at 50% per annum; create 1 130 job opportunities to expand economic opportunities for historically excluded and vulnerable groups.

For the period under review, the Department supported black entrepreneurs in the sector with targeted procurement at 76% per annum. The use of Preferential Procurement Regulation 2017 implementation guide has assisted in exceeding the targeted procurement from qualifying entrepreneurs.

Although validation and verification of existing lawful use was conducted in three (3) WMAs, the process was not completed owing to litigation. Also, as the construction of certain operations & maintenance as well as regional bulk infrastructure projects did not commence, the creation of job opportunities was affected. Therefore, the Department managed to create a total of 907 job opportunities.

In view of the above, the Department's performance for this goal is at 33%.

An efficient, effective and development oriented water and sanitation sector

To ensure the realisation of this goal, the Department had planned to develop draft regulations for the Water and Sanitation Act; attain an unqualified audit outcome for 2018/19; conduct annual appraisals of shareholder compacts and business plans for 13 entities; and register 100% standardised water and sanitation sector occupations incorporated in workplace skills plan of LGSETA and EWSETA.



For the period under review, the annual deliverables that were achieved are annual appraisals of shareholder compacts and business plans for 13 entities were conducted; and 100% standardised water and sanitation sector occupations incorporated in workplace skills plan of LGSETA and EWSETA were registered.

The Department managed to attain an unqualified audit opinion for the Main Account with the Water Trading receiving a qualified audit opinion. The process to finalise the Water and Sanitation Bill was put on hold and hence the development of the associated regulations.

In view of the above, the Department's performance for this goal is at 50%.

Sound cooperative governance and an active and engaged citizenry

To ensure the realisation of this goal, the Department has planned to conduct mid-term evaluation on the implementation of the approved international relations programme; and implementation of the annual communications programme. For the period under review, both annual milestones were not achieved.

4 PERFORMANCE INFORMATION OF PROGRAMMES

4.1 Programme 1: Administration

This programme provides strategic leadership, management and support services to the Ministry and the department; for the development promotion of international relations on water resources between neighbouring countries; and communications, stakeholder management and partnerships development.

4.1.1 Sub-programmes

Ministry provides for administrative and logistical support to the Minister and Deputy Minister and their support staff, and makes provision for their salaries.

Departmental Management provides policy and strategic direction for water and sanitation management. This includes enterprise-wide support services comprising administrative support to the director-general, corporate planning, and monitoring and evaluation; and the provision of salaries and operational budgets for the department's regional office heads.

Internal Audit provides independent, objective assurance and advisory services to improve the department's operations.

Corporate Services Corporate Services provides enterprise-wide support comprising human resources, legal services, communications, the learning and development academy, and transformation policy and coordination.

Financial Management ensures the efficient management of daily financial operations, processes and systems.

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.

Programme Management Unit provides for improved coordination and governance in the management of departmental projects.

International Water Support strategically coordinates, promotes and manages international relations on water and sanitation between countries through bilateral and multilateral cooperation instruments and organisations, in line with legislative provisions. This sub-programme also pursues national interests in African and global multilateral organisations and forums.



4.1.2 Strategic objectives, performance indicators, planned targets and actual achievements

4.1.2.1 Programme strategic objectives

No	Programme name	2017/18 actual achievement	2018/19 Annual Performance Plan			Deviation from 2018/19 target	Comment on deviations
			Published APP 2018/19 target	Adjusted 2018/19 target	2018/19 actual achievement to published / adjusted target		
3.3	Targeted procurement that supports black entrepreneurs in the sector	56% per annum	50% per annum	No adjustment	76% per annum	Over by 26%	Target exceeded The use of Preferential Procurement Regulation 2017 implementation guide has assisted in exceeding the targeted procurement from qualifying entrepreneurs
4.3	An efficient, effective and high performing organisation	Qualified audit outcome for 2017/18	Unqualified audit outcome for 2018/19	No adjustment	Unqualified audit outcome for the Main Account for 2018/19 Qualified audit outcome for the Water Trading for 2018/19	Unqualified audit outcome for the Water Trading for 2018/19	Target not met
4.4	Coordinated development of the skills pool across the sector	119% registered occupations or specialisation (i.e. 19 of 16)	100% Standardised water and sanitation sector occupations incorporated in workplace skills plan of LGSETA and EWSETA	No adjustment	100% of Water sector occupation included in the EWSETA and LGSETA WSP (i.e. 19 of 19)	N/A	Target met





Programme name		Administration 2018/19 Annual Performance Plan					Deviation from 2018/19 target	Comment on deviations
No	Strategic objectives	2017/18 actual achievement	Published APP 2018/19 target	Adjusted 2018/19 target	2018/19 actual achievement to published / adjusted target			
5.1	Targeted and sustained African and Global cooperation in support of the national water and sanitation agenda	Annual analysis on the implementation of the approved Africa and global international relations programme	Mid-term evaluation on the implementation of the approved international relations programme	No adjustment	Signed terms of reference send to Water aid for perusal and further action.	Mid-term evaluation on the implementation of the approved international relations programme	Target not met Target could not be achieved due to a moratorium on procurement resulting from insufficient resources and reprioritisation in the Department	
5.2	Informed and empowered communities and responsive government securing integrated and sustainable partnerships to support the water and sanitation development agenda	Annual assessment of progress against the Partnerships, Communications and Stakeholder Relations Programme	Mid - term evaluation of progress against the Partnerships, Communications and Stakeholder Relations Programme	Implementation of the annual communications programme	Communications related activities implemented	Approved Annual Communications programme for 2018/19	Target not met Limited financial resources as a result of budget reprioritisation	

4.1.2.2 Performance indicators per sub-programme

No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan		Deviation from planned target for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted / planned 2018/19 target		
Departmental Management								
4.3.1	Percentage compliance with MPAT standards at the minimum targeted level 3	61% (i.e. 14 of 23)	100% compliance	No milestone	No adjustment	38% compliance (i.e. 8 of 21)	Under by 62% (i.e. 13 of 21)	<p>Target not met</p> <p>Strategic Management: The departmental evaluation plan was not finalised. Planning for implementation programme was not incorporated in the departmental guidelines for performance information.</p> <p>Governance & Accountability: The Department did not comply with the required regulatory timeframes and also did not provide the required evidence.</p> <p>Human Resource Management: The Department did not provide the required evidence and did not comply with the required regulatory requirements (e.g. only managed to capture 74% of performance agreements on the Persal system by 30 June)</p>





No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan		Deviation from planned target for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted / planned 2018/19 target		
Sub-programme name Corporate Services								
4.3.4	Minimum percentage vacancy rate for engineers and scientists	120% filled over establishment (i.e. 746 filled out of 622 posts)	≤10%	119% over-filled. (i.e. 732 filled out of 613 permanent posts)	No adjustment	117% filled ¹ . (i.e. 738 filled out of 629 permanent posts).	Over by 27% ²	<p>Financial Management: The Department did not provide the required evidence and also did not comply with the regulatory requirements (e.g. payment of valid invoices within 30 days, ensure efficient and effective processes in place to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure)</p> <p>Target exceeded Posts were filled additional to the establishment. These posts comprise of candidate engineers, who are employed additional to the establishment as per OSD requirement. Candidate engineers and scientists are put in permanent posts once they achieve professional status with relevant statutory bodies. (ECSA, PLATO, etc.).</p>

¹ There are 629 permanent posts in the establishment (i.e. Peral system). Of these permanent posts, the department planned to fill 90% (i.e. 566). In other words, the minimum vacancy rate for engineers and scientists must be at least at 10% (i.e. 63) or lower. During the 2018/19 reporting period, a total of 738 engineers and scientists were appointed. This means 172 additional posts were filled in the establishment. The formula is as follows: $1738 \div 629 = 117\%$

² The formula for the deviation is explained as follows: The Department's annual target was to maintain the vacancy rate at 10% or below (i.e. the posts filled should be at 90% or higher). In this case, the actual achievement of 117% (i.e. 738) minus 90% (i.e. 566) = 27% (i.e. 172)

No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan		Deviation from planned target for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted / planned 2018/19 target		
5.2.1	Annual assessment of the benefits derived from Partnership agreement instruments	Annual assessment of the benefits derived from Partnership agreement instruments – report submitted	Mid-term evaluation of benefits derived from partnership agreement instruments	No milestone	0	0	N/A	N/A
5.2.2	Annual assessment on the implementation of the Annual Communications Programme	Report on the implementation of the Annual Communications Programme Report submitted	Evaluation on the implementation of the Annual Communications programme	No milestone	Implementation of the annual communication programme	Communications related activities implemented	Approved Annual Communications programme for 2018/19	Target not met Limited financial resources as a result of budget reprioritisation
5.2.3	Assessment of impact of mediated interactions that will deliver meaningful engagements with communities	Annual Assessment of impact of mediated interactions that will deliver meaningful engagements with communities reported submitted.	Mid-term evaluation of impact of mediated interactions that will deliver meaningful engagements with communities	No milestone	0	0	N/A	N/A



No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan		Deviation from planned target for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted / planned 2018/19 target		
Sub-programme name								
Programme Management Unit								
4.4.1	Percentage of the Water and Sanitation Sector Occupations (skills) registered with OFO	119% registered occupations or specialisation (i.e. 19 of 16)	100% of standardised water and sanitation sector occupations incorporated in workplace skills plan of LGSETA and EWSETA	79% of Water Sector Occupations included in the EWSETA and LGSETA WSP Handbook for SDF (i.e. 15 of 19)	No adjustment	100% of Water sector Occupation included in the EWSETA and LGSETA WSP (i.e. 19 of 19)	N/A	Target met
Sub-programme name								
Financial Management (Main Account)								
3.3.1.1	Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	6%	25%	8%	No adjustment	11%	Under by 14%	Target not met Limited transactions were processed due to departmental financial challenges
3.3.2.1	Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	57%	25%	23%	No adjustment	46%	Over by 21%	Target exceeded More contracts were awarded to EMEs during the year
4.3.2	Percentage expenditure on annual budget	97%	100%	61%	No adjustment	98%	Under by 2%	Target not met The under spending is due to vacant posts and delay in the implementation of projects in the greater part of the financial year



No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan		Deviation from planned target for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted / planned 2018/19 target		
Financial Management (Water Trading)								
3.3.1.2	Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	15%	15%	36.79%	No adjustment	38%	Over by 23%	Target exceeded The use of Preferential Procurement Regulation 2017 implementation guide has assisted in exceeding the targeted procurement from QSEs
3.3.2.2	Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	30%	15%	44.06%	No adjustment	43.42%	Over by 28.42%	Target exceeded The use of Preferential Procurement Regulation 2017 implementation guide has assisted in exceeding the targeted procurement from EMEs
4.3.3	Number of debtor days	232 days	100 days	244 days	No adjustment	191	91	Target not met Target was not achieved mainly due to the persistent problem of municipalities and water boards not settling their debts
International Water Support								
5.1.1	Number of analyses on progress against the approved annual International Relations Implementation Plan	4	Mid-term evaluation on the implementation of the approved international relations programme	Terms of Reference awaiting approval from the Acting DG.	No adjustment	Signed terms of reference send to Water aid for perusal and further action.	Mid-term Evaluation Report not compiled	Target not met Target could not be achieved due to a moratorium on procurement resulting from insufficient resources and reprioritisation in the Department



4.1.2.3 Strategy to overcome areas of under performance

Mid-term evaluation on the implementation of the approved international relations programme: Terms of reference were signed and sent to Water Aid for the compilation of the Review which falls in the new financial year.

4.1.3 Changes to planned targets

4.1.3.1 Strategic objective annual targets

	Strategic objective	Projected annual targets for 2018/19 as published in the APP	Revised annual targets for 2018/19	Reasons for the reduction
5.2	Informed and empowered communities and responsive government securing integrated and sustainable partnerships to support the water and sanitation development agenda	Mid-term evaluation of progress against the Partnerships, Communications and Stakeholder Relations Programme	Implementation of the annual communications programme	Two (2) programme performance indicators contributing to the realisation of this annual target (i.e. PPI no 5.2.1 & PPI no 5.2.3) will not be implemented owing to the 2017/18 accruals and also the suspension of procurement

4.1.3.2 Programme performance indicators and annual targets for 2018/19

	Programme performance indicator	Projected annual targets for 2018/19 as published in the APP	Revised annual targets for 2018/19	Reasons for the reduction
5.2.1	Annual assessment of the benefits derived from partnership agreement instruments	Mid-term evaluation of benefits derived from partnership agreement instruments	0	Target reduced The mid-term evaluation will not be conducted due to payment of accruals from 2017/18 financial year and also the suspension of procurement
5.2.2	Annual assessment on the implementation of the Annual Communications Programme	Evaluation on the implementation of the Annual Communications programme	Implementation of the annual communication programme	Target revised The evaluation will not be conducted due to payment of accruals from 2017/18 financial year and also the suspension of procurement
5.2.3	Assessment of impact of mediated interactions that will deliver meaningful engagements with communities	Mid-term evaluation of impact of mediated interactions that will deliver meaningful engagements with communities	0	Target reduced The mid-term evaluation will not be conducted due to payment of accruals from 2017/18 financial year and also the suspension of procurement

4.1.3.3 The programme performance indicator number 4.4.2 (i.e. PPI no 4.4.2) "Number of learners that complete training through the War on Leaks programme" has been moved to Programme 3 as PPI no 2.4.6.

4.1.4 Sub-programme expenditure

Sub-programme name	2017/18			2018/19		
	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	56 173	56 060	113	57 199	57 089	110
Departmental Management	65 141	61 784	3 357	67 099	65 731	1 368
Internal Audit	35 323	34 264	1 059	32 619	32 562	57
Corporate Services	832 659	1 197 343	(364 684)	701 236	671 429	29 807
Financial Management	209 713	204 704	5 009	256 269	254 118	2 151
Office Accommodation	367 505	367 505	-	439 180	474 994	(35 814)
Programme Management Unit	40 810	39 270	1 540	41 241	40 341	900
International Water Support	42 527	37 746	4 781	39 169	37 749	1 420
Total	1 649 851	1 998 676	(348 825)	1 634 012	1 634 012	-



4.2 Programme 2: Water Planning and Information Management

The programme is responsible to ensure that the country's Water resources are protected, used, developed, conserved managed and controlled in a sustainable manner for the benefit of all people and the environment by developing a knowledge base and implementing effective policies, procedures and integrated planning strategies for Water resources and Water and sanitation services.

4.3.1 Sub-programmes

Water Planning, Information Management and Support provides strategic leadership and overall management to the programme.

Integrated Planning develops comprehensive plans that guide infrastructure development, systems and services management in the water sector.

Water Ecosystems develops and implements measures to protect water resources. This entails determining measures to manage water resources by classifying water resource systems, determining reserves, conducting resource quality assessments, and developing guidelines and protocols for pollution control and rehabilitation.

Water Information Management ensures the development and maintenance of systems and programmes for the acquisition and management of data and information, and builds the knowledge base on all aspects of water for informed decisions on water management.

Water Services and Local Water Management entails the formulation and development of strategies, guidelines and plans for water services and management at local level.

Sanitation Planning and Management provides a national strategy for the planning of sanitation services and supports municipalities to plan for the provision of sustainable sanitation services

Policy and Strategy develops monitors and reviews the implementation of the water and sanitation sector policies and strategies.



4.2.2 Strategic objectives, performance indicators, planned targets and actual achievements

4.2.2.1 Programme strategic objectives

Water Planning and Information Management							
No	Programme name	Strategic objectives	2018/19 Annual Performance Plan			Deviation from planned target for 2018/19	Comment on deviations
			Published APP 2018/19 target	Adjusted 2018/19 target	2018/19 actual achievement to published / adjusted target		
1.2	Enhanced management of water sanitation information	Final Resourced Water Monitoring Network Implementation Plan Developed	1 gauging weir in Breede-Gouritz WMA completed	No adjustment	0	Keurbooms gauging weir not completed	Target not met Heavy rains damaged coffer walls and thus delayed progress of the work on site. Owing to this, a total of 39 working days (nearly 1,8 months) were lost due to flooding of the site
1.3	The integrity of freshwater ecosystems protected	1 (Mvoti- Mzimkulu)	4	No adjustment	0	Under by 4	Target not met Due to delays experienced in the gazetting and approval process, the target was not achieved
1.4	Enhanced water use efficiency and management of water quality	8 large water supply systems monitored for water losses	8	No adjustment	0	N/A	Target met There was an oversight in including the strategic objective adjustment when the approval was sought. However at the programme performance indicator (PPI) level the annual target was adjusted. As the PPI and strategic objective annual milestones are the same, word for word the target is deemed to be achieved.



Water Planning and Information Management						
Programme name	Strategic objectives	2018/19 Annual Performance Plan			Deviation from planned target for 2018/19	Comment on deviations
		Published APP 2018/19 target	Adjusted 2018/19 target	2018/19 actual achievement to published / adjusted target		
No	2017/18 actual achievement					
2.1	A coordinated approach to water and sanitation infrastructure planning and monitoring and evaluation	Draft National Water and Sanitation Master Plan developed	No adjustment	National Water and Sanitation Master Plan (NWSMP) developed	N/A	Target met
2.2	Targeted and aligned planning for adequate water availability and the enhanced provision of water supply and sanitation services	17 bulk water supply and sanitation services Infrastructure project plans completed (i.e. 4 RIDs and 13 IRS)	0	1 IRS (i.e. Sterkspruit)	1 IRS (i.e. Sterkspruit)	Target exceeded Based on the previous minimal progress and the delayed submission of documents by the municipality, during the adjustment period it was estimated that the target would not be achieved. However, the municipality managed to finalise the FS/IRS within the financial year
4.1	An enabling environment for the management of water resources and the provision of basic water and sanitation services cross the sector	Draft Water and Sanitation Bill Developed	No adjustment	Draft Water and Sanitation Bill	Draft regulations not developed	Target not met The process to finalise the Water and Sanitation Bill was put on hold and hence the development of the regulations



4.2.2.2 Performance indicators per sub-programme

No	Performance indicators	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from planned target for 2018/19	
	Sub-programme name	Integrated Planning						
2.1.1	National Water and Sanitation master plan (NWSMP) adopted	Draft National Water and Sanitation Master Plan developed	National Water and Sanitation Master Plan (NWSMP) developed	Achieved	No adjustment	Master Plan developed	N/A	Target met
	Sub-programme name	Water Ecosystems						
1.3.1	Number of river systems with water resources classes and determined resource quality objectives	1 Mvoti- Mzimkulu	4 Breede Mzimvubu	- Legal Notice was submitted to communications for translation of the Legal Notice into Afrikaans and Xhosa Main & close-out reports completed.	No adjustment No adjustment	0 Draft submission has been prepaid to be routed to the Minister Draft submission has been prepaid to be routed to the Minister	Breede not gazetted Mzimvubu not gazetted	Target not met The submission to gazette final legal notice was prepared late because of the delays experienced during gazetting for public comments





No	Performance indicators	2017/ 18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan				
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from planned target for 2018/19	Comment on deviations	
			Crocodile West & Marico	The submission to gazette Crocodile West & Marico final legal notice has not yet been approved during quarter 3.	No adjustment	Liaison with SCM to source quotations for publishing of final legal notice on the government Gazette	Crocodile West & Marico not gazetted	The submission to gazette was approved late and the SCM was already closed for the financial year to source quotations for gazetting	
			Mokolo & Matlabas	Submission awaiting approval	No adjustment		Mokolo & Matlabas not gazetted	The submission was approved late and the SCM was already closed for the financial year to source quotations for gazetting	
Water Information Management									
1.2.1	Number of completed gauging weirs in Water Management Areas	New indicator	1 (Keurbooms gauging weir in Breede-Gouritz WMA)	Rehabilitation works only 18% completed at end of quarter	No adjustment	Works are approximately 40% completed	Keurbooms gauging weir in Breede-Gouritz WMA not completed	Target not met Heavy rains damaged coffer walls and thus delayed progress of the work on site. Owing to this, a total of 39 working days (nearly 1,8 months) were lost due to flooding of the site	

No	Performance indicators	2017/18 actual achievement		2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			
		2017/18 actual achievement	Water Trading milestone	2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from planned target for 2018/19	Comment on deviations
Water Trading milestone									
1.3.2	Number of rivers in which the River Eco-status Monitoring Programme is implemented	92	71	68	No adjustment	71	N/A		Target met
Water Services and Local Water Management									
1.4.1	Number of large water supply systems assessed for water losses	8 Vaal River, Umgeni River, Crocodile West River, Olifants River, Algoa, Amathole, Bloemfontein and Western Cape Supply Systems	8 Vaal River, Umgeni River, Crocodile West River, Olifants River, Algoa, Amathole, Bloemfontein and Western Cape Supply Systems	Water balance data and information collected from municipalities within the 4 large water supply systems Integrated Vaal River System (Tshwane Metro, Ekurhuleni Metro, Mogale City, Midvaal LM, Merafong LM, Emfuleni LM and Lesedi LM) Greater Bloemfontein Water Supply System (Mangaung Metro) Amatole Water Supply System (Buffalo City Metro) Algoa Water Supply System (Nelson Mandela Bay Metro)	Collection of water balance data and information for the 8 large water supply systems	Water Balance data and Information collected from Municipalities within the 8 large water supply systems	N/A		Target met





No	Performance indicators	2017/ 18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from planned target for 2018/19	Comment on deviations
2.1.2	Number of district municipalities (DMs) with completed 5 year water and sanitation services master plans	17 DMs with completed 5 year water and sanitation services master plans - Phase 1	20 priority DMs completes Phase 2	0 District municipalities (DMs) with completed 5 year water and sanitation services master plans	3 priority DMs complete phase 2	3 priority DMs complete phase 2	N/A	Target met
2.1.3	Number of Water Services Authorities (WSAs) audited on Water and Sanitation delivery performance	48 WSAs audited on Water and Sanitation delivery performance	24 WSAs in 27 priority DMs	0 Water Services Authorities (WSAs) audited on Water and Sanitation delivery performance	0	0	N/A	N/A

No	Performance indicators	2017/ 18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from planned target for 2018/19	Comment on deviations
2.1.5	Number of Municipal Strategic Self- Assessments (MuSSA) completed within the WSAs, metros and secondary cities	New indicator	65 MuSSA finalised	12 MuSSA updates completed	No adjustment	58 MuSSA finalised	N/A	<p>Target met</p> <p>The original list of 65 municipalities contained 6 duplicates and two WSAs that were merged into one meaning the annual target is actually 58.</p> <p>The duplicates are follows:</p> <p>OR Tambo (EC)</p> <p>Umhlatuze and Msunduzi (KZN)</p> <p>Mbombela (MP)</p> <p>Rustenburg and Ngaka Modiri Molema (NW)</p> <p>The two WSAs that were merged into one Modimole and Mookgophong in LP</p>





No	Performance indicators	2017/ 18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan				Comment on deviations	
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from planned target for 2018/19			
2.2.2	Number of completed feasibility studies for water and wastewater services projects (RBIG)	13	10	Not achieved	0	0	N/A	N/A	N/A	
2.2.3	Number of completed implementation readiness studies for water and wastewater services projects (RBIG)	13	10	0	0	1 IRS (i.e. Sterkspruit)	N/A	N/A	Target met Based on the previous minimal progress and the delayed submission of documents by the municipality, during the adjustment period it was estimated that the target would not be achieved. However, the municipality managed to finalise the FS/IRS within the financial year	
Sub-programme name Sanitation Planning and Management										
2.1.4	Number of WSAs assessed for socio-economic impact	98 WSAs assessed	Final socio-economic impact report compiled	Not Achieved	Draft socio-economic impact assessment report compiled	Draft socio economy impact assessment report compiled	N/A	N/A	Target met	

No	Performance indicators	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan				Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from planned target for 2018/19		
4.1.1	Approved National Water and Sanitation Resources and Services Strategy (NWSRSS) and implementation plan	Policy and Strategy The Draft 1 NWSRSS document was developed and submitted to Top Management for input and approval.	Final Draft National Water Resources and Services Strategy	Draft version 2.2 of NWSRSS	No adjustment	Draft version 2.2 of the NWSRSS and the Submission to Minister and letter to portfolio committee was prepared on the delays to finalise the NWSRSS due to delays in legislative review.		Target not met The development of the National Water and Sanitation Resources and Services Strategy (NWSRSS) was based on the new Act referred as National Water and Sanitation Act which is currently still in a Bill form. Due to delays in finalizing the Bill, the NWSRSS is being re-worked to produce the NWSRSS-3 in order to comply with the NWA.	





No	Performance indicators	2017/ 18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 actual achievement	Deviation from planned target for 2018/19	
4.1.2	Revised water and sanitation norms and standards for all water and sanitation supply and services	Submission to redraft the compulsory national standards was drafted and submitted, redrafting of compulsory standards meetings redrafting of compulsory standards meetings	National Norms and Standards for water supply and Sanitation Services monitored in 144 WSAs	38 WSAs	No adjustment	National Norms and Standards for water supply and Sanitation Services monitored in 149 WSAs	Over by 5	<p>Target exceeded</p> <p>The published APP listed Dawid Kruijer and IKheis as two separate LMs while they were amalgamated. Meaning the original target of 144 should be 143.</p> <p>During the financial year, an additional 6 WSAs (i.e. Fetakgomo, Greater Tubatse, Ephraim Mogale, Blouberg, Aganang and Elias Motsoledi) were reported as achieved bringing the annual achievement to 149</p>

4.2.2.3 Strategy to overcome areas of under performance

Fast track the approval of final notices for gazetting of Breede and Mzimvubu and also fast track sourcing of quotations for the Crocodile West & Marico as well as Mokolo & Matlabas during the first quarter of the next financial year to gazette.

Keurbooms gauging weir in Breede-Gouritz WMA: The project time frames will be revised

To implement the decision of developing NWRs-3: This is as a result of the fact that there is currently no legal mandate, since the National Water and Sanitation Act is still in a Bill form, and not yet finalised to give the Department mandate to develop NWSRSS, but rather comply with the current National Water Act (NWA). The Minister and Portfolio committee should be informed on the delays and changes to be implemented. Therefore, the current draft NWSRSS is being re-worked to align with the NWA.

4.2.3 Changes to planned targets

4.2.3.1 Strategic objective annual targets

	Strategic objective	Projected annual targets for 2018/19 as published in the APP	Revised annual targets for 2018/19	Reasons for the reduction
2.2	Targeted and aligned planning for adequate water availability and the enhanced provision of water supply and sanitation services	10	0	Target reduced The implementation readiness studies that contribute to the realisation of this target (i.e. PPI no 2.2.3) will not be finalised due financial constraints and the suspension of procurement



4.2.3.2 Programme performance indicators and annual targets for 2018/19

Programme performance indicator	Projected annual targets for 2018/19 as published in the APP	Revised annual targets for 2018/19	Reasons for the reduction
1.4.1 Number of large water supply systems assessed for water losses	8 <ul style="list-style-type: none"> • Vaal River, • Umgeni River, • Crocodile West River, • Olifants River, • Algoa, • Amathole, • Bloemfontein and • Western Cape Supply Systems 	Collection of water balance data and information for the 8 large water supply systems	Target revised The assessments will not be conducted due financial constraints and the suspension of procurement
2.1.2 Number of district municipalities (DMs) with completed 5 year water and sanitation services master plans	20 priority DMs completes Phase 2	3 priority DMs complete Phase 2	Target reduced The 5 year water and sanitation services master plans for 17 DMs will not be completed due financial constraints and the suspension of procurement
2.1.3 Number of Water Services Authorities (WSAs) audited on Water and Sanitation delivery performance	24 WSAs in 27 priority DMs	0	Target reduced The activity has been deferred due to financial constraints
2.1.4 WSAs assessed for socio-economic impact	Final socio-economic impact report compiled	Draft socio-economic impact assessment report compiled	Target revised The report will not be finalised due financial constraints
2.2.2 Number of completed feasibility studies for water and wastewater services projects (RBIG)	10	0	Target reduced The feasibility studies and implementation readiness studies for 10 water and wastewater services projects will not be completed due financial constraints and the suspension of procurement
2.2.3 Number of completed implementation readiness studies for water and wastewater services projects (RBIG)	10	0	



4.2.4 Sub-programme expenditure

Sub- programme name	2017/18		2018/19		(Over)/Under Expenditure R'000
	Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	
Water Planning, Information Management and Support	6 240	5 661	6 081	6 070	12
Integrated Planning	103 944	88 648	68 978	68 806	172
Water Ecosystems	54 377	43 201	47 958	47 946	12
Water Information Management	460 504	421 599	433 496	434 459	(963)
Water Services and Local Water Management	76 706	63 091	108 757	108 710	46
Sanitation Planning and Management	15 904	15 750	11 433	11 384	49
Policy and Strategy	20 577	15 311	13 013	12 342	671
Total	738 252	653 262	689 717	689 717	-



4.3 Programme 3: Water Infrastructure Development

The programme is responsible to develop, rehabilitate and refurbish raw water resources and water and sanitation services infrastructure to meet the socio-economic and environmental needs of South Africa.

4.3.1 Sub-programmes

Strategic Infrastructure Development and Management provides for the design, construction, commissioning and management of new and existing water resource infrastructure.

Operation of Water Resources funds expenditure on activities for water resources management conducted by the department or catchment management agencies within water management areas.

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 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. The allocation prioritises the 27 poorest district municipalities.

Accelerated Community Infrastructure Programme provides for rapid emergency interventions related to the refurbishment of infrastructure for wastewater treatment, water conservation and water demand management, and municipal water supply; and supports farmers without proper access to resources.



4.3.2 Strategic objectives, performance indicators, planned targets and actual achievements

4.3.2.1 Programme strategic objectives

Programme name		Water Infrastructure Development				Deviation from planned target for 2018/19	Comment on deviations
No	Strategic objectives	2017/18 actual achievement	2018/19 Annual Performance Plan				
			Published APP 2018/19 target	Adjusted 2018/19 target	2018/19 actual achievement to published / adjusted target		
2.3	Adequate water availability and enhanced provision of sustainable and reliable water supply and sanitation services	159 463 households provided with sustainable and reliable water supply and sanitation services	93 579	No adjustment	262 796 households	Over by 169 217 households	Target exceeded The early completion of Lushushwane BWS phase 2 and Setsoto BWS phase 2 resulted in the provision of more households with sustainable and reliable water supply
2.4	Safe, reliable and sustainable water supply and water and sanitation services infrastructure	36% implementation of the AMP with Unscheduled maintenance at 0.2%	National Asset Management Plan (NAMP) implemented with unscheduled maintenance kept at 10% and below	No adjustment	46% National Asset Management Plan (NAMP) implemented with unscheduled maintenance at 27% and below	Implementation of the National Asset Management Plan exceeded by 5% however, the unscheduled maintenance was not maintained at the accepted 10% limit	Target not met Exceeded the planned maintenance target but unscheduled maintenance increased beyond the accepted 10% limit. The latter was exacerbated due to a lack of a maintenance term contractor





Programme name		Water Infrastructure Development					Deviation from planned target for 2018/19	Comment on deviations
No	Strategic objectives	2017/18 actual achievement	2018/19 Annual Performance Plan			2018/19 actual achievement to published / adjusted target		
			Published APP 2018/19 target	Adjusted 2018/19 target	2018/19 actual achievement to published / adjusted target			
3.4	Job opportunities created that expand economic opportunities for historically excluded and vulnerable groups	1 604 job opportunities	1 340	1 130	907	Under by 223	Target not met As the construction of certain operations & maintenance as well as regional bulk infrastructure projects did not commence, the creation of job opportunities was affected. Even though the target was reduced, the detrimental impact of project stoppages exceeded what was anticipated	
3.2	Targeted rural development initiatives that support smallholder farmers	14.13 million m3 of water to smallholder farmers	Not planned for 2018/19	N/A	N/A	N/A	N/A	

4.3.2.2 Performance indicators per sub-programme

No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19	
Sub-programme name								
2.3.1	Number of bulk raw water projects ready for implementation	1	3	3	3	3	3	Target not met
		<p>Umzimvubu: Tender documentation for Ntabelanga BDS dam completed</p>	<p>Mzimvubu Water Project (Lalini Dam)</p>	<p>Geotech and surveys have been completed and finalisation of designs is in progress.</p>	<p>Mzimvubu Water Project (Ntabelanga Dam)</p>	<p>Final designs in progress</p>	<p>Project not yet ready for tender</p>	<p>A contributing factor to the delay is due to the unresolved dispute between the DWS and the PSP. The continuation of the Lalini dam component was reviewed due to the anticipated cost escalations.</p>
		<p>The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation</p>	<p>ORWRDP 2E</p>	<p>Procurement of geotechnical investigation contract achieved. Geotechnical investigations are ongoing.</p>	<p>ORWRDP 2E</p>	<p>The design work continued. The geotechnical contractors have mobilised to site and geotechnical investigations are in progress. Environmental Audit for the geotechnical investigations conducted. The review and update of tender specifications continued. 90% ready for implementation.</p>	<p>Tender documentation completed</p>	<p>The delay in the commencement of the geotechnical investigations has resulted in delays in finalising the design and completing the tender documentation.</p>



No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19	
			ORWRDP 2F	No milestone	ORWRDP 2F	<p>The design work continued.</p> <p>The geotechnical contractors have mobilised to site and geotechnical investigations are in progress.</p> <p>Environmental Audit for the geotechnical investigations conducted.</p> <p>The review and update of tender specifications continued.</p>	Engineering design initiated	The delay in the commencement of the geotechnical investigations has resulted in delays in finalising the design and completing the tender documentation.

Tzaneen: The tender documents were converted from FIDIC to GCC Form of Contract

Clanwilliam: Submissions made to DBAC for reconstitution of BEC



No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19	
2.3.2	Number of bulk raw water projects under construction	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation	4 Tzaneen Dam	Construction North submitted an updated tender document with revised BOQ pricing. The updated priced tender document was evaluated and a draft tender evaluation report was compiled. Chief Directorate: Engineering Services is in the process of facilitating tender price negotiations with Construction North	3 Tzaneen Dam	0 The tender price negotiations with Construction North were concluded. The tender evaluation report is in the process of being finalised.	Under by 3 Construction for spillway raising commenced	Target not met Updated designs were withheld due to disputed invoices from the IA. Construction on the raising of Tzaneen Dam did not commence due to delays experienced with the finalisation of the tender process following the design delay.



No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan				Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19		
	Mzimvubu Water Project		Not achieved	Mzimvubu Water Project	Construction of the advance infrastructure (consisting of access roads to site from the main road, and water and electricity supply to site) commenced	N/A	N/A	N/A	N/A
	Goedertrouw Transfer Scheme		Construction continues	Goedertrouw Transfer Scheme	Construction continued well until the end of the third quarter. However, during the fourth quarter, the construction ceased		Construction did not continue during the fourth quarter		The main contract was delayed due a dispute between DWS and the contractor. In addition, the main subcontractor was placed under business rescue. Also, the request to condone the contract extension was not granted as it was deemed to be irregular.
	Nwamitwa Dam		Not achieved	Removed as 2018/19 target		N/A	N/A	N/A	N/A



No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan				Comment on deviations	
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19			
3.4.1.1	Number of job opportunities created through implementing infrastructure projects	A total of 559 job opportunities were created	370	0	60	125	Over by 65	Target exceeded More labour was hired during the construction work at Goedertrouw from the first to the third quarters of the financial year.		
Sub-programme name Operations of Water Resources										
2.4.1	Number of dam safety rehabilitation projects completed	0 (i.e. 90% completion of the Roodekoppies Dam)	3 • Rietspuit Dam • Marico Bosveld Dam • Kalkfontein Dam	0 Marico-Bosveld Dam	2 0	0 Under by 1	Under by 2 Prior to the site establishment, the contract lapsed owing to the non-performance of the contractor. A legal opinion obtained recommended an appointment of a new contractor.	Target not met		



No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19	
2.4.2	Percentage of projects completed as per AMP aligned maintenance Plan (Planned Maintenance)	36% (i.e. 140 of the 390 projects completed)	90%	Kalkfontein Dam 16% (i.e. 91 of the 579 projects completed)	0 41%	Under by 1 46% (i.e. 267 of the 579 projects completed)	Contractor couldn't conclude the labour recruitment due to community protests. Over by 5%	Target exceeded The scheduled maintenance was achieved on the amended target due to a concerted effort of internal resources to accelerate in Q3 and Q4.



No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19	
2.4.3	Percentage unscheduled maintenance projects completed as a proportion of planned maintenance projects	0.2% (i.e. Zaaihoek Refurbishment of DNI1600 River outlet valve (Usutu- Vaal))	≤10%	1% (i.e. 6 of 579 projects as part of unscheduled maintenance)	No adjustment	27% (i.e. 153 of 579 projects completed as part of unscheduled maintenance)	Under by 17%	Target not met Unscheduled maintenance increased beyond the 10% limit partially due to the lack of a term contract to implement scheduled maintenance. Various housing maintenance including storm damage in Groblersdal area increased the number of unscheduled maintenance work completed in the last quarter.
2.4.4	Number of kilometres of conveyance systems rehabilitated per annum	A total of 5.4801 km were rehabilitated	0	-	2km	3.4km	Over by 1.4km	Target exceeded Additional resources on site assisted in achieving the work





No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan				Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19		
2.4.5	Percentage adherence to Water Supply Agreements/ Authorisations and Operating Rules (Water Resource Operations)	New indicator	80%	90%	No adjustment	92%	Over by 12%	<p>Target met</p> <p>This performance reporting is done in 3 Cluster reports since Eastern Cluster could not provide verifiable measurement information. This voluminous task of meter reading and hydrological data is underway. Eastern is the smallest cluster (16% of total supply of all DWS operated GW5s)</p>	
3.4.1.2	Number of job opportunities created through implementing Operations of Water resources Infrastructure project	137 job opportunities	300	0	No adjustment	133	Under by 167	<p>Target not met</p> <p>Construction of Kalkfontein, Marico and Rietspruit Dam did not commence and as a result the target was not met</p>	

No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan				Comment on deviations	
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19			
Sub-programme name										
Regional Bulk Infrastructure Grant										
2.3.4	Number of mega regional bulk infrastructure project phases under construction	10 project phases	15	11	10		Over by 1 (i.e. Mogalakwena phase 2)	Target exceeded The savings that were realised from Mogalakwena phase 1 were utilised to fast track the implementation of phase 2		
2.3.5	Number of mega regional bulk infrastructure project phases completed	0	3	1	2	1 (i.e. Mogalakwena phase 1)	Under by 1 [i.e. Jozini / (Pongolapoort) BWS (Pipeline)]	Target not met Items identified in the snag list are being rectified and the project will be completed in April 2019		
2.3.6	Number of large regional bulk infrastructure project phases under construction	50	53	44	45	46	Over by 1 (i.e. Ngwathe phase 2 of 3)	Target met The original list in the APP had 45 project phases. This is a correction to include the omitted phase 2 of the project		
2.3.7	Number of large regional bulk infrastructure project phases completed	5	14	0	5		N/A	Target met		





No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19	
2.3.8	Number of small regional bulk infrastructure project phases under construction	29	38	23	30	24	Under by 6	<p>Target not met</p> <p>Upgrading of Delmas WWTW Phase 2 of 2: Delays by the Municipality to confirm the co-funding.</p> <p>Winsorton to Holpan BWS Phase 2: The contractor suspended work due to non-payment by the implementing agent (IA).</p> <p>Kameelmond/Upington WWTW: Delays in finalisation of the procurement process.</p>

No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan			Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19	
	Number of small regional bulk infrastructure project phases under construction							<p>Warrenton WTW: Contractor suspended the work due to late payment by IA and additional fund are required to commence the project.</p> <p>Clanwilliam/ Lambertsbaai Regional Water Supply 6B Desalination Plant: The market response to the advertised bid was higher than the allocated budget.</p> <p>Tulbagh BWS: Delays in finalisation of variation order</p>





No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan				Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19		
2.3.9	Number of small regional bulk infrastructure project phases completed	6	7 ³	2	No adjustment	9	Over by 2	Target exceeded As Gert Sibande municipality received additional funds during budget adjustment period, the contractor of the Lushuswane Phases 2 & 3 was able to fast track the works on site.	
3.4.1.3	Number of job opportunities created through implementing RBIG infrastructure projects	-	670	No adjustment	184	649	Under by 21	Target not met The Namakwa and Winsonton to Hoplan Bulk Water Supply projects were put on hold, which affected the appointment of labourers for the two projects	
Sub Programme name Water Services Infrastructure Grant									
2.3.12	Number of small WSIG projects under construction	191	115	130	No adjustment	181	Over by 66	Target exceeded The municipalities implemented more projects to address water services challenges	

³ In the adjusted 2018/19 APP, the number was erroneously indicated as nine (9) whereas the correct target is seven (7). The indicated target of nine (9) includes two (2) over achieved small RBIG infrastructure project phases.

No	Performance indicator	2017/18 actual achievement	2018/19 published annual performance plan		Adjusted 2018/19 annual performance plan				Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	Actual achievement to adjusted/planned 2018/19 target	Deviation from planned target for 2018/19		
	Number of rural households served to eradicate sanitation backlogs through the water services infrastructure grant	5 126	0	0	0	5 012	Over by 5 012	Target met	
2.5.1	This is a recovery from the previous financial year	8 313	15 638	0	No adjustment	2 019	Under by 13 619	Target not met Contractual anomalies and slower than anticipated implementation rate necessitated tasking the construction unit within the department to complete outstanding work	
Accelerated Community Infrastructure									
2.4.6	Number of learners that complete training through the WoL programme	New indicator	2 640	No milestone	2 640	1 689	Under by 951	Target not met Late payment of stipends affected the attendance of training and completion.	

⁴The sub-programme had a baseline reduction of 73,3% which warranted the deference of activities to subsequent financial years.



4.3.2.3 Strategy to overcome areas of under performance

To address the Marico-Bosveld Dam delay, the internal Construction Unit will be appointed as the new contractor as soon as the previous contractual issues have been resolved.

To resolve the delays experienced in the Upgrading of Delmas WWTW Phase 2 of 2, the Department has engaged with CoGTA to make budget available for co-funding. For the Winsorton to Holpan BWS Phase 2, the Department is finalising a process of assisting the project with the required cash flow. For the Kameelmond/ Upington WWTW and Tulbagh BWS the Department will fast track the procurement process and ensure implementation of the project in the first quarter of the 2019/20 financial year. To resolve the delays experienced in the implementation of the Warrenton WTW and Clanwilliam/ Lambertsbaai Regional Water Supply, additional funds will be allocated during the 2019/20 financial year.

4.3.3 Changes to planned targets

4.3.3.1 Strategic objective annual targets

Strategic objective	Projected annual targets for 2018/19 as published in the APP	Revised annual targets for 2018/19	Reasons for the reduction
3.4 Job opportunities created that expand economic opportunities for historically excluded and vulnerable groups	1 340	1 130	<p>Target reduced</p> <p>The indicator contributing to the realisation of this target (i.e. PPI no 2.3.2) will not be achieved. The budget reprioritisation from Nwamitwa Dam will affect the job creation as the project cannot commence.</p>



4.3.3.2 Programme performance indicators and annual targets for 2018/19

Programme performance indicator	Projected annual targets for 2018/19 as published in the APP	Revised annual targets for 2018/19	Reasons for the reduction
2.3.1 Number of bulk raw water projects ready for implementation	3 <ul style="list-style-type: none"> Mzimvubu Water Project (Lalini Dam) ORWRDP 2E ORWRDP 2F 	3 <ul style="list-style-type: none"> Mzimvubu Water Project (Ntabelanga Dam) ORWRDP 2E ORWRDP 2F 	Target revised This is a correction of the published APP to replace Lalini Dam with Ntabelanga Dam.
2.3.2 Number of bulk raw water projects under construction	4 <ul style="list-style-type: none"> Tzaneen Dam Nwamitwa Dam Mzimvubu Water Project Goedertrouw Transfer Scheme 	3 <ul style="list-style-type: none"> Tzaneen Dam Mzimvubu Water Project Goedertrouw Transfer Scheme 	Target reduced The Nwamitwa Dam will not commence as the budget for the project has been reprioritised. The fourth quarter milestones have been revised for Tzaneen Dam: due to the late budget approval for the augmentation projects Mzimvubu Water Project: due to procurement delays
2.3.4 Number of mega regional bulk infrastructure project phases under construction	15	10	Target reduced The construction of 5 projects will not commence
2.3.5 Number of mega regional bulk infrastructure project phases completed	3	2	Targets reduced
2.3.6 Number of large regional bulk infrastructure project phases under construction	53	45	The payment of 2017/18 accruals has resulted in funding constraints for the implementation of the planned 2018/19 regional bulk and water services infrastructure projects.
2.3.7 Number of large regional bulk infrastructure project phases completed	14	5	
2.3.8 Number of small regional bulk infrastructure project phases under construction	38	30	
2.4.1 Number of dam safety rehabilitation projects completed	3 <ul style="list-style-type: none"> Rietspruit Dam Marico Bosveld Dam Kalkfontein Dam 	2 <ul style="list-style-type: none"> Marico Bosveld Dam Kalkfontein Dam 	Target reduced The Rietspruit Dam will not be completed due to challenges in procuring community liaison officers and professional service providers.





Programme performance indicator		Projected annual targets for 2018/19 as published in the APP	Revised annual targets for 2018/19	Reasons for the reduction
2.4.2	Percentage of projects completed as per AMP aligned maintenance Plan (Planned Maintenance)	90%	41%	Target reduced The late approval of the 2018/19 budget allocation delayed the finalisation of the maintenance plan.
2.4.4	Number of kilometres of conveyance systems rehabilitated per annum	0	2km	Target added The approved 2018/19 budget allocation provided funds to implement a 2km pipeline that was deferred from 2017/18 financial year.
2.4.6	Number of learners that complete training through the War on Leaks programme	2 640	Remains the same	Target moved from programme 1 to programme 3
3.4.1.1	Number of job opportunities created through implementing augmentation infrastructure projects	370	60	Target reduced The budget reprioritisation from Nwamitwa Dam will affect the job creation as the project cannot commence.

4.3.4 Sub-programme expenditure

Sub-Programme Name	2017/18		2018/19			
	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
Strategic Infrastructure Development and Management	1 906 704	1 820 450	86 254	2 292 133	2 292 133	-
Operation of Water Resources	173 000	173 000	-	183 034	183 034	-
Regional Bulk Infrastructure Grant	6 075 159	5 575 674	499 485	5 608 285	5 083 262	525 023
Water Services Infrastructure Grant	4 510 695	4 439 184	71 511	5 551 873	5 508 133	43 740
Accelerated Community Infrastructure Programme	178 907	137 939	40 968	620 052	946 509	(326 457)
Total	12 844 465	12 146 247	698 218	14 255 377	14 013 071	242 306



4.4 Programme 4: Water Sector Regulation

The programme is responsible to ensure the provision of sustainable water and dignified sanitation services, including implementation support and advocacy to support household health and dignity.

4.4.1 Sub-Programmes

Water Sector Regulation Management and Support provides strategic leadership and overall management to the programme

Economic and Social Regulation ensures that pricing is efficient, equitable and cost reflective to protect the interests of consumers and the sector through the provision of sustainable water resources and water services.

Water Use Authorisation and Administration enables equitable access to water using various regulatory instruments.

Water Supply Services and Sanitation Regulation regulates the provision of drinking water and the management of wastewater.

Compliance Monitoring and Enforcement coordinates and monitors compliance to value chain standards, licence conditions and regulations for the water sector, and enforces compliance with licence conditions.

Institutional Oversight provides institutional governance and oversight of all water institutions, and facilitates their establishment and development.



4.4.2 Strategic objectives, performance indicators, planned targets and actual achievements

4.4.2.1 Programme strategic objectives

Programme Name: Water Sector Regulation						
No	Strategic objectives	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
1.1	Water resources protected through water supply and sanitation services regulation, compliance monitoring and enforcement	Draft water Sector Regulatory Framework	Draft Regulatory framework developed	The terms of reference for the regulatory framework have been developed	Draft Regulatory framework not developed	Target not met The draft regulatory framework was not developed however, due to a lack of budget the process could not be finalised.
		49% compliance level for mines measured against individual water use entitlements	60%	58% ⁵	Under by 2%	Target not met This target was partially achieved, however, due to budgetary constraints impacting travel, not all mines could be monitored.
1.5	Freshwater eco-systems protected from mine water impacts	Mine water management strategy developed for two catchments (i.e. Inkomati-Usuthu and Olifants)	Mine water management strategy developed for one catchment ⁶	Mine water management strategy developed for one catchment	N/A	Target met
3.1	Equitable water allocation and availability for socio-economic development	Validation and verification (V & V) of existing lawful use in 2 water management areas (WMA)	Validation and Verification of existing lawful use in 6 WMAs	Validation and Verification of existing lawful use in 3 WMAs	Under by Validation and Verification of existing lawful use in 3 WMAs	Target not met The process was not completed due to litigation.
4.2	Sound governance and oversight of the DWS public entities	Shareholder compacts and business plans for 13 entities were finalised	Annual appraisals of shareholder compacts and business plans for 13 entities	Annual appraisals of shareholder compacts and business plans for 13 entities	N/A	Target met

⁵ This is an impact indicator, mines targeted were monitored and this indicator reflects the status of the mines monitored

⁶ This is a correction of the published 2018/19 annual performance plan target that reflected two (2) instead of one catchment.

4.4.2.2 Performance indicators per sub-programme

No	Performance Indicator	Actual Achievement 2017/18	2017/18 published annual performance plan			Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target			
Economic and Social Regulation								
1.5.1	Number of WMAs assessed for Acid Mine Drainage (AMD)	1 WMA (i.e. Crocodile (West), Limpopo)	1 Pongola-Mtamvuna (i.e. Final Mitigation strategy for Pongola- Mtamvuna WMA)	100% Pongola-Mtamvuna mitigation strategy developed. Internal consultation with the Department's Provincial Office: KZN obtained and strategy revised accordingly	No adjustment	Mitigation strategy developed for the Pongola- Mtamvuna WMA	N/A	Target met
4.2.4	Water economic regulator established	Business Case approved	Draft legislation for the establishment of the independent economic regulator	Not achieved	No adjustment	Held working session with WTE and incorporation of additional comments from NT.	Draft legislation for the establishment of the independent economic regulator	Target not met Change of political direction from a water tariff regulator to a reform regulator as per Minister's instruction



No	Performance Indicator	Actual Achievement 2017/18	2017/18 published annual performance plan				Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 target			
4.2.5	Water pricing regulations implemented	Draft pricing strategy developed and the OCSLA opinion obtained for the norms and standards	Final gazetting and monitoring of Pricing Strategy & Norms and Standards	No milestone	No adjustment	Pricing Strategy & Norms and Standards developed, awaiting Ministerial approval	Final gazetting and monitoring of Pricing Strategy & Norms and Standards	Target not met The Executive Authority approval not obtained.	
			2019/20 Raw water charges and bulk tariffs approved	Internal consultation with various directorates and finalised the responses with their inputs in the annexures documents Refine the pricing strategy	No adjustment	2019/20 Raw water charges and bulk tariffs approved	N/A	Target met	
Sub-programme									
Water use Authorisation and Administration									
3.1.1	Percentage of applications for water use authorisation finalised within 300 days	95% (i.e. 447 out of 469)	80%	99% (117 of 118)	No adjustment	81% (476 out of 588)	Over by 1%	Target exceeded Due to implementation of the turnaround strategy specifically relating to capacity and provision of specialist inputs (reserve determinations)	





No	Performance Indicator	Actual Achievement 2017/18	2017/18 published annual performance plan			Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target			
Water Supply Services and Sanitation Regulation								
1.1.1	Number of wastewater systems assessed for compliance with the Green Drop Regulatory standards	0 (787 desktop assessments conducted)	963	No milestone	0	0	0	N/A
1.1.2	Number of non-compliant wastewater systems monitored against the Green Drop Regulatory tool	510	510	144 for quarter 3 (Over all 146 which is inclusive of 2 recoveries from quarter 2) Waste: (79 QR3 overall 80 which is inclusive of 1 inclusive of 1 recovery) Drinking: (65 QR 3 Overall 66 which is inclusive of 1 recovery)	373	585	212	Target exceeded During the first two quarters of the financial year, the Department implemented travel restrictions which warranted the target adjustment. However, after these restrictions were lifted during the third quarter there was a concerted effort by the provincial offices to increase monitoring of systems.

No	Performance Indicator	Actual Achievement 2017/18	2017/18 published annual performance plan			Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target			
1.1.3	Number of water supply systems assessed for compliance with Blue Drop Regulatory standards	788	1 010	No milestone	0	0	N/A	
Compliance Monitoring and Enforcement								
1.1.4	Number of water users monitored for compliance	712	401	81	401 ⁷	407	Over by 6	Target exceeded During the first two quarters of the financial year, the Department implemented travel restrictions which warranted the target adjustment. However, after these restrictions were lifted during the third quarter there was a concerted effort by the provincial offices to increase monitoring.

⁷ The adjusted APP reflected a reduction of the annual target from 401 to 357. At the time, this was based on the midterm performance estimates. However, as the adjusted APP was signed off during the third quarter, it was only the fourth quarter milestone that could be adjusted. Therefore, the actual numbers are as follows: Q1 achieved 86 out of 88; Q2 achieved 114 out of 115; Q3 achieved 81 out of 106; Q1-Q3 under achieved with 28 (achieved 281 out of 309) due to budget and travelling constraints; Q4 over achieved with 78 – achieved 126 out of 48 (amended target)





No	Performance Indicator	Actual Achievement 2017/18	2017/18 published annual performance plan				Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 target			
1.1.5	Percentage of reported non-compliant cases investigated	96% (i.e. 614 of 642)	80%	83% (58 of 70)	No adjustment	94% (441 of 471)	Over by 14%	Target exceeded Since Olifants is one of the stressed catchments, water shortages complaints were received during quarter 4. These were prioritised hence the slight improvement in performance. Joint operations were held in two provinces with other departments (NW and MP).	
Institutional Oversight									
4.2.1	National Water Infrastructure Agency established	Due diligence for the establishment of the National Water Infrastructure Agency finalised	Draft business case for the establishment of the National Water Infrastructure Agency finalised	Not achieved.	Concept note on the National Water Resources and Water Services Authority finalised. Cabinet Memo tabled	No achievement	Concept note on the National Water Resources and Water Services Authority finalised. Cabinet Memo tabled	Target not met In the 2018 Budget Vote, the Executive Authority introduced a new vision of establishing a National Water Resources and Services Authority rather than an agency. Therefore, the process had to	

No	Performance Indicator	Actual Achievement 2017/18	2017/18 published annual performance plan				Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target	2018/19 target			
4.2.2	Number of Catchment Management Agencies gazetted for establishment	1 national CMA gazetted for establishment	1 national CMA	Not achieved.	Establishment of Bargaining Chamber Task team and agreement reached on institutional model.	Target not achieved.	Establishment of Bargaining Chamber Task team and agreement reached on institutional model	<p>be restarted which entailed <i>inter alia</i> establishing a Task Team to develop a revised concept note.</p> <p>Target not met A decision was taken that seven (7) CMAs be established instead of the one (1) national CMA. Therefore, the establishment process had to be reinitiated by developing an implementation plan for establishing the remaining 7 CMAs; hence the target was not met.</p>	





No	Performance Indicator	Actual Achievement 2017/18	2017/18 published annual performance plan			Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
			2018/19 planned target	Mid-term achievement for 2018/19	Adjusted 2018/19 target			
4.2.3	Number of regional water and wastewater utilities gazetted for establishment	0	0 (i.e. Due diligence for the KwaZulu-Natal proto-regional water utility developed)	Not achieved.	No adjustment	No achievement	No adjustment	Target not met The process of merging Mhlathuze Water with Umgeni Water was withdrawn; therefore the due diligence for the KwaZulu-Natal proto-regional water utility was put on hold.

4.4.2.3 Strategy to overcome areas of under performance

Poor performing mines (i.e those that did not achieve a minimum of 55% causing pollution are referred to Enforcement. Others are required to provide action plans to ensure they are brought into compliance

The Department intends to embark on a process to appoint a new PSP to complete the Validation and Verification of existing lawful use in the Orange Vaal and Limpopo, once the litigation is concluded. The Department intends to embark on a process to appoint a new PSP to complete the Validation and Verification of existing lawful use in the Olifants catchment.

4.4.3 Changes to planned targets

4.4.3.1 Programme performance indicators and annual targets for 2018/19

Programme performance indicator	Projected annual targets for 2018/19 as published in the APP	Revised annual targets for 2018/19	Reasons for the reduction
1.1.1 Number of wastewater systems assessed for compliance with the Green Drop Regulatory standards	963	0	Target reduced The activity will not be achieved, as the received proposals from bidders exceeded the estimated budget allocation.
1.1.2 Number of non-compliant water services systems monitored against Regulatory standards	510	373	Target reduced The published 2018/19 APP had duplicated certain systems which were removed. The nature of activity requires conducting site inspections. The implementation of departmental travelling cost containment measures warranted the reduction of site inspections.
1.1.3 Number of water supply systems assessed for compliance with Blue Drop Regulatory standards	1010	0	Target reduced The activity will not be achieved, as the received proposals from bidders exceeded the estimated budget allocation.



Programme performance indicator	Projected annual targets for 2018/19 as published in the APP	Revised annual targets for 2018/19	Reasons for the reduction
1.1.4 Number of water users monitored for compliance	401	357	<p>Target reduced</p> <p>The nature of activity requires conducting site inspections. The implementation of departmental travelling cost containment measures warranted the reduction of site inspections.</p> <p>The payment of 2017/18 accruals has resulted in a reduced budget to implement the planned 2018/19 APP activities</p>
4.2.1 National Water Infrastructure Agency established	Draft business case for the establishment of the National Water Infrastructure Agency finalised	Concept note on the National Water Resources and Water Services Authority finalised. Cabinet Memo tabled	<p>Indicator changed</p> <p>The 2018/19 indicator on National Water Infrastructure Agency established has been amended during the 2018/19 adjustment period to National Water Resources and Water Services Authority established in line with the 2018 Minister's budget speech</p>
4.2.2 Number of Catchment Management Agencies gazetted for establishment	1 national CMA	Establishment of Bargaining Chamber Task team and agreement reached on institutional model.	<p>Target amended</p> <p>The target has been amended in line with the 2018 Minister's budget speech of establishing 7 catchment management agencies</p>



4.4.4 Sub-programme expenditure

Sub- Programme Name	2017/18			2018/19		
	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 Sector Regulation Management and Support	38 403	28 295	10 108	29 706	28 177	1 529
Economic and Social Regulation	19 426	16 047	3 379	18 116	17 402	714
Water Use Authorisation and Administration	89 445	75 742	13 703	59 234	58 864	370
Water Supply Services and Sanitation Regulation	24 195	12 082	12 113	12 118	10 862	1 256
Compliance Monitoring Enforcement	119 493	99 152	20 341	110 513	103 862	6 651
Institutional Oversight	83 919	76 735	7 184	64 937	63 475	1 462
Total	374 881	308 053	66 828	294 623	282 641	11 982



5 TRANSFER PAYMENTS

5.1 Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity		Amount spent by the public entity	Achievements of the public entity
		R'000	R'000		
Amatola Water Board	Refurbishment of 6 existing plants and downstream infrastructure	92 386	0		The funds were transferred in March 2019 due to slow progress by the water board, wherein DWS requested the water board to submit turnaround plan which received late. The Department is supporting the water board to ensure that the projects are completed.
Magalies Water Board	Implementation of Pilanesberg Bulk Water Supply phase 2	6 154	6 154		Phase 2 of the Pilanesberg Bulk Water Supply project is complete. The water board is planning for phase 3.
Sedibeng Water Board	Replacement of Namakwa Bulk Water Supply and implementation of Vaal Gamagara Groundwater Resource Development	463 846	370 649		Namakwa Bulk Water Supply: the project is 54% complete. Vaal Gamagara Groundwater Resource Development: the project is 65% complete.
Umgeni Water Board	Implementation of Lower Thukela Regional Bulk Water Scheme (Umgeni)	132 329	132 329		The water board is implementing 3 projects, Umshwathi phase 1 achieved 100%, phase 2 achieved 99% and phase 3 achieved 50% progress
Total		694 715	509 132		

5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2018 to 31 March 2019.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
Regional Bulk Infrastructure Grant (RBIG)	Municipalities	To develop new, refurbish, upgrade and replace ageing water and waste water 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	1 963 000	1 524 088	Delays by municipalities to appoint services providers, delayed the implementation of projects, which resulted in under expenditure of budget. Stoppages of works in some case due to community and labours delayed the implementation of projects which had negative impact on spending of the budget.





Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (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 Services Infrastructure Grant (WSIG)	Municipalities	<p>Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities.</p> <p>Provide interim, intermediate water and sanitation supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes.</p> <p>Provide on-site sanitation solutions.</p> <p>Support the existing bucket eradication programme intervention in formal residential areas.</p> <p>Support drought relief projects in affected municipalities</p>	Yes	4 777 267	2 334 593	<p>Delays in the procurement of services resulting in the shortened implementation period, most municipalities await first payment to reflect in their account and only then they embark on the procurement drive. Continued state of volatility within municipalities due to high key personnel turn over affecting the implementation of the project. Augmentation of allocation on the baseline, allocation to municipalities was increased further by R1.3 billion for drought and the allocation was transferred in February 2019, this further burdened municipalities as they could not implement this allocation within the remained period of four months.</p>

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
Komati River Basin Water Authority (KOBWA)	Foreign Government/ International Organisation	<p>The repayment of outstanding loans to various financial institutions for Driekoppies and Maguga dams; and operational overheads.</p> <p>Driekoppies Dam was funded 100% by South Africa while the Maguga Dam was funded on a 60:40 ratio by South Africa and Swaziland. The loan capital was the main source of funding for the project. All loans were raised by KOBWA.</p> <p>The loans for Driekoppies were guaranteed by the Government of South Africa alone, whereas loans for the Maguga Dam were guaranteed by South Africa with a back to-back guarantee from Swaziland. The balance of the funds for the Project was provided directly by the Governments.</p>	Yes	208 239	207 129	<p>The unspent amount of R1 110 000 was mostly relating to a saving that was requested by the Joint Water Commission (JWC).</p> <p>The JWC requested that KOBWA looks at their budget with a view to identifying savings as parties were struggling to pay their subventions. KOBWA went back and identified R 527 000 which was approved by the BOARD.</p> <p>The other portion of the unspent amount, R 582 000 relates to the budget relating to maintenance which by its nature can only be spent as and when there is need.</p>
Water Trading Entity	Departmental Entity	Augmentation projects including Acid Mine Drainage	Yes	2 266 928	2 266 928	-
Energy Water Sector Education and Training Authority (EWSETA)	Departmental Entity		Yes	2 828	2 828	-





Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (1) (j) of the PFMA	Amount transferred		Reasons for the funds unspent by the entity
				(R'000)	Amount spent by the entity (R'000)	
Limpopo Watercourse Commission (LIMCOM)	Foreign Government/ International Organisation	The Limpopo Watercourse Commission (LIMCOM) Secretariat's operational costs. In order 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 work to be done by the LIMCOM 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	178	178	-
Orange-Senqu River Basin Commission (ORASECOM)	Foreign Government/ International Organisation	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	675	675	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (1) (j) of the PFMA	Amount transferred		Amount spent by the entity		Reasons for the funds unspent by the entity
				(R'000)	(R'000)	(R'000)	(R'000)	
African Ministers' Council on Water (AMCOW) Trust Fund	Foreign Government/ International Organisation	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	177	177	177	-	
South African Youth Water Prize	Non-Profit Organisation	The South African Youth Water Prize (SAYWP) is a science and technology based project whereby learners identify problems related to water and sanitation in schools or communities and initiate projects or research and recommend solutions. The programme begins and provincial level and proceeds to the national level where the national winner represents South Africa in Stockholm Junior Water Prize (SJWP) in Stockholm, Sweden where they compete with learners from 30 other countries. The programme aims to recognise the role of youth, particularly learners from grade 6, 10 and 11 are encouraged to enter the Department's annual competitions in education and awareness campaigns on integrated water management, sanitation, health and hygiene and invasive alien plants. The winning schools get to receive cash prizes from the Department.	Yes	188	188	188	-	
Water Institution of SA	Non-Profit Organisation		Yes	1 000	1 000	1 000	-	



6 CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

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

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

Municipality to which the grant has been transferred	Various municipalities appointed as implementing agents by the Department
Purpose of the grant	<ul style="list-style-type: none"> To develop new, refurbish, upgrade and replace ageing water and waste water 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	<ul style="list-style-type: none"> 39 regional bulk project phases initiated 4 project phase phases completed 34 147 households benefitting from completed project phases 24 district municipalities benefitting 244 of job opportunities created
Actual outputs achieved	<ul style="list-style-type: none"> 39 bulk project phases initiated 6 project phase phases completed 96 254 households benefitting from completed project phases 24 district municipalities benefitting 237 of job opportunities created
Amount per amended DORA (R'000)	1 963 000
Amount transferred (R'000)	1 963 000
Reasons if amount as per DORA not transferred	N/A
Amount spent by the municipalities (R'000)	1 524 088
Reasons for the funds unspent by the municipalities	Delays by municipalities to appoint services providers, delayed the implementation of projects, which resulted in under expenditure of budget. Stoppages of works in some case due to community and labours delayed the implementation of projects which had negative impact on spending of the budget.
Monitoring mechanism by the transferring department	Site visits, performance evaluation, monthly, quarterly reporting in line with Division of Revenue



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

Municipality to which the grant has been transferred	Various municipalities appointed as Implementing Agents by the Department
Purpose of the grant	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 10 294 households provided with water through reticulated water supply or source identification; • 5 012 households provided with sanitation through on site sanitation; • 5 012 of households reached by health and hygiene awareness and end user education; • 66 of job opportunities created
Actual outputs achieved	<ul style="list-style-type: none"> • 28 031 households provided with water through reticulated water supply or source identification; • 5 012 rural households provided with sanitation through on site sanitation; • 5 012 households reached by health and hygiene awareness and end user education; • 63 of job opportunities created
Amount per amended DORA (R'000)	4 777 267
Amount transferred (R'000)	4 777 267
Reasons if amount as per DORA not transferred	N/A
Amount spent by the municipalities (R'000)	2 334 593
Reasons for the funds unspent by the municipalities	<p>Delays in the procurement of services resulting in the shortened implementation period, most municipalities await first payment to reflect in their account and only then they embark on the procurement drive. Continued state of volatility within municipalities due to high key personnel turn over affecting the implementation of the project. Augmentation of allocation on the baseline, allocation to municipalities was increased further by R1.3 billion for drought and the allocation was transferred in February 2019, this further burdened municipalities as they could not implement this allocation within the remained period of four month.</p>
Monitoring mechanism by the transferring department	Site visits, performance evaluation, monthly, quarterly reporting in line with Division of Revenue



6.2 Conditional grants and earmarked funds received

The tables below details the conditional grants and ear marked funds received during for the period 1 April 2018 to 31 March 2019.

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

Purpose of the grant	<ul style="list-style-type: none"> To develop new, refurbish, upgrade and replace ageing water and waste water 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	<ul style="list-style-type: none"> 46 regional bulk project phases initiated 11 project phase phases completed 49 138 households benefitting from completed project phases 21 district municipalities benefitting 352 of job opportunities created
Actual outputs achieved	<ul style="list-style-type: none"> 42 regional bulk project phases initiated 9 project phase phases completed 138 512 households benefitting from completed project phases 21 district municipalities benefitting 341 of job opportunities created
Amount per amended DORA (R'000)	2 880 922
Amount received (R'000)	2 880 922
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	2 367 131
Reasons for the funds unspent by the entity	Municipalities are still implementing project until end of June (i.e. the end of the municipal financial year)



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

Purpose of the grant	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 15 638 households in formal settlements provided with sanitation through bucket eradication; • 15 638 households reached by health and hygiene awareness and end user education; • 8 job opportunities created
Actual outputs achieved	<ul style="list-style-type: none"> • 2 019 households in formal settlements provided with sanitation through bucket eradication; • 2 019 households reached by health and hygiene awareness and end user education; • 8 job opportunities created
Amount per amended DORA (R'000)	608 175
Amount received (R'000)	608 175
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	578 398
Reasons for the funds unspent by the entity	Municipalities are still implementing project until end of June (i.e. the end of the municipal financial year)



7 DONOR FUNDS

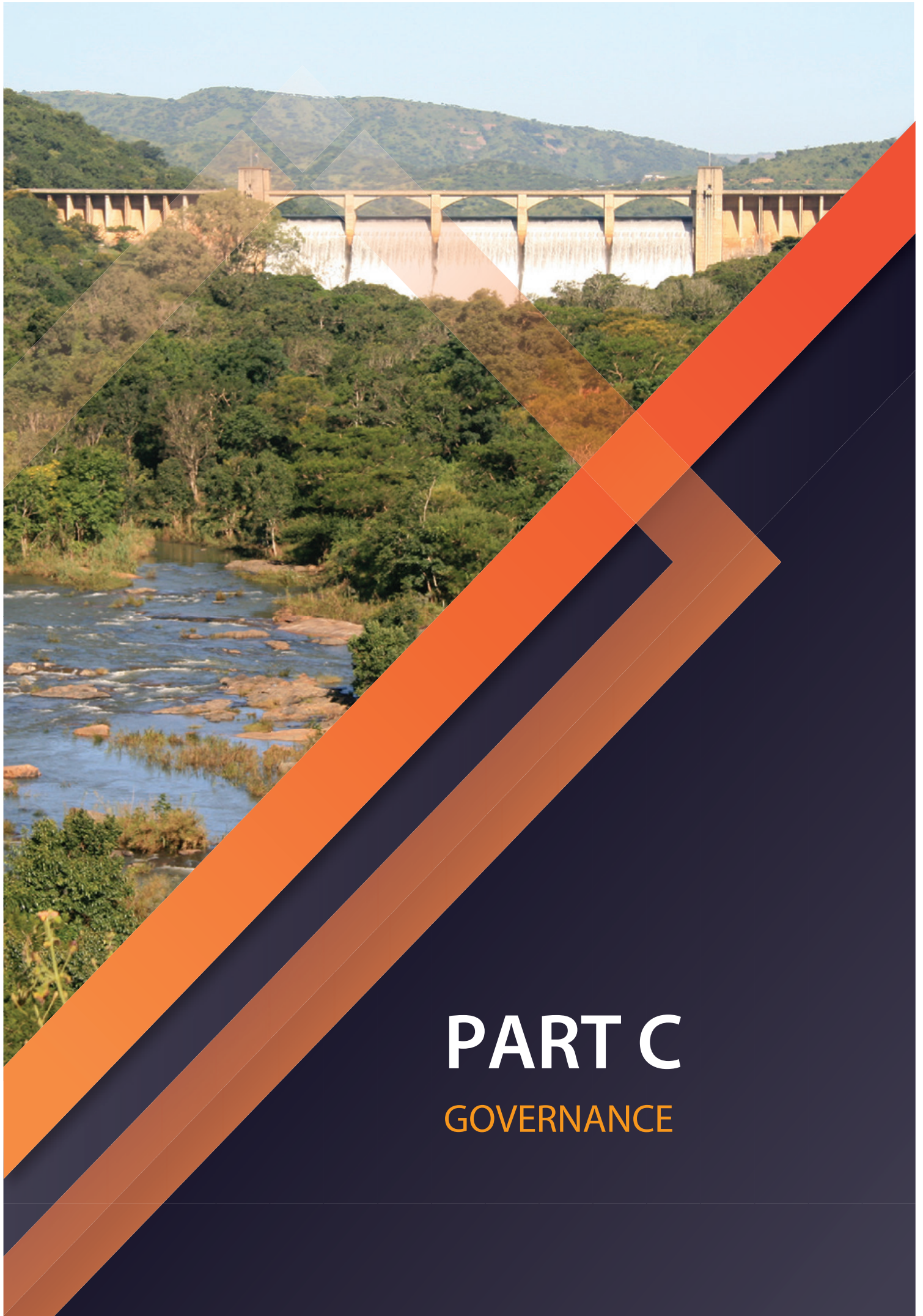
7.1 Donor funds received

- None

8 CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

Infrastructure projects	2017/18				2018/19		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
New and replacement assets	3 769 504	3 215 701	553 803	3 417 741	2 524 358	893 383	
Existing infrastructure assets	129 395	88 463	40 932	109 548	54 176	55 372	
Upgrades and additions	48 143	39 691	8 452	25 317	18 379	6 938	
Rehabilitation, renovations and refurbishments	78 153	45 717	32 436	80 454	32 020	48 434	
Maintenance and repairs	3 098	3 055	43	3 777	3 777	-	
Infrastructure transfer	7 914 376	7 777 918	136 458	9 910 149	9 910 149	-	
Current	1 101 031	933 798	167 233	391 273	391 273	-	
Capital	6 904 345	6 844 120	60 225	9 518 876	9 518 876	-	
Total	11 813 275	11 082 082	731 193	13 437 438	12 488 683	948 755	



PART C

GOVERNANCE

1 INTRODUCTION

The commitment by the Department to maintain the highest standards of governance is fundamental to the management of public funds. This section reviews the Department's responsibilities and practices; policies and procedures to assess if the strategic direction ensured that the objectives were achieved, risks were managed and resources were used responsibly and within accountability. In other words, this section will provide the Department's performance (i.e. the ability to deliver services); conformance (i.e. how the legal requirements were met) and community expectations (i.e. Parliamentary Committees).

2 RISK MANAGEMENT

The organisation has in place an approved risk management framework, policy and strategy which guide the risk management process. The organisation's Risk Management Committee (RMC) provides oversight of the organisation's risks and its control environment. The organisation's approach to risk management is based on established governance processes and relies on both individual responsibility and collective oversight, supported by comprehensive reporting. Acknowledging the complex and changing risk environment, continuous risk assessments are conducted to identify any emerging risks that could negatively impact on the organisation achieving its objectives. The organisation continues to re-evaluate its risk processes to ensure continuous improvement.

Through the RMC as well as the Audit Committee assurance was provided that the organisation 20 strategic risks were being mitigated. Despite the challenging environment the organisation finds itself in, especially on implementing projects that were not budget for, the organisation was able to reduce the residual risk rating for some of these risks. However, much work still needs to be done to further strengthen the control environment, especially in the area of project management, irregular, fruitless, wasteful and unauthorised expenditure and governance in general. The water debt owed by water boards, municipalities and other users remains a serious constraint to the organisation and will receive greater focus going forward.

In improving its risk management capability the organisation recently appointed an independent person as Chairperson of the Risk Management Committee thereby holding management more accountable for the management of their risks. The organisation is currently working with various stakeholders in developing a Good Governance Plan to address some of the challenges in finance, supply chain management, project management and governance, to name a few.

3 FRAUD AND CORRUPTION

During the risk assessment process, the Department has also considered its fraud risks exposure. In an attempt to minimise and to ensure their subsequent elimination, the Department put various measures in place. The Department has adopted zero tolerance to fraud and corruption and has approved a fraud policy as well as an anti-corruption and fraud prevention plan.

In its fraud policy, the Department subscribes to the Protected Disclosure Act. This means employees who have reported incidents of fraud and corruption are protected from any form of occupational detriment. The anti-corruption and fraud prevention plan is an overall plan that sets out how the Department will reduce fraud and corruption. It sets out the activities that the Department will carry out to limit or eliminate the exposure of corruption and fraud. This was implemented during the financial year and is reviewed annually.

As part of the Department's pro-active fraud prevention measures, the Directorate: Forensic Audit & Quality Assurance held 27 fraud awareness sessions to various directorates within the Department and 749 officials were in attendance. This was done to ensure that the officials are kept abreast of different ways in which the Department could be exposed to the risk of fraud and corruption and to deter officials from engaging in fraud and corrupt activities. The awareness sessions are targeted at new officials during their induction programme and existing officials throughout the Department (including the regions and clusters). These workshops are aimed at increasing vigilance of the officials.



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

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

The Department’s Forensic Investigations Unit remains independent, free of bias and aspires to remain free of any kind of influence. All managers are responsible for the detection and prevention of fraud and corruption.

4 MINIMISING CONFLICT OF INTEREST

The Public Service Code of Conduct sets standards for ethical conduct in the Public Service and is supported by the Financial Disclosure Framework that requires various categories of employees to declare their financial interests annually. During the 2018/2019 financial year the following categories of employees declared their financial interests as indicated in the table below:

Group	Submitted	Not submitted	Total	% compliance
Senior Management Service - SMS (April 2018)	188	0	188	100%
Employees equivalent to level 13 and above through the OSD.	372	16	388	95.9%
Employees on level 12 (June 2018)				
Employees on salary level 11 and OSD equivalent	1087	76	1163	93.5%
Branch: Finance (Main) and WTE required to submit (July 2018)				

Note: Action taken in respect of non-compliance: Letters of warning were issued to all employees who did not comply with the directive of disclosing their financial interests within the required timeframes. Some employees were on maternity leave, suspension or hospitalized during this period and were unable to disclose. These employees were excluded from receiving warning letters.

During the period under review, a total of 81 applications for remunerative work were received of which 73 were approved, 2 were declined and 6 were awaiting approval.



5 CODE OF CONDUCT

The Department of Water of Sanitation subscribes to the Public Service Code of Conduct and continuous awareness is created focusing on work ethics and other aspects covered by the Code. The Compulsory Induction Programme (CIP) also creates awareness of the Code to new employees who join the Department.

Those employees who transgress the provisions of the Code are dealt with in terms of the Disciplinary Code and Procedures of the Public Service.

6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

As required by the Section 19 of the Occupational Health and Safety (OHS) Act, the Department has an established Committee that meets and reviews health and safety issues on a quarterly basis. The work of the committee is supported by Safety Officers who are appointed in all departmental offices to ensure the implementation of the OHS policy in the various areas of work. The officers undertake periodic inspections and report to the OHS Committee, which are also submitted to Top Management for discussion and approval of recommendations.

To minimise incidents of injury on duty, officers receive regular training and awareness campaigns are carried out across the Department, with special focus on employees engaged in construction and infrastructure maintenance.

7 PORTFOLIO COMMITTEES

Parliament is vested with legislative authority as well as overseeing delivery of services to all South African citizens by government. In exercising its mandate, parliament must also facilitate public involvement and co-operative government within all spheres of government.

The work of Parliament is done through the two Houses of Parliament; the National Assembly as well as the National Council of Provinces through which the interests of provinces are represented in law making and oversight. It is also Parliament that appropriates funding on behalf of government following scrutiny of government plans for implementation of service delivery programmes.

Parliament ensures that government remains answerable to the people through the work of its multi-party committees that include the Portfolio and Standing Committees of the National Assembly; and Select Committees of the National Council of Provinces. The Committees hold government accountable by monitoring the expenditure of funds in line with the priorities that government commits to in its yearly plans. Parliament also undertakes oversight visits to different provinces to verify service delivery as reported by government. The oversight visits also afford Parliamentary Committees an opportunity to interact with different communities and assess whether services are delivered in accordance with plans tabled before Parliament.



During the year under review, the department had a total of forty two (42) interactions with Parliament committees. These interactions are as follows:

- There were twenty nine (29) meetings with the Portfolio Committee of Water and Sanitation (PCWS)
- There were three (3) engagements with the Select Committee on Social Services (SCSS)
- There were two (2) engagements the Standing Committee on Appropriations (ScaA)
- There were three (3) engagements Standing Committee on Public Accounts (SCOPA)
- There were three (3) oversight visits to the Free State, Gauteng and the North West
- Issues raised by different committees of Parliament fall into three (3) main categories; namely:
- Department's performance which includes performance of the department and related entities, including the Water Boards
- Conformance, in terms of which the department accounts on the extent to which it has complied with legal requirements
- Matters of community interests such as how the department is addressing challenges arising in relation to delivery of water and sanitation services.



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

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
12 September 2018	<p>Department's performance</p> <p>Quarter 4 and Quarter 1 Performance Reports</p>	<p>Committee enquired on the development of the Water and Sanitation National Master Plan</p>	<p>Draft of the national water and sanitation master plan has been developed and is being consulted with sector stakeholders.</p> <p>The department indicated that the master plan details the financial requirements in the water and sanitation sector. The Master Plan also included a requirement of an investment over 10 years of R900 billion, or R90 billion per annum. In the R90 billion break down of 70% would go into water, and 20% into sanitation.</p> <p>The Master Plan points out the priority actions required until 2030 and beyond to ensure the water security and equitable access to water and sanitation services for all in RSA.</p> <p>Ensure integrated planning and development across the entire water value chain (focus on <i>misalignment where bulk infrastructure has been provided without provision made for reticulation</i>).</p> <p>Cabinet had approved a decision for nine catchment management agencies in 2013. The idea was to establish Catchment Management Agencies (CMAs) in all the nine provinces to manage water resources at the local level.</p> <p>In 2017, another decision to establish only one centralized CMA was made in line with cost containment efforts. The decision has since been reviewed, and the department is currently in the process of establishing CMA in all nine provinces.</p>
13 February 2019	<p>Bucket Eradication & War on Leaks: DWS & Rand Water inputs</p>	<p>Committee requested a full report on the War On Leaks programme.</p> <p>Committee enquired as to whether the Department still owed implementing agents such as Rand Water and EWSETA.</p> <p>Committee also queried whether the programme should be implemented by the Department of Water and Sanitation, because of the issues of irregular and wasteful expenditure raised by the Auditor-General (AG).</p>	<p>The 'War on Leaks' programme had previously been budgeted for from revenue through the Water Trading Entity (WTE), and it had been the Department's intention to fund the programme through revenue, and not from the fiscus in the main account. Additional funds were not obtained by the Department, and the only way it could fund the programme was through the WTE. In 2016/2017, R1 billion had been budgeted for and paid by the WTE.</p> <p>A problem had arisen in April 2017, when the bank account of the WTE had been closed by NT due to the overdraft. R737 million would be required for 'War on Leaks' in the 2018/2019 financial year, but the Department would not be able to budget for the programme through the main account from the available R165 million. The Department would nonetheless continue looking for alternative means of funding the programme.</p>



Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
Department's conformance			
02 May 2018	Department of Water and Sanitation briefing on the Annual Performance Plan	<p>The Committee requested a clear breakdown of the monies that are owed to the Water Boards.</p> <p>The Committee raised concern that there would be no money funding for infrastructure projects in the 2018/19 financial year due to a shortfall R4.5 billion as reported by the DWS in its submission to the committee.</p>	<p>The DWS provided an explanation on the shortfalls for the 2018/19 financial year as follows:</p> <ul style="list-style-type: none"> • Giyani Water Services, Butterworth Emergency; Maintenance of Infrastructure (e.g. War on Leaks); • Accruals; • Outstanding transfers to municipalities and Water Boards; • Funds to be surrendered to National Treasury (R486 million); • The Water trading Entity (WTE) overdraft. • The total confirmed shortfall is R1 575 408 000; the total additional projected shortfall is R1 507 292 000; therefore, there is a total shortfall of R3 082 700 000 in the 2018/19 financial year.
<p>The Department has to find a minimum amount of R1.5 billion of the confirmed shortfall from the current budget. The Department has a budget of R15.5 billion for the 2018/19 financial year. Of this amount, the amounts that are exclusively appropriated and cannot be used for anything else are R10.9 billion, comprised of salaries (R1.7 billion); transfers to municipalities (R5.4 billion); transfers to water boards and KOBWA (R903 million); WTE augmentation (R2.2 billion); and earmarked funds for the Buckets Eradication Programme (BEP) at R608 million.</p> <p>For the 2018/19 financial year, the WTE budgeted to spend R748 million less than the expected revenue in order to reduce the overdraft. The WTE has written to National Treasury to request that the overdraft be decreased by another R748 million during 2018/19</p>			





Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department																																												
06,12,13 and 19 March 2019	<p>Meetings with Water Boards held on for the Water Boards to brief the Committee on their Annual Reports for 2018/19 including:</p> <ul style="list-style-type: none"> a) Bloem Water b) Amatola Water c) Rand Water d) Sedibeng Water e) Lepelle Northern Water f) Umgeni Water g) Mhlathuze Water h) Magalies Water i) Overberg Water 	<p>Committee requested that details of the debt of the DWS to the Water Boards be submitted</p>	<p>Details of debt owed by DWS to Water Boards:</p> <table border="1" data-bbox="279 145 598 862"> <thead> <tr> <th>Name</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Amatola Water Board</td> <td>23 510 388.00</td> </tr> <tr> <td>Rand Water Board</td> <td>307 221 713.00</td> </tr> <tr> <td>Magalies Water Board</td> <td>65 247 429.00</td> </tr> <tr> <td>Sedibeng Water Board</td> <td>259 120 008.00</td> </tr> <tr> <td>Lepelle Water Board</td> <td>456 746 725.00</td> </tr> <tr> <td>UMhlathuze Water Board</td> <td>40 745 366.00</td> </tr> <tr> <td>Total</td> <td>1 152 591 629.00</td> </tr> </tbody> </table>	Name	Amount	Amatola Water Board	23 510 388.00	Rand Water Board	307 221 713.00	Magalies Water Board	65 247 429.00	Sedibeng Water Board	259 120 008.00	Lepelle Water Board	456 746 725.00	UMhlathuze Water Board	40 745 366.00	Total	1 152 591 629.00																												
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		<p>Non- payment of debt to the Water Boards by Municipalities</p>	<p>An Inter-Ministerial (IMTT) Task Team had been established to deal with the matter of outstanding debt to Water Boards by municipalities</p> <p>Details of debt owed to Water Boards by municipalities as at March 2019 were as follows:</p> <table border="1" data-bbox="805 145 1284 862"> <thead> <tr> <th>Water boards</th> <th>Outstanding balance</th> <th>Current</th> <th>Arrears</th> </tr> </thead> <tbody> <tr> <td>Amatola</td> <td>50 476 474.53</td> <td>5 444 414.36</td> <td>45 032 060.17</td> </tr> <tr> <td>Bloem Water</td> <td>966 953 314.6</td> <td>91 430 017.82</td> <td>875 523 296.8</td> </tr> <tr> <td>Lepelle Northern Water</td> <td>490 261 855.9</td> <td>46 772 550.1</td> <td>443 489 305.8</td> </tr> <tr> <td>Magalies Water</td> <td>144 094 000.9</td> <td>45 738 991.67</td> <td>98 355 009.23</td> </tr> <tr> <td>Mhlathuze Water</td> <td>41 353 929.58</td> <td>23 493 700.76</td> <td>17 860 228.82</td> </tr> <tr> <td>Overberg Water</td> <td>6 162 255.14</td> <td>1 649 810.92</td> <td>4 512 444.22</td> </tr> <tr> <td>Sedibeng Water</td> <td>3 719 813 360</td> <td>8 991 015.98</td> <td>3 629 903 200</td> </tr> <tr> <td>Rand Water</td> <td>2 442 944 131</td> <td>1 314 401 396</td> <td>1 128 542 735</td> </tr> <tr> <td>Umgeni Water</td> <td>520 222 463.1</td> <td>398 507 759.6</td> <td>121 714 703.5</td> </tr> <tr> <td>Total</td> <td>8 382 281 785</td> <td>2 017 348 801</td> <td>6 364 932 984</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • The Department of Water and Sanitation is assisting the Water Boards with interventions to recover debt from municipalities. • Some of the debt also due to water losses due to ageing infrastructure within municipalities 	Water boards	Outstanding balance	Current	Arrears	Amatola	50 476 474.53	5 444 414.36	45 032 060.17	Bloem Water	966 953 314.6	91 430 017.82	875 523 296.8	Lepelle Northern Water	490 261 855.9	46 772 550.1	443 489 305.8	Magalies Water	144 094 000.9	45 738 991.67	98 355 009.23	Mhlathuze Water	41 353 929.58	23 493 700.76	17 860 228.82	Overberg Water	6 162 255.14	1 649 810.92	4 512 444.22	Sedibeng Water	3 719 813 360	8 991 015.98	3 629 903 200	Rand Water	2 442 944 131	1 314 401 396	1 128 542 735	Umgeni Water	520 222 463.1	398 507 759.6	121 714 703.5	Total	8 382 281 785	2 017 348 801	6 364 932 984
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Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
16 May 2018	Auditor-General & Treasury input on audit & financial management at the Department of Water and Sanitation	<p>Appointment of Board Members of Water Boards and approval thereof by Cabinet</p> <p>Committee enquired on measures being implemented by the Department to turn the state of finances of the department around</p>	<p>In respect of replacing Board members, processes commenced in February 2018. The following Boards had been appointed by March 2019:</p> <ul style="list-style-type: none"> • Rand Water in October 2018 • Umhlatuze Water in December 2018 • Bloem Water in March 2019 <p>New controls introduced at the Department had drastically reduced new instances of irregular expenditure, but the irregular expenditures were expected to keep increasing because of payments for old irregular contracts. Among the controls for all new contracts were:</p> <p>Standard operating procedures for Ministerial directives;</p> <p>Finance Circular 7 requiring implementing agents to comply with Supply Chain Management (SCM) procedures;</p> <p>Finance Circular 8 requiring supporting SCM documentation to be provided by IA before payment;</p> <p>The Memorandum of Understanding (MoUs) for implementing agents (IAs) had been revised.</p>
Matters of community interest			
13-17 August 2018	Oversight visit to the North West, Free State and Gauteng Province	<p>On 13 to 17 August 2018, the Portfolio Committee conducted a follow-up oversight visit to the North West, Free State and Gauteng Province to determine the progress made with regard to addressing sewage spills into streams and the Vaal River.</p> <p>The Committee raised concerns regarding the continued contamination of the Vaal River system which is of national and provincial strategic significance</p>	<p>The cost estimate to implement the overall Sedibeng Regional Sanitation Scheme (SRSS) is estimated at about R 4,31 billion.</p> <p>Rand Water Board was appointed as the implementing agent in September 2013 in terms of an infrastructure funding agreement between Emfuleni Local Municipality and the Department of Water Sanitation. Service providers appointed by the municipalities after being subjected to due diligence by Rand Water, were ceded to the water board for implementation and management.</p> <p>SANDF was brought in to assist with the cleanup of the Vaal system as part of inter-governmental relationship to assist the Department, Rand Water and the Emfuleni Local Municipality.</p>



Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
15 – 16 August 2018	Joint Oversight to the Free State Province with the Standing Committee on Appropriation on the Bucket Eradication Programme	<p>The Department of Water and Sanitation was requested to provide a report on support provided to the Dr Ruth Segomotsi Mompati District Municipality to assist with the challenges related to bulk water supply shortfalls</p> <p>Progress on the implementation of the Bucket Eradication Project in the Free State</p>	<p>The bulk water supply shortfalls within the Dr Ruth Segomotsi Mompati District, especially in the Greater Taung and Naledi Local Municipalities resulted in projects being implemented to augment the regional bulk water supply scheme to the Naledi and Greater Taung Local Municipalities.</p> <p>In respect of assistance to local municipalities within the Metropolitan Municipality, the Department of Water and Sanitation is responsible for implementing the Bucket Eradication Programme at the Setsoto Local Municipality; whilst the Mangaung Metropolitan Municipality is responsible for the remaining local municipalities, such as Clocolan; Marquard and Senekal Local Municipalities.</p> <p>The total expenditure as at August 2018 on the Bucket Eradication Programme in Free State was R1.363 billion. Cost escalations were experienced within the province due to hard rock at some project sites.</p> <p>The projects not finalised due to incomplete bulk infrastructure and/or incomplete internal reticulation within Free State includes Reitz, Petrus Steyn, Arlington, Senekal, Clocolan, and Ficksburg.</p>



8 SCOPA RESOLUTIONS

There were no resolutions for the period under review.

9 PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Department of Water and Sanitation		
<p>Commitments</p> <p>The department did not have adequate systems in place to process records related to projects of Regional Bulk Infrastructure and Water Service Infrastructure grants, required to reconcile the amount that had been approved and/or contracted against the amount spent to date as at year end, in determining the remaining balance still to be incurred. Consequently, the commitments amount as disclosed in note 21 to the financial statements, is overstated by R801 million.</p>	2017/18	<p>Resolved</p> <p>Reconciliation was done on the commitment schedules from the inception of each contract to the 31 March 2018 and expenditures were reconciled from the start of contracts till 31 March 2018.</p> <p>Accruals -Accruals as at 31 March 2018 was also reconciled as per the final accrual listing. Appointment letters-Appointments amounts were reconciled by the appointment letters. Approved variations were also verified accordingly.</p> <p>Omission/errors- Miscalculation on the schedules/ calculation errors were identified on the schedules and corrected.</p> <p>The reconciliation for commitment is performed on a monthly basis and regional reports are forwarded to Head Officer for consolidation.</p>
<p>Fruitless and wasteful expenditure</p> <p>The department entered into some contracts with implementing agents to construct capital infrastructure on an emergency basis during the past few years. The department did not have an adequate system of control, which includes proper project management and costing techniques in line with construction norms and standards, to ensure that value for money was received. In this regard, the department's processes were inadequate to ensure that all fruitless and wasteful expenditure was identified and disclosed. I was unable to confirm the completeness of the fruitless and wasteful expenditure disclosed, which I could also not confirm by any alternative means. Consequently, fruitless and wasteful expenditure as disclosed in note 26 to the financial statements is understated. I was not able to determine the full extent of the understatement, as it was impracticable to do so.</p>	2016/17	<p>Resolved</p> <p>A template for monthly monitoring for prevention, identification and reporting fruitless and wasteful expenditure has been designed and distributed to responsible managers and regional offices for implementation.</p> <p>Monthly reporting is done by the regions and head office, and is monitored monthly. Head office consolidates the monthly reports and reconcile for accuracy and completeness.</p>



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
<p>Irregular expenditure</p> <p>Section 38(1)(c)(ii) of the PFMA requires the department to include in their annual financial statements particulars of any irregular expenditure. The system of control within the department was inadequate to ensure that all irregular expenditure was identified and disclosed by the department. This did not allow me to confirm the irregular expenditure disclosure, which I could also not confirm by alternative means. Consequently, irregular expenditure as disclosed in note 25 to the financial statements is understated. I was not able to determine the full extent of the understatement, as it was impracticable to do so.</p>	2016/17	<p>Resolved</p> <p>Reviewed or visited all historical information of prior year to determine if all Irregular Expenditure transactions were disclosed as required by law and fully disclosed.</p> <p>The following process was undertaken reported by regions:</p> <ul style="list-style-type: none"> • Developed a template for regions to visit all transactions made and identified the irregular expenditure. • Identified all historical audit findings for the purpose of disclosure. • Visited all transactions made for the audit period to determine if any awards of contract have been irregularly awarded such as the DBAC decisions where quorum was not formed. <p>The template that was provided to the regions for reporting purposes was then completed accordingly by the regions and had to confirm the completeness of the irregular expenditure. This process is performed continuously on monthly basis.</p>
<p>Material uncertainty relating to going concern</p> <p>I draw attention to the matter below. My opinion is not modified in respect of this matter.</p> <p>As stated in note 2 of the accounting policies to the financial statements, the department had an overdraft of R119 million (2016-17: R193 million), cumulative unauthorised expenditure of R933 million (2016-17: R406 million), and accruals and payables to the value of R2,005 billion (2016-17: R1,572 billion) as at 31 March 2018. As further stated in note 2, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the department's ability to continue as a going concern (thus its ability to undertake its objectives where the vote has been depleted).</p>	2016/17	<p>In progress</p> <p>The department overdrawn bank balance for 2018/19 financial year amounted to R896 million. It increased by R777 million compared to the previous financial year (2017-18) closing balance of R119 million.</p> <p>Management has put the following measures in place to reduce the expenditure and to utilise the saving improve bank overdraft.</p> <ul style="list-style-type: none"> • Cost containment measures are implemented as per the National Treasury instructions to cap the cost. • Moratorium is placed on filing of non-critical post to save cost. • Budget cuts are implemented to reduce excessive expenditures.
Water Trading		
<p>Property, plant and equipment</p> <p>I was unable to obtain sufficient appropriate audit evidence for the carrying amount to assets under construction: infrastructure assets and related impairment as the entity did not have adequate systems in place to reconcile the carrying amount of assets under construction: infrastructure assets to the specific projects and did not assess the carrying amount for indicators of impairment as required by GRAP 21 Impairment of non-cashgenerating units.</p>	2016/17	<p>In progress</p> <p>Reconciliations of the assets under construction account (AUC) is performed on a regular basis to ascertain the accuracy of the carrying amount and the provision for impairments.</p> <p>The exercise for verifying the costs of AUC has been completed and proper reconciliation with the TCTA amounts has been done.</p>



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
<p>I was unable to confirm the carrying amount of assets under construction: infrastructure assets by alternative means. In addition, completed and commissioned assets were not transferred to the completed infrastructure assets register. Further to this, certain completed assets which had indicators of impairment, were also transferred from assets under construction to completed infrastructure assets without factoring into account these impairment indicators. Consequently, I was unable to determine whether any further adjustments were necessary to assets under construction: infrastructure assets and completed infrastructure assets stated at R12,290 billion (2016-17: R12,140 billion) and R57,676 billion (2016-17: R57,817 billion) respectively in property, plant and equipment disclosed in note 16 to the financial statements.</p>		
<p>Fruitless and wasteful expenditure</p> <p>I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figures to confirm the fruitless and wasteful expenditure included as described in the note 32 to the financial statements as the entity did not implement adequate controls to identify and record all fruitless and wasteful expenditure as required by section 40(3)(b)(i) of the PFMA. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to fruitless and wasteful expenditure stated at R1,023 billion (2016-17: R490 million) in note 32 to the financial statements.</p>	2016/17	<p>Resolved</p> <p>Prior year corresponding figures for fruitless and wasteful expenditure were adjusted and restated accordingly in the financial statements for 2018/19 financial year.</p> <p>Management revisited the previous year's projects to establish whether all fruitless and expenditure related to the projects identified and recorded in the register, and reported according.</p> <p>The entity has developed and maintains a register for fruitless and wasteful expenditure for completeness and reporting of fruitless and wasteful expenditure.</p>
<p>Material uncertainty relating to going concern</p> <p>I draw attention to the matter below. My opinion is not modified in respect of this matter.</p> <p>As stated in Note 1.6 of the accounting policies in the financial statements, the entity incurred a deficit of R573 million (2016-17: R3,764 billion) during the year ended 31 March 2018. Furthermore, the entity incurred an overdraft of R1.412 billion (2016-17: R2.187 billion) as disclosed in note 19 to the financial statement, accruals and payables to the value of R1.424 billion (2016-17: R1.519 billion) as disclosed in note 18 to the financial statement. As stated in Note 1.6 of the accounting policies, these events or conditions, along with other matters as set forth in Note 1.6, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Furthermore the entity's budget for 2018-19 was only approved on the 3rd of August 2018.</p>	2016/17	<p>In progress</p> <p>WTE had an operating surplus of R8.06 billion which was realized for the financial year 2018/19. Although the bank overdraft of the entity has increased by R39 million from R1.114 billion (2017/18).</p> <p>The current ratio of 1.22 times in 2018/19 compared to 1.0 times in 2017/18 has improved. The improvement of this ratio indicates that the entity has liquid assets that will be able to meet short-term obligations should they become due.</p> <p>The total assets of WTE exceed the total liabilities by 4.47 times in 2018/19 compared to 3.14 in 2017/18. This indicates that the entity is not solvent; it will be able to operate in the feasible future.</p>



10 INTERNAL CONTROL UNIT

The key function of the Internal Control is to monitor and conduct an on-going evaluation to ascertain whether each of the components of internal control, including controls to implement the principles within each component, is present and functioning.

The Unit performed activities that were in its Annual Operation Plan for the financial year end 31 March 2019. The activities during the period under review are summarised below:

Compliance reviews

Compliance reviews were conducted on some of internal controls that were implemented by the Department to ensure that they comply with the applicable prescripts and are adequately designed and functioning effectively as intended.

Coordination of audit

External audit review processes were coordinated through Internal Control for quality control, timely respond to required information and management response. All outstanding audit matters were attended and resolved.

Follow-up on audit recommendations

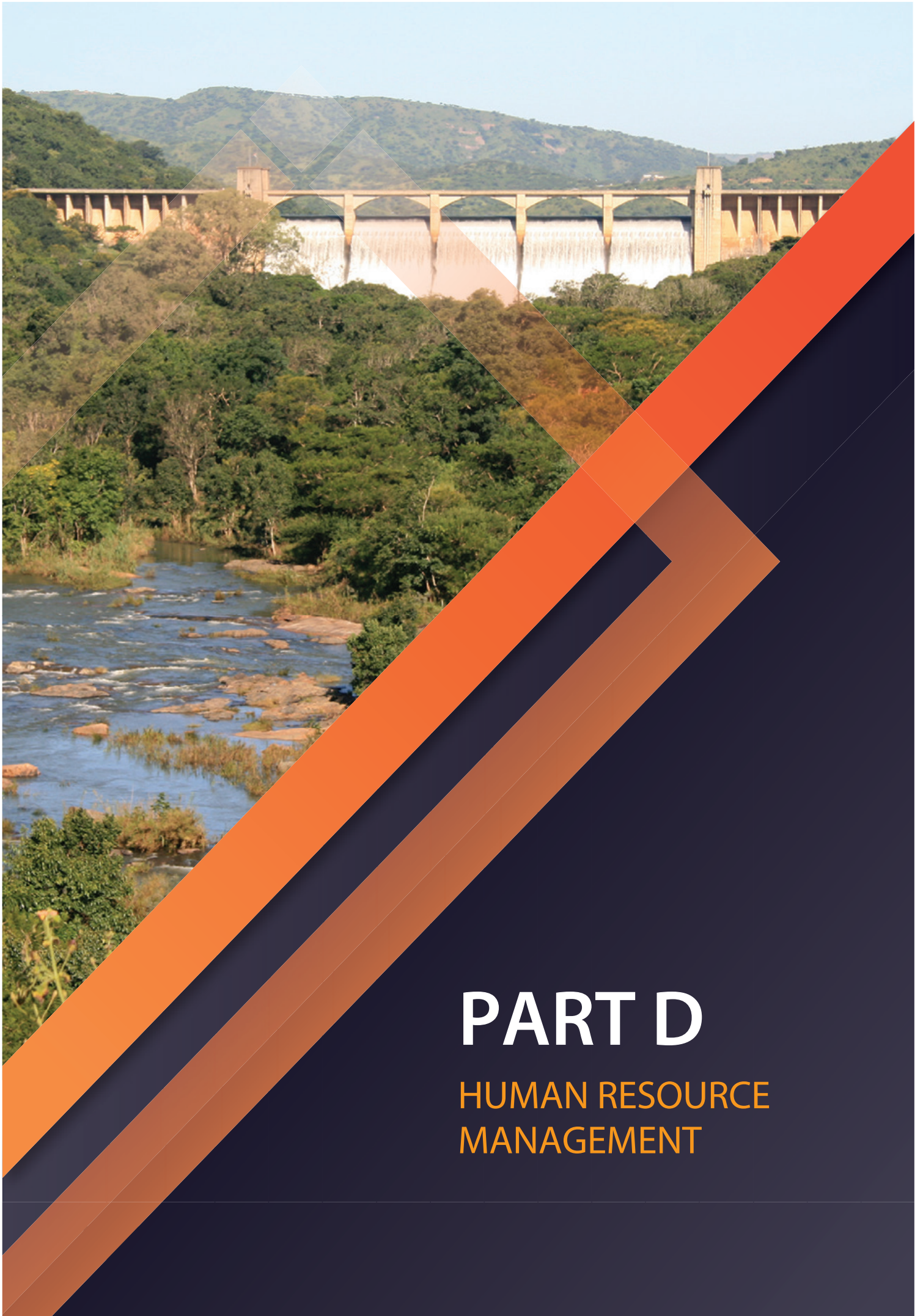
Audit recommendations that were issued have been implemented to ensure that all the identified internal control deficiencies and weakness are addressed. The implementation of these recommendations has ensured that the controls of the identified weakness have been corrected. However some of the issues are still in-progress: The overdrawn bank balance does not cast significant doubt on the going concern of the department.

- Risk management
- Quarterly risk sessions were conducted to monitor progress on the implementation of the risk mitigation controls put in place and to identify new emerging risks that may impose threats to the department in achieving its objectives.

Investigation

Internal Control Unit provided support to expedite the investigations and to reduce backlog on cases related to Irregular expenditure and Fruitless and wasteful expenditure. This is attributable to staff shortages experienced by Risk Management Unit.





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

During the tabling of the Minister's Budget Vote Speech on 22 May 2018, a new streamlined organogram of the Department was introduced which is aligned to the Five Pillar Turn-around Strategy. An interim organisational structure was subsequently implemented with the view to developing a reviewed structure that will support the Medium Term Strategic Framework (MTSF) for the period 2019 – 2024. During the past two financial years, various processes related to organisational design and service delivery enhancement were developed and finalised. These include a diagnostic analysis, organisational functionality assessment (OFA) and business process mapping. In addition, the Department has finalised its service delivery model and the following deliverables that relate to the operations management framework have also been developed; service standards, standard operating procedures, service delivery improvement plan and the service charter.

Arising from further cost containment measures, the budget cuts on the employee compensation budget for the 2019 MTEF has necessitated a further review of the critical posts that will have to be filled in future. The reprioritised list of vacancies focusing mainly on scarce and critical posts in the core functions of the Department that was developed and adopted in the 2018/19 financial year, will be filled in the 2019/2020 financial year. The department continued to fill critical vacancies during the period under review and recorded a 13.7% vacancy rate as at 31 March 2019. In addition to permanent filled posts, the department also employed a total of 1055 employees additional to the staff establishment. The majority of these employees are employed as graduate trainees, candidate engineers and scientists as well as contract employees who work within the Water Use License Authorisation Unit. The main reason for the slightly higher than planned vacancy rate was as a result of the anticipated budget cuts on employee compensation for the 2018/19 financial year. Some of the posts that were initially earmarked for filling in the 2018/19 financial year had to be placed on hold pending a reprioritisation of critical posts in line with the budget allocations.

The Learning Academy managed to place 549 engineers and scientists into permanent positions. The department continued to increase the intake of new graduate trainees with the aim of closing the skills gap in the water sector and also to continue to fill critical vacant positions. The Department has also been successful in the implementation of training interventions in line with the departmental Workplace Skills Plan whereby a total of 2823 employees benefitted from training and development interventions.

The female representation at Senior Management level has slightly decreased to 43% on 31 March 2019, as compared to 46.33% as at 31 March 2018. The current vacancies that are being filled within the department should improve female representation by March 2020. With regard to the employment of persons with disabilities, the department recorded an employment % of 1.03%. Special focus will have to be given to moving closer towards the 2% target in the following financial year.

The following HR related policies were consulted with organised labour in the Departmental Bargaining Chamber (DBC) and it is expected that these policies will be approved and implemented in the 2019/2020 financial year:

- Human Resource Development Policy.
- Performance Management and Development Policy.
- Bursary Policy

The employer and organised labour also entered into a collective agreement in the DBC with regard to various employment-related matters that affect a range of occupational classes and levels.



3 HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

Table 3.1.1: Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	1 634 006	736 033	3 186	0	45%	479
Water Planning and Information Management	689 717	428 982	220	0	62%	490
Water Infrastructure Development	14 013 071	211 827	188	0	2%	536
Water Sector Regulation	282 641	227 198	180	0	80%	589
Total	16 619 435	1 604 040	3 774	0	10%	502

Table 3.1.2: Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Personnel expenditure including transfers (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee
Lower skilled (Levels 1-2)	15 094	0.9	87	173 494
Skilled (Levels 3-5)	139 973	8.7	592	236 441
Highly skilled production (Levels 6-8)	433 993	26.9	1 122	386 803
Highly skilled supervision (Levels 9-12)	755 238	46.8	985	766 739
Senior management (Levels >= 13)	166 794	10.3	143	1 166 392
Contract (Levels 1-2)	309	0	8	38 625
Contract (Levels 3-5)	4 387	0.3	7	626 714
Contract (Levels 6-8)	48 456	3	129	375 628
Contract (Levels 9-12)	37 953	2.4	56	677 732
Contract (Levels >= 13)	9 506	0.6	7	1 358 000
Contract Other	1 613	0.1	52	31 019
Periodical Remuneration	1 012	0.1	1	1 012 000
Total	1 614 330	100	3 191	505 901



Table 3.1.3: Salaries, overtime, home owners allowance and medical aid by programme for the period 1 April 2018 and 31 March 2019

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	620 388	82.9	1 633	0.2	18 911	2.5	31 386	4.2
Water Planning and Information Management	364 486	80.8	144	0	11 735	2.6	17 323	3.8
Water Infrastructure Development	177 854	79.6	505	0.2	5 226	2.3	7 953	3.6
Water Sector Regulation	192 396	82.6	210	0.1	4 852	2.1	8 055	3.5
Total	1 355 123	81.9	2 492	0.2	40 724	2.5	64 717	3.9



Table 3.1.4: Salaries, overtime, home owners allowance and medical aid by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	10 460	65	186	1.2	1 236	7.7	1 860	11.6
Skilled (Levels 3-5)	102 720	70.6	976	0.7	8 821	6.1	12 765	8.8
Highly skilled production (Levels 6-8)	344 123	78.5	1 057	0.2	16 229	3.7	29 464	6.7
Highly skilled supervision (Levels 9-12)	648 239	83.4	239	0	11 734	1.5	18 822	2.4
Senior management (Levels >= 13)	147 943	85.1	0	0	2 451	1.4	1 771	1
Contract (Levels 1-2)	309	98.7	0	0	0	0	0	0
Contract (Levels 3-5)	4 172	94.4	28	0.6	0	0	0	0
Contract (Levels 6-8)	48 353	98.7	6	0	0	0	0	0
Contract (Levels 9-12)	37 222	97.1	0	0	245	0.0	17	0
Contract (Levels >= 13)	8 958	92.9	0	0	9	0.0	17	0.2
Contract Other	1 613	98.8	0	0	0	0	0	0
Periodical Remuneration	1 012	99.5	0	0	0	0	0	0
Total	1 355 123	81.9	2 492	0.2	40 724	2.5	64 717	3.9



3.2 Employment and vacancies

Table 3.2.1: Employment and vacancies by programme as on 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Administration	2 457	2 039	17	111
Water planning and information management	1 002	876	12.6	43
Water infrastructure development	480	395	17.7	13
Water sector regulation	434	386	11.1	17
Water resource management	3 487	3 090	11.4	871
Total	7 860	6 786	13.7	1 055

Table 3.2.2: Employment and vacancies by salary band as on 31 March 2019

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled (levels 1-2)	724	617	14.8	0
Skilled (levels 3-5)	1 779	1 495	16	133
Highly skilled production (levels 6-8)	2 668	2 331	12.6	371
Highly skilled supervision (levels 9-12)	1 926	1 651	14.3	167
Senior management (levels >= 13)	249	178	28.5	0
Other	56	56	0	52
Contract (levels 1-2)	8	8	0	8
Contract (levels 3-5)	54	54	0	49
Contract (levels 6-8)	261	261	0	166
Contract (levels 9-12)	126	126	0	108
Contract (levels >= 13)	9	9	0	1
Total	7 860	6 786	13.7	1 055



Table 3.2.3: Employment and vacancies by critical occupations as on 31 March 2019

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Administrative related	581	486	16.4	81
Agriculture animal oceanography forestry & other sciences	4	4	0	0
Agriculture related	2	2	2	0
All artisans in the building metal machinery etc.	128	103	19.5	0
Appraisers-valuers and related professionals	1	1	0	0
Architects town and traffic planners	1	1	0	1
Artisan project and related superintendents	16	12	25	0
Auxiliary and related workers	424	362	14.6	1
Biologists botanists zoologists & related professional	1	1	0	0
Building and other property caretakers	52	47	9.6	0
Bus and heavy vehicle drivers	13	9	30.8	0
Cartographers and surveyors	20	18	10	2
Cartographic surveying and related technicians	17	16	5.9	1
Chemical and physical sciences technicians	12	11	8.3	0
Civil engineering technicians	115	100	13	4
Cleaners in offices workshops hospitals etc.	132	124	6.1	0
Client inform clerks(switchboard reception information clerks)	9	7	22.2	0
Communication and information related	31	29	6.5	0
Community development workers	83	72	13.3	0
Computer programmers	1	1	0	0
Computer system designers and analysts	1	1	0	0
Economists	1	1	0	0
Electrical and electronics engineering technicians	8	8	0	7
Engineering sciences related	522	382	26.8	112
Engineers and related professionals	132	91	31.1	36
Farm hands and labourers	9	9	0	0
Finance and economics related	224	198	11.6	7
Financial and related professionals	25	20	20	2
Financial clerks and credit controllers	414	360	13	4
Forestry labourers	2	1	50	0
Food services aids and waiters	16	14	12.5	0
Food services workers	1	1	0	0
General legal administration & related professions	16	14	12.5	0
Geologists geophysicists hydrologists & related professions	185	167	9.7	11
Head of department/chief executive officer	1	0	100	0



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Health sciences related	1	1	0	0
Horticulturists foresters agriculture.& forestry technicians	1	1	0	0
Housekeepers laundry and related workers	1	1	0	0
Household and laundry workers	5	4	20	0
Household food and laundry services related	2	2	0	0
Human resources & organisational development & related professions	32	25	21.9	0
Human resources clerks	136	126	7.4	0
Human resources related	138	112	18.8	6
Information technology related	34	31	8.8	4
Language practitioners interpreters & other communicators	29	23	20.7	0
Legal related	1	1	0	0
Librarians and related professionals	3	2	33.3	0
Library mail and related clerks	39	34	12.8	0
Life sciences related	1	1	0	1
Light vehicle drivers	71	66	7	0
Logistical support personnel	100	86	14	0
Material-recording and transport clerks	159	139	12.6	0
Mathematicians and related professionals	1	0	100	0
Mechanical engineering technicians	11	10	9.1	7
Messengers porters and deliverers	69	53	23.2	0
Meteorologists statistical & related technicians	1	1	0	0
Mining geology & geophysical & related technicians	21	18	14.3	0
Motor vehicle drivers	18	11	38.9	0
Motorised farm and forestry plant operators	16	15	6.3	0
Natural sciences related	433	372	14.1	55
Nature conservation and oceanographical related technical	4	2	50	0
Operational planning	2	1	50	0
Other administrators & related clerks and organisers	470	431	8.3	39
Other administrative policy and related officers	86	74	14	0
Other information technology personnel	9	9	0	3
Other machine operators	7	6	14.3	0
Other occupations	977	944	3.4	669
Physicists	1	1	0	0
Photographic lithographic and related workers	1	0	100	0
Quantity surveyors & related professions not class elsewhere	2	1	50	0



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Regulatory inspectors	31	27	12.9	0
Risk management and security services	82	75	8.5	0
Road workers	1	1	0	0
Safety health and quality inspectors	10	10	0	0
Secretaries & other keyboard operating clerks	164	146	11	1
Security guards	14	12	14.3	0
Security officers	90	82	8.9	0
Senior managers	213	151	29.1	1
Social sciences related	60	53	11.7	0
Social work and related professionals	9	7	22.2	0
Statisticians and related professionals	1	1	0	0
Trade labourers	890	772	13.3	0
Trade related	12	9	25	0
Trade/ industry advisers & other related professions	6	6	0	0
Water plant and related operators	195	157	19.5	0
Total	7 860	6 786	13.7	1 055



3.3 Filling of SMS posts

Table 3.3.1: SMS post information as on 31 March 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	12	7	58.33	5	41.67
Salary Level 14	52	32	61.54	20	38.46
Salary Level 13	183	138	75.41	45	24.59
Total	248	177	71.37	71	28.63

Table 3.3.2: SMS post information as on 30 September 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	14	8	57.14	6	42.86
Salary Level 14	54	36	66.67	18	33.33
Salary Level 13	183	139	75.96	44	24.04
Total	252	183	72.62	69	27.38

Table 3.3.3: Advertising and filling of SMS posts for the period 1 April 2018 to 31 March 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	1	1
Salary Level 15	12	2	17	6	9
Salary Level 14	52	7	13	18	26
Salary Level 13	183	9	5	44	64
Total	248	18	7	70	28.23



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 2018 to 31 March 2019

Reasons for vacancies not advertised within six months
Panel members could not be available for the recruitment process due to other work commitments. Also, the filling of some posts is in the pipeline (i.e. Shortlisting stage or interviewing stage)

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 2018 to 31 March 2019

Reasons for vacancies not advertised within six months
None

Reasons for vacancies not filled within six months
Panel members could not be available for the recruitment process due to other work commitments. Also, the filling of some posts is in the pipeline (i.e. Shortlisting stage or interviewing stage)

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 2018 and 31 March 2019

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (levels 1-2)	724	0	0	0	0	0	100
Skilled (levels 3-5)	1779	1	0	0	0	0	100
Highly skilled production (levels 6-8)	2668	0	0	0	0	0	100
Highly skilled supervision (levels 9-12)	1926	0	0	0	0	0	22
Senior management service band A	173	2	1	0	0	0	0
Senior management service band B	61	1	2	0	0	0	0
Senior management service band C	11	0	0	0	0	0	0
Senior management service band D	4	0	0	0	0	0	0
Other	56	0	0	0	0	0	0
Contract (levels 1-2)	8	0	0	0	0	0	0
Contract (levels 3-5)	54	0	0	0	0	0	0
Contract (levels 6-8)	261	0	0	2	100	0	0
Contract (levels 9-12)	126	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	1	0	0	0	0	0	0
Total	7860	4	0	2	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 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	10	1	0	3	14
Male	9	0	2	2	13
Total	19	1	2	5	27

Employees with a disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. 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 2018 and 31 March 2019

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

Table 3.4.4: Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 and 31 March 2019

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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3.5 Employment changes

This section provides information on changes in employment over the financial year. 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 2018 and 31 March 2019

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (levels 1-2)	641	20	12	1.9
Skilled (levels 3-5)	1630	78	80	4.9
Highly skilled production (levels 6-8)	2274	81	83	3.6
Highly skilled supervision (levels 9-12)	1567	38	54	3.4
Senior management service band A	127	1	2	1.6
Senior management service band B	43	0	4	9.3
Senior management service band C	7	0	1	14.3
Senior management service band D	3	0	0	0
Other	9	52	1	11.1
Contract (levels 3-5)	103	46	105	101.9
Contract (levels 6-8)	316	106	123	38.9
Contract (levels 9-12)	180	54	93	51.7
Contract band A	5	4	1	20
Contract band B	2	0	1	50
Contract band C	1	1	0	0
Contract band D	1	1	0	0
Total	6909	482	560	8.10



Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019

Critical occupation	Number of employees at beginning of period-April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	442	73	53	12
Agriculture animal oceanography forestry & other sciences	4	0	0	0
Agriculture related	2	0	0	0
All artisans in the building metal machinery etc.	89	2	8	9
Appraisers-valuers and related professionals	1	0	0	0
Artisan project and related superintendents	10	0	1	10
Auxiliary and related workers	379	7	19	5
Biologists botanists zoologists & related professional	1	0	0	0
Building and other property caretakers	50	2	1	2
Bus and heavy vehicle drivers	10	0	1	10
Cartographers and surveyors	15	7	4	26.7
Cartographic surveying and related technicians	15	2	0	0
Chemical and physical sciences technicians	11	0	0	0
Civil engineering technicians	103	4	4	3.9
Cleaners in offices workshops hospitals etc.	126	0	1	0.8
Client inform clerks(switchboard reception information clerks)	8	0	1	12.5
Communication and information related	28	3	2	7.1
Community development workers	67	4	1	1.5
Computer programmers	1	0	0	0
Computer system designers and analysts	1	0	0	0
Economists	1	0	0	0
Electrical and electronics engineering technicians	10	2	3	30
Engineering sciences related	437	105	119	27.2
Engineers and related professionals	120	36	60	50
Farm hands and labourers	9	0	0	0
Farming forestry advisors and farm managers	1	0	1	100
Finance and economics related	185	17	12	6.5
Financial and related professionals	18	2	1	5.6
Financial clerks and credit controllers	371	20	30	8.1



Critical occupation	Number of employees at beginning of period-April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Food services aids and waiters	15	0	0	0
Food services workers	1	0	0	0
Forestry labourers	1	0	0	0
General legal administration & related professionals	10	2	0	0
Geologists geophysicists hydrologists & related professionals	161	6	3	1.9
Head of department/chief executive officer	1	0	1	100
Health sciences related	1	0	0	0
Horticulturists foresters agriculture & forestry technicians	1	0	0	0
Household and laundry workers	5	0	1	20
Household food and laundry services related	2	0	0	0
Human resources & organisational development & related professions	30	0	2	6.7
Human resources clerks	126	12	10	7.9
Human resources related	112	9	8	7.1
Information technology related	23	7	1	4.3
Language practitioners interpreters & other communicators	30	0	7	23.3
Legal related	2	0	0	0
Librarians and related professionals	2	0	0	0
Library mail and related clerks	37	1	2	5.4
Life sciences related	1	0	0	0
Light vehicle drivers	66	2	2	3
Logistical support personnel	94	3	5	5.3
Material-recording and transport clerks	140	3	2	1.4
Mechanical engineering technicians	7	5	2	28.6
Messengers porters and deliverers	57	3	5	8.8
Mining geology & geophysical & related technicians	19	0	1	5.3
Motor vehicle drivers	12	0	3	25
Motorised farm and forestry plant operators	18	0	3	16.7
Natural sciences related	384	37	39	10.2
Nature conservation and oceanographical related technicians	2	0	0	0
Other administrators & related clerks and organisers	434	36	39	9
Other administrative policy and related officers	80	0	3	3.8



Critical occupation	Number of employees at beginning of period-April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Other information technology personnel	6	3	0	0
Other machine operators	7	0	0	0
Other occupations	960	9	29	3
Physicists	1	0	0	0
Quantity surveyors & related professions not classified elsewhere	4	0	2	50
Regulatory inspectors	26	3	2	7.7
Risk management and security services	73	3	0	0
Road workers	1	0	0	0
Safety health and quality inspectors	10	0	0	0
Secretaries & other keyboard operating clerks	139	15	5	3.6
Security guards	13	0	0	0
Security officers	84	0	3	3.6
Senior managers	153	7	8	5.2
Social sciences related	50	3	0	0
Social work and related professionals	7	0	0	0
Statisticians and related professionals	1	0	0	0
Trade labourers	807	26	42	5.2
Trade related	12	0	0	0
Trade/ industry advisers & other related profession	6	0	0	0
Water plant and related operators	160	1	8	5
Total	6909	482	560	8.1

Notes

- 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 2018 and 31 March 2019

Termination Type	Number	% of total resignations
Death	38	6.8
Resignation	118	21.1
Expiry of contract	288	51.4
Discharged due to ill health	4	0.7
Dismissal-misconduct	3	0.5
Retirement	105	18.8
Other	4	0.7
Total	560	100
Total number of employees who left as a % of total employment	6909	8.10



Table 3.5.4: Promotions by critical occupation for the period 1 April 2018 and 31 March 2019

Occupation	Employees 1 April 2018	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	442	24	5.4	313	70.8
Agriculture animal oceanography forestry & other sciences	4	0	0	2	50
Agriculture related	2	0	0	1	50
All artisans in the building metal machinery etc.	89	2	2.2	57	64
Appraisers-valuers and related professionals	1	0	0	1	100
Artisan project and related superintendents	10	0	0	10	100
Auxiliary and related workers	379	1	0.3	266	70.2
Biologists botanists zoologists & related professional	1	0	0	1	100
Building and other property caretakers	50	0	0	32	64
Bus and heavy vehicle drivers	10	0	0	8	80
Cartographers and surveyors	15	0	0	7	46.7
Cartographic surveying and related technicians	15	0	0	11	73.3
Chemical and physical sciences technicians	11	0	0	7	63.6
Civil engineering technicians	103	0	0	74	71.8
Cleaners in offices workshops hospitals etc.	126	0	0	97	77
Client inform clerks (switchboard reception information clerks)	8	0	0	5	62.5
Communication and information related	28	1	3.60	21	75
Community development workers	67	6	9.00	52	77.6
Computer programmers.	1	0	0	0	0
Computer system designers and analysts.	1	0	0	1	100
Economists	1	0	0	0	0
Electrical and electronics engineering technicians	10	0	0	1	10
Engineering sciences related	437	13	3.00	123	28.1
Engineers and related professionals	120	3	2.50	33	27.5
Farm hands and labourers	9	0	0	7	77.8
Farming forestry advisors and farm managers	1	0	0	1	100
Finance and economics related	185	11	5.90	136	73.5
Financial and related professionals	18	3	16.70	10	55.6
Financial clerks and credit controllers	371	13	3.50	257	69.3



Occupation	Employees 1 April 2018	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
Food services aids and waiters	15	0	0	13	86.7
Food services workers	1	0	0	1	100
Forestry labourers	1	0	0	0	0
General legal administration & rel. Professionals	10	0	0	7	70
Geologists geophysicists hydrologists & related professions	161	7	4.30	113	70.2
Head of department/chief executive officer	1	0	0	0	0
Health sciences related	1	0	0	0	0
Horticulturists foresters agriculture.& forestry technicians	1	0	0	1	100
Household and laundry workers	5	0	0	5	100
Household food and laundry services related	2	0	0	2	100
Human resources & organisational development & related professions	30	1	3.30	24	80
Human resources clerks	126	2	1.60	87	69
Human resources related	112	9	8.00	81	72.3
Information technology related	23	2	8.70	18	78.3
Language practitioners interpreters & other communicators	30	1	3.30	20	66.7
Legal related	2	0	0	2	100
Librarians and related professionals	2	0	0	0	0
Library mail and related clerks	37	0	0	31	83.8
Life sciences related	1	0	0	0	0
Light vehicle drivers	66	1	1.50	43	65.2
Logistical support personnel	94	1	1.10	71	75.5
Material-recording and transport clerks	140	1	0.70	118	84.3
Mechanical engineering technicians	7	0	0	3	42.9
Messengers porters and deliverers	57	0	0	46	80.7
Mining geology & geophysical & related technicians	19	0	0	9	47.4
Motor vehicle drivers	12	0	0	7	58.3
Motorised farm and forestry plant operators	18	0	0	6	33.3
Natural sciences related	384	10	2.60	238	62
Nature conservation and oceanographical related technicians	2	0	0	1	50
Other administrators & related clerks and organisers	434	6	1.40	314	72.4
Other administrative policy and related officers	80	2	2.50	57	71.3



Occupation	Employees 1 April 2018	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
Other information technology personnel.	6	0	0	4	66.7
Other machine operators	7	0	0	6	85.7
Other occupations	960	237	24.70	37	3.9
Physicists	1	0	0	1	100
Quantity surveyors & related professions not class elsewhere	4	0	0	4	100
Regulatory inspectors	26	2	7.70	21	80.8
Risk management and security services	73	0	0	43	58.9
Road workers	1	0	0	1	100
Safety health and quality inspectors	10	0	0	7	70
Secretaries & other keyboard operating clerks	139	1	0.70	113	81.3
Security guards	13	0	0	12	92.3
Security officers	84	1	1.20	59	70.2
Senior managers	153	6	3.90	2	1.3
Social sciences related	50	1	2.00	40	80
Social work and related professionals	7	0	0	4	57.1
Statisticians and related professionals	1	0	0	0	0
Trade labourers	807	3	0.40	561	69.5
Trade related	12	0	0	5	41.7
Trade/ industry advisers & other related profession	6	0	0	3	50
Water plant and related operators	160	6	3.80	111	69.4
Total	6909	377	5.5	3886	56.2



Table 3.5.5: Promotions by salary band for the period 1 April 2018 and 31 March 2019

Salary Band	Employees 1 April 2018	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (levels 1-2)	641	0	0	367	57.3
Skilled (levels 3-5)	1630	40	2.5	1005	61.7
Highly skilled production (levels 6-8)	2274	205	9	1439	63.3
Highly skilled supervision (levels 9-12)	1567	119	7.6	1004	64.1
Senior management (levels >= 13)	180	7	3.9	0	0
Other	9	0	0	0	0
Contract (levels 3-5)	103	0	0	4	3.9
Contract (levels 6-8)	316	2	0.6	23	7.3
Contract (levels 9-12)	180	4	2.2	42	23.3
Contract (levels >= 13)	9	0	0	2	22.2
Total	6909	377	5.5	3886	56.2

3.6 Employment equity

Table 3.6.1: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionals	530	23	22	128	494	26	17	36	1276
Technicians and associate professionals	653	63	18	75	646	20	20	63	1558
Labourers and related workers	683	68	1	7	259	16	1	0	1035
Plant and machine operators and assemblers	785	68	4	114	156	19	3	50	1199
Service shop and market sales workers	135	2	1	4	56	2	0	1	201
Clerks	332	21	5	13	698	55	18	98	1240
Senior officials and managers	65	5	8	8	54	2	4	7	153
Craft and related trade workers	90	7	0	19	8	0	0	0	124
Total	3273	257	59	368	2371	140	63	255	6786
Employees with disabilities	33	3	0	12	29	1	2	5	85



Table 3.6.2: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	2	0	1	1	5	0	0	0	9
Senior management	77	4	8	7	58	2	4	9	169
Professionally qualified and experienced specialists and mid-management	694	52	29	233	528	24	19	72	1651
Skilled technical and academically qualified workers, junior management, supervisors, foremen	961	61	9	76	962	76	30	156	2331
Semi-skilled and discretionary decision making	902	108	4	13	427	23	6	12	1495
Unskilled and defined decision making	438	20	0	2	201	12	0	0	673
Contract (top management)	1	1	0	0	0	0	0	0	2
Contract (senior management)	3	0	0	1	3	0	0	0	7
Contract (professionally qualified)	45	4	4	23	43	0	3	4	126
Contract (skilled technical)	123	6	3	12	111	3	1	2	261
Contract (semi-skilled)	23	1	1	0	29	0	0	0	54
Contract (unskilled)	4	0	0	0	4	0	0	0	8
Total	3273	257	59	368	2371	140	63	255	6786



Table 3.6.3: Recruitment for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	17	0	0	2	19	0	0	0	38
Skilled technical and academically qualified workers, junior management, supervisors, foremen	26	3	2	2	36	1	1	0	71
Semi-skilled and discretionary decision making	32	1	1	1	40	1	2	0	78
Unskilled and defined decision making	34	0	0	1	37	0	0	0	72
Contract (top management)	1	1	0	0	0	0	0	0	2
Contract (senior management)	3	0	0	0	2	0	0	0	5
Contract (Professionally qualified)	14	2	2	17	15	0	2	2	54
Contract (Skilled technical)	44	1	2	7	47	2	1	1	105
Contract (Semi-skilled)	17	1	1	0	26	0	1	0	46
Contract (unskilled)	6	0	0	0	4	0	0	0	10
Total	195	9	8	30	226	4	7	3	482
Employees with disabilities	1	0	0	0	3	0	0	0	4



Table 3.6.4: Promotions for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management	5	0	0	0	2	0	0	0	7
Professionally qualified and experienced specialists and mid-management	472	34	20	101	418	21	16	41	1123
Skilled technical and academically qualified workers, junior management, supervisors, foremen	591	37	7	44	764	59	24	118	1644
Semi-skilled and discretionary decision making	628	79	4	11	295	16	3	9	1045
Unskilled and defined decision making	251	11	0	0	101	4	0	0	367
Contract (senior management)	2	0	0	0	0	0	0	0	2
Contract (Professionally qualified)	15	1	0	9	16	1	4	0	46
Contract (Skilled technical)	11	0	2	2	10	0	0	0	25
Contract (Semi-skilled)	2	1	0	0	1	0	0	0	4
Total	1977	163	33	167	1607	101	47	168	4263
Employees with disabilities	21	2	0	6	20	1	2	4	56



Table 3.6.5: Terminations for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	0	0	0	0	1
Senior management	3	0	0	0	3	0	0	0	6
Professionally qualified and experienced specialists and mid-management	17	2	0	17	13	3	1	1	54
Skilled technical and academically qualified workers, junior management, supervisors, foremen	40	4	0	6	18	1	0	11	80
Semi-skilled and discretionary decision making	50	7	1	1	19	1	0	1	80
Unskilled and defined decision making	11	0	0	0	2	0	0	0	13
Contract (senior management)	2	0	0	0	1	0	0	0	3
Contract (Professionally qualified)	17	5	0	40	19	0	2	10	93
Contract (Skilled technical)	50	4	4	7	54	1	2	1	123
Contract (Semi-skilled)	41	2	1	0	59	0	2	0	105
Contract (unskilled)	2	0	0	0	0	0	0	0	2
Total	234	24	6	71	188	6	7	24	560
Employees with disabilities	1	0	0	1	0	0	0	0	2

Table 3.6.6: Disciplinary action for the period 1 April 2018 to 31 March 2019

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
No outcome	20	0	1	0	4	0	0	0	25
Total	20	0	1	0	4	0	0	0	25



Table 3.6.7: Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	93	3	24	24	111	6	9	12	264
Professionals	183	6	15	78	114	3	6	15	420
Technicians and associate professionals	459	21	15	180	297	12	21	39	1044
Clerks	594	75	21	51	1080	96	54	183	2154
Service and sales workers	180	2	1	4	60	3	0	1	251
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	788	67	6	40	209	5	3	3	1121
Plant and machine operators and assemblers	311	16	0	3	0	0	0	0	330
Elementary occupations	1390	117	3	8	375	28	0	0	1921
Employees with disabilities	0	0	0	0	0	0	0	0	0
Total	3998	307	67	388	2246	158	93	253	7505



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 at 31 May 2019

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	0	0	0	0
Salary Level 16	2	2	2	100%
Salary Level 15	7	7	5	71%
Salary Level 14	43	43	40	93%
Salary Level 13	134	134	129	96%
Total	186	186	176	95%

Notes

In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above would have been change to 31 July 2019.

Table 3.7.2: Reasons for not having concluded Performance agreements for all SMS members as at 31 May 2019

Reasons
No explanation given except the fact that is regarded as non-compliance

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 at 31 May 2019

Reasons
They were advised for the PMDS outstanding information and communicated to the Branch heads to intervene

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 2018 to 31 March 2019

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	2547	5582	45.63	69 963.58	27 469.00
Male	1526	3240	47.10	48 821.66	31 995.00
Female	1021	2342	43.60	21 141.92	20 707.00
Asian	67	120	55.83	1 806.53	26 963.00
Male	27	59	45.80	881.99	32 666.00
Female	40	61	65.60	924.54	23 113.00
Coloured	202	393	51.39	6 981.69	34 562.00
Male	135	254	53.10	5 238.23	38 807.00
Female	67	139	48.20	1 743.46	26 022.00
White	386	606	63.69	20 926.60	54 213.00
Male	216	356	60.70	14 675.65	67 955.00
Female	170	250	68.00	6 250.95	36 772.00
Employees with disability	31	85	36.50	500.64	16 150.00
Total	3233	6786	47.60	100 179.03	30 986.00



Table 3.8.2: Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee
Lower skilled (levels 1-2)	232	617	37.5	1 401.41	6 054
Skilled (levels 3-5)	747	1495	50	11 905.82	15 939
Highly skilled production (levels 6-8)	1363	2331	58.5	38 446.75	28 207
Highly skilled supervision (levels 9-12)	854	1651	51.7	47 666.26	55 815
Other	0	56	0	0	0
Contract (levels 1-2)	0	8	0	0	0
Contract (levels 3-5)	2	54	3.7	13.16	6 581
Contract (levels 6-8)	16	261	6.1	206.40	12 900
Contract (levels 9-12)	20	126	15.9	487.79	24 390
Total	3233	6599	49	100 127.60	30 970



Table 3.8.3: Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	199	486	40.9	4 683.03	23 533.00
Agriculture animal oceanography forestry & other sciences	1	4	25	25.39	25 388.00
Agriculture related	0	2	0	0	0
All artisans in the building metal machinery etc.	41	103	39.8	612.09	14 929.00
Appraisers-valuers and related professionals	1	1	100	31.31	31 311.00
Architects town and traffic planners	0	1	0	0	0
Artisan project and related superintendents	4	12	33.3	66.90	16 724.00
Auxiliary and related workers	165	362	45.6	1 591.04	9 643.00
Biologists botanists zoologists & related professional	1	1	100	12.86	12 858.00
Building and other property caretakers	31	47	66	177.54	5 727.00
Bus and heavy vehicle drivers	5	9	55.6	47.11	9 421.00
Cartographers and surveyors	8	18	44.4	193.91	24 239.00
Cartographic surveying and related technicians	4	16	25	57.24	14 309.00
Chemical and physical sciences technicians	5	11	45.5	121.00	24 201.00
Civil engineering technicians	39	100	39	999.63	25 632.00
Cleaners in offices workshops hospitals etc.	62	124	50	450.37	7 264.00
Client inform clerks (switchboard reception information clerks)	4	7	57.1	27.42	6 854.00
Communication and information related	12	29	41.4	369.86	30 822.00
Community development workers	27	72	37.5	555.18	20 562.00
Computer programmers	1	1	100	25.58	25 576.00
Computer system designers and analysts.	1	1	100	28.89	28 889.00
Economists	0	1	0	0	0
Electrical and electronics engineering technicians	0	8	0	0	0



Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Engineering sciences related	87	382	22.8	2 588.37	29 751.00
Engineers and related professionals	21	91	23.1	718.73	34 225.00
Farm hands and labourers	3	9	33.3	15.27	5 089.00
Finance and economics related	77	198	38.9	1 580.73	20 529.00
Financial and related professionals	4	20	20	114.83	28 707.00
Financial clerks and credit controllers	176	360	48.9	2 451.66	13 930.00
Food services aids and waiters	10	14	71.4	83.80	8 380.00
Food services workers	1	1	100	14.63	14 634.00
Forestry labourers	0	1	0	0	0
General legal administration & related Professionals	5	14	35.7	156.16	31 231.00
Geologists geophysicists hydrologists & related professions	57	167	34.1	1 277.39	22 410.00
Health sciences related	0	1	0	0	0
Horticulturists foresters agriculture.& forestry technicians	0	1	0	0	0
Household and laundry workers	4	4	100	29.92	7 479.00
Household food and laundry services related	1	2	50	10.12	10 122.00
Housekeepers laundry and related workers	0	1	0	0	0
Human resources & organisational development & related professions	21	25	84	604.49	28 785.00
Human resources clerks	76	126	60.3	1 051.43	13 835.00
Human resources related	63	112	56.3	1 654.40	26 260.00
Information technology related	16	31	51.6	329.66	20 604.00
Language practitioners interpreters & other communicators	12	23	52.2	224.26	18 688.00
Legal related	1	1	100	30.07	30 069.00
Librarians and related professionals	2	2	100	21.36	10 680.00
Library mail and related clerks	21	34	61.8	251.98	11 999.00



Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Life sciences related	0	1	0	0	0
Light vehicle drivers	27	66	40.9	195.98	7 259.00
Logistical support personnel	33	86	38.4	516.23	15 643.00
Material-recording and transport clerks	68	139	48.9	824.47	12 125.00
Mechanical engineering technicians	2	10	20	67.18	33 592.00
Messengers porters and deliverers	35	53	66	299.59	8 560.00
Meteorologists statistical & related technicians	0	1	0	0	0
Mining geology & geophysical & related technicians	6	18	33.30	131.48	21 913.00
Motor vehicle drivers	7	11	63.6	51.62	7 374.00
Motorised farm and forestry plant operators	5	15	33.3	33.18	6 636.00
Natural sciences related	114	372	30.6	3 044.74	26 708.00
Nature conservation and oceanographical related technicians	1	2	50	20.01	20 006.00
Operational planning	1	1	100	52.19	52 185.00
Other administrators & related clerks and organisers	196	431	45.5	2 501.72	12 764.00
Other administrative policy and related officers	47	74	63.5	832.78	17 719.00
Other information technology personnel.	3	9	33.3	101.62	33 873.00
Other machine operators	3	6	50	23.28	7 762.00
Other occupations	944	944	100	63 100.79	66 844.00
Physicists	0	1	0	0	0
Quantity surveyors & related professions not class elsewhere	1	1	100	67.92	67 924.00
Regulatory inspectors	15	27	55.6	324.62	21 642.00
Risk management and security services	7	75	9.3	206.32	29 474.00
Road workers	0	1	0	0	0
Safety health and quality inspectors	5	10	50	76.33	15 266.00
Secretaries & other keyboard operating clerks	88	146	60.3	1 316.45	14 960.00
Security guards	3	12	25	20.44	6 813.00
Security officers	11	82	13.4	115.97	10 543.00



Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Senior managers	2	151	1.3	51.43	25 716.00
Social sciences related	16	53	30.2	472.34	29 521.00
Social work and related professionals	3	7	42.9	78.97	26 322.00
Statisticians and related professionals	0	1	0	0	0
Trade labourers	261	772	33.8	1 758.75	6 738.00
Trade related	8	9	88.9	90.62	11 328.00
Trade/industry advisers & other related profession	1	6	16.7	32.26	32 258.00
Water plant and related operators	51	157	32.5	484.19	9 494.00
Total	3233	6786	47.6	100 179.03	30 986.00

Notes

Critical occupations are defined as occupations or sub-categories within an occupation –

- 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;
- 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;
- where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;



Table 3.8.4: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee
Band A	2	134	1.50	51.43	25 716.40
Band B	0	42	0	0	0
Band C	0	7	0	0	0
Band D	0	4	0	0	0
Total	2	187	1.10	51.43	25 716.40

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 2018 and 31 March 2019

Salary band	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled production (level 6-8)	3	4.90	3	6.80	0	0
Highly skilled supervision (level 9-12)	53	86.90	36	81.80	-17	32.1
Contract (level 13-16)	5	8.20	5	11.40	0	0
Total	61	100	44	100	-17	32.1

Table 3.9.2: Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019

Major occupation	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Administrative office workers	4	6.6	4	9.1	0	0
Other occupations	2	3.3	2	4.5	0	0
Information technology personnel	1	1.6	1	2.3	0	0
Professionals and managers	52	85.2	35	79.5	-17	32.1
Technicians and associated professionals	2	3.3	2	4.5	0	0
Total	61	100	44	100	-17	32.1



3.10 Leave utilisation

The Public Service Commission 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 2018 to 31 December 2019

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (levels 13-16)	12	58.3	3	0.1	4	56
Contract (levels 1-2)	8	100	1	0	8	4
Contract (levels 3-5)	311	48.9	81	1.6	4	254
Contract (levels 6-8)	1113	61.3	220	4.4	5	1 372
Contract (levels 9-12)	634	64.7	108	2.2	6	1 332
Contract other	2	50	2	0	1	1
Highly skilled production (levels 6-8)	16895	82	1808	36.3	9	19 105
Highly skilled supervision (levels 9-12)	10378	80.8	1257	25.2	8	23 201
Lower skilled (levels 1-2)	2846	87.2	381	7.7	7	1 529
Senior management (levels 13-16)	690	80.3	118	2.4	6	2 878
Skilled (levels 3-5)	8106	82.5	1000	20.1	8	5 589
Total	40995	81	4979	100	8	55 321

Table 3.10.2: Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2019

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Contract (levels 9-12)	83	100	3	1.1	28	159
Highly skilled production (Levels 6-8)	3214	99.4	138	52.3	23	4 470
Highly skilled supervision (Levels 9-12)	1480	100	56	21.2	26	3 955
Lower skilled (Levels 1-2)	356	100	20	7.6	18	190
Senior management (Levels 13-16)	81	100	5	1.9	16	303
Skilled (levels 3-5)	1007	100	42	15.9	24	766
Total	6221	99.7	264	100	24	9 845

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



Table 3.10.3: Annual Leave for the period 1 January 2018 to 31 December 2019

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Contract (levels 1-2)	10	5	2
Contract (levels 13-16)	123	10	12
Contract (levels 3-5)	1387	10	133
Contract (levels 6-8)	5136.92	14	370
Contract (levels 9-12)	3320	15	218
Contract other	53	4	14
Highly skilled production (levels 6-8)	57039.25	23	2465
Highly skilled supervision (levels 9-12)	40193.84	24	1686
Lower skilled (levels 1-2)	13623.92	21	660
Senior management (levels 13-16)	4546	25	185
Skilled (levels 3-5)	35009.42	21	1649
Total	160442.35	22	7394

Table 3.10.4: Capped leave for the period 1 January 2018 to 31 December 2019

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2018
Contract (levels 1-2)	0	0	0	0
Contract (levels 13-16)	0	0	0	0
Contract (levels 3-5)	0	0	0	0
Contract (levels 6-8)	0	0	0	0
Contract (levels 9-12)	0	0	0	0
Contract other	0	0	0	0
Highly skilled production (Levels 6-8)	146	6	74	25
Highly skilled supervision (Levels 9-12)	101.48	5	62	22
Lower skilled (Levels 1-2)	0	0	41	0
Senior management (Levels 13-16)	1	1	57	1
Skilled (levels 3-5)	179	7	65	27
Total	427.48	6	67	75



The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5: Leave payouts for the period 1 April 2018 and 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average per employee
Annual - discounting with resignation (work days)	1865	112	16652
Annual - discounting: unused vacation credits (work days)	32	1	32000
Annual - gratuity: death/retirement/medical retirement (work)	2400	83	28916
Capped - gratuity: death/retirement/medical retirement (work)	9004	73	123342
Total	13301	269	49446

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
Confidential	Health and wellness screening, HCT, Peer Education Programme and Health and Wellness campaigns



Table 3.11.2: Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1 Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Sam Moyi Director: Organizational Development
2 Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Two staff members and two vacant posts. No budget allocation for 2019/20 Financial year
3 Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		HIV/AIDS & TB Management Programme. Health and Productivity Management. Health and Wellness Management Support and Lifestyle Management
4 Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Sam Moyi, Eric Ramaswi, Ngoako Maphoto, Motshidisi Baloyi, Matome Makweba and Noxolo Ncapayi
5 Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		HIV/AIDS and TB Management Policy, Health and Productivity Policy, Health and Wellness Policy
6 Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Health and wellness screening, HCT, Peer Education Programme and Health and Wellness campaigns
7 Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		Health Risk Assessment 60% tested, HIV Counselling & Testing 30% tested, HCT / Negative 8%, HCT/ Positive 0%
8 Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	X		Employee / Manager inductions and roadshows on health and wellness



3.12 Labour Relations

Table 3.12.1: Collective agreements for the period 1 April 2018 and 31 March 2019

Subject matter
NEHAWU/PSA & Water and Sanitation Resolution 1 of 2018

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 2018 and 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Dismissal	3	23.08
Suspension without pay	5	38.46
Final written warning	4	30.77
Written warning	0	0
Demotion	1	7.69
Total	13	100

Table 3.12.3: Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019

Type of misconduct	Number	% of total
Misuse of state vehicle	5	20
Dishonesty	1	4
Insubordination	4	16
Fraud	3	12
Financial mismanagement/ unauthorised expenditure	3	12
Fighting	1	4
Possession of Dangerous weapon	1	4
Theft	1	4
Negligence	2	8
Absenteeism	3	12
Bringing the name of the Department into disrepute	1	4
Total	25	100



Table 3.12.4: Grievances logged for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of total
Number of grievances resolved	129	57.33
Number of grievances not resolved	96	42.67
Total number of grievances lodged	225	100

Table 3.12.5: Disputes logged with Councils for the period 1 April 2018 and 31 March 2019

Disputes	Number	% of total
Number of disputes upheld	44	37.29
Number of disputes dismissed	74	62.71
Total number of disputes lodged	118	100

Table 3.12.6: Strike actions for the period 1 April 2018 and 31 March 2019

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0



3.13 Skills development

This section highlights the efforts of the department with regard to skills development.

Table 3.13.1: Training needs identified for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 31 March 2019	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	67	0	138	0	138
	Male	86	0	126	0	126
Professionals	Female	573	0	138	0	138
	Male	703	0	282	0	282
Technicians and associate professionals	Female	749	0	369	0	369
	Male	809	0	675	0	675
Clerks	Female	869	0	1413	0	1413
	Male	371	0	741	0	741
Service and sales workers	Female	59	0	64	0	64
	Male	142	0	187	0	187
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	8	0	220	0	220
	Male	116	0	901	0	901
Plant and machine operators and assemblers	Female	228	0	0	0	0
	Male	971	0	330	0	330
Elementary occupations	Female	276	0	403	0	403
	Male	759	0	1518	0	1518
Sub-total	Female	2829	0	2745	0	2745
	Male	3957	0	4760	0	4760
Total		6786	0	7505	0	7505



Table 3.13.2: Training provided for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 31 March 2019	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	67	0	19	35	54
	Male	86	0	17	49	66
Professionals	Female	573	0	30	149	179
	Male	703	0	47	144	191
Technicians and associate professionals	Female	749	0	144	273	417
	Male	809	0	203	249	452
Clerks	Female	869	0	70	294	364
	Male	371	0	62	130	192
Service and sales workers	Female	59	0	17	41	58
	Male	142	0	26	22	48
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	8	0	8	4	12
	Male	116	0	107	10	117
Plant and machine operators and assemblers	Female	228	0	3	3	6
	Male	971	0	86	5	91
Elementary occupations	Female	276	0	62	40	102
	Male	759	0	252	222	474
Sub-total	Female	2829	0	353	839	1192
	Male	3957	0	800	831	1631
Total		6786	0	1153	1670	2823



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 2018 and 31 March 2019

Nature of injury on duty	Number	% of total
Required basic medical attention only	42	100
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	42	100

3.15 Utilisation of Consultants

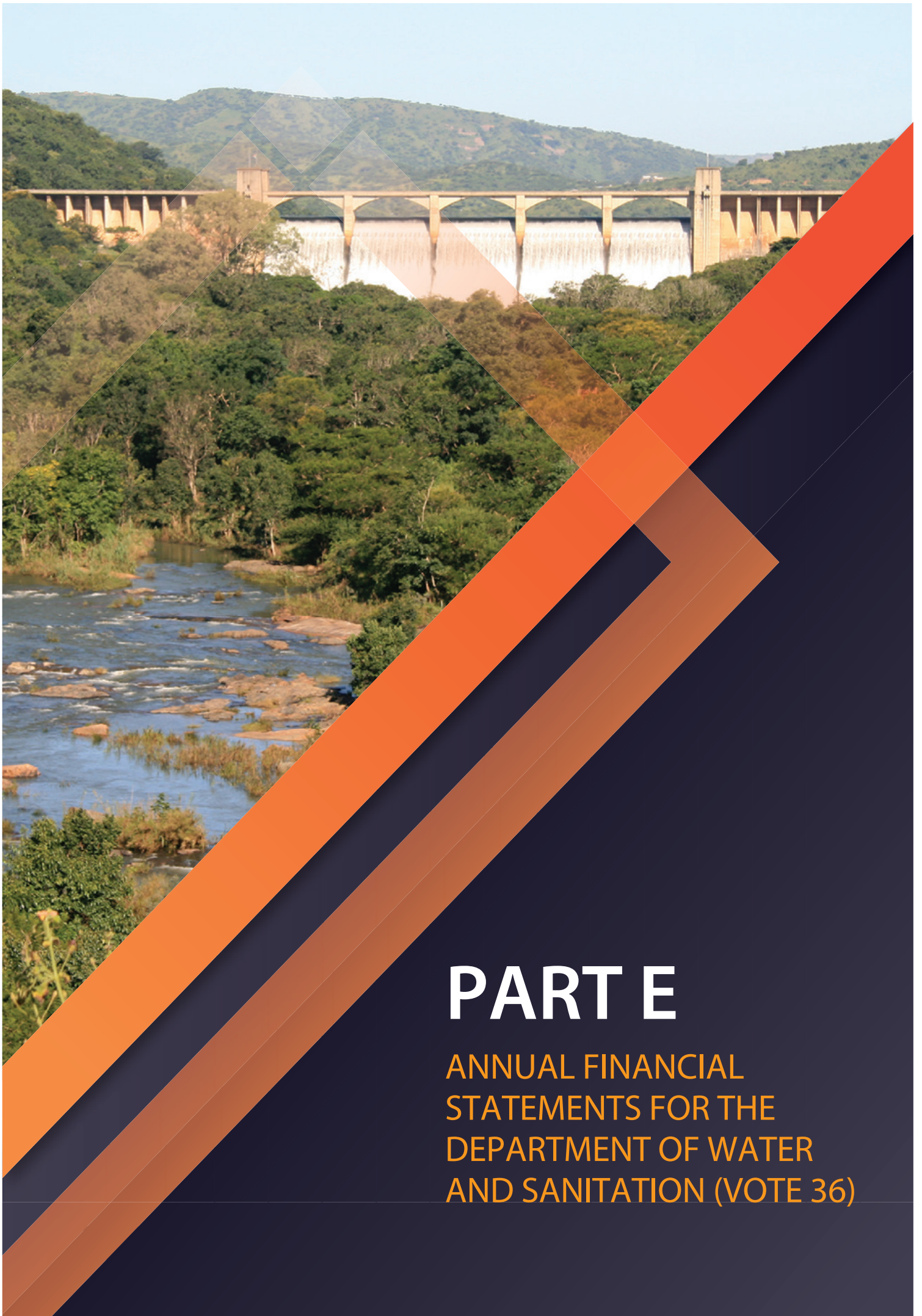
There was no new procurement for the financial year 2018/19 due to suspension of delegations and cost containment measures to settle long outstanding contractual obligations. The expenditure reflected in 2018/19 is as a result of existing contracts entered into in prior years.

3.16 Severance Packages

Table 3.16.1: Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019

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

ANNUAL FINANCIAL
STATEMENTS FOR THE
DEPARTMENT OF WATER
AND SANITATION (VOTE 36)

1 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE DEPARTMENT OF WATER AND SANITATION (VOTE 36)

In line with its strategic commitment to be a well-governed National Department, the Department 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 confirms that it has complied with its responsibilities arising from section 38(1)(a) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has an appropriate Audit Committee Charter (including the terms of reference) which is reviewed annually. It regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The Audit Committee is pleased to present its report for the financial year ended 31 March 2019.

Audit Committee members and attendance

The Audit Committee's terms of reference requires that three (3) independent members, who have sufficient qualifications and experience to render the services associated with the Audit Committee function.

During the year under review eight (8) Audit Committee meetings were held.

The invitees to the Audit Committee meetings include the Top Management Members (DG and DDGs), Chief Operating Officer, Chief Risk Officer, Internal and External Auditors, the Chief Financial Officer as well as the Chief Information Officer, and any other executives when necessary.

Names, tenure period, and qualifications of the Audit Committee members and DGs are as follows:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Mr. Japie du Plessis (Chairperson)	National Diploma in State Accounts and Finance. Registered Government Auditor – The South African Institute of Government Auditors.	External	-	April 2016 to September 2019	-	8/8
Ms. Annah Badimo	<ul style="list-style-type: none"> • B.Sc Computer Science; • B.Sc Hons. Computer Science; • Master in Business Administration; • Master of Science CISM; • CGEIT; • CRISC; • COBIT 5; • Cobol Programming Diploma; • Project Management Diploma; • Certificate IT Auditing; • F. Inst. D (IoDSA). 	External	-	Period 1: April 2013 to March 2016 Period 2: April 2016 to September 2019	-	8/8



Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Ms. Deborah Mochotlhi	<ul style="list-style-type: none"> • Masters (Environment and Society); • Bachelor of Technology (Environmental Health); • Bachelor of Public Administration (Honours); • Bachelor of Social Science; • Primary Health Care Service Management Programme. 	Internal	Acting Director-General	31 May 2018 to 28 March 2019	-	3/3
Mr. JD (Squire) Mahlangu	<ul style="list-style-type: none"> • Post Graduate Certificate of Business Administration (Herriot Watt University – Edinburgh); Business School • Certificate of Achievement (Strategic Planning) • Certificate of Achievement (Negotiations); • Certificate of Achievement (Quantitative Methods); • Certificate of Achievement (Organisational Behaviour); • Certificate of Achievement (Marketing); • Development in Labour Relations (Human Resource Management) UNISA; • National Diploma in Organisation and Work study (7 courses); • Management Development Programme (Operations - Management) UNISA SBL; • Pretoria Technicon Certificate Team leader 	Internal	Acting Director-General	29 March 2019 to 16 July 2019	-	4/5



The members of the Audit Committee met with the Acting DG, Top Management of the Department, Internal Audit (IA) and the Auditor-General of South Africa (AGSA), individually and collectively to address risks and challenges facing the Department. A number of in-committee meetings were held to address control weaknesses and deviations within the Department.

A One-on-One meeting between the Minister and the Audit Committee was held on 2 October 2019. Quarterly Executive Summaries are also submitted for the Minister's attention. The Audit Committee Chairperson was also required to provide feedback on the functioning of the Audit Committee to SCOPA on 6 December 2018.

One-on-one meetings with the Acting DG were also held at every quarterly meeting to address unresolved issues.

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 Audit Committee.

For the financial year ended 31 March 2019, 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 IT Governance;
- The audit plans and reports of IA and the AGSA. The Audit Committee also conducted separate meetings with the assurance providers; and
- The IA and Audit Committee Charters.

Review and evaluation of the Annual Financial Statements

The Audit Committee is satisfied with the content and quality of certain of the financial and non-financial quarterly reports prepared and submitted by the Acting DGs of the Department 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 it with Management. The Annual Financial Statements were presented to the AGSA on 31 May 2019. However, due to the Department being selected as one of the pilot Departments where the amendments to the Public Auditing Act were implemented, lead to the AGSA's Audit Report and Management Report for the DWS only being concluded on 31 August 2019. The Audit Committee has the following comments:

- **Improvement in the audit opinion.** The Department's audit opinion improved from qualified with findings on non-compliance with legislation and performance information in 2017/18 to an unqualified audit opinion with findings on non-compliance with legislation in 2018/19.
- **The completeness of fruitless and wasteful and irregular expenditure.** Improvement has been noted during the 2018/2019 financial year; however this process would require renewed effort from Management with a specific focus on condonement processes to be followed in this regard. The system to identify irregular expenditure and the completeness of irregular expenditure should be strengthened. As mentioned in note 24.1 to the Annual Financial Statements the total irregular expenditure as at 31 March 2019 was R9.286 billion of which R5.821 billion was incurred by implementing agents and R3.465 billion by the Department. The Chairperson had two meetings in 2018/19 with Water Boards to discuss irregular expenditure incurred by implementing agents on behalf of the Department.



- Inadequate controls over **appointments of contractors** (including implementing agents of the Department) who do not follow supply chain management processes. This is mainly linked to projects procured in previous years that are still under construction.
- **Predetermined Objectives.** The Department has shown an improvement in the area of performance information as no material findings were included in the AGSA's audit report.
- **The Department to continue as a going concern.** Due to challenges still applicable to the Department as projects are being paid for that was not originally budgeted for. Inadequate and ineffective monitoring of funds transferred to implementing agents. Payables exceeded the payment term of 30 days.
- **Historical Emergency projects.** The Department does not have a sufficient project methodology including processes and procedures, resulting in the Department incurring irregular, fruitless and wasteful expenditure as well as non-compliance with the Division of Revenue Act (Act no. 3 of 2017) (DORA).
- **Consequence management.** Efforts to be strengthened to ensure the speedy resolution of processes.

The Audit Committee has reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and the Acting DG; reviewed the AGSA's Management and Audit Reports and Management's responses thereto; reviewed changes in Accounting Policies and practices; reviewed the Department's compliance with legal and regulatory provisions.

Two material irregularities were also identified by the AGSA during the audit. It was confirmed by Management that appropriate steps will be taken to resolve these material irregularities.

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.

Efficiency and effectiveness of internal control

The systems of internal control are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital requires improvement to enhance these controls to be efficiently managed.

The Audit Committee has considered the work performed by IA on a quarterly basis. IA and the Internal Control section are tracking the outstanding audit findings and presented to the Audit Committee on a quarterly basis. As noted in the majority instances by IA, the internal control environment areas need significant improvement.

In line with the PFMA and the King IV Report requirements relating to Public Sector, IA provides the Audit Committee and Management with assurance that the internal controls are appropriate 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.

The Department did implement certain of the recommendations made by the Audit Committee. The main concerning areas to the Audit Committee that require urgent consequence management interventions are:

- Low performance achievements of strategic goals and indicators.
- Budget and financial management resulting in irregular and fruitless and wasteful expenditure and increased liquidity risk at the Department.
- Increased non-compliance resulting in significant audit findings on irregular and fruitless and wasteful expenditure.
- Improvement required in the implementation of IA and AGSA recommendations to ensure the resolution of findings. Assertions were made by Management, based on the action plan, to the Audit Committee that signification audit findings were addressed but the audit process has subsequently concluded that Management actions were not adequate to resolve the issues that were reported in the prior year.
- Key vacancies - The instability at Director-General and Chief Financial Officer Levels must be attended to as a matter of urgency.



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 needs 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 that Management needs appropriately balancing delivery and continues improvement.

Combined assurance

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

The Office of the Chief Risk Officer in consultation with IA also developed the departmental Combined Assurance Strategy and Implementation Plan during 2017/18 and this was implemented during the 2018/19 financial year. Feedback on the implementation of the Combined Assurance Plan is provided during the Quarterly Risk Management Meetings.

Internal Audit effectiveness

Internal Audit forms part of the third line of defence as set out in the Combined Assurance Strategy and engages with the first and second lines of defence to facilitate the escalation of key control breakdowns.

The IA unit has a functional reporting line to the Audit Committee (via the Chairperson) and an administrative reporting line to the Acting DG. The Audit Committee, with respect to its evaluation of the adequacy and effectiveness of internal controls, receives reports from IA on a quarterly basis, assesses the effectiveness of IA function, and reviews and approves the IA Operation, Coverage and Three Year Plans.

The Audit Committee is responsible for ensuring that the Department's IA function is independent and has the necessary resources, standing and authority within the Department to enable it to discharge its duties. The IA function's IA Coverage and Three Year Rolling Plans were approved by the Audit Committee.

The Audit Committee monitored and challenged, where appropriate, actions taken by Management with regard to adverse IA findings.

The Audit Committee has overseen a process by which IA 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 IA function. During the 2019/20 financial year additional actions will be implemented to ensure the IA unit is adequately resourced.

Several investigations were conducted/are in progress by the IA unit at the request of the Acting DG and/or the Minister arising from allegations against officials of the Department. The completed investigations resulted in recommendations for disciplinary and/or criminal proceeding to be instituted against the Department's officials concerned.



Performance Information

The performance information was presented to the Audit Committee during the meeting of 31 May 2019. The Audit Committee supported the submission of the information. Quarterly auditing of performance information by the IA unit of all APP targets took place. An improvement was noted in this with regard.

A major concern is the annual performance achievement of only 56% of the set targets, while the Department spent 97% of the approved budget for 2018/19 financial year.

Risk Management

A separate Risk Management Committee monitors and oversees the control of risk identification throughout the Department. Feedback is also provided to the Audit Committee on a quarterly basis. An independent Chairperson was appointed during the 2018/2019 financial year.

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 (inherently and residually) 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.

Governance and ethics

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

The focus on Ethics within the Department to imbed further enhancements of awareness and understanding of Ethics at all levels within the Department.

Furthermore, the Department requires that all members of the Senior Management Services (SMS) complete a financial disclosure declaration.

Information Communication Technology (ICT) governance

The Audit Committee reviewed the progress with respect to the ICT Governance in line with the ICT Framework issued by the Department of Public Service and Administration. Although there were certain progress on the ICT Internal Control the Audit Committee report its dissatisfaction with minimal progress made with the implementation of the Information Technology Steering Committee, Disaster Recovery Plan, the Business Continuity Plan, ICT Steering Committee meeting attendance and the monitoring of access in the servicer control room. This continued to be a high risk for the Department.



Conclusion

The Audit Committee is concerned with the continuing 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 material non-compliance with prescribed policies and procedures up to 31 March 2019. From observations, analyses 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 certain 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 noted by the AGSA.

The Audit Committee wishes to express its appreciation to the Acting DG, Management of the Department, the AGSA and IA who assisted the Audit Committee in performing its functions effectively.



Mr J A C du Plessis
Chairperson of the Audit Committee
Department of Water and Sanitation

10 September 2019



2 REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON VOTE 36: 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 180 to 346 which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, and cash flow statement and for the year then ended, as well as the 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 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (DoRA).

Basis for opinion

- 3) I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
- 4) I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including international independence standards) and the 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 codes.
- 5) I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

- 6) I draw attention to the matter below. My opinion is not modified in respect of this matter.
- 7) As stated in note 2 of the accounting policies to the financial statements, the department had an overdraft of R896 million (2017-18: R119 million), cumulative unauthorised expenditure of R641 million (2017-18: R641 million), and accruals and payables to the value of R1,668 billion (2017-18: R3,093 billion) as at 31 March 2019. As further stated in note 2, these negative results as set out in the note, indicate that a material uncertainty exists that may cast significant doubt on the department's ability to continue as a going concern (thus its ability to undertake its objectives when the vote has been depleted).

Emphasis of matters

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

Restatement of corresponding figures

- 9) As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2019.



Significant subsequent event

- 10) As disclosed in note 29 to the financial statements, the department transferred completed assets to the value of R2,593 billion through the section 42 transfer after year-end. This should be read in conjunction with note 32.5 to the financial statements.

Underspending of the vote

- 11) As disclosed in the appropriation statement, the department materially underspent the budget by R242 million on programme 3 – water infrastructure development.

Payables

- 12) As disclosed in note 21.2 to the financial statements, payables of R641 million exceeded the payment term of 30 days, as required by treasury regulation 8.2.3. This amount, in turn, exceeded the R254 million of voted funds to be surrendered as per the statement of financial performance by R387 million. The amount of R387 million therefore, would have constituted unauthorised expenditure had the amounts due, been paid in time.

Other matter

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

Unaudited supplementary schedules

- 14) The supplementary information (annexures) set out on pages 319 to 346 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

- 15) The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS and the requirements of the PFMA and 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.
- 16) In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

- 17) 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.
- 18) A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.



Report on the audit of the annual performance report

Introduction and scope

- 19) In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
- 20) My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters
- 21) I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 – water planning and information management	46 to 59
Programme 3 – water infrastructure development	60 to 79
Programme 4 – water sector regulations	80 to 91

- 22) I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 23) I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes.

Other matters

- 24) I draw attention to the matters below.

Achievement of planned targets

- 25) Refer to the annual performance report on pages 34 to 91 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 23 of this report.

Adjustment of material misstatements

- 26) We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 3: water infrastructure development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.



Report on the audit of compliance with legislation

Introduction and scope

- 27) In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 28) The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements and annual report

- 29) The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1)(a) and (b) of the PFMA.

Material misstatements of non-current assets, unauthorised expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were subsequently provided, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

- 30) Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R3,130 billion incurred in the current year, as disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by implementing agents not following proper procurement processes. An amount of R287 million was incurred in the current year on the bucket eradication programme due to improper deviations and an amount of R1,048 billion for the war-on-leaks project not following proper procurement processes.
- 31) Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R60 million, as disclosed in note 25 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. Most of the fruitless and wasteful expenditure resulted from standing time and management fees being incurred at the implementing agents. Fruitless and wasteful expenditure amounting to R47 million was incurred on the Giyani Water and Waste Water project due to excessive management fees being paid.
- 32) Payments were not made within 30 days or on an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3, due to current year budget allocations being utilised to pay accrual and payables carried over from the prior year.

Consequence management

- 33) I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure in prior years as required by section 38(1)(h)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.
- 34) I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.
- 35) In some instances, I was unable to obtain sufficient appropriate audit evidence that investigations were conducted into all allegations of financial misconduct committed by officials, as required by treasury regulation 4.1.1.



Conditional grants

- 36) The indirect regional bulk infrastructure and water services infrastructure grants were not spent for their intended purposes in accordance with the applicable grant framework, as required by section 17(1) of DoRA, as underspending which occurred during the year was not supported by cash on hand.

Other information

- 37) The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information 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 in this auditor's report.
- 38) My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 39) In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information 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.
- 40) If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

- 41) I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
- 42) The department had acting directors-general for a period exceeding two years. In addition, the chief financial officer position was also vacant for longer than a financial year. These instabilities in leadership at the department contributed to a number of internal control deficiencies. Effort of the acting incumbents, as noted from the improvement in the audit outcome, is however acknowledged.
- 43) Historical emergencies, on the basis of water being a basic need, which occurred at local government level resulted in a number of the departmental interventions. As part of taking over these projects, the leadership did not take appropriate actions to ensure that sufficient controls, monitoring and oversight were exercised over emerging projects run by the department or implementing agents appointed by them to execute the projects.
- 44) These mainly included a lack of proper standing operating procedure manual for emergency projects/interventions as guidance relating to procedures/checklists to understand, identify, start, monitor, comply and implement these projects conducted on an emergency basis, as and when the intervention was required.
- 45) Insufficient project management and planning was conducted to ensure projects were properly managed, remained within budget and were executed on time.
- 46) Management's processes to perform proper reconciliations related to a number of key financial statement components such as commitments, accruals and immovable tangible assets were inadequate.
- 47) Consequence management processes were not in all instances sufficient as the leadership did not take the appropriate action required in a timely manner for all irregular as well as fruitless and wasteful expenditure incurred by the department



Material Irregularities

- 48) In accordance with the PAA and the material irregularities regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities identified during the audit

- 49) The material irregularities identified are as follows:

Amatola Water Board not paid within 30 days

- 50) In 2018-19 payments to the Amatola Water Board were not made within 30 days from receipt of the invoices, as required by treasury regulation 8.2.3. The water board is an implementing agent for a water infrastructure project in the Eastern Cape, funded by the Regional Bulk Infrastructure grant (RBIG). As a result of the payment delays by the department, the invoices of the appointed contractor for the project could not be paid in time, which attracted interest. The construction was also suspended from 26 March 2018 until 4 June 2018, which resulted in the contractor claiming standing time, as provided for in the contract.
- 51) The interest and standing time charged as a result of the late payments resulted in a material financial loss of R12 766 032 by the financial year-end, as disclosed in note 25 to the financial statements.
- 52) The accounting officer referred the matter to the internal risk management unit of the department to finalise an investigation by 31 August 2019. Based on the outcome of the investigation, the accounting officer will then take appropriate action against any officials found to be responsible and take the necessary steps to recover the financial losses to the fullest extent possible. I will therefore follow up on the investigation and the implementation of planned actions, during my next audit.

Payment made to a consulting firm without evidence of work performed

- 53) A payment of R17 900 594 was made on 20 April 2018 to a consulting firm appointed for financial management services, without the required progress report supporting that the work had been performed. The payment for services not delivered was as a result of ineffective internal controls relating to the approval and processing of payments, as required by treasury regulation 8.1.1.
- 54) 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.
- 55) An investigation into the matter by the internal audit unit of the department concluded their report on the 18 July 2018. Based on the outcome of the investigation, the accounting officer initiated disciplinary procedures against officials involved and filed a combined summons with the high court on the 22 November 2018, to declare the contract invalid. The accounting officer confirmed that he will take appropriate action once the court process has been concluded. I will therefore also follow-up on the actions currently under way, during my next audit.

Other reports

- 56) In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
- 57) The special investigation unit (SIU) is still investigating two projects, which were proclaimed by the president in 2001 and 2016, respectively:
- 58) A forensic investigation into the Vuwani steel pipeline as per Proclamation Number R118 of 2010 (Gazette No. 22531 of 31 July 2001). This investigation was still in progress.



- 59) A forensic investigation into allegations of irregularities and possible losses by Lepelle Northern Water, which is linked to the department, as per Proclamation Number R22 of 2016 (Gazette No. 39935 of 18 April 2016). This investigation was also still in progress.
- 60) Several other investigations were also conducted, or were in progress, by the internal audit unit at the request of the accounting officer and/or the executive authority arising from allegations of financial misconduct against officials of the department. The completed investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the officials concerned, while others were still in progress at year-end.

Auditor-General

Pretoria

30 August 2019



Annexure – Auditor-general’s responsibility for the audit

- 1) 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 respect to the selected subject matters.

Financial statements

- 2) In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department of Water and Sanitation’s ability 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 the 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 continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

- 3) 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.
- 4) I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



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APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Appropriation per programme

Programme R'000	2018/19						2017/18		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance %	Expenditure as a % of final appropriation R'000	Final appropriation R'000	Actual expenditure
1 Administration	1 661 154	-	(27 142)	1 634 012	1 634 005	7	100%	1 649 851	1 998 691
2 Water Planning and Information Management	689 630	-	87	689 717	689 717	-	100%	738 252	653 262
3 Water Infrastructure Development	14 204 250	-	51 127	14 255 377	14 013 071	242 306	98%	12 844 465	12 146 247
4 Water Sector Regulation	318 695	-	(24 072)	294 623	282 641	11 982	96%	374 881	308 053
Total	16 873 729	-	-	16 873 729	16 619 434	254 295	99%	15 607 449	15 106 253
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				66 410				12 876	
Actual amounts per statement of financial performance (total revenue)				16 940 139				15 620 325	
Actual amounts per statement of financial performance (total expenditure)					16 619 434				15 106 253

Appropriation per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 281 076	(192)	-	3 280 885	3 625 271	(344 387)	111%	3 151 211	3 546 908
Compensation of employees	1 717 982	-	-	1 717 982	1 604 040	113 942	93%	1 568 248	1 535 641
Salaries and wages	1 468 626	15 120	(36 431)	1 447 315	1 400 421	46 895	97%	1 371 171	1 345 407
Social contributions	249 356	(15 120)	36 431	270 667	203 619	67 047	75%	197 077	190 234
Goods and services	1 563 094	(211)	-	1 562 883	2 021 213	(458 329)	129%	1 571 419	1 999 723
Administrative fees	13 591	(4 061)	(626)	8 904	8 897	7	100%	21 049	20 805
Advertising	13 474	22 027	-	35 501	44 748	(9 247)	126%	17 618	13 574
Minor assets	9 052	(6 736)	(242)	2 074	2 074	(1)	100%	6 626	3 862
Audit costs: External	43 888	(3 161)	-	40 727	40 727	-	100%	21 952	21 952
Bursaries: Employees	4 534	(1 773)	-	2 761	2 761	-	100%	2 017	2 017
Catering: Departmental activities	7 301	(5 494)	(190)	1 617	1 617	-	100%	5 212	4 800
Communication (G&S)	35 497	(3 133)	(695)	31 669	31 668	1	100%	33 190	31 766
Computer services	69 051	27 510	-	96 561	133 774	(37 213)	139%	105 763	97 852
Consultants: Business and advisory services	32 993	31 933	(7 139)	57 787	57 787	-	100%	205 431	182 222
Infrastructure and planning services	138 218	(27 337)	(1 023)	109 858	109 858	-	100%	193 405	304 670
Laboratory services	1 167	727	-	1 894	1 894	-	100%	3 793	1 333
Scientific and technological services	130	(130)	-	-	-	-	-	332	-
Legal services	10 004	6 514	-	16 518	16 518	-	100%	12 003	11 903
Contractors	30 643	(13 772)	-	16 871	16 871	-	100%	25 658	24 544





Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Agency and support / outsourced services	27 429	(15 585)	(4 200)	7 644	7 643	-	100%	8 135	6 302
Entertainment	351	(286)	-	65	65	-	100%	170	158
Fleet services (including government motor transport)	10 840	18 955	-	29 795	29 795	-	100%	25 313	24 916
Housing	47	(47)	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	3 005	(3 005)	-	-	-	-	-	-	-
Inventory: Farming supplies	21	(21)	-	-	-	-	-	-	-
Inventory: Food and food supplies	79	(79)	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	1 626	(1 626)	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	35	(35)	-	-	-	-	-	-	-
Inventory: Materials and supplies	2 823	(2 823)	-	-	-	-	-	-	-
Inventory: Medical supplies	243	(243)	-	-	-	-	-	-	-
Inventory: Medicine	300	(300)	-	-	-	-	-	-	-
Medsas inventory interface	116	(116)	-	-	-	-	-	-	-
Inventory: Other supplies	13 017	(1 877)	-	11 140	11 140	-	100%	6 227	6 127
Consumable supplies	13 960	(2 981)	-	10 979	10 979	-	100%	17 251	15 847
Consumable: Stationery, printing and office supplies	22 409	(16 153)	(1 545)	4 711	4 711	-	100%	17 750	13 444
Operating leases	385 129	(6 419)	-	378 710	414 524	(35 814)	110%	311 180	311 010
Property payments	98 460	13 014	-	111 474	111 475	-	100%	102 474	102 474

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transport provided: Departmental activity	1 204	(744)	-	460	460	-	100%	371	324
Travel and subsistence	50 450	53 046	18 269	121 765	121 766	-	100%	214 013	202 925
Training and development	494 469	(42 018)	(1 609)	450 842	826 904	(376 062)	183%	193 751	581 117
Operating payments	18 446	(8 613)	(587)	9 246	9 246	-	100%	12 245	8 771
Venues and facilities	6 982	(3 753)	(413)	2 816	2 816	-	100%	6 505	3 031
Rental and hiring	2 110	(1 617)	-	493	493	-	100%	1 986	1 977
Interest and rent on land	-	19	-	19	19	-	99%	11 544	11 544
Interest (Incl. interest on unitary payments (PPP))	-	19	-	19	19	-	99%	11 544	11 544
Transfers and subsidies	8 927 538	1 014 320	-	9 941 858	9 933 884	7 974	99%	8 420 569	8 185 674
Provinces and municipalities	5 726 662	1 014 317	-	6 740 979	6 740 979	-	100%	5 195 171	5 134 792
Municipalities	5 726 662	1 014 317	-	6 740 979	6 740 979	-	100%	5 195 171	5 134 792
Municipal bank accounts	5 726 662	1 014 317	-	6 740 979	6 740 979	-	100%	5 195 171	5 134 792
Departmental agencies and accounts	2 269 756	3	-	2 269 759	2 269 759	-	100%	1 886 056	1 885 559
Departmental agencies (non-business entities)	2 269 756	3	-	2 269 759	2 269 759	-	100%	1 886 056	1 885 559
Foreign governments and international organisations	209 212	-	-	209 212	209 269	(57)	100%	198 577	112 132
Public corporations and private enterprises	694 715	-	-	694 715	694 715	-	100%	1 098 503	1 022 349
Public corporations	694 715	-	-	694 715	694 715	-	100%	1 098 503	1 022 349
Other transfers to public corporations	694 715	-	-	694 715	694 715	-	100%	1 098 503	1 022 349
Non-profit institutions	1 026	-	-	1 026	1 194	(168)	116%	1 160	779





Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	26 167	-	-	26 167	17 968	8 200	69%	41 102	30 063
Social benefits	7 740	1 771	845	10 356	9 897	460	96%	19 560	8 759
Other transfers to households	18 427	(1 771)	(845)	15 811	8 071	7 740	51%	21 542	21 304
Payments for capital assets	4 665 115	(1 014 129)	-	3 650 986	3 060 279	590 707	84%	4 035 669	3 373 671
Buildings and other fixed structures	4 537 640	(1 014 128)	-	3 523 512	2 977 412	546 099	85%	3 895 801	3 301 109
Buildings	-	406 369	-	406 369	402 656	3 713	99%	979 545	923 964
Other fixed structures	4 537 640	(1 420 497)	-	3 117 143	2 574 756	542 387	83%	2 916 256	2 377 145
Machinery and equipment	97 084	(887)	-	96 197	51 589	44 608	54%	111 481	45 123
Transport equipment	19 207	4 060	720	23 987	19 296	4 690	80%	15 250	12 207
Other machinery and equipment	77 877	(4 947)	(720)	72 210	32 292	39 918	45%	96 231	32 916
Software and other intangible assets	30 391	887	-	31 278	31 278	-	100%	28 387	27 439
Total	16 873 729	-	-	16 873 729	16 619 434	254 295	99%	15 607 449	15 106 253

Programme 1: Administration

Sub-programme R'000	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1 Ministry	48 452	10 097	(1 362)	57 187	57 089	98	99%	56 173	56 060
2 Departmental Management	84 558	(12 809)	(4 672)	67 077	65 731	1 346	98%	65 141	61 784
3 Internal Audit	39 335	(616)	(6 100)	32 619	32 562	57	100%	35 323	34 264
4 Corporate Services	696 385	11 365	(6 480)	701 270	671 429	29 841	96%	832 659	1 197 343
5 Financial Management	253 904	2 365	-	256 269	254 111	2 158	99%	209 713	204 719
6 Office Accommodation	439 180	-	-	439 180	474 994	(35 814)	108%	367 505	367 505
7 Programme Management Unit	50 877	(1 654)	(7 982)	41 241	40 341	900	98%	40 810	39 270
8 International Water Support	48 463	(8 748)	(546)	39 169	37 749	1 420	96%	42 527	37 746
Total	1 661 154	-	(27 142)	1 634 012	1 634 005	7	100%	1 649 851	1 998 691



Programme 1: Administration per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 568 744	-	(26 648)	1 542 096	1 571 629	(29 533)	102%	1 559 637	1 925 129
Compensation of employees	778 198	-	(26 648)	751 550	736 033	15 517	98%	721 846	694 976
Salaries and wages	669 759	5 038	(21 480)	653 317	641 962	11 355	98%	633 256	608 069
Social contributions	108 439	(5 038)	(5 168)	98 233	94 071	4 162	96%	88 590	86 907
Goods and services	790 546	(11)	-	790 535	835 585	(45 050)	106%	837 791	1 230 153
Administrative fees	8 027	(3 292)	-	4 735	4 728	7	100%	10 262	10 277
Advertising	9 258	24 459	-	33 717	42 964	(9 247)	127%	10 786	10 687
Minor assets	4 532	(3 701)	-	831	831	-	100%	884	884
Audit costs: External	43 888	(3 161)	-	40 727	40 727	-	100%	21 952	21 952
Bursaries: Employees	4 499	(1 786)	-	2 713	2 713	-	100%	1 914	1 914
Catering: Departmental activities	3 614	(2 904)	-	710	710	-	100%	2 156	2 156
Communication (G&S)	26 475	(4 576)	-	21 899	21 899	-	100%	23 767	23 767
Computer services	63 681	7 925	-	71 606	71 606	-	100%	47 143	47 142
Consultants: Business and advisory services	12 001	11 116	-	23 117	23 117	-	100%	12 839	12 839
Legal services	8 881	7 637	-	16 518	16 518	-	100%	11 903	11 903
Contractors	24 366	(11 572)	-	12 794	12 794	-	100%	12 193	12 193
Agency and support / outsourced services	16 574	(11 297)	-	5 277	5 277	-	100%	3 498	3 498
Entertainment	184	(143)	-	41	41	-	100%	94	94
Fleet services (including government motor transport)	5 845	1 981	-	7 826	7 826	-	100%	6 658	6 658
Inventory: Clothing material and accessories	664	(664)	-	-	-	-	-	-	-

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Food and food supplies	5	(5)	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	81	(81)	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	13	(13)	-	-	-	-	-	-	-
Inventory: Materials and supplies	80	(80)	-	-	-	-	-	-	-
Inventory: Medical supplies	31	(31)	-	-	-	-	-	-	-
Inventory: Medicine	78	(78)	-	-	-	-	-	-	-
Inventory: Other supplies	1 855	549	-	2 404	2 404	-	100%	-	-
Consumable supplies	7 545	(2 897)	-	4 648	4 648	-	100%	5 443	5 443
Consumable: Stationery, printing and office supplies	12 200	(9 720)	-	2 480	2 480	-	100%	7 302	7 301
Operating leases	383 555	(4 848)	-	378 707	414 521	(35 814)	110%	310 798	310 798
Property payments	93 476	1 944	-	95 420	95 420	-	100%	86 358	86 358
Transport provided: Departmental activity	878	(878)	-	-	-	-	-	28	28
Travel and subsistence	29 669	24 960	-	54 629	54 629	-	100%	67 034	67 034
Training and development	14 110	(10 920)	-	3 190	3 186	4	100%	186 412	578 860
Operating payments	9 894	(5 675)	-	4 219	4 219	-	100%	5 114	5 113
Venues and facilities	2 894	(1 014)	-	1 880	1 880	-	100%	2 253	2 253
Rental and hiring	1 693	(1 246)	-	447	447	-	100%	1 001	1 001
Interest and rent on land	-	11	-	11	11	-	97%	-	-
Interest (Incl. interest on unitary payments (PPP))	-	11	-	11	11	-	97%	-	-





Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	21 632	-	(1 241)	20 391	12 606	7 786	62%	23 852	23 624
Provinces and municipalities	85	(1)	(70)	14	14	-	101%	25	11
Municipalities	85	(1)	(70)	14	14	-	101%	25	11
Municipal bank accounts	85	(1)	(70)	14	14	-	101%	25	11
Departmental agencies and accounts	2 828	1	-	2 829	2 829	-	100%	2 676	2 676
Departmental agencies (non-business entities)	2 828	1	-	2 829	2 829	-	100%	2 676	2 676
Foreign governments and international organisations	973	-	-	973	1 030	(57)	106%	1 754	1 563
Households	17 746	-	(1 171)	16 575	8 733	7 843	53%	19 397	19 374
Social benefits	2 116	1 322	-	3 438	3 336	103	97%	2 632	2 609
Other transfers to households	15 630	(1 322)	(1 171)	13 137	5 397	7 740	41%	16 765	16 765
Payments for capital assets	70 778	-	747	71 525	49 771	21 754	70%	66 362	49 938
Buildings and other fixed structures	-	-	-	-	-	-	-	25	25
Buildings	-	-	-	-	-	-	-	25	25
Machinery and equipment	41 134	(887)	-	40 247	18 493	21 754	46%	38 909	22 485
Transport equipment	8 045	1 088	-	9 133	5 184	3 949	57%	5 394	4 026
Other machinery and equipment	33 089	(1 975)	-	31 114	13 309	17 805	43%	33 515	18 459
Software and other intangible assets	29 644	887	747	31 278	31 278	-	100%	27 428	27 428
Total	1 661 154	-	(27 142)	1 634 012	1 634 005	7	100%	1 649 851	1 998 691

Sub-programme 1.1: Ministry per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	47 425	9 507	(1 350)	55 582	55 484	98	100%	54 760	54 661
Compensation of employees	33 305	-	(1 350)	31 955	31 861	94	100%	30 143	30 143
Salaries and wages	28 510	2 397	(1 350)	29 557	29 557	-	100%	27 477	27 477
Social contributions	4 795	(2 397)	-	2 398	2 304	94	96%	2 666	2 666
Goods and services	14 120	9 507	-	23 627	23 623	4	100%	24 617	24 518
Administrative fees	681	350	-	1 031	1 031	-	100%	949	949
Advertising	-	-	-	-	-	-	-	99	-
Minor assets	63	(63)	-	-	-	-	-	3	3
Catering: Departmental activities	160	(7)	-	153	153	-	100%	423	423
Communication (G&S)	801	315	-	1 116	1 116	-	100%	1 418	1 418
Consultants: Business and advisory services	-	-	-	-	-	-	-	2 513	2 513
Legal services	700	(700)	-	-	-	-	-	-	-
Contractors	62	(62)	-	-	-	-	-	44	44
Entertainment	32	(28)	-	4	4	-	100%	4	4
Fleet services (including government motor transport)	597	621	-	1 218	1 218	-	100%	961	961
Consumable supplies	89	(80)	-	9	9	-	100%	67	67
Consumable: Stationery, printing and office supplies	483	(380)	-	103	103	-	100%	73	73
Travel and subsistence	9 755	9 937	-	19 692	19 692	-	100%	17 805	17 805
Training and development	348	(344)	-	4	4	4	-	13	13





Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	249	1	-	250	250	-	100%	121	121
Venues and facilities	100	(53)	-	47	47	-	100%	124	124
Transfers and subsidies	90	-	(12)	78	78	1	99%	25	11
Provinces and municipalities	26	-	(12)	14	14	-	101%	11	11
Municipalities	26	-	(12)	14	14	-	101%	11	11
Municipal bank accounts	26	-	(12)	14	14	-	101%	11	11
Households	64	-	-	64	63	1	99%	14	-
Social benefits	64	-	-	64	63	1	99%	14	-
Payments for capital assets	937	590	-	1 527	1 527	-	100%	1 388	1 388
Machinery and equipment	937	590	-	1 527	1 527	-	100%	1 388	1 388
Transport equipment	300	1 071	-	1 371	1 371	-	100%	1 247	1 247
Other machinery and equipment	637	(481)	-	156	156	-	100%	141	141
Total	48 452	10 097	(1 362)	57 187	57 089	98	99%	56 173	56 060

Sub-programme 1.2: Departmental Management per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	82 867	(12 012)	(4 650)	66 205	64 860	1 345	98%	60 770	60 769
Compensation of employees	60 274	-	(4 650)	55 624	54 278	1 346	98%	48 526	48 526
Salaries and wages	44 769	2 803	-	47 572	47 572	-	100%	42 613	42 613
Social contributions	15 505	(2 803)	(4 650)	8 052	6 706	1 346	83%	5 913	5 913
Goods and services	22 593	(12 012)	-	10 581	10 582	(1)	100%	12 244	12 243
Administrative fees	948	(397)	-	551	551	-	100%	1 452	1 452
Advertising	802	(803)	-	(1)	-	(1)	-	-	-
Minor assets	275	(153)	-	122	122	-	100%	349	349
Catering: Departmental activities	271	(214)	-	57	57	-	100%	209	209
Communication (G&S)	1 379	(626)	-	753	753	-	100%	630	630
Computer services	91	(91)	-	-	-	-	-	-	-
Consultants: Business and advisory services	1 355	(1 355)	-	-	-	-	-	26	26
Contractors	3 563	(3 563)	-	-	-	-	-	103	103
Agency and support / outsourced services	625	(625)	-	-	-	-	-	-	-
Entertainment	51	(37)	-	14	14	-	100%	18	18
Fleet services (including government motor transport)	120	74	-	194	194	-	100%	176	176
Inventory: Clothing material and accessories	30	(30)	-	-	-	-	-	-	-





Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Food and food supplies	5	(5)	-	-	-	-	-	-	-
Inventory: Materials and supplies	53	(53)	-	-	-	-	-	-	-
Inventory: Other supplies	1 831	573	-	2 404	2 404	-	100%	-	-
Consumable supplies	99	(50)	-	49	49	-	100%	118	118
Consumable:									
Stationery, printing and office supplies	918	(690)	-	228	228	-	100%	428	427
Operating leases	24	(24)	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	45	45
Transport provided: Departmental activity	100	(100)	-	-	-	-	-	28	28
Travel and subsistence	3 730	1 745	-	5 475	5 475	-	100%	7 651	7 651
Training and development	1 866	(1 810)	-	56	56	-	100%	120	120
Operating payments	4 151	(3 866)	-	285	285	-	100%	199	198
Venues and facilities	306	88	-	394	394	-	100%	150	150
Rental and hiring	-	-	-	-	-	-	-	543	543
Transfers and subsidies	50	8	(22)	36	36	-	100%	56	42
Provinces and municipalities	22	-	(22)	-	-	-	-	14	-
Municipalities	22	-	(22)	-	-	-	-	14	-
Municipal bank accounts	22	-	(22)	-	-	-	-	14	-

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	28	8	-	36	36	-	100%	42	42
Social benefits	28	8	-	36	36	-	100%	42	42
Payments for capital assets	1 641	(805)	-	836	835	1	100%	4 315	973
Machinery and equipment	1 641	(805)	-	836	835	1	100%	4 315	973
Transport equipment	135	(34)	-	101	101	-	100%	128	78
Other machinery and equipment	1 506	(771)	-	735	734	1	100%	4 187	895
Total	84 558	(12 809)	(4 672)	67 077	65 731	1 346	98%	65 141	61 784



Sub-programme 1.3: Internal Audit per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	39 132	(999)	(6 100)	32 033	31 976	57	100%	34 317	34 159
Compensation of employees	34 695	-	(6 100)	28 595	28 538	57	100%	29 477	29 319
Salaries and wages	31 336	(81)	(6 100)	25 155	25 098	57	100%	25 921	25 763
Social contributions	3 359	81	-	3 440	3 440	-	100%	3 556	3 556
Goods and services	4 437	(999)	-	3 438	3 438	-	100%	4 840	4 839
Administrative fees	56	164	-	220	220	-	100%	302	302
Minor assets	35	(5)	-	30	30	-	100%	22	22
Catering: Departmental activities	54	(32)	-	22	22	-	100%	44	44
Communication (G&S)	135	111	-	246	246	-	100%	251	251
Computer services	31	534	-	565	565	-	100%	99	98
Consultants: Business and advisory services	-	403	-	403	403	-	100%	339	339
Contractors	34	(34)	-	-	-	-	-	-	-
Agency and support / outsourced services	1 693	(1 693)	-	-	-	-	-	-	-
Entertainment	8	(3)	-	5	5	-	100%	15	15
Consumable supplies	34	(23)	-	11	11	-	100%	4	4
Consumable: Stationery, printing and office supplies	46	(32)	-	14	14	-	100%	1 011	1 011
Travel and subsistence	2 088	(533)	-	1 555	1 555	-	100%	2 579	2 579
Training and development	111	117	-	228	228	-	100%	78	78

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	112	27	-	139	139	-	100%	96	96
Transfers and subsidies	34	(8)	-	26	25	1	96%	33	33
Households	34	(8)	-	26	25	1	96%	33	33
Social benefits	34	(8)	-	26	25	1	96%	33	33
Payments for capital assets	169	391	-	560	561	(1)	100%	973	72
Machinery and equipment	169	391	-	560	561	(1)	100%	973	72
Other machinery and equipment	169	391	-	560	561	(1)	100%	973	72
Total	39 335	(616)	(6 100)	32 619	32 562	57	100%	35 323	34 264



Sub-programme 1.4: Corporate Services per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	616 186	11 860	(6 020)	622 026	617 919	4 107	99%	762 473	1 134 746
Compensation of employees	400 706	(1 333)	(6 020)	393 353	379 998	13 355	97%	395 284	375 109
Salaries and wages	349 924	(1 333)	(6 020)	342 571	331 938	10 633	97%	349 237	329 205
Social contributions	50 782	-	-	50 782	48 060	2 722	95%	46 047	45 904
Goods and services	215 480	13 192	-	228 672	237 920	(9 248)	104%	367 189	759 637
Administrative fees	3 372	(2 132)	-	1 240	1 240	-	100%	3 559	3 559
Advertising	8 013	25 696	-	33 709	42 957	(9 248)	127%	10 568	10 568
Minor assets	2 158	(1 826)	-	332	332	-	100%	339	339
Bursaries: Employees	4 470	(1 757)	-	2 713	2 713	-	100%	1 914	1 914
Catering: Departmental activities	2 715	(2 317)	-	398	398	-	100%	1 046	1 046
Communication (G&S)	20 964	(4 001)	-	16 963	16 963	-	100%	18 120	18 120
Computer services	63 497	7 514	-	71 011	71 011	-	100%	47 023	47 023
Consultants: Business and advisory services	5 849	(4 571)	-	1 278	1 278	-	100%	1 612	1 612
Legal services	8 181	8 331	-	16 512	16 512	-	100%	11 903	11 903
Contractors	20 030	(7 587)	-	12 443	12 443	-	100%	12 037	12 037
Agency and support / outsourced services	3 808	1 358	-	5 166	5 166	-	100%	3 430	3 430
Entertainment	57	(52)	-	5	5	-	100%	25	25
Fleet services (including government motor transport)	4 237	1 376	-	5 613	5 613	-	100%	4 636	4 636
Inventory: Clothing material and accessories	584	(584)	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	81	(81)	-	-	-	-	-	-	-

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Learner and teacher support material	13	(13)	-	-	-	-	-	-	-
Inventory: Materials and supplies	21	(21)	-	-	-	-	-	-	-
Inventory: Medical supplies	31	(31)	-	-	-	-	-	-	-
Inventory: Medicine	78	(78)	-	-	-	-	-	-	-
Inventory: Other supplies	24	(24)	-	-	-	-	-	-	-
Consumable supplies	5 389	(1 337)	-	4 052	4 052	-	100%	4 909	4 909
Consumable: Stationery, printing and office supplies	5 959	(4 418)	-	1 541	1 541	-	100%	3 493	3 493
Operating leases	2 656	(2 656)	-	-	-	-	-	105	105
Property payments	32 192	1 216	-	33 408	33 408	-	100%	27 632	27 632
Transport provided: Departmental activity	742	(742)	-	-	-	-	-	-	-
Travel and subsistence	4 414	12 416	-	16 830	16 830	-	100%	25 053	25 053
Training and development	9 209	(6 421)	-	2 788	2 788	-	100%	185 857	578 305
Operating payments	4 298	(2 217)	-	2 081	2 081	-	100%	3 053	3 053
Venues and facilities	745	(603)	-	142	142	-	100%	417	417
Rental and hiring	1 693	(1 246)	-	447	447	-	100%	458	458
Interest and rent on land	-	1	-	1	1	-	100%	-	-
Interest (Incl. interest on unitary payments (PPP))	-	1	-	1	1	-	100%	-	-
Transfers and subsidies	19 694	(319)	(1 207)	18 168	10 428	7 740	57%	21 464	21 464
Provinces and municipalities	37	(1)	(36)	-	-	-	-	-	-
Municipalities	37	(1)	(36)	-	-	-	-	-	-
Municipal bank accounts	37	(1)	(36)	-	-	-	-	-	-





Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies and accounts	2 828	1	-	2 829	2 829	-	100%	2 676	2 676
Departmental agencies (non-business entities)	2 828	1	-	2 829	2 829	-	100%	2 676	2 676
Households	16 829	(319)	(1 171)	15 339	7 599	7 740	50%	18 788	18 788
Social benefits	1 199	1 003	-	2 202	2 202	-	100%	2 023	2 023
Other transfers to households	15 630	(1 322)	(1 171)	13 137	5 397	7 740	41%	16 765	16 765
Payments for capital assets	60 505	(176)	747	61 076	43 082	17 994	71%	48 722	41 133
Buildings and other fixed structures	-	-	-	-	-	-	-	25	25
Buildings	-	-	-	-	-	-	-	25	25
Machinery and equipment	30 861	(1 063)	-	29 798	11 804	17 994	40%	21 269	13 680
Transport equipment	6 967	-	-	6 967	2 856	4 111	41%	3 374	2 056
Other machinery and equipment	23 894	(1 063)	-	22 831	8 948	13 883	39%	17 895	11 624
Software and other intangible assets	29 644	887	747	31 278	31 278	-	100%	27 428	27 428
Total	696 385	11 365	(6 480)	701 270	671 429	29 841	96%	832 659	1 197 343

Sub-programme 1.5: Financial Management per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	247 700	2 365	-	250 065	250 057	8	100%	199 585	198 564
Compensation of employees	177 780	1 333	-	179 113	179 113	-	100%	161 146	160 110
Salaries and wages	151 237	1 802	-	153 039	153 039	-	100%	138 525	137 489
Social contributions	26 543	(469)	-	26 074	26 074	-	100%	22 621	22 621
Goods and services	69 920	1 022	-	70 942	70 934	8	100%	38 439	38 454
Administrative fees	1 603	(745)	-	858	852	6	99%	2 731	2 746
Advertising	423	(414)	-	9	7	2	78%	18	18
Minor assets	1 312	(1 016)	-	296	296	-	100%	104	104
Audit costs: External	43 888	(3 161)	-	40 727	40 727	-	100%	21 952	21 952
Bursaries: Employees	29	(29)	-	-	-	-	-	-	-
Catering: Departmental activities	93	(81)	-	12	12	-	100%	24	24
Communication (G&S)	1 450	358	-	1 808	1 808	-	100%	2 528	2 528
Computer services	62	(32)	-	30	30	-	100%	21	21
Consultants: Business and advisory services	265	17 643	-	17 908	17 908	-	100%	-	-
Legal services	-	6	-	6	6	-	100%	-	-
Contractors	638	(289)	-	349	349	-	100%	5	5
Agency and support / outsourced services	13	(13)	-	-	-	-	-	2	2
Entertainment	-	6	-	6	6	-	100%	12	12
Fleet services (including government motor transport)	791	(158)	-	633	633	-	100%	810	810





Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	50	(50)	-	-	-	-	-	-	-
Inventory: Materials and supplies	6	(6)	-	-	-	-	-	-	-
Consumable supplies	1 811	(1 298)	-	513	513	-	100%	294	294
Consumable: Stationery, printing and office supplies	3 704	(3 242)	-	462	462	-	100%	1 087	1 087
Operating leases	1 150	(1 150)	-	-	-	-	-	-	-
Property payments	1 779	(240)	-	1 539	1 539	-	100%	1 006	1 006
Travel and subsistence	7 918	(3 026)	-	4 892	4 892	-	100%	5 959	5 959
Training and development	1 658	(1 564)	-	94	94	-	100%	269	269
Operating payments	796	4	-	800	800	-	100%	1 599	1 599
Venues and facilities	481	(481)	-	-	-	-	-	18	18
Interest and rent on land	-	10	-	10	10	-	97%	-	-
Interest (Incl. interest on unitary payments (PPP))	-	10	-	10	10	-	97%	-	-
Transfers and subsidies	791	-	-	791	691	100	87%	429	429
Households	791	-	-	791	691	100	87%	429	429
Social benefits	791	-	-	791	691	100	87%	429	429
Payments for capital assets	5 413	-	-	5 413	3 364	2 049	62%	9 699	5 726
Machinery and equipment	5 413	-	-	5 413	3 364	2 049	62%	9 699	5 726
Transport equipment	593	-	-	593	755	(162)	127%	611	611
Other machinery and equipment	4 820	-	-	4 820	2 609	2 211	54%	9 088	5 115
Total	253 904	2 365	-	256 269	254 112	2 157	99%	209 713	204 719

Sub-programme 1.6: Office Accommodation per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	439 180	-	-	439 180	474 994	(35 814)	108%	367 505	367 505
Goods and services	439 180	-	-	439 180	474 994	(35 814)	108%	367 505	367 505
Operating leases	379 678	(971)	-	378 707	414 521	(35 814)	110%	310 693	310 693
Property payments	59 502	971	-	60 473	60 473	-	100%	56 812	56 812
Total	439 180	-	-	439 180	474 994	(35 814)	108%	367 505	367 505



Sub-programme 1.7: Programme Management Unit per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	49 872	(1 693)	(7 982)	40 197	40 197	-	100%	40 592	39 052
Compensation of employees	41 417	-	(7 982)	33 435	33 435	-	100%	27 110	25 570
Salaries and wages	36 833	-	(7 464)	29 369	29 369	-	100%	22 425	22 425
Social contributions	4 584	-	(518)	4 066	4 066	-	100%	4 685	3 145
Goods and services	8 455	(1 693)	-	6 762	6 762	-	100%	13 482	13 482
Administrative fees	827	(464)	-	363	363	-	100%	591	591
Minor assets	160	(119)	-	41	41	-	100%	28	28
Catering: Departmental activities	92	(26)	-	66	66	-	100%	194	194
Communication (G&S)	919	(549)	-	370	370	-	100%	322	322
Consultants: Business and advisory services	3 715	(1 187)	-	2 528	2 528	-	100%	7 349	7 349
Contractors	30	(30)	-	-	-	-	-	4	4
Agency and support / outsourced services	-	111	-	111	111	-	100%	66	66
Entertainment	16	(12)	-	4	4	-	100%	8	8
Consumable supplies	13	(13)	-	-	-	-	-	23	23
Consumable: Stationery, printing and office supplies	510	(498)	-	12	12	-	100%	1 086	1 086
Property payments	3	(3)	-	-	-	-	-	-	-
Travel and subsistence	955	347	-	1 302	1 302	-	100%	2 330	2 330
Training and development	374	(374)	-	-	-	-	-	36	36

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	249	393	-	642	642	-	100%	14	14
Venues and facilities	592	731	-	1 323	1 323	-	100%	1 431	1 431
Transfers and subsidies	-	39	-	39	39	-	100%	-	-
Households	-	39	-	39	39	-	100%	-	-
Social benefits	-	39	-	39	39	-	100%	-	-
Payments for capital assets	1 005	-	-	1 005	105	900	10%	218	218
Machinery and equipment	1 005	-	-	1 005	105	900	10%	218	218
Other machinery and equipment	1 005	-	-	1 005	105	900	10%	218	218
Total	50 877	(1 654)	(7 982)	41 241	40 341	900	98%	40 810	39 270



Sub-programme 1.8: International Water Support per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	46 382	(9 028)	(546)	36 808	36 143	665	98%	39 635	35 673
Compensation of employees	30 021	-	(546)	29 475	28 810	665	98%	30 160	26 198
Salaries and wages	27 150	(550)	(546)	26 054	25 389	665	97%	27 058	23 096
Social contributions	2 871	550	-	3 421	3 421	-	100%	3 102	3 102
Goods and services	16 361	(9 028)	-	7 333	7 333	-	100%	9 475	9 475
Administrative fees	540	(68)	-	472	472	-	100%	678	678
Advertising	20	(20)	-	-	-	-	-	101	101
Minor assets	529	(519)	-	10	10	-	100%	39	39
Catering: Departmental activities	229	(227)	-	2	2	-	100%	216	216
Communication (G&S)	827	(184)	-	643	643	-	100%	498	498
Consultants: Business and advisory services	817	183	-	1 000	1 000	-	100%	1 000	1 000
Contractors	9	(7)	-	2	2	-	100%	-	-
Agency and support / outsourced services	10 435	(10 435)	-	-	-	-	-	-	-
Entertainment	20	(17)	-	3	3	-	100%	12	12
Fleet services (including government motor transport)	100	68	-	168	168	-	100%	75	75
Consumable supplies	110	(96)	-	14	14	-	100%	28	28
Consumable: Stationery, printing and office supplies	580	(460)	-	120	120	-	100%	124	124

Economic classification	2018/19						2017/18		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Operating leases	47	(47)	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	863	863
Transport provided: Departmental activity	36	(36)	-	-	-	-	-	-	-
Travel and subsistence	809	4 074	-	4 883	4 883	-	100%	5 657	5 657
Training and development	544	(524)	-	20	20	-	100%	39	39
Operating payments	39	(17)	-	22	22	-	100%	32	32
Venues and facilities	670	(696)	-	(26)	(26)	-	100%	113	113
Transfers and subsidies	973	280	-	1 253	1 309	(56)	105%	1 845	1 645
Foreign governments and international organisations	973	-	-	973	1 030	(57)	106%	1 754	1 563
Households	-	280	-	280	279	1	100%	91	82
Social benefits	-	280	-	280	279	1	100%	91	82
Payments for capital assets	1 108	-	-	1 108	297	811	27%	1 047	428
Machinery and equipment	1 108	-	-	1 108	297	811	27%	1 047	428
Transport equipment	50	51	-	101	101	-	100%	34	34
Other machinery and equipment	1 058	(51)	-	1 007	196	811	20%	1 013	394
Total	48 463	(8 748)	(546)	39 169	37 749	1 420	96%	42 527	37 746



Programme 2: Water Planning and Information Management

Sub-programme R'000	2018/19							2017/18	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance %	Expenditure as a % of final appropriation R'000	Final appropriation R'000	Actual expenditure
1	6 466	(145)	(240)	6 081	6 070	12	100%	6 240	5 661
2	68 151	5 346	(4 519)	68 978	68 806	172	100%	103 944	88 648
3	36 862	11 436	(340)	47 958	47 946	12	100%	54 377	43 201
4	408 642	12 108	12 750	433 500	434 459	(959)	100%	460 504	421 599
5	141 019	(29 723)	(2 544)	108 752	108 710	42	100%	76 706	63 091
6	12 864	189	(1 620)	11 433	11 384	49	100%	15 904	15 750
7	15 626	787	(3 400)	13 013	12 342	671	95%	20 577	15 311
Total	689 630	-	87	689 717	689 717	-	100%	738 252	653 262

Programme 2: Water Planning and Information Management per economic classification

Economic classification	2018/19					2017/18			
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	618 122	(192)	4 274	622 204	644 478	(22 273)	104%	655 538	611 281
Compensation of employees	457 917	-	(13 995)	443 922	428 982	14 940	97%	410 461	407 807
Salaries and wages	404 544	(4 076)	(10 660)	389 808	375 020	14 789	96%	356 442	356 229
Social contributions	53 373	4 076	(3 335)	54 114	53 963	151	100%	54 019	51 578
Goods and services	160 205	(194)	18 269	178 280	215 493	(37 213)	121%	245 077	203 474
Administrative fees	2 025	(555)	-	1 470	1 470	-	100%	3 914	3 765
Advertising	762	(344)	-	418	418	-	100%	928	165
Minor assets	847	(180)	-	667	667	-	100%	1 102	919
Bursaries: Employees	17	4	-	21	21	-	100%	103	103
Catering: Departmental activities	686	(669)	-	17	17	-	100%	128	82
Communication (G&S)	3 195	1 621	-	4 816	4 816	-	100%	4 880	4 586
Computer services	4 276	7 446	-	11 722	48 935	(37 213)	418%	57 368	50 710
Consultants: Business and advisory services	4 228	2 879	-	7 107	7 107	-	100%	9 275	5 070
Infrastructure and planning services	104 019	(12 077)	-	91 942	91 942	-	100%	82 161	59 948
Laboratory services	535	(53)	-	482	482	-	100%	485	485
Scientific and technological services	130	(130)	-	-	-	-	-	-	-
Legal services	1 063	(1 063)	-	-	-	-	-	-	-
Contractors	1 011	105	-	1 116	1 116	-	100%	1 462	1 451
Agency and support / outsourced services	4 627	(4 623)	-	4	4	-	100%	1 707	720
Entertainment	69	(64)	-	5	5	-	100%	29	25





Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services (including government motor transport)	1 644	12 821	-	14 465	14 465	-	100%	12 291	12 044
Inventory: Clothing material and accessories	1 261	(1 261)	-	-	-	-	-	-	-
Inventory: Food and food supplies	52	(52)	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	1 545	(1 545)	-	-	-	-	-	-	-
Inventory: Leamer and teacher support material	22	(22)	-	-	-	-	-	-	-
Inventory: Materials and supplies	2 161	(2 161)	-	-	-	-	-	-	-
Inventory: Medical supplies	41	(41)	-	-	-	-	-	-	-
Inventory: Medicine	221	(221)	-	-	-	-	-	-	-
Inventory: Other supplies	1 782	(1 782)	-	-	-	-	-	-	-
Consumable supplies	3 222	1 673	-	4 895	4 895	-	100%	7 266	7 185
Consumable: Stationery, printing and office supplies	4 214	(3 481)	-	733	733	-	100%	3 959	2 424
Operating leases	741	(741)	-	-	-	-	-	-	-
Property payments	2 932	(358)	-	2 574	2 574	-	100%	3 950	3 950
Transport provided: Departmental activity	6	(6)	-	-	-	-	-	-	-
Travel and subsistence	4 513	9 621	18 269	32 403	32 403	-	100%	48 238	46 508
Training and development	2 505	(2 285)	-	220	220	-	100%	2 677	1 256
Operating payments	3 144	(16)	-	3 128	3 128	-	100%	2 297	1 771
Venues and facilities	2 492	(2 448)	-	44	44	-	100%	849	299
Rental and hiring	217	(187)	-	30	30	-	100%	8	8
Interest and rent on land	-	2	-	2	2	-	100%	-	-

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Interest (Incl. interest on unitary payments (PPP))	-	2	-	2	2	-	100%	-	-
Transfers and subsidies	3 287	192	431	3 910	3 910	-	100%	4 655	4 508
Provinces and municipalities	438	190	70	698	698	-	100%	682	542
Municipalities	438	190	70	698	698	-	100%	682	542
Municipal bank accounts	438	190	70	698	698	-	100%	682	542
Departmental agencies and accounts	-	2	-	2	2	-	120%	-	2
Departmental agencies (non-business entities)	-	2	-	2	2	-	120%	-	2
Non-profit institutions	26	-	(4)	22	22	-	98%	25	21
Households	2 823	-	365	3 188	3 188	-	100%	3 948	3 943
Social benefits	2 823	-	315	3 138	3 138	-	100%	3 948	3 943
Other transfers to households	-	-	50	50	50	-	100%	-	-
Payments for capital assets	68 221	-	(4 618)	63 603	41 330	22 273	65%	78 059	37 473
Buildings and other fixed structures	28 468	-	(3 151)	25 317	18 379	6 938	73%	31 740	23 722
Other fixed structures	28 468	-	(3 151)	25 317	18 379	6 938	73%	31 740	23 722
Machinery and equipment	39 006	-	(720)	38 286	22 951	15 336	60%	45 360	13 740
Transport equipment	7 092	2 710	-	9 802	9 800	2	100%	4 907	4 907
Other machinery and equipment	31 914	(2 710)	(720)	28 484	13 151	15 334	46%	40 453	8 833
Software and other intangible assets	747	-	(747)	-	-	-	-	959	11
Total	689 630	-	87	689 717	689 717	-	100%	738 252	653 262



Sub-programme 2.1: Water Planning, Information Management and Support per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 293	(145)	(130)	6 018	6 015	3	100%	6 076	5 600
Compensation of employees	5 682	-	(130)	5 552	5 549	3	100%	5 131	4 776
Salaries and wages	5 271	(228)	(130)	4 913	4 910	3	100%	4 204	4 204
Social contributions	411	228	-	639	639	-	100%	927	572
Goods and services	611	(145)	-	466	466	-	100%	945	824
Administrative fees	21	2	-	23	23	-	100%	87	87
Minor assets	-	-	-	-	-	-	-	8	8
Catering: Departmental activities	52	(52)	-	-	-	-	-	-	-
Communication (G&S)	106	(54)	-	52	52	-	100%	72	72
Entertainment	6	(6)	-	-	-	-	-	6	2
Consumable supplies	-	7	-	7	7	-	100%	2	2
Consumable: Stationery, printing and office supplies	70	(64)	-	6	6	-	100%	122	122
Travel and subsistence	236	133	-	369	369	-	100%	521	501
Training and development	15	(15)	-	-	-	-	-	61	-
Operating payments	-	9	-	9	9	-	100%	30	30
Venues and facilities	105	(105)	-	-	-	-	-	36	-
Payments for capital assets	173	-	(110)	63	54	9	86%	164	61
Machinery and equipment	173	-	(110)	63	54	9	86%	164	61
Other machinery and equipment	173	-	(110)	63	54	9	86%	164	61
Total	6 466	(145)	(240)	6 081	6 070	12	100%	6 240	5 661

Sub-programme 2.2: Integrated Planning per economic classification

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	66 441	5 451	(4 153)	67 739	67 572	167	100%	102 360	87 458
Compensation of employees	44 356	-	(4 153)	40 203	40 036	167	100%	52 103	52 103
Salaries and wages	39 180	-	(2 900)	36 280	36 256	24	100%	46 906	46 906
Social contributions	5 176	-	(1 253)	3 923	3 780	143	96%	5 197	5 197
Goods and services	22 085	5 451	-	27 536	27 536	-	100%	50 257	35 355
Administrative fees	400	(234)	-	166	166	-	100%	587	587
Advertising	22	(22)	-	-	-	-	-	-	-
Minor assets	203	(194)	-	9	9	-	100%	209	209
Catering: Departmental activities	20	(20)	-	-	-	-	-	1	1
Communication (G&S)	478	(204)	-	274	274	-	100%	471	293
Computer services	127	(127)	-	-	-	-	-	126	126
Consultants: Business and advisory services	479	(479)	-	-	-	-	-	500	-
Infrastructure and planning services	16 500	8 756	-	25 256	25 256	-	100%	40 660	29 406
Contractors	-	-	-	-	-	-	-	4	4
Entertainment	16	(15)	-	1	1	-	100%	2	2
Fleet services (including government motor transport)	272	(272)	-	-	-	-	-	247	-
Inventory: Clothing material and accessories	50	(50)	-	-	-	-	-	-	-





Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	8	(8)	-	-	-	-	-	-	-
Inventory: Other supplies	1	(1)	-	-	-	-	-	-	-
Consumable supplies	125	(124)	-	1	1	-	100%	10	10
Consumable: Stationery, printing and office supplies	1 170	(1 124)	-	46	46	-	100%	1 545	278
Operating leases	53	(53)	-	-	-	-	-	-	-
Travel and subsistence	1 035	602	-	1 637	1 637	-	100%	4 437	4 211
Training and development	556	(537)	-	19	19	-	100%	971	183
Operating payments	446	(319)	-	127	127	-	100%	444	2
Venues and facilities	124	(124)	-	-	-	-	-	43	43
Transfers and subsidies	1 000	(105)	-	895	895	-	100%	913	913
Households	1 000	(105)	-	895	895	-	100%	913	913
Social benefits	1 000	(105)	-	895	895	-	100%	913	913
Payments for capital assets	710	-	(366)	344	339	5	99%	671	277
Machinery and equipment	434	-	(90)	344	339	5	99%	410	277
Other machinery and equipment	434	-	(90)	344	339	5	99%	410	277
Software and other intangible assets	276	-	(276)	-	-	-	-	261	-
Total	68 151	5 346	(4 519)	68 978	68 806	172	100%	103 944	88 648

Sub-programme 2.3: Water Ecosystems per economic classification

Economic classification	2018/19					2017/18			
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	36 125	11 436	-	47 561	47 561	-	100%	53 753	43 106
Compensation of employees	34 175	160	-	34 335	34 335	-	100%	31 714	31 714
Salaries and wages	32 149	(1 505)	-	30 644	30 644	-	100%	28 331	28 331
Social contributions	2 026	1 665	-	3 691	3 691	-	100%	3 383	3 383
Goods and services	1 950	11 276	-	13 226	13 226	-	100%	22 039	11 392
Administrative fees	74	57	-	131	131	-	100%	230	230
Minor assets	153	(10)	-	143	143	-	100%	61	61
Catering: Departmental activities	50	(50)	-	-	-	-	-	-	-
Communication (G&S)	102	94	-	196	196	-	100%	188	188
Computer services	46	(46)	-	-	-	-	-	-	-
Infrastructure and planning services	441	10 418	-	10 859	10 859	-	100%	19 248	8 718
Contractors	170	(162)	-	8	8	-	100%	-	-
Entertainment	8	(8)	-	-	-	-	-	5	5
Consumable supplies	58	19	-	77	77	-	100%	10	10
Consumable: Stationery, printing and office supplies	100	(70)	-	30	30	-	100%	238	238
Operating leases	23	(23)	-	-	-	-	-	-	-
Travel and subsistence	480	202	-	682	682	-	100%	1 685	1 685
Training and development	200	(200)	-	-	-	-	-	124	7
Operating payments	-	1 100	-	1 100	1 100	-	100%	250	250
Venues and facilities	45	(45)	-	-	-	-	-	-	-
Payments for capital assets	737	-	(340)	397	385	12	97%	624	96
Machinery and equipment	737	-	(340)	397	385	12	97%	624	96
Other machinery and equipment	737	-	(340)	397	385	12	97%	624	96
Total	36 862	11 436	(340)	47 958	47 946	12	100%	54 377	43 201



Sub-programme 2.4: Water Information Management per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	341 624	11 800	15 807	369 232	391 743	(22 512)	106%	382 938	382 938
Compensation of employees	309 710	(160)	(2 462)	307 088	292 387	14 701	95%	275 904	275 904
Salaries and wages	272 309	(1 951)	(2 462)	267 896	253 195	14 701	95%	238 417	238 417
Social contributions	37 401	1 791	-	39 192	39 192	-	100%	37 487	37 487
Goods and services	31 914	11 958	18 269	62 141	99 354	(37 213)	160%	107 034	107 034
Administrative fees	672	258	-	930	930	-	100%	2 292	2 292
Advertising	236	(236)	-	-	-	-	-	-	-
Minor assets	55	411	-	466	466	-	100%	525	525
Bursaries: Employees	17	4	-	21	21	-	100%	103	103
Catering: Departmental activities	297	(280)	-	17	17	-	100%	51	51
Communication (G&S)	1 785	1 775	-	3 560	3 560	-	100%	3 379	3 379
Computer services	1 053	(1 477)	-	(424)	36 789	(37 213)	(8 677%)	36 061	36 061
Consultants: Business and advisory services	1 049	4 432	-	5 481	5 481	-	100%	481	481
Infrastructure and planning services	609	(439)	-	170	170	-	100%	857	857
Laboratory services	535	(53)	-	482	482	-	100%	485	485
Scientific and technological services	130	(130)	-	-	-	-	-	-	-
Legal services	1 063	(1 063)	-	-	-	-	-	-	-
Contractors	644	441	-	1 085	1 085	-	100%	1 440	1 440
Agency and support / outsourced services	2 836	(2 832)	-	4	4	-	100%	14	14
Entertainment	14	(13)	-	1	1	-	100%	4	4

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services (including government motor transport)	1 372	13 093	-	14 465	14 465	-	100%	12 044	12 044
Inventory: Clothing material and accessories	1 154	(1 154)	-	-	-	-	-	-	-
Inventory: Food and food supplies	52	(52)	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	1 539	(1 539)	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	22	(22)	-	-	-	-	-	-	-
Inventory: Materials and supplies	2 150	(2 150)	-	-	-	-	-	-	-
Inventory: Medical supplies	41	(41)	-	-	-	-	-	-	-
Inventory: Medicine	221	(221)	-	-	-	-	-	-	-
Inventory: Other supplies	1 781	(1 781)	-	-	-	-	-	-	-
Consumable supplies	2 994	1 791	-	4 785	4 785	-	100%	6 891	6 891
Consumable: Stationery, printing and office supplies	1 642	(1 192)	-	450	450	-	100%	946	946
Operating leases	598	(598)	-	-	-	-	-	-	-
Property payments	2 932	(358)	-	2 574	2 574	-	100%	3 950	3 950
Transport provided: Departmental activity	6	(6)	-	-	-	-	-	-	-
Travel and subsistence	1 096	7 360	18 269	26 725	26 725	-	100%	35 405	35 405
Training and development	848	(733)	-	115	115	-	100%	818	818
Operating payments	1 851	(647)	-	1 204	1 204	-	100%	1 219	1 219
Venues and facilities	403	(403)	-	-	-	-	-	61	61
Rental and hiring	217	(187)	-	30	30	-	100%	8	8
Interest and rent on land	-	2	-	2	2	-	100%	-	-





Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Interest (Incl. interest on unitary payments (PPP))	-	2	-	2	2	-	100%	-	-
Transfers and subsidies	2 149	308	435	2 892	2 892	-	100%	2 817	2 679
Provinces and municipalities	438	190	70	698	698	-	100%	682	542
Municipalities	438	190	70	698	698	-	100%	682	542
Municipal bank accounts	438	190	70	698	698	-	100%	682	542
Departmental agencies and accounts	-	2	-	2	2	-	120%	-	2
Departmental agencies (non-business entities)	-	2	-	2	2	-	120%	-	2
Households	1 711	116	365	2 192	2 192	-	100%	2 135	2 135
Social benefits	1 711	116	315	2 142	2 142	-	100%	2 135	2 135
Other transfers to households	-	-	50	50	50	-	100%	-	-
Payments for capital assets	64 869	-	(3 492)	61 377	39 823	21 554	65%	74 749	35 982
Buildings and other fixed structures	28 468	-	(3 151)	25 317	18 379	6 938	73%	31 740	23 722
Other fixed structures	28 468	-	(3 151)	25 317	18 379	6 938	73%	31 740	23 722
Machinery and equipment	36 060	-	-	36 060	21 444	14 616	60%	42 434	12 249
Transport equipment	7 092	2 710	-	9 802	9 800	2	100%	4 907	4 907
Other machinery and equipment	28 968	(2 710)	-	26 258	11 644	14 614	44%	37 527	7 342
Software and other intangible assets	341	-	(341)	-	-	-	-	575	11
Total	408 642	12 108	12 750	433 500	434 459	(959)	100%	460 504	421 599

Sub-programme 2.5: Water Services and Local water Management per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	140 221	(29 766)	(2 350)	108 106	108 073	32	100%	75 419	62 093
Compensation of employees	40 449	-	(2 350)	38 099	38 067	32	100%	25 639	23 857
Salaries and wages	34 545	-	(928)	33 617	33 585	32	100%	21 278	21 065
Social contributions	5 904	-	(1 422)	4 482	4 482	-	100%	4 361	2 792
Goods and services	99 772	(29 766)	-	70 007	70 007	-	100%	49 780	38 236
Administrative fees	687	(546)	-	141	141	-	100%	338	338
Advertising	429	(11)	-	418	418	-	100%	7	7
Minor assets	286	(255)	-	31	31	-	100%	74	74
Catering: Departmental activities	237	(237)	-	-	-	-	-	-	-
Communication (G&S)	556	(97)	-	459	459	-	100%	372	372
Computer services	3 000	9 146	-	12 146	12 146	-	100%	21 181	14 523
Consultants: Business and advisory services	2 000	(2 000)	-	-	-	-	-	3 705	-
Infrastructure and planning services	86 447	(32 100)	-	54 347	54 347	-	100%	18 222	18 222
Contractors	163	(140)	-	23	23	-	100%	3	3
Agency and support / outsourced services	1 791	(1 791)	-	-	-	-	-	1 693	706
Entertainment	11	(10)	-	1	1	-	100%	2	2
Inventory: Clothing material and accessories	57	(57)	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	6	(6)	-	-	-	-	-	-	-
Inventory: Materials and supplies	3	(3)	-	-	-	-	-	-	-





Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable supplies	5	4	-	9	9	-	100%	267	267
Consumable: Stationery, printing and office supplies	1 038	(986)	-	52	52	-	100%	645	451
Travel and subsistence	735	1 205	-	1 940	1 940	-	100%	2 883	2 883
Training and development	671	(588)	-	83	83	-	100%	47	47
Operating payments	829	(499)	-	330	330	-	100%	223	223
Venues and facilities	821	(794)	-	27	27	-	100%	118	118
Transfers and subsidies	26	43	(4)	65	65	-	99%	557	553
Non-profit institutions	26	-	(4)	22	22	-	98%	25	21
Households	-	43	-	43	43	-	100%	532	532
Social benefits	-	43	-	43	43	-	100%	532	532
Payments for capital assets	772	-	(190)	582	572	10	98%	730	445
Machinery and equipment	642	-	(60)	582	572	10	98%	607	445
Other machinery and equipment	642	-	(60)	582	572	10	98%	607	445
Software and other intangible assets	130	-	(130)	-	-	-	-	123	-
Total	141 019	(29 723)	(2 544)	108 752	108 710	42	100%	76 706	63 091

Sub-programme 2.6: Sanitation Planning and Management per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	12 663	131	(1 500)	11 294	11 271	23	100%	15 548	15 548
Compensation of employees	10 224	-	(1 500)	8 724	8 701	23	100%	9 549	9 549
Salaries and wages	9 583	(392)	(1 500)	7 691	7 668	23	100%	8 538	8 538
Social contributions	641	392	-	1 033	1 033	-	100%	1 011	1 011
Goods and services	2 439	131	-	2 570	2 570	-	100%	5 999	5 999
Administrative fees	141	(84)	-	57	57	-	100%	116	116
Minor assets	112	(112)	-	-	-	-	-	-	-
Catering: Departmental activities	12	(12)	-	-	-	-	-	-	-
Communication (G&S)	107	14	-	121	121	-	100%	151	151
Consultants: Business and advisory services	700	926	-	1 626	1 626	-	100%	4 572	4 572
Entertainment	8	(7)	-	1	1	-	100%	4	4
Consumable: Stationery, printing and office supplies	180	(180)	-	-	-	-	-	66	66
Operating leases	67	(67)	-	-	-	-	-	-	-
Travel and subsistence	801	(36)	-	765	765	-	100%	1 090	1 090
Training and development	201	(201)	-	-	-	-	-	-	-
Venues and facilities	110	(110)	-	-	-	-	-	-	-
Transfers and subsidies	-	58	-	58	58	-	100%	-	-
Households	-	58	-	58	58	-	100%	-	-
Social benefits	-	58	-	58	58	-	100%	-	-
Payments for capital assets	201	-	(120)	81	55	26	68%	356	202
Machinery and equipment	201	-	(120)	81	55	26	68%	356	202
Other machinery and equipment	201	-	(120)	81	55	26	68%	356	202
Total	12 864	189	(1 620)	11 433	11 384	49	100%	15 904	15 750



Sub-programme 2.7: Policy and Strategy per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 755	899	(3 400)	12 254	12 241	13	100%	19 444	14 538
Compensation of employees	13 321	-	(3 400)	9 921	9 908	13	100%	10 421	9 904
Salaries and wages	11 507	-	(2 740)	8 767	8 762	5	100%	8 768	8 768
Social contributions	1 814	-	(660)	1 154	1 146	8	99%	1 653	1 136
Goods and services	1 434	899	-	2 333	2 333	-	100%	9 023	4 634
Administrative fees	30	(8)	-	22	22	-	100%	264	115
Advertising	75	(75)	-	-	-	-	-	921	158
Minor assets	38	(20)	-	18	18	-	100%	225	42
Catering: Departmental activities	18	(18)	-	-	-	-	-	76	30
Communication (G&S)	61	93	-	154	154	-	100%	247	131
Computer services	50	(50)	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	17	17
Infrastructure and planning services	22	1 288	-	1 310	1 310	-	100%	3 174	2 745
Contractors	34	(34)	-	-	-	-	-	15	4
Entertainment	6	(5)	-	1	1	-	100%	6	6
Consumable supplies	40	(24)	-	16	16	-	100%	86	5
Consumable: Stationery, printing and office supplies	14	135	-	149	149	-	100%	397	323
Travel and subsistence	130	155	-	285	285	-	100%	2 217	733
Training and development	14	(11)	-	3	3	-	100%	656	201
Operating payments	18	340	-	358	358	-	100%	131	47

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	884	(867)	-	17	17	-	100%	591	77
Transfers and subsidies	112	(112)	-	-	-	-	-	368	363
Households	112	(112)	-	-	-	-	-	368	363
Social benefits	112	(112)	-	-	-	-	-	368	363
Payments for capital assets	759	-	-	759	101	658	13%	765	410
Machinery and equipment	759	-	-	759	101	658	13%	765	410
Other machinery and equipment	759	-	-	759	101	658	13%	765	410
Total	15 626	787	(3 400)	13 013	12 342	671	95%	20 577	15 311



Programme 3: Water Infrastructure Development

Sub-programme R'000	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1 Strategic Infrastructure Development and Management	2 292 133	-	-	2 292 133	2 292 133	-	100%	1 906 704	1 820 450
2 Operation of Water Resources	183 034	-	-	183 034	183 034	-	100%	173 000	173 000
3 Regional Bulk Infrastructure Grant	5 603 536	4 701	48	5 608 285	5 083 262	525 023	91%	6 075 159	5 575 674
4 Water Services Infrastructure Grant	5 532 206	18 909	758	5 551 873	5 508 133	43 740	99%	4 510 695	4 439 184
5 Accelerated Community Infrastructure Programme	593 341	(23 610)	50 321	620 052	946 509	(326 457)	153%	178 907	137 939
Total	14 204 250	-	51 127	14 255 377	14 013 071	242 306	98%	12 844 465	12 146 247

Programme 3: Water Infrastructure Development per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	787 279	-	46 446	833 725	1 132 975	(299 250)	136%	575 768	707 081
Compensation of employees	242 197	-	46 446	288 643	211 827	76 816	73%	202 127	199 408
Salaries and wages	190 163	10 039	-	200 202	184 557	15 645	92%	173 749	173 749
Social contributions	52 034	(10 039)	46 446	88 441	27 270	61 171	31%	28 378	25 659
Goods and services	545 082	(6)	-	545 076	921 142	(376 066)	169%	362 097	496 129
Administrative fees	2 330	(1 132)	-	1 198	1 198	-	100%	3 063	3 063
Advertising	3 283	(1 918)	-	1 365	1 365	-	100%	2 230	2 230
Minor assets	2 439	(2 123)	-	316	316	-	100%	1 068	1 068
Bursaries: Employees	18	9	-	27	27	-	100%	-	-
Catering: Departmental activities	2 124	(1 808)	-	316	316	-	100%	2 256	2 256
Communication (G&S)	4 261	(2 039)	-	2 222	2 222	-	100%	1 492	1 492
Computer services	1 001	(1 001)	-	-	-	-	-	-	-
Consultants: Business and advisory services	6 115	15 957	-	22 072	22 072	-	100%	144 136	144 136
Infrastructure and planning services	5 105	12 164	-	17 269	17 269	-	100%	108 514	242 546
Laboratory services	511	(511)	-	-	-	-	-	-	-
Contractors	4 875	(2 103)	-	2 772	2 772	-	100%	10 545	10 545
Agency and support / outsourced services	1 849	(448)	-	1 401	1 401	-	100%	1 566	1 566
Entertainment	18	(13)	-	5	5	-	100%	10	10
Fleet services (including government motor transport)	2 667	2 449	-	5 116	5 116	-	100%	4 692	4 692
Inventory: Clothing material and accessories	449	(449)	-	-	-	-	-	-	-





Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Farming supplies	16	(16)	-	-	-	-	-	-	-
Inventory: Materials and supplies	408	(408)	-	-	-	-	-	-	-
Inventory: Medical supplies	14	(14)	-	-	-	-	-	-	-
Inventory: Medicine	1	(1)	-	-	-	-	-	-	-
Medsas inventory interface	116	(116)	-	-	-	-	-	-	-
Inventory: Other supplies	9 142	(406)	-	8 736	8 736	-	100%	6 127	6 127
Consumable supplies	1 992	(1 227)	-	765	765	-	100%	981	981
Consumable: Stationery, printing and office supplies	3 530	(2 583)	-	947	947	-	100%	1 823	1 823
Operating leases	201	(198)	-	3	3	-	100%	25	25
Property payments	1 808	11 526	-	13 334	13 334	-	100%	11 808	11 808
Transport provided: Departmental activity	294	76	-	370	370	-	100%	296	296
Travel and subsistence	12 507	5 992	-	18 499	18 499	-	100%	59 083	59 083
Training and development	474 431	(27 179)	-	447 252	823 318	(376 066)	184%	288	288
Operating payments	2 607	(1 757)	-	850	850	-	100%	968	968
Venues and facilities	858	(633)	-	225	225	-	100%	176	176
Rental and hiring	112	(96)	-	16	16	-	100%	950	950
Interest and rent on land	-	6	-	6	6	-	100%	11 544	11 544
Interest (Incl. interest on unitary payments (PPP))	-	6	-	6	6	-	100%	11 544	11 544
Transfers and subsidies	8 900 576	1 014 128	810	9 915 514	9 915 682	(168)	100%	8 390 898	8 157 292
Provinces and municipalities	5 726 139	1 014 128	-	6 740 267	6 740 267	-	100%	5 194 464	5 134 239
Municipalities	5 726 139	1 014 128	-	6 740 267	6 740 267	-	100%	5 194 464	5 134 239
Municipal bank accounts	5 726 139	1 014 128	-	6 740 267	6 740 267	-	100%	5 194 464	5 134 239

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies and accounts	2 266 928	-	-	2 266 928	2 266 928	-	100%	1 882 881	1 882 881
Departmental agencies (non-business entities)	2 266 928	-	-	2 266 928	2 266 928	-	100%	1 882 881	1 882 881
Foreign governments and international organisations	208 239	-	-	208 239	208 239	-	100%	196 823	110 569
Public corporations and private enterprises	694 715	-	-	694 715	694 715	-	100%	1 098 503	1 022 349
Public corporations	694 715	-	-	694 715	694 715	-	100%	1 098 503	1 022 349
Other transfers to public corporations	694 715	-	-	694 715	694 715	-	100%	1 098 503	1 022 349
Non-profit institutions	-	-	4	4	172	(168)	4 195%	1 135	758
Households	4 555	-	806	5 361	5 361	-	100%	17 092	6 496
Social benefits	1 758	538	530	2 826	2 826	-	100%	12 384	2 026
Other transfers to households	2 797	(538)	276	2 535	2 535	-	100%	4 708	4 470
Payments for capital assets	4 516 395	(1 014 128)	3 871	3 506 138	2 964 414	541 724	85%	3 877 799	3 281 874
Buildings and other fixed structures	4 509 104	(1 014 128)	3 151	3 498 127	2 959 033	539 094	85%	3 864 036	3 277 362
Buildings	-	406 369	-	406 369	402 656	3 713	99%	979 520	923 939
Other fixed structures	4 509 104	(1 420 497)	3 151	3 091 758	2 556 377	535 381	83%	2 884 516	2 353 423
Machinery and equipment	7 291	-	720	8 011	5 381	2 630	67%	13 763	4 512
Transport equipment	2 032	296	720	3 048	3 047	1	100%	2 718	2 395
Other machinery and equipment	5 259	(296)	-	4 963	2 334	2 629	47%	11 045	2 117
Total	14 204 250	-	51 127	14 255 377	14 013 071	242 306	98%	12 844 465	12 146 247



Sub-programme 3.1: Strategic Infrastructure Development and Management per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Transfers and subsidies	2 292 133	-	-	2 292 133	2 292 133	-	100%	1 906 704	1 820 450
Departmental agencies and accounts	2 083 894	-	-	2 083 894	2 083 894	-	100%	1 709 881	1 709 881
Departmental agencies (non-business entities)	2 083 894	-	-	2 083 894	2 083 894	-	100%	1 709 881	1 709 881
Foreign governments and international organisations	208 239	-	-	208 239	208 239	-	100%	196 823	110 569
Total	2 292 133	-	-	2 292 133	2 292 133	-	100%	1 906 704	1 820 450

Sub-programme 3.2: Operation of Water Resources per economic classification

Economic classification	2018/19							2017/18	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Transfers and subsidies	183 034	-	-	183 034	183 034	-	100%	173 000	173 000
Departmental agencies and accounts	183 034	-	-	183 034	183 034	-	100%	173 000	173 000
Departmental agencies (non-business entities)	183 034	-	-	183 034	183 034	-	100%	173 000	173 000
Total	183 034	-	-	183 034	183 034	-	100%	173 000	173 000



Sub-programme 3.3: Regional Bulk Infrastructure Grant per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	63 425	4 701	-	68 126	50 523	17 603	74%	136 054	269 173
Compensation of employees	55 748	-	-	55 748	38 145	17 603	68%	32 336	31 423
Salaries and wages	46 457	-	-	46 457	33 763	12 694	73%	27 864	27 864
Social contributions	9 291	-	-	9 291	4 382	4 909	47%	4 472	3 559
Goods and services	7 677	4 701	-	12 378	12 378	-	100%	103 718	237 750
Administrative fees	337	(251)	-	86	86	-	100%	241	241
Advertising	138	(138)	-	-	-	-	-	-	-
Minor assets	150	(123)	-	27	27	-	100%	17	17
Catering: Departmental activities	417	(366)	-	51	51	-	100%	30	30
Communication (G&S)	492	(246)	-	246	246	-	100%	143	143
Consultants: Business and advisory services	1 970	2 405	-	4 375	4 375	-	100%	2 243	2 243
Infrastructure and planning services	793	2 600	-	3 393	3 393	-	100%	96 805	230 837
Contractors	-	-	-	-	-	-	-	1	1
Agency and support / outsourced services	596	(596)	-	-	-	-	-	-	-
Entertainment	14	(13)	-	1	1	-	100%	3	3
Fleet services (including government motor transport)	68	56	-	124	124	-	100%	20	20
Inventory: Farming supplies	16	(16)	-	-	-	-	-	-	-

Economic classification	2018/19						2017/18		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Inventory: Materials and supplies	37	(37)	-	-	-	-	-	-	-
Inventory: Medical supplies	14	(14)	-	-	-	-	-	-	-
Inventory: Medicine	1	(1)	-	-	-	-	-	-	-
Inventory: Other supplies	133	(133)	-	-	-	-	-	-	-
Consumable supplies	64	(12)	-	52	52	-	100%	3	3
Consumable: Stationery, printing and office supplies	32	24	-	56	56	-	100%	113	113
Travel and subsistence	1 464	2 185	-	3 649	3 649	-	100%	3 978	3 978
Training and development	507	(404)	-	103	103	-	100%	3	3
Operating payments	237	(38)	-	199	199	-	100%	118	118
Venues and facilities	197	(197)	-	-	-	-	-	-	-
Rental and hiring	-	16	-	16	16	-	100%	-	-
Transfers and subsidies	2 651 715	6 000	48	2 657 763	2 657 763	-	100%	2 963 503	2 851 351
Provinces and municipalities	1 957 000	6 000	-	1 963 000	1 963 000	-	100%	1 865 000	1 829 002
Municipalities	1 957 000	6 000	-	1 963 000	1 963 000	-	100%	1 865 000	1 829 002
Municipal bank accounts	1 957 000	6 000	-	1 963 000	1 963 000	-	100%	1 865 000	1 829 002
Public corporations and private enterprises	694 715	-	-	694 715	694 715	-	100%	1 098 503	1 022 349
Public corporations	694 715	-	-	694 715	694 715	-	100%	1 098 503	1 022 349
Other transfers to public corporations	694 715	-	-	694 715	694 715	-	100%	1 098 503	1 022 349
Households	-	-	48	48	48	-	100%	-	-
Social benefits	-	-	48	48	48	-	100%	-	-





Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	2 888 396	(6 000)	-	2 882 396	2 374 976	507 420	82%	2 975 602	2 455 150
Buildings and other fixed structures	2 886 922	(6 000)	-	2 880 922	2 374 530	506 392	82%	2 973 539	2 454 957
Buildings	-	1 256	-	1 256	1 256	-	100%	397 478	341 897
Other fixed structures	2 886 922	(7 256)	-	2 879 666	2 373 274	506 392	82%	2 576 061	2 113 060
Machinery and equipment	1 474	-	-	1 474	446	1 028	30%	2 063	193
Transport equipment	60	29	-	89	89	-	100%	190	25
Other machinery and equipment	1 414	(29)	-	1 385	357	1 028	26%	1 873	168
Total	5 603 536	4 701	48	5 608 285	5 083 262	525 023	91%	6 075 159	5 575 674

Sub-programme 3.4: Water Services Infrastructure Grant per economic classification

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	134 667	18 762	-	153 429	143 992	9 437	94%	313 285	311 862
Compensation of employees	97 010	-	-	97 010	87 573	9 437	90%	87 899	86 476
Salaries and wages	78 826	-	-	78 826	75 875	2 951	96%	75 094	75 094
Social contributions	18 184	-	-	18 184	11 698	6 486	64%	12 805	11 382
Goods and services	37 657	18 756	-	56 413	56 413	-	100%	213 842	213 842
Administrative fees	633	(366)	-	267	267	-	100%	636	636
Advertising	2 336	(1 736)	-	600	600	-	100%	1 562	1 562
Minor assets	2 169	(2 065)	-	104	104	-	100%	647	647
Catering: Departmental activities	771	(738)	-	33	33	-	100%	656	656
Communication (G&S)	1 822	(925)	-	897	897	-	100%	550	550
Computer services	131	(131)	-	-	-	-	-	-	-
Consultants: Business and advisory services	3 624	13 832	-	17 456	17 456	-	100%	141 893	141 893
Infrastructure and planning services	4 312	7 081	-	11 393	11 393	-	100%	1 410	1 410
Laboratory services	511	(511)	-	-	-	-	-	-	-
Contractors	4 818	(2 102)	-	2 716	2 716	-	100%	10 386	10 386
Agency and support/ outsourced services	345	(4)	-	341	341	-	100%	-	-
Entertainment	-	-	-	-	-	-	-	2	2
Fleet services (including government motor transport)	1 546	1 172	-	2 718	2 718	-	100%	2 222	2 222





Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	449	(449)	-	-	-	-	-	-	-
Inventory: Materials and supplies	371	(371)	-	-	-	-	-	-	-
Medsas inventory interface	116	(116)	-	-	-	-	-	-	-
Inventory: Other supplies	1 064	(1 064)	-	-	-	-	-	1 337	1 337
Consumable supplies	1 915	(1 702)	-	213	213	-	100%	800	800
Consumable: Stationery, printing and office supplies	2 434	(1 956)	-	478	478	-	100%	950	950
Operating leases	201	(198)	-	3	3	-	100%	25	25
Property payments	1 808	11 526	-	13 334	13 334	-	100%	11 808	11 808
Transport provided: Departmental activity	209	(105)	-	104	104	-	100%	7	7
Travel and subsistence	3 593	1 920	-	5 513	5 513	-	100%	38 246	38 246
Training and development	1 160	(1 125)	-	35	35	-	100%	75	75
Operating payments	1 045	(837)	-	208	208	-	100%	413	413
Venues and facilities	235	(235)	-	-	-	-	-	23	23
Rental and hiring	39	(39)	-	-	-	-	-	194	194
Interest and rent on land	-	6	-	6	6	-	100%	11 544	11 544
Interest (Incl. interest on unitary payments (PPP))	-	6	-	6	6	-	100%	11 544	11 544
Transfers and subsidies	3 770 897	1 008 399	758	4 780 054	4 780 054	-	100%	3 331 281	3 307 054
Provinces and municipalities	3 769 139	1 008 128	-	4 777 267	4 777 267	-	100%	3 329 464	3 305 237
Municipalities	3 769 139	1 008 128	-	4 777 267	4 777 267	-	100%	3 329 464	3 305 237
Municipal bank accounts	3 769 139	1 008 128	-	4 777 267	4 777 267	-	100%	3 329 464	3 305 237
Households	1 758	271	758	2 787	2 787	-	100%	1 817	1 817

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Social benefits	1 758	271	482	2 511	2 511	-	100%	1 817	1 817
Other transfers to households	-	-	276	276	276	-	100%	-	-
Payments for capital assets	1 626 642	(1 008 252)	-	618 390	584 087	34 303	94%	866 129	820 268
Buildings and other fixed structures	1 622 182	(1 008 128)	-	614 054	581 353	32 701	95%	863 655	819 416
Buildings	-	405 113	-	405 113	401 400	3 713	99%	582 042	582 042
Other fixed structures	1 622 182	(1 413 241)	-	208 941	179 953	28 988	86%	281 613	237 374
Machinery and equipment	4 460	(124)	-	4 336	2 734	1 602	63%	2 474	852
Transport equipment	1 497	87	-	1 584	1 584	-	100%	614	614
Other machinery and equipment	2 963	(211)	-	2 752	1 150	1 602	42%	1 860	238
Total	5 532 206	18 909	758	5 551 873	5 508 133	43 740	99%	4 510 695	4 439 184



Sub-programme 3.5: Accelerated Community Infrastructure Programme per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	589 187	(23 463)	46 446	612 170	938 460	(326 290)	153%	126 429	126 046
Compensation of employees	89 439	-	46 446	135 885	86 109	49 776	63%	81 892	81 509
Salaries and wages	64 880	10 039	-	74 919	74 919	-	100%	70 791	70 791
Social contributions	24 559	(10 039)	46 446	60 966	11 190	49 776	18%	11 101	10 718
Goods and services	499 748	(23 463)	-	476 285	852 351	(376 066)	179%	44 537	44 537
Administrative fees	1 360	(515)	-	845	845	-	100%	2 186	2 186
Advertising	809	(44)	-	765	765	-	100%	668	668
Minor assets	120	65	-	185	185	-	100%	404	404
Bursaries: Employees	18	9	-	27	27	-	100%	-	-
Catering: Departmental activities	936	(704)	-	232	232	-	100%	1 570	1 570
Communication (G&S)	1 947	(868)	-	1 079	1 079	-	100%	799	799
Computer services	870	(870)	-	-	-	-	-	-	-
Consultants: Business and advisory services	521	(280)	-	241	241	-	100%	-	-
Infrastructure and planning services	-	2 483	-	2 483	2 483	-	100%	10 299	10 299
Contractors	57	(1)	-	56	56	-	100%	158	158
Agency and support / outsourced services	908	152	-	1 060	1 060	-	100%	1 566	1 566
Entertainment	4	-	-	4	4	-	100%	5	5
Fleet services (including government motor transport)	1 053	1 221	-	2 274	2 274	-	100%	2 450	2 450
Inventory: Other supplies	7 945	791	-	8 736	8 736	-	100%	4 790	4 790
Consumable supplies	13	487	-	500	500	-	100%	178	178

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable: Stationery, printing and office supplies	1 064	(651)	-	413	413	-	100%	760	760
Transport provided: Departmental activity	85	181	-	266	266	-	100%	289	289
Travel and subsistence	7 450	1 887	-	9 337	9 337	-	100%	16 859	16 859
Training and development	472 764	(25 650)	-	447 114	823 180	(376 066)	184%	210	210
Operating payments	1 325	(882)	-	443	443	-	100%	437	437
Venues and facilities	426	(201)	-	225	225	-	100%	153	153
Rental and hiring	73	(73)	-	-	-	-	-	756	756
Transfers and subsidies	2 797	(271)	4	2 530	2 698	(168)	107%	16 410	5 437
Non-profit institutions	-	(271)	4	4	172	(168)	4 195%	1 135	758
Households	2 797	(271)	-	2 526	2 526	-	100%	15 275	4 679
Social benefits	-	267	-	267	267	-	100%	10 567	209
Other transfers to households	2 797	(538)	-	2 259	2 259	-	100%	4 708	4 470
Payments for capital assets	1 357	124	3 871	5 352	5 351	1	100%	36 068	6 456
Buildings and other fixed structures	-	-	3 151	3 151	3 150	1	100%	26 842	2 989
Other fixed structures	-	-	3 151	3 151	3 150	1	100%	26 842	2 989
Machinery and equipment	1 357	124	720	2 201	2 201	-	100%	9 226	3 467
Transport equipment	475	180	720	1 375	1 375	-	100%	1 914	1 756
Other machinery and equipment	882	(56)	-	826	826	-	100%	7 312	1 711
Total	593 341	(23 610)	50 321	620 052	946 509	(326 457)	153%	178 907	137 939



Programme 4: Water Sector Regulation

Sub-programme R'000	2018/19						2017/18		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance %	Expenditure as a % of final appropriation R'000	Final appropriation R'000	Actual expenditure
1 Water Sector Regulation Management and Support	27 603	3 203	(1 100)	29 706	28 177	1 529	95%	38 403	28 295
2 Economic and Social Regulation	21 672	(1 256)	(2 300)	18 116	17 402	714	96%	19 426	16 047
3 Water Use Authorisation and Administration	40 474	18 760	-	59 234	58 864	370	99%	89 445	75 742
4 Water Supply Services and Sanitation Regulation	11 382	736	-	12 118	10 862	1 256	90%	24 195	12 082
5 Compliance Monitoring and Enforcement	103 884	6 629	-	110 513	103 862	6 651	94%	119 493	99 152
6 Institutional Oversight	113 680	(28 072)	(20 672)	64 937	63 475	1 462	98%	83 919	76 735
Total	318 695	-	(24 072)	294 623	282 641	11 982	96%	374 881	308 053

Programme 4: Water Sector Regulation per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	306 931	-	(24 072)	282 860	276 190	6 669	98%	360 268	303 417
Compensation of employees	239 670	-	(5 803)	233 867	227 198	6 669	98%	233 814	233 450
Salaries and wages	204 160	4 119	(4 291)	203 988	198 882	5 106	97%	207 724	207 360
Social contributions	35 510	(4 119)	(1 512)	29 879	28 316	1 563	95%	26 090	26 090
Goods and services	67 261	-	(18 269)	48 993	48 993	-	100%	126 454	69 967
Administrative fees	1 209	918	(626)	1 501	1 501	-	100%	3 810	3 700
Advertising	171	(170)	-	1	1	-	100%	3 674	492
Minor assets	1 234	(733)	(242)	260	260	(1)	100%	3 572	991
Catering: Departmental activities	877	(113)	(190)	574	574	-	100%	672	306
Communication (G&S)	1 566	1 861	(695)	2 732	2 731	1	100%	3 051	1 921
Computer services	93	13 140	-	13 233	13 233	-	100%	1 252	-
Consultants: Business and advisory services	10 649	1 981	(7 139)	5 491	5 491	-	100%	39 181	20 177
Infrastructure and planning services	29 094	(27 424)	(1 023)	647	647	-	100%	2 730	2 176
Laboratory services	121	1 291	-	1 412	1 412	-	100%	3 308	848
Scientific and technological services	-	-	-	-	-	-	-	332	-
Legal services	60	(60)	-	-	-	-	-	100	-
Contractors	391	(202)	-	189	189	-	100%	1 458	355
Agency and support / outsourced services	4 379	783	(4 200)	962	961	-	100%	1 364	518
Entertainment	80	(66)	-	14	14	-	100%	37	29



Economic classification	2018/19							2017/18	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	499	-
Non-profit institutions	1 000	-	-	1 000	1 000	-	100%	-	-
Households	1 043	-	-	1 043	686	357	66%	665	250
Social benefits	1 043	(89)	-	954	597	357	63%	596	181
Other transfers to households	-	89	-	89	89	-	100%	69	69
Payments for capital assets	9 721	-	-	9 721	4 764	4 956	49%	13 449	4 386
Buildings and other fixed structures	68	-	-	68	-	68	-	-	-
Other fixed structures	68	-	-	68	-	68	-	-	-
Machinery and equipment	9 653	-	-	9 653	4 764	4 888	49%	13 449	4 386
Transport equipment	2 038	(34)	-	2 004	1 265	738	63%	2 231	879
Other machinery and equipment	7 615	34	-	7 649	3 499	4 150	46%	11 218	3 507
Total	318 695	-	(24 072)	294 623	282 641	11 982	96%	374 881	308 053



Sub-programme 4.1: Water Sector Regulation Management and Support per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	24 757	3 306	(1 100)	26 963	26 771	192	99%	35 680	27 938
Compensation of employees	24 056	-	(1 100)	22 956	22 764	192	99%	22 310	21 946
Salaries and wages	19 499	704	-	20 203	20 203	-	100%	19 742	19 378
Social contributions	4 557	(704)	(1 100)	2 753	2 561	192	93%	2 568	2 568
Goods and services	701	3 306	-	4 007	4 007	-	100%	13 370	5 992
Administrative fees	38	108	-	146	146	-	100%	197	197
Advertising	12	(12)	-	-	-	-	-	-	-
Minor assets	67	(29)	-	38	38	-	100%	385	153
Catering: Departmental activities	10	(10)	-	-	-	-	-	276	9
Communication (G&S)	34	291	-	325	325	-	100%	520	217
Computer services	16	(16)	-	-	-	-	-	10	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	32	32
Laboratory services	33	233	-	266	266	-	100%	630	-
Legal services	60	(60)	-	-	-	-	-	100	-
Contractors	50	(50)	-	-	-	-	-	466	198
Agency and support / outsourced services	88	(88)	-	-	-	-	-	-	-
Entertainment	14	(12)	-	2	2	-	100%	10	3
Fleet services (including government motor transport)	39	317	-	356	356	-	100%	345	345
Housing	47	(47)	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	73	(73)	-	-	-	-	-	-	-

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Food and food supplies	2	(2)	-	-	-	-	-	-	-
Inventory: Materials and supplies	17	(17)	-	-	-	-	-	-	-
Inventory: Medical supplies	4	(4)	-	-	-	-	-	-	-
Consumable supplies	10	565	-	575	575	-	100%	1 305	1 305
Consumable: Stationery, printing and office supplies	25	24	-	49	49	-	100%	677	423
Transport provided: Departmental activity	6	(6)	-	-	-	-	-	-	-
Travel and subsistence	-	2 170	-	2 170	2 170	-	100%	8 184	2 909
Training and development	-	26	-	26	26	-	100%	83	83
Operating payments	56	(2)	-	54	54	-	100%	118	118
Venues and facilities	-	-	-	-	-	-	-	32	-
Transfers and subsidies	600	(103)	-	497	140	357	28%	419	5
Households	600	(103)	-	497	140	357	28%	419	5
Social benefits	600	(190)	-	410	53	357	13%	419	5
Other transfers to households	-	87	-	87	87	-	100%	-	-
Payments for capital assets	2 246	-	-	2 246	1 266	980	56%	2 304	352
Buildings and other fixed structures	68	-	-	68	-	68	-	-	-
Other fixed structures	68	-	-	68	-	68	-	-	-
Machinery and equipment	2 178	-	-	2 178	1 266	912	58%	2 304	352
Transport equipment	381	-	-	381	212	169	56%	316	175
Other machinery and equipment	1 797	-	-	1 797	1 054	743	59%	1 988	177
Total	27 603	3 203	(1 100)	29 706	28 177	1 529	95%	38 403	28 295



Sub-programme 4.2: Economic and Social Regulation per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	20 875	(1 256)	(2 300)	17 319	17 206	113	99%	18 811	15 750
Compensation of employees	20 296	(1 348)	(2 300)	16 648	16 534	114	99%	13 824	13 824
Salaries and wages	18 066	(1 348)	(2 213)	14 505	14 505	-	100%	12 145	12 145
Social contributions	2 230	-	(87)	2 143	2 029	114	95%	1 679	1 679
Goods and services	579	92	-	671	672	(1)	100%	4 987	1 926
Administrative fees	40	(21)	-	19	19	-	101%	261	151
Advertising	20	(20)	-	-	-	-	-	440	98
Minor assets	22	(8)	-	14	14	-	100%	205	79
Catering: Departmental activities	20	(20)	-	-	-	-	-	-	-
Communication (G&S)	20	131	-	151	151	-	100%	237	237
Consultants: Business and advisory services	22	(22)	-	-	-	-	-	1 275	-
Laboratory services	5	(5)	-	-	-	-	-	-	-
Contractors	22	(10)	-	12	12	-	100%	-	-
Entertainment	14	(10)	-	4	4	-	100%	5	5
Fleet services (including government motor transport)	12	(12)	-	-	-	-	-	150	-
Inventory: Clothing material and accessories	30	(30)	-	-	-	-	-	-	-
Inventory: Food and food supplies	20	(20)	-	-	-	-	-	-	-
Inventory: Materials and supplies	20	(20)	-	-	-	-	-	-	-

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable supplies	35	(34)	-	1	1	-	120%	40	40
Consumable: Stationery, printing and office supplies	30	-	-	30	30	-	100%	187	187
Operating leases	25	(25)	-	-	-	-	-	-	-
Transport provided: Departmental activity	20	(20)	-	-	-	-	-	47	-
Travel and subsistence	19	261	-	280	280	-	100%	1 416	916
Training and development	40	(33)	-	7	7	-	100%	207	59
Operating payments	58	(6)	-	52	52	-	100%	77	23
Venues and facilities	60	41	-	101	101	-	100%	440	131
Rental and hiring	25	(25)	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	55	55
Households	-	-	-	-	-	-	-	55	55
Social benefits	-	-	-	-	-	-	-	55	55
Payments for capital assets	797	-	-	797	196	601	25%	560	242
Machinery and equipment	797	-	-	797	196	601	25%	560	242
Other machinery and equipment	797	-	-	797	196	601	25%	560	242
Total	21 672	(1 256)	(2 300)	18 116	17 402	714	96%	19 426	16 047



Sub-programme 4.3: Water Use Authorisation and Administration per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	39 584	18 760	-	58 344	58 344	-	100%	85 209	74 301
Compensation of employees	37 792	1 348	-	39 140	39 141	(1)	100%	62 769	62 769
Salaries and wages	29 456	4 783	-	34 239	34 240	(1)	100%	58 133	58 133
Social contributions	8 336	(3 435)	-	4 901	4 901	-	100%	4 636	4 636
Goods and services	1 792	17 412	-	19 204	19 203	1	100%	22 440	11 532
Administrative fees	-	402	-	402	402	-	100%	826	826
Advertising	-	-	-	-	-	-	-	1 800	-
Minor assets	-	28	-	28	28	-	100%	236	236
Catering: Departmental activities	10	524	-	534	534	-	100%	135	135
Communication (G&S)	93	419	-	512	511	1	100%	580	347
Computer services	-	11 633	-	11 633	11 633	-	100%	1 242	-
Consultants: Business and advisory services	-	195	-	195	195	-	100%	4 464	581
Infrastructure and planning services	-	647	-	647	647	-	100%	2 148	2 148
Laboratory services	-	-	-	-	-	-	-	410	-
Contractors	52	106	-	158	158	-	100%	31	31
Entertainment	4	(3)	-	1	1	-	100%	3	3
Fleet services (including government motor transport)	-	512	-	512	512	-	100%	3	3
Inventory: Materials and supplies	10	(10)	-	-	-	-	-	-	-

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Medical supplies	6	(6)	-	-	-	-	-	-	-
Inventory: Other supplies	70	(70)	-	-	-	-	-	100	-
Consumable supplies	69	(60)	-	9	9	-	100%	500	207
Consumable: Stationery, printing and office supplies	30	22	-	52	52	-	100%	559	178
Transport provided:	-	-	-	-	-	-	-	-	-
Departmental activity	-	90	-	90	90	-	100%	-	-
Travel and subsistence	83	3 220	-	3 303	3 303	-	100%	6 518	6 509
Training and development	405	(352)	-	53	53	-	100%	652	64
Operating payments	730	(191)	-	539	539	-	100%	1 593	264
Venues and facilities	230	306	-	536	536	-	100%	640	-
Transfers and subsidies	-	-	-	-	-	-	-	566	67
Departmental agencies and accounts	-	-	-	-	-	-	-	499	-
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	499	-
Households	-	-	-	-	-	-	-	67	67
Social benefits	-	-	-	-	-	-	-	67	67
Payments for capital assets	890	-	-	890	520	370	58%	3 670	1 374
Machinery and equipment	890	-	-	890	520	370	58%	3 670	1 374
Transport equipment	330	-	-	330	-	330	-	-	-
Other machinery and equipment	560	-	-	560	520	40	93%	3 670	1 374
Total	40 474	18 760	-	59 234	58 864	370	99%	89 445	75 742



Sub-programme 4.4: Water Supply Services and Sanitation Regulation per economic classification

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	10 382	702	-	11 084	9 828	1 256	89%	24 012	12 023
Compensation of employees	9 833	-	-	9 833	8 577	1 256	87%	8 144	8 144
Salaries and wages	7 181	328	-	7 509	7 509	-	100%	7 131	7 131
Social contributions	2 652	(328)	-	2 324	1 068	1 256	46%	1 013	1 013
Goods and services	549	702	-	1 251	1 251	-	100%	15 868	3 879
Administrative fees	50	(16)	-	34	34	-	100%	195	195
Advertising	-	-	-	-	-	-	-	149	149
Minor assets	24	(18)	-	6	6	-	100%	140	2
Communication (G&S)	85	105	-	190	190	-	100%	125	125
Consultants: Business and advisory services	68	432	-	500	500	-	100%	11 898	2 000
Laboratory services	80	(80)	-	-	-	-	-	-	-
Contractors	20	(19)	-	1	1	-	100%	29	10
Entertainment	6	(5)	-	1	1	-	100%	4	3
Inventory: Clothing material and accessories	90	(90)	-	-	-	-	-	-	-
Consumable supplies	27	(23)	-	4	4	-	100%	179	6
Consumable: Stationery, printing and office supplies	42	(16)	-	26	26	-	100%	138	24
Operating leases	-	-	-	-	-	-	-	50	-
Travel and subsistence	2	457	-	459	459	-	100%	1 980	1 311
Training and development	40	(19)	-	21	21	-	100%	230	54
Operating payments	15	(6)	-	9	9	-	100%	76	-
Venues and facilities	-	-	-	-	-	-	-	675	-

Economic classification	2018/19							2017/18	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Transfers and subsidies	1 000	-	-	1 000	1 000	-	100%	-	-
Non-profit institutions	1 000	-	-	1 000	1 000	-	100%	-	-
Payments for capital assets	-	34	-	34	34	-	100%	183	59
Machinery and equipment	-	34	-	34	34	-	100%	183	59
Other machinery and equipment	-	34	-	34	34	-	100%	183	59
Total	11 382	736	-	12 118	10 862	1 256	90%	24 195	12 082



Sub-programme 4.5: Compliance Monitoring and Enforcement per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	100 212	6 560	-	106 772	101 665	5 107	95%	115 726	97 822
Compensation of employees	92 788	-	-	92 788	87 681	5 107	95%	77 989	77 989
Salaries and wages	82 295	(348)	-	81 947	76 840	5 107	94%	68 266	68 266
Social contributions	10 493	348	-	10 841	10 841	-	100%	9 723	9 723
Goods and services	7 424	6 560	-	13 984	13 984	-	100%	37 737	19 833
Administrative fees	50	445	-	495	495	-	100%	1 525	1 525
Advertising	43	(42)	-	1	1	-	100%	1 129	89
Minor assets	870	(705)	-	165	165	-	100%	2 533	448
Catering: Departmental activities	605	(576)	-	29	29	-	100%	140	41
Communication (G&S)	64	916	-	980	980	-	100%	1 173	579
Computer services	77	1 523	-	1 600	1 600	-	100%	-	-
Consultants: Business and advisory services	57	1 377	-	1 434	1 434	-	100%	6 049	2 101
Infrastructure and planning services	-	-	-	-	-	-	-	28	28
Laboratory services	3	1 143	-	1 146	1 146	-	100%	2 268	848
Scientific and technological services	-	-	-	-	-	-	-	332	-
Contractors	67	(56)	-	11	11	-	100%	828	12
Agency and support / outsourced services	29	871	-	900	900	-	100%	1	1
Entertainment	28	(24)	-	4	4	-	100%	9	9
Fleet services (including government motor transport)	107	805	-	912	912	-	100%	691	691

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	202	(202)	-	-	-	-	-	-	-
Inventory: Materials and supplies	60	(60)	-	-	-	-	-	-	-
Inventory: Medical supplies	118	(118)	-	-	-	-	-	-	-
Inventory: Other supplies	168	(168)	-	-	-	-	-	-	-
Consumable supplies	785	(729)	-	56	56	-	100%	1 100	542
Consumable: Stationery, printing and office supplies	682	(399)	-	283	283	-	100%	1 422	496
Operating leases	607	(607)	-	-	-	-	-	120	-
Property payments	194	(130)	-	64	64	-	100%	275	275
Travel and subsistence	128	5 542	-	5 670	5 670	-	100%	14 371	11 466
Training and development	1 263	(1 256)	-	7	7	-	100%	1 794	289
Operating payments	1 185	(959)	-	226	226	-	100%	1 474	265
Venues and facilities	6	(5)	-	1	1	-	100%	475	128
Rental and hiring	26	(26)	-	-	-	-	-	-	-
Transfers and subsidies	431	103	-	534	534	-	100%	10	9
Households	431	103	-	534	534	-	100%	10	9
Social benefits	431	101	-	532	532	-	100%	10	9
Other transfers to households	-	2	-	2	2	-	100%	-	-
Payments for capital assets	3 241	(34)	-	3 207	1 663	1 544	52%	3 757	1 321
Machinery and equipment	3 241	(34)	-	3 207	1 663	1 544	52%	3 757	1 321
Transport equipment	656	(34)	-	622	611	11	98%	1 266	360
Other machinery and equipment	2 585	-	-	2 585	1 052	1 533	41%	2 491	961
Total	103 884	6 629	-	110 513	103 862	6 651	94%	119 493	99 152



Sub-programme 4.6: Institutional Oversight per economic classification

Economic classification	2018/19						2017/18		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	111 121	(28 072)	(20 672)	62 378	62 377	-	100%	80 830	75 583
Compensation of employees	54 905	-	(2 403)	52 502	52 501	1	100%	48 778	48 778
Salaries and wages	47 663	-	(2 078)	45 585	45 585	-	100%	42 307	42 307
Social contributions	7 242	-	(325)	6 917	6 916	1	100%	6 471	6 471
Goods and services	56 216	(28 072)	(18 269)	9 876	9 876	(1)	100%	32 052	26 805
Administrative fees	1 031	-	(626)	405	405	-	100%	806	806
Advertising	96	(96)	-	-	-	-	-	156	156
Minor assets	251	(1)	(242)	9	9	(1)	106%	73	73
Catering: Departmental activities	232	(31)	(190)	11	11	-	100%	121	121
Communication (G&S)	1 270	(1)	(695)	574	574	-	100%	416	416
Consultants: Business and advisory services	10 502	(1)	(7 139)	3 362	3 362	-	100%	15 463	15 463
Infrastructure and planning services	29 094	(28 071)	(1 023)	-	-	-	-	554	-
Contractors	180	(173)	-	7	7	-	100%	104	104
Agency and support / outsourced services	4 262	-	(4 200)	62	61	-	100%	1 363	517
Entertainment	14	(12)	-	2	2	-	100%	6	6
Fleet services (including government motor transport)	526	82	-	608	608	-	100%	483	483
Inventory: Clothing material and accessories	236	(236)	-	-	-	-	-	-	-
Inventory: Farming supplies	5	(5)	-	-	-	-	-	-	-

Economic classification	2018/19							2017/18	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	67	(67)	-	-	-	-	-	-	-
Inventory: Medical supplies	29	(29)	-	-	-	-	-	-	-
Consumable supplies	275	(249)	-	26	26	-	100%	437	138
Consumable: Stationery, printing and office supplies	1 656	-	(1 545)	111	111	-	100%	1 683	588
Operating leases	-	-	-	-	-	-	-	187	187
Property payments	50	32	-	82	82	-	100%	83	83
Travel and subsistence	3 529	823	-	4 352	4 352	-	100%	7 189	7 189
Training and development	1 675	-	(1 609)	66	66	-	100%	1 408	164
Operating payments	757	(1)	(587)	169	169	-	100%	528	249
Venues and facilities	442	-	(413)	29	29	-	100%	965	44
Rental and hiring	37	(37)	-	-	-	-	-	27	18
Transfers and subsidies	12	-	-	12	12	-	100%	114	114
Households	12	-	-	12	12	-	100%	114	114
Social benefits	12	-	-	12	12	-	100%	45	45
Other transfers to households	-	-	-	-	-	-	-	69	69
Payments for capital assets	2 547	-	-	2 547	1 086	1 461	43%	2 975	1 038
Machinery and equipment	2 547	-	-	2 547	1 086	1 461	43%	2 975	1 038
Transport equipment	671	-	-	671	443	228	66%	649	344
Other machinery and equipment	1 876	-	-	1 876	643	1 233	34%	2 326	694
Total	113 680	(28 072)	(20 672)	64 937	63 475	1 462	98.25%	83 919	76 735



NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2 Detail of specifically and exclusively appropriated amounts voted (after Virement)

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3 Detail on payments for financial assets

Detail of these transactions per programme 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	Per programme	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%
	Administration	1 634 012	1 634 006	6	-
	The programme has spent 100% of the budget.				
	Water Planning and Information Management	689 717	689 717	-	-
	The programme has spent 100% of the budget.				
	Water Infrastructure Development	14 255 377	14 013 071	242 306	2%
	<p><i>The under spending of R242.306 million is largely due to vacant posts during the greater part of the financial year within the programme across all sub-programmes and invoices which were still being certified, verified and approved for payment in respect of work done on the Indirect (Schedule 6B) Regional Bulk Infrastructure and Water Services Infrastructure Grants: Bucket Eradication Programme. The Department has committed R241.927 million for Vaal River System pollution remediation project implemented under Emfuleni Local Municipality</i></p>				
	Water Sector Regulation	294 623	282 641	11 982	4%

The under spending of R11.982 million is largely due to vacant posts during the greater part of the financial year within the programme across all sub-programmes.



4.2	Per economic classification	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%
	Current payments	3 281 077	3 625 272	(344 196)	(10%)
	Compensation of employees	1 717 982	1 604 040	113 942	7%
	Goods and services	1 563 075	2 021 214	(458 138)	(29%)
	Interest and rent on land	19	19	-	2%
	Transfers and subsidies	9 941 666	9 933 884	7 782	-
	Provinces and municipalities	6 740 790	6 740 979	(189)	-
	Departmental agencies and accounts	2 269 756	2 269 759	(3)	-
	Higher education institutions	-	-	-	-
	Public corporations and private enterprises	694 715	694 715	-	-
	Foreign governments and international organisations	209 212	209 269	(57)	-
	Non-profit institutions	1 026	1 194	(168)	(16%)
	Households	26 167	17 968	8 200	31%
	Payments for capital assets	3 650 986	3 060 279	590 707	16%
	Buildings and other fixed structures	3 523 512	2 977 412	546 099	15%
	Machinery and equipment	96 197	51 589	44 608	46%
	Intangible assets	31 278	31 278	-	-

Current Expenditure: The under spending in compensation of employees is mainly due to the unfilled vacant posts during the greater part of the financial year across all the sub-programmes of the four Programmes within the Department. The over spending in goods and services is due mainly to expenditure incurred mainly on War on Leaks (WoL) Programme and the processing of the 2017/18 invoices across all the sub-programmes of the four Programmes within the Department. Interest and Rent on Land: The Department has during the reporting period under review incurred the amount of R19 thousand as interest. The incurred amount has been reported as fruitless and wasteful expenditure which is attributable mainly to interest charged on overdue accounts.

Transfers and Subsidies: The under spending of R7.782 million is largely due to the outstanding invoices in respect of external bursaries.

Payments for capital assets: The under spending of R590.707 million is mainly due to the invoices which were still being certified, verified and approved for payment in respect of work done on the Indirect (Schedule 6B) Regional Bulk Infrastructure and Water Services Infrastructure Grants: Bucket Eradication Programme which could not be paid due to cut off date. The Department has committed R241.927 million for Vaal River System pollution remediation project implemented under Emfuleni Local Municipality. The R241.927 million has been submitted as a roll-over request to the National Treasury.

4.3	Per conditional grant	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%
	Water Services Infrastructure Grant (WSIG)	4 777 267	4 777 267	-	-
	Regional Bulk Infrastructure Grant (RBIG)	1 963 000	1 963 000	-	-



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
REVENUE			
Annual appropriation	1	16 873 729	15 607 449
Departmental revenue	2	66 410	12 876
TOTAL REVENUE		16 940 139	15 620 325
EXPENDITURE			
Current expenditure			
Compensation of employees	3	1 604 040	1 535 641
Goods and services	4	2 021 212	1 999 723
Interest and rent on land	5	19	11 544
Total current expenditure		3 625 271	3 546 908
Transfers and subsidies			
Transfers and subsidies	6	9 933 884	8 185 674
Total transfers and subsidies		9 933 884	8 185 674
Expenditure for capital assets			
Tangible assets	7	3 029 001	3 346 232
Intangible assets	7	31 278	27 439
Total expenditure for capital assets		3 060 279	3 373 671
TOTAL EXPENDITURE		16 619 434	15 106 253
SURPLUS/(DEFICIT) FOR THE YEAR		320 705	514 072
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		254 295	501 196
Annual appropriation		254 295	501 196
Conditional grants		-	-
Departmental revenue and NRF receipts	14	66 410	12 876
SURPLUS/(DEFICIT) FOR THE YEAR		320 705	514 072



STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
Current assets		923 368	946 766
Unauthorised expenditure	8	641 109	641 109
Cash and cash equivalents	9	207 250	206
Prepayments and advances	10	15 128	519
Receivables	11	58 483	304 008
Loans	12	1 398	924
Non-current assets		1 663	3 418
Loans	12	1 512	3 134
Receivables	11	151	284
TOTAL ASSETS		925 031	950 184
LIABILITIES			
Current liabilities		868 638	855 796
Voted funds to be surrendered to the Revenue Fund	13	(37 916)	735 382
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	404	299
Bank overdraft	15	896 720	119 204
Payables	16	9 430	911
Non-current liabilities			
Payables	16	-	-
TOTAL LIABILITIES		868 638	855 796
NET ASSETS		56 393	94 388
Represented by:			
Recoverable revenue		56 393	94 388
TOTAL		56 393	94 388



STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
Recoverable revenue			
Opening balance		94 388	40 526
Transfers:		(37 995)	53 862
Debts revised		3 832	(4 116)
Debts recovered (included in departmental receipts)		(56 612)	(8 094)
Debts raised		14 785	66 072
TOTAL		56 393	94 388

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		16 940 138	15 620 128
Annual appropriated funds received	1.1	16 873 729	15 607 449
Departmental revenue received	2	63 488	9 687
Interest received	2.3	2 921	2 992
Net (increase)/decrease in working capital		239 568	(712 696)
Surrendered to Revenue Fund		(1 093 898)	(308 974)
Current payments		(3 625 252)	(3 008 983)
Interest paid	5	(19)	(11 544)
Payments for financial assets		-	-
Transfers and subsidies paid		(9 933 884)	(8 185 674)
Net cash flow available from operating activities	17	2 526 653	3 392 257
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(3 060 279)	(3 373 671)
Proceeds from sale of capital assets	2.4	1	197
(Increase)/ decrease in loans		1 148	1 784
Net cash flows from investing activities		(3 059 130)	(3 371 690)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		(37 995)	53 862
Increase/ (decrease) in non-current payables		-	-
Net cash flows from financing activities		(37 995)	53 862
Net increase/(decrease) in cash and cash equivalents		(570 472)	74 429
Cash and cash equivalents at beginning of period		(118 998)	(193 427)
Unrealised gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	18	(689 470)	(118 998)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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	<p>Basis of preparation</p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern</p> <p>The financial statements have been prepared on a going concern basis. The department reported an overdraft of R896 million (R119 million: 2017/18), a cumulative unauthorised expenditure of R641 million (R641 million: 2017/18) and accruals and payables to the value of R1.668 billion (R3.093 billion: 2017/18) as at 31 March 2019.</p> <p>There are no the principal events, activities or conditions that may cast significant doubt on the department's ability to continue as a going concern as the department has a mandate to carry out in line with the Constitution of the Republic of South Africa Act 108 of 1996, National Development Plan and the second National Water Strategy.</p> <p>In addressing the negative results the department implements the following recovery mechanisms:</p> <ul style="list-style-type: none"> • Alignment of the 2019/20 Annual Performance Plan to the ENE allocation taking into consideration the 2018/19 accruals and payables. • Request approval of unauthorised expenditure in line with the normal parliamentary processes.
3	<p>Presentation currency</p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding</p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Foreign currency translation</p> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.</p>
6	<p>Comparative information</p>
6.1	<p>Prior period comparative information</p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
6.2	<p>Current year comparison with budget</p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>



7	Revenue
7.1	<p>Appropriated funds</p> <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
7.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • 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. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>



8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • 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	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments and advances are recognised in the financial statements when goods are delivered or in the case of services, when service is rendered to the Department.</p>
12	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	Financial assets
14.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>



14.2	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
15	<p>Payables</p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>
16.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.4	<p>Project Costs: Work-in-progress</p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>



17	Provisions and Contingents
17.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
17.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
17.4	<p>Commitments</p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament with funding and the related funds are received; or • approved by Parliament without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>



21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively 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 change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
23	<p>Principal-Agent arrangements</p> <p>The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
24	<p>Departures from the MCS requirements</p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.]</p>
25	<p>Capitalisation reserve</p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
26	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
27	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p>Inventories (<i>Effective from date determined in a Treasury Instruction</i>)</p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>



29	<p>Public-Private Partnerships</p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
30	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>



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):

	Final appropriation	Actual funds received	2018/19 Funds not requested / not received	Final appropriation	2017/18 Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	1 661 154	1 661 154	-	1 649 851	1 649 851
Water Planning and Information Management	689 630	689 630	-	802 448	802 448
Water Infrastructure Development	14 204 250	14 204 250	-	12 760 363	12 760 363
Water Sector Regulation	318 695	318 695	-	394 787	394 787
Total	16 873 729	16 873 729	-	15 607 449	15 607 449

1.2 Conditional grants

	Note	2018/19 R'000	2017/18 R'000
Total grants received	35	<u>10 229 364</u>	<u>9 020 058</u>

Prior period error: The comparative amount of R9.020 billion has been re-instated from R5.194 billion. The effect of the adjustment results increase from R5.194 billion to R9.020 million.

2 Departmental revenue

	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services other than capital assets	2.1	2 354	1 877
Fines, penalties and forfeits	2.2	400	-
Interest dividends and rent on land	2.3	2 921	2 992
Sales of capital assets	2.4	1	197
Transactions in financial assets and liabilities	2.5	60 734	7 810
Departmental revenue collected		<u>66 410</u>	<u>12 876</u>



2.1 Sales of goods and services other than capital assets

	Note	2018/19 R'000	2017/18 R'000
	2		
Sales of goods and services produced by the department		2 339	1 871
Sales by market establishment		850	699
Other sales		1 489	1 172
Sales of scrap, waste and other used current goods		15	6
Total		2 354	1 877

Prior period error: The sales by market establishment was incorrectly published in the 2017/2018 Annual Report as R669 thousand instead of R699 thousand resulting in understatement of R30 thousand. The overall total of R1.877 million for sales of goods and services other than capital assets is correct.

2.2 Fines, penalties and forfeits

	Note	2018/19 R'000	2017/18 R'000
	2		
Fines		400	-
Total		400	-

2.3 Interest, dividends and rent on land

	Note	2018/19 R'000	2017/18 R'000
	2		
Interest		2 921	2 992
Total		2 921	2 992

2.4 Sale of capital assets

	Note	2018/19 R'000	2017/18 R'000
	2		
Tangible assets			
Machinery and equipment	30	1	197
Total		1	197

2.5 Transactions in financial assets and liabilities

	Note	2018/19 R'000	2017/18 R'000
	2		
Receivables		55 511	6 581
Other receipts including recoverable revenue		5 223	1 229
Total		60 734	7 810



3 Compensation of employees

3.1 Salaries and wages

	Note	2018/19 R'000	2017/18 R'000
Basic salary		1 128 591	1 076 655
Performance award		26 311	28 228
Service Based		2 909	2 612
Compensative / circumstantial		10 182	10 653
Periodic payments		1 012	14
Other non-pensionable allowances		231 416	227 245
Total		1 400 421	1 345 407
Social contributions			
	Note	2018/19 R'000	2017/18 R'000
Employer contributions			
Pension		138 595	128 605
Medical		64 742	61 356
UIF		-	1
Bargaining council		282	272
Total		203 619	190 234
Total compensation of employees		1 604 040	1 535 641
Average number of employees		3 210	3 283



4 Goods and services

	Note	2018/19 R'000	2017/18 R'000
Administrative fees		8 897	20 805
Advertising		44 748	13 574
Minor assets	4.1	2 075	3 862
Bursaries (employees)		2 761	2 017
Catering		1 617	4 800
Communication		31 668	31 766
Computer services	4.2	133 774	97 851
Consultants: Business and advisory services		57 787	182 223
Infrastructure and planning services		109 858	304 670
Laboratory services		1 894	1 333
Legal services		16 518	11 903
Contractors		16 872	24 544
Agency and support / outsourced services		7 643	6 303
Entertainment		66	158
Audit cost – external	4.3	40 727	21 952
Fleet services		29 794	24 916
Inventory	4.4	11 140	6 127
Consumables	4.5	15 688	29 291
Operating leases		414 524	311 010
Property payments	4.6	111 474	102 473
Rental and hiring		493	1 977
Transport provided as part of the departmental activities		460	324
Travel and subsistence	4.7	121 767	202 925
Venues and facilities		2 816	3 031
Training and development		826 904	581 117
Other operating expenditure	4.8	9 247	8 771
Total		2 021 212	1 999 723

4.1 Minor assets

	Note	2018/19 R'000	2017/18 R'000
Tangible assets	4		
Machinery and equipment		2 061	3 758
Transport assets		14	104
Total		2 075	3 862



4.2 Computer services

	2018/19	2017/18
Note	R'000	R'000
	4	
SITA computer services	25 789	20 302
External computer service providers	107 985	77 549
Total	133 774	97 851

4.3 Audit cost – External

	2018/19	2017/18
Note	R'000	R'000
	4	
Regularity audits	34 839	20 633
Investigations	5 458	814
Computer audits	430	505
Total	40 727	21 952

4.4 Inventory

	2018/19	2017/18
Note	R'000	R'000
	4	
Other supplies	11 140	6 127
Total	11 140	6 127

4.4.1 Other supplies

	2018/19	2017/18
Note	R'000	R'000
	4.4	
Assets for distribution		
Other assets for distribution	11 140	6 127
Total	11 140	6 127



4.5 Consumables

	2018/19	2017/18
Note	R'000	R'000
	4	
Consumable supplies	10 977	15 847
Uniform and clothing	2 447	-
Household supplies	3 825	4 641
Building material and supplies	331	1 096
Communication accessories	-	263
IT consumables	258	709
Other consumables	4 116	9 138
Stationery, printing and office supplies	4 711	13 444
Total	15 688	29 291

4.6 Property payment

	2018/19	2017/18
Note	R'000	R'000
	4	
Municipal services	59 595	57 704
Property maintenance and repairs	20 695	3 055
Other	31 184	41 714
Total	111 474	102 473

4.7 Travel and subsistence

	2018/19	2017/18
Note	R'000	R'000
	4	
Local	111 512	189 155
Foreign	10 255	13 770
Total	121 767	202 925



4.8 Other operating expenditure

	Note	2018/19 R'000	2017/18 R'000
	4		
Professional bodies, membership and subscription fees		263	1 092
Resettlement costs		1 002	1 032
Other		7 982	6 647
Total		9 247	8 771

Included in the line item other operating expenditure in sub-note 4.8 for Goods & Services is an amount of R7.982 million (2017/18: R6.647 million) classified under other expenditure line item of which the breakdown per trial balance is below:-

	Note	2018/19 R'000	2017/18 R'000
	4		
Laundry Services		64	22
Courier and Delivery Services		1 084	1 118
Competency Certificates		53	108
Freight Services		-	3
Voluntary Workers		8	10
Non-Life Insurance Premiums		1 304	1 917
Printing and Publication Services		5 353	3 173
Roadworthy Tests		3	5
Storage Of Assets		-	62
Storage Of Files		113	-
Warranties and Guarantees		-	229
Total		7 982	6 647



5 Interest and rent on land

	Note	2018/19 R'000	2017/18 R'000
Interest paid		19	11 544
Total		19	11 544

6 Transfers and subsidies

	Note	2018/19 R'000	2017/18 R'000
Provinces and municipalities	35, 36	6 740 979	5 134 792
Departmental agencies and accounts	Annex 1B	2 269 759	1 885 559
Foreign governments and international organisations	Annex 1E	209 269	112 132
Public corporations and private enterprises	Annex 1D	694 715	1 022 349
Non-profit institutions	Annex 1F	1 194	779
Households	Annex 1G	17 968	30 063
Total		9 933 884	8 185 674

The balances on Note 6 reflect actual expenditure incurred in the period whilst the related Annexures reflects details of appropriated transfer figures and actual expenditure balances



7 Expenditure for capital assets

	Note	2018/19 R'000	2017/18 R'000
Tangible assets		3 029 001	3 346 232
Buildings and other fixed structures	32	2 977 413	3 301 109
Machinery and equipment	30	51 588	45 123
Intangible assets		31 278	27 439
Software	31	31 278	27 439
Total		3 060 279	3 373 671

The following amounts have been included as project costs in expenditure for capital assets

Compensation of employees		
Goods and services		
Total		

7.1 Analysis of funds utilised to acquire capital assets – 2018/19

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	3 029 001	-	3 029 001
Buildings and other fixed structures	2 977 413	-	2 977 413
Machinery and equipment	51 588	-	51 588
Intangible assets	31 278	-	31 278
Software	31 278	-	31 278
Total	3 060 279	-	3 060 279



7.2 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	3 346 232	-	3 346 232
Buildings and other fixed structures	3 301 109	-	3 301 109
Machinery and equipment	45 123	-	45 123
Intangible assets	27 439	-	27 439
Software	27 439	-	27 439
Total	<u>3 373 671</u>	<u>-</u>	<u>3 373 671</u>

7.3 Finance lease expenditure included in expenditure for capital assets

	Note	2018/19 R'000	2017/18 R'000
Tangible assets			
Machinery and equipment		24 697	18 273
Total		<u>24 697</u>	<u>18 273</u>



8 Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

	Note	2018/19 R'000	2017/18 R'000
Opening balance		641 109	292 269
Prior period error		-	-
As restated		641 109	292 269
Unauthorised expenditure – discovered in current year (as restated)		-	348 840
Closing balance		641 109	641 109
Analysis of closing balance			
Unauthorised expenditure awaiting authorisation		641 109	641 109
Total		641 109	641 109

8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	Note	2018/19 R'000	2017/18 R'000
Capital		292 269	292 269
Current		348 840	348 840
Total		641 109	641 109



8.3 Analysis of unauthorised expenditure awaiting authorisation per type

	Note	2018/19 R'000	2017/18 R'000
Unauthorised expenditure relating to overspending of the main division within a vote		641 109	641 109
Total		<u><u>641 109</u></u>	<u><u>641 109</u></u>

8.4 Details of unauthorised expenditure – current year

Incident	Disciplinary steps taken / criminal proceedings	2018/19 R'000
Total		<u><u>-</u></u>

8.5 Prior period error

	Note	2017/18 R'000
Nature of prior period error - Relating to 2017/18	8	
Unauthorised expenditure adjustment		<u>292 195</u>
Total prior period errors		<u><u>292 195</u></u>

The opening balance of unauthorised expenditure was restated by R292.195 million from R933.304 million to R641.109 million. The error was as a result of change in the accounting treatment of over expenditure incurred in goods and services in the 2016/17 and 2017/18 financial year.



9 Cash and cash equivalent

	Note	2018/19 R'000	2017/18 R'000
Disbursements		(1)	-
Cash on hand		62	72
Investments (Domestic)		207 189	134
Total		207 250	206

Cash and cash equivalent comprise of petty cash on hand and money in the commercial bank account available for use. Money in the commercial bank represent cash receipts deposited before 31 March 2019 but not yet interfaced on the financial system.

The Department does not have any amounts of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments.

10 Prepayments and advances

	Note	2018/19 R'000	2017/18 R'000
Travel and subsistence		379	293
Advances paid (not expensed)	10.1	14 749	226
Total		15 128	519

10.1 Advances paid (not expensed)

	Note	Balance as at 1 April 2018 R'000	Less: Amount expensed in current year R'000	Add or less: other R'000	Add: current year advances R'000	Balance as at 31 March 2019 R'000
	10					
National departments		226	(3 192)	-	3 478	512
Public entities		-	-	-	4 000	4 000
Other entities		-	-	-	10 237	10 237
Total		226	(3 192)	-	17 715	14 749

	Note	Balance as at 1 April 2017 R'000	Less: Amount expensed in current year R'000	Add or Less: Other R'000	Add: Current Year advances R'000	Balance as at 31 March 2018 R'000
	10					
National departments		685	(685)	-	226	226
Public entities		37 257	(37 257)	-	-	-
Total		37 942	(37 942)	-	226	226



11 Receivables

	Note	2018/19			2017/18		
		Current R'000	Non- current R'000	Total R'000	Current R'000	Non- current R'000	Total R'000
Claims recoverable	11.1	892	-	892	207 902	-	207 902
Recoverable expenditure	11.2	281	-	281	201	-	201
Staff debt	11.3	7 350	151	7 501	5 930	284	6 214
Fruitless and wasteful expenditure	11.5	12 963	-	12 963	13 359	-	13 359
Other debtors	11.4	36 997	-	36 997	76 616	-	76 616
Total		58 483	151	58 634	304 008	284	304 292

11.1 Claims recoverable

	Note	2018/19 R'000	2017/18 R'000
	11 and Annex 4		
National departments		809	1 103
Provincial departments		42	-
Public entities		41	206 799
Total		892	207 902

11.2 Recoverable expenditure (disallowance accounts)

	Note	2018/19 R'000	2017/18 R'000
	11		
Disallowance dishonoured cheque		1	-
Sal: Tax debt		2	2
Sal: Deduction disallowance account: CA		18	7
Disallowance payment fraud: CA		248	248
Disallowance miscellaneous: CA		12	33
Salary reversal control		-	(87)
Sal: ACB recall		-	(2)
Total		281	201



11.3 Staff debt

	Note	2018/19 R'000	2017/18 R'000
	11		
Salary overpayment & leave without pay		3 703	2 829
Tax debt		3	9
Bursary (Breach of Contract)		1 310	1 347
Petty cash		7	-
T & S advance Dom & petty cash		381	197
GG accidents		4	8
Telephone /cell phone debt		412	435
Subsidies transport		1 320	1 038
Departmental debt/ Employee/ Ex-employee/ Traffic fine		60	75
Loss and damages		301	276
Total		7 501	6 214

11.4 Other debt

	Note	2018/19 R'000	2017/18 R'000
	11		
Municipal & supplier debt		26 749	73 353
External debt		10 248	3 263
Total		36 997	76 616

11.5 Fruitless and wasteful expenditure

	Note	2018/19 R'000	2017/18 R'000
	11		
Opening balance		13 359	10 680
Less amounts recovered		(407)	(3)
Transfers from note 25 fruitless and wasteful expenditure		11	2 682
Total		12 963	13 359



11.6 Impairment of receivables

	2018/19	2017/18
Note	R'000	R'000
	11	
Estimate of impairment of receivables	5 508	2 895
Total	5 508	2 895

12 Loans

	2018/19	2017/18
Note	R'000	R'000
Public corporations	2 910	4 058
Total	2 910	4 058

Analysis of balance

Opening balance	4 058	5 842
New Issues	108	130
Repayments	(1 256)	(1 914)
Closing balance	2 910	4 058

Impairment of loans

	2018/19	2017/18
Note	R'000	R'000
Estimate of impairment of loans	-	-
Total	-	-



13 Voted funds to be surrendered to the Revenue Fund

	Note	2018/19 R'000	2017/18 R'000
Opening balance		735 382	181 428
Prior period error	13.1	-	-
As restated		735 382	181 428
Transfer from statement of financial performance (as restated)		254 295	501 196
Add: Unauthorised expenditure for current year		-	348 840
Paid during the year		(1 027 593)	(296 082)
Closing balance		(37 916)	735 382

13.1 Prior period error

	Note	2017/18 R'000
	13	
Nature of prior period error		
Relating to 2017/18		
Understated admin fees (goods and services) resulting in overstated funds		15
Unauthorised expenditure		292 195
Total prior period errors		292 210

Prior period error: Bank charges for the month of March 2018 amounting to R15 thousand were erroneously reported as a debit balance to other payables accounts instead of debit bank charges account in the statement of financial performance and unauthorised expenditure was overstated by R292 million. The impact of the error resulted in overstated voted funds to be surrendered to the Revenue Fund. The net effect is that the amount was adjusted by R292 million from R1.028 billion to R735 million.



14 Departmental revenue and NRF receipts to be surrendered to the Revenue Fund

	Note	2018/19 R'000	2017/18 R'000
Opening balance		299	314
Prior period error		-	-
As restated		299	314
Transfer from Statement of Financial Performance (as restated)		66 410	12 876
Paid during the year		(66 305)	(12 891)
Closing balance		404	299

15 Bank overdraft

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General Account		896 715	119 189
Overdraft with commercial banks (Local)		5	15
Total		896 720	119 204

Bank overdraft represents overspending on the PMG account and bank charges on commercial bank.



16 Payables - current

	Note	2018/19 R'000	2017/18 R'000
Amounts owing to other entities		-	60
Advances received	16.1	-	400
Clearing accounts	16.2	9 430	451
Other payables	16.3	-	-
Total		9 430	911

16.1 Advances received

	Note	2018/19 R'000	2017/18 R'000
National departments	16	-	400
Total		-	400

16.2 Clearing accounts

	Note	2018/19 R'000	2017/18 R'000
Sal: Income tax	16	5 965	421
Sal: Pension fund		2 904	27
Sal: Garnishee order		1	5
Sal: ACB recalls		4	-
Sal: Reversal control		553	-
Sal: Rent non recoverable		3	(2)
Total		9 430	451

16.3 Other payables

	Note	2018/19 R'000	2017/18 R'000
Bank charges paid in April	16	-	-
Total		-	-



17 Net cash flow available from operating activities

	2018/19	2017/18
Note	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance	320 705	514 072
Add back non cash/cash movements not deemed operating activities	2 205 948	2 878 185
(Increase)/decrease in receivables	245 658	(224 854)
(Increase)/decrease in prepayments and advances	(14 609)	37 729
Increase/(decrease) in payables – current	8 519	810
Proceeds from sale of capital assets	(1)	(197)
Expenditure on capital assets	3 060 279	3 373 671
Surrenders to Revenue Fund	(1 093 898)	(308 974)
Net cash flow generated by operating activities	<u>2 526 653</u>	<u>3 392 257</u>

18 Reconciliation of cash and cash equivalents for cash flow purposes

	2018/19	2017/18
Note	R'000	R'000
Consolidated Paymaster General account	(896 715)	(119 189)
Disbursements	(1)	-
Cash on hand	62	72
Cash with commercial banks (Local)	207 184	119
Total	<u>(689 470)</u>	<u>(118 998)</u>



19 Contingent liabilities and contingent assets

19.1 Contingent liabilities

		Note	2018/19 R'000	2017/18 R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	206	206
Other guarantees		Annex 3A	14 490 206	19 184 823
Claims against the department		Annex 3B	885 035	127 809
Intergovernmental payables (unconfirmed balances)		Annex 5	248 028	-
Total			15 623 475	19 312 838

Provide Contingent liabilities 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 Department of Water & Sanitation.

Prior year error: Contingent liabilities Claims against the state - During the accounting period under review, the department has identified error on matters that relate to WTE which were incorrectly reported under Main Account. Effect of the prior year error - Opening balance was overstated by R5.966 million and adjusted from R133.775 million to R127.809 million.

19.2 Contingent assets

	Note	2018/19 R'000	2017/18 R'000
Nature of contingent asset			
SJ Dube		2 108	2 108
JS Nkuna		1 253	1 231
Sigma-Boerdery (Pty) Ltd		-	400
Fumile Advisory Services		17 900	-
Giyani Project		2 609 260	-
Total		2 630 521	3 739

The Department of Water & Sanitation has legal claims against several Parties of which the outcome is still uncertain.

Prior year error: The opening balance for contingent assets has been re-instated to correct the omission of amount received from Sigma Boerdery. The net effect is an increase of R400 thousand from R3.339 million to R3.739 million.

Department has issued a tender for Mopani Water & Waste Water Emergency Intervention and the appointment for the Refurbishment & Repair of the Giyani Water & Waste Water Schemes. The project(s) was ceased and SIU filled court papers sought relieve and an order declaring the appointment of the contractor(s) to be unconstitutional, unlawful, invalid and void ab initio. In addition sought order that the contractor(s) should reimburse funds they have received excluding VAT plus interest at 10.5 p.a.



20 Commitments

	Note	2018/19 R'000	2017/18 R'000
Current expenditure			
Approved and contracted		669 016	956 418
Approved but not yet contracted		59 027	603 816
		<u>728 043</u>	<u>1 560 234</u>
Capital expenditure			
Approved and contracted		4 361 189	5 980 726
Approved but not yet contracted		-	38
		<u>4 361 189</u>	<u>5 980 764</u>
Total commitments		<u><u>5 089 232</u></u>	<u><u>7 540 998</u></u>

The capital commitments reported arise from multi-year contractual arrangements and the relevant payments will be made over several years.

Goods and Services commitments include open orders, but where the goods or services have not been delivered and payment will be effected once received.

Prior year balance for commitments was adjusted from R7.126 billion reported in 2017/2018 to restated amount of R7.541 billion. The net effect of prior year error is that the opening balance has increased by R415 million.



21 Accruals and payables not recognised

21.1 Accruals

			2018/19 R'000	2017/18 R'000
Listed by economic classification				
	30 days	30+ days	Total	Total
Goods and services	94 943	19 987	114 930	462 945
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	635
Capital assets	73 742	209 992	283 734	1 177 815
Other	-	-	-	-
Total	168 685	229 979	398 664	1 641 395
		Note	2018/19 R'000	2017/18 R'000
Listed by programme level				
Administration			30 598	54 678
Water Planning and Information Management			3 081	230 608
Water Infrastructure Development			364 266	1 352 125
Water Sector Regulation			719	3 984
Total			398 664	1 641 395

Prior year balance for accrual was adjusted from R537.913 million reported in 2017/2018 to restated amount of R1.641 billion. The net effect of prior year error is that the opening balance has increased by R1.103 billion.



21.2 Payables not recognised

	2018/19			2017/18
	R'000			R'000
Listed by economic classification				
	30 days	30+ days	Total	Total
Goods and services	369 015	496 677	865 692	892 827
Interest and rent on land	-	-	-	-
Transfers and subsidies	183	60 921	61 104	94 366
Capital assets	258 830	83 581	342 411	464 456
Other	-	-	-	-
Total	628 028	641 179	1 269 207	1 451 649

	Note	2018/19	2017/18
		R'000	R'000
Listed by programme level			
Administration		7 589	809 307
Water Planning and Information Management		253 344	46 361
Water Infrastructure Development		1 008 250	587 648
Water Sector Regulation		24	8 333
Total		1 269 207	1 451 649

	Note	2018/19	2017/18
		R'000	R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 5	67 103	4 486
Confirmed balances with other government entities	Annex 5	151 265	15 471
Total		218 368	19 957

Prior year balance for payables was adjusted from R1.466 billion reported in 2017/2018 to restated amount R1.452 billion. The net effect of prior year error is that the opening balance has decreased by R14 million.



22 Employee benefits

	Note	2018/19 R'000	2017/18 R'000
Leave entitlement		69 312	69 639
Service bonus		41 773	39 626
Performance awards		23 501	28 438
Capped leave commitments		78 588	79 677
Other		1 822	1 947
Total		214 996	219 327

23 Lease commitments

23.1 Finance leases**

2018/19	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	5 593	5 593
Later than 1 year and not later than 5 years	-	-	-	1 733	1 733
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	7 326	7 326



2017/18

Not later than 1 year	-	-	-	7 529	7 529
Later than 1 year and not later than 5 years	-	-	-	4 743	4 743
Later than five years	-	-	-		
Total lease commitments	-	-	-	12 272	12 272

The finance lease obligations consist of various leases (photo copy machines and vehicles). The government borrowing rate is applied, currently at 10.25%.

The Department entered into several finance lease agreements, renewable from 3 to 5 years as follows:

Purchase options

N/A

The Department have not entered into any contract for sub-leases of assets and any leaseback arrangement for both vehicle and equipment leases. In terms of the signed agreement the Department is not responsible for Repairs, Maintenance, enhancements and disposal of the leased equipment and vehicles.

	Note	2018/19 R'000	2017/18 R'000
Rental earned on sub-leased assets	3	-	-
Total		-	-



24 Irregular expenditure

24.1 Reconciliation of irregular expenditure

	Note	2018/19 R'000	2017/18 R'000
Opening balance		6 156 025	4 178 201
Prior period error		-	-
As restated		6 156 025	4 178 201
Add: Irregular expenditure – relating to prior year		1 279 631	347 742
Add: Irregular expenditure – relating to current year		1 849 891	1 630 099
Less: Prior year amounts condoned		-	(17)
Closing balance		9 285 547	6 156 025

Analysis of awaiting condonation per age classification

Current year	1 849 891	1 630 099
Prior years	7 435 656	4 525 926
Total	9 285 547	6 156 025

Included in the above cumulative irregular expenditure total of R9.286 billion (Incurred through implementing agents: R 5.821 billion and R3.465 billion by the department), there is an amount of R5.108 billion that has been submitted to National Treasury for condonation. The outstanding balance of R4.178 billion is still being processed in line with the requirements of the National Treasury Instruction note 02 of 2019/2020 on the Irregular Expenditure Framework.

Internal control systems have been put in place to prevent the recurrence of irregular expenditure.



24.2 Details of irregular expenditure – added current year (relating to current and prior years)

Incident	Disciplinary steps taken / criminal proceedings	2018/19 R'000
Goods & Services		
No quorum formed during adjudication of bid - DL Consulting	Case still under investigation	1 310
Tender for provision of IT services not advertised through SITA	Awaiting condonation from NT	19 943
Appointed as a Single/Preferred source and there is no evidence that a thorough market research and a transparent/equitable pre-selection process was conducted (Hotel and Tourism Investment)	Case still under investigation	6 050
Projected implemented without treasury approval of the deviation (Ikusasa Media and Events)	Case still under investigation	24 815
Authorised by non-delegated official (Isuzu Truck South Africa)	Case still under investigation	747
Conflict of Interest (BJE/IX/WRP Joint Venture)	Case still under investigation	2 540
Fair and transparent processes are not followed (Fumile Advisory Services)	Case still under investigation	17 901
Inappropriate disqualification of a bidder by BEC- Caps M Trading and Projects	Case still under investigation	13 573
Services above R500 000 procured without advertising a tender - Lerano Suppliers and Services (PTY)LTD	Case still under investigation	1 217
DBAC approved without a quorum- (Various Contracts)	Case still under investigation	3 864
Contract amount exceeded R500 thousand - Travel with Flair	Case still under investigation	14 760
Limpopo-Proper processes not followed when appointing official to post of Deputy Director	Case still under investigation	301
Gauteng-Payment authorised by non delegated official-Hambanathi Travel Agent	Case still under investigation	363
Gauteng: Quotations received after closing (various supplies)	Case still under investigation	14
Funds earmarked for a specific purpose were utilised for another purpose without obtaining prior approval -War on Leaks - EW SETA	Case still under investigation	524 798
Funds earmarked for a specific purpose were utilised for another purpose without obtaining prior approval -War on Leaks -Rand Water	Case still under investigation	298 332
Discrepancies with the Bid Specifications(Limitating the market and contravention of Section 217 of the Constitution) - EOH Mthombo	Case still under investigation	78 011
Limpopo Watercourse commission	Case still under investigation	57
Transfers and subsidies to Winning Schools under South African Youth Water Prices Project	Case still under investigation	168
Infrastructure		
Proper procurement process not followed when appointing the contractors for Giyani emergency intervention	Case still under investigation	214 488
Sanitation (Vharanani)-Bucket eradication project in Free State - Reasons for deviation from SCM processes not justified	Case still under investigation	185 250
Sanitation (NJR PROJECTS)-Bucket eradication project in Northern Cape - Reasons for deviation from SCM processes not justified	Case still under investigation	78 230
Bloemfontein (Raubex Construction) - Construction Cornelis River Dam and appurtenant works - Contract amount exceeded without approval	Case still under investigation	2 766
Reasons for deviation not justifiable - SCIP Engineering Group	Case still under investigation	11 721



Incident	Disciplinary steps taken / criminal proceedings	2018/19 R'000
FS-RS26 Mafube Bulk Sewer Phase1 - Contract amount exceeded without prior approval (Afrilink Water and Sanitation (Pty) Ltd)	Case still under investigation	3 334
NW-Contract amount exceeded without approval (Escor)	Case still under investigation	1 123
NW-Contract amount exceeded without approval (NEP Consulting)	Case still under investigation	2 057
Gauteng-Contract extended without pre-approval by the delegated official. (CMC)	Case still under investigation	135 192
Gauteng-Contract extended without by the delegated official. (Udumo)	Case still under investigation	3 076
Gauteng-Contract extended without by the delegated official. (Pcisa)	Case still under investigation	30 006
Gauteng-Contract extended without by the delegated official. (Enzani)	Case still under investigation	64 198
Gauteng-Contract extended without by the delegated official. (Prephil)	Case still under investigation	2 297
Gauteng-Contract extended without by the delegated official. (MRMS)	Case still under investigation	6 167
Gauteng-Contract extended without by the delegated official. (Immediate Electric)	Case still under investigation	54 670
Gauteng-Contract extended without by the delegated official. (SAME)	Case still under investigation	3 506
KZN-Umhlathuzi (Bosch Munitech)- Variation order exceeded 20% without Treasury approval	Case still under investigation	1 674
KZN-Umhlathuzi (Nakaliso)-Revised professional fees exceeded 20% without Treasury approval	Case still under investigation	5 806
KZN-Umhlathuzi (Engelab)- Appointed service provide did not quote according to spec	Case still under investigation	223
FS-(Soaring Summit) - Contract amount exceeded without prior approval	Case still under investigation	106
FS-Afrilink/ Luzana - Contract amount exceeded without an approved variation	Case still under investigation	845
NC (Iceburg) proper SCM processes not followed in appointing the suppliers	Case still under investigation	7 817
NC(PLS Construction) proper SCM processes not followed in appointing the suppliers	Case still under investigation	3 111
Sanitation (Babereki Consulting)-Bucket Eradication project in Free State- Contract expired	Case still under investigation	23 464
Goods & Services		
DBAC approved without a quorum - (Various Contracts)	Case still under investigation	15 337
Renewal of Annual Bentley Software Select Programme Software Licence (WD316)	Case still under investigation	253
Renewal of Annual Hydstra software Licence (WD318): Kisters	Case still under investigation	1 037
Renewal of information services to access the online journal database products (WD317): EBSCO	Case still under investigation	443
Renewal of Annual Labware Software Licence (WD309)	Case still under investigation	354
Gauteng: Quotations received after closing (various supplies)	Case still under investigation	393
Funds earmarked for a specific purpose were utilised for another purpose without obtaining prior approval -War on Leaks -Rand Water	Case still under investigation	224 760
Undue payment made to an audit committee member	Case still under investigation	88



Incident	Disciplinary steps taken / criminal proceedings	2018/19 R'000
Infrastructure		
Implementing agent's Composition of bid adjudication committee not in line with SCM regulations and policy-Iceberg Trading 579	Case still under investigation	7 059
Implementing agent's Composition of bid adjudication committee not in line with SCM regulations and policy-PLS Construction	Case still under investigation	16 826
IA- Winning bidder did not achieve minimum qualifying score - Royal Hasking DHV	Case still under investigation	7 263
Implementing agent's advertisement of tender within shorter period not approved by the delegated authority- HT Pelatona	Case still under investigation	33 831
Reasons for deviation not justifiable- Urban Dynamics	Case still under investigation	22 451
Reasons for deviation not justifiable- SCIP Engineering Group	Case still under investigation	37 750
Reasons for deviation not justifiable- Blackhead Consulting	Case still under investigation	75 174
DBAC approved without a quorum- (Various Contracts)	Case still under investigation	45 386
Rehabilitation of the Waste Water Treatment Works that are polluting the Vaal catchment area in order to avert a serious health risk to communities and stop pollution (Buzaphi)	Case still under investigation	19 856
SCM Processes not followed by the Implementing Agent (Aurecon)	Case still under investigation	5 193
SCM Processes not followed by the Implementing Agent (Flagg Consulting Engineers)	Case still under investigation	21 875
Gauteng-Contract extended without pre-approval by the delegated official. (CMC)	Case still under investigation	101 677
NW-Deviation advertisement of a tender for a shorter period not approved-Bigen Africa	Case still under investigation	22 368
SCM Processes not followed by the Implementing Agent (Taung/ Naledi (various contractors)	Case still under investigation	494 069
Lim-Lepelle- Fair and competitive bidding process not followed by IA (Fambakahle)	Case still under investigation	4 235
Lim-Lepelle-Reasons for deviation from SCM processes not compliant) (AES)	Case still under investigation	7 299
Funds earmarked for a specific purpose were utilised for another purpose without obtaining prior approval (Sedibeng Water)	Case still under investigation	114 654
Total		3 129 522



2018/19
R'000

Incident

Details of irregular expenditure under investigation (not included in the main note)

Commitments in excess of the contract amount (Various contracts as per possible irregular schedule)	2 609 941
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25 Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	Note	2018/19 R'000	2017/18 R'000
Opening balance		16 175	59 860
Prior period error		-	-
As restated		16 175	59 860
Fruitless and wasteful expenditure – relating to prior year		46 777	11
Fruitless and wasteful expenditure – relating to current year		13 347	11 560
Less: Amounts resolved		-	(52 574)
Less: Amounts transferred to receivables for recovery	11.5	(11)	(2 682)
Closing balance		76 288	16 175

25.2 Analysis of awaiting resolution per economic classification

	Note	2018/19 R'000	2017/18 R'000
Current		72 218	12 105
Capital		4 070	4 070
Total		76 288	16 175

Included in the R76 million reported fruitless and wasteful expenditure, there is R71 million paid to implementing agents and R5 million paid by the department as penalties and interest charges.

25.3 Details of irregular expenditure – added current year (relating to current and prior years)

Incident	Disciplinary steps taken / criminal proceedings	2018/19 R'000
Transportation	R3 500 still under investigation and R501 recovered from official	4
Accommodation	R15 000 still under investigation and R4 076 recovered from officials	20
Interest	The matter under investigation	664
Standing time	The matter under investigation	12 766
Management fee	The matter under investigation	46 617
Penalties charges	The matter under investigation	53
Total		60 124



26 Related party transactions

	Note	2018/19 R'000
Revenue received		
Sales of goods and services other than capital assets		-
Total		-
Payments made		
Goods and services		-
Total		-
In kind goods and services provided/received		
Umngeni Water - Attending Stockholm Water Week (Flights, accommodation, and registration)		155
Rand Water - Ministerial Award Ceremony (Venue and facilities)		140
Water Research Commission - Ministerial Award Ceremony (Intervention project cash prizes)		90
Bloem Water - Ministerial Award Ceremony (Accommodation and transport 20/20 Vision participants)		11
Total		396

All departments and public entities in the national sphere of government are related parties. Below is the listing of related parties:-

National Treasury National Department of Agriculture Forestry & Fisheries National Department of Arts & Culture National Department of Basic Education Civilian Secretariat for Police National Department of Communications National Department of Cooperative Governance & Traditional Affairs National Department of Correctional Services National Department of Defence National Department of Economic Development National Department of Energy National Department of Environmental Affairs National Department of Government Communication and Information System (GCIS) National Department of Health National Department of Higher Education & Training National Department of Home Affairs National Department of Human Settlements National Department of Independent Police Investigative Directorate National Department of International Relations & Cooperation National Department of Justice & Constitutional Development National Department of Labour National Department of Military Veterans National Department of Mineral Resources National School of Government National Department of Performance Monitoring & Evaluation National Department of Public Enterprises National Department of Public Service Administration National Department of Public Service Commission National Department of Public Works National Department of Rural Development & Land Reform National Department of Science & Technology National Department of Social Development National Department of South African Police services National Department of South African Revenue Services National Department of Small Business Development National Department of State Security Agency National Department of Sport & Recreation South Africa National Department of Statistics South Africa National Department of Telecommunications & Postal Services National Department of Tourism National Department of Trade & Industry Traditional Affairs National Department of Transport National Department of Women The Presidency and all public entities in the national sphere of government.

Public entities in the national sphere of government are related parties. Below is the listing of related parties:-

Amatola Water; Bloem Water; Lepelle Northern; Magalies Water; Mhlathuze Water; Overberg Water; Rand Water; Sedibeng Water; Umgeni Water; Breede Catchment Management Agency; Inkomati Catchment Management Agency; Komati Basin Water Authority; Trans-Caledon Tunnel Authority; Water Research Commission; Water Trading Account; International Transboundary; Orange-Sengqu; Limpopo Commission; IncoMaputo.

Irrigation Boards and Water User Associations in the national sphere of government are related parties. Below is the listing of related parties:-

Agterkliphoogte; Bellair; Buffelskloof; Cogmanskloof; Gamkarivier; Haarlem; Illovo; Kanoneiland; Manchester Noordwyk; Noord Agter Paarl; Perdeberg; Sondagsrivier (Elandslaagte); Suid Agter Paarl; Uitnood.

At the reporting date the process to disestablish Mhlathuze Water Board in terms of Government Gazette No 41237 issued in November 2017 was still not finalised.

27 Key management personnel

	Number of individuals	2018/19 R'000	2017/18 R'000
Political office bearers (provide detail below)	2	4 379	4 314
Officials:			
Level 15 to 16	9	13 879	15 426
Level 14 (incl. CFO if at a lower level)	48	45 915	46 826
Family members of key management personnel	2	1 387	433
Total		65 560	66 999

28 Provisions

	Note	2018/19 R'000	2017/18 R'000
Implementation Protocol for Emfuleni LM Intervention	28	1 038 622	-
Total		1 038 622	-

28.1 Details of irregular expenditure – added current year (relating to current and prior years)

	Emfuleni intervention R'000	Total provisions R'000
Opening balance	-	-
Increase in provision	1 100 000	1 100 000
Settlement of provision	-	-
Unused amount reversed	-	-
Reimbursement payable to third party	(61 378)	(61 378)
Closing balance	1 038 622	1 038 622



29 Non-adjusting events after reporting date

2018/19
R'000

Nature of event

Include an estimate of the financial effect of the subsequent non-adjusting events or a statement that such an estimate cannot be made.

Immovable assets dwelling	1 289
Ex-staff debts, traffic fines and PSP	668
Completed assets approved for transfer to beneficiaries by the Accounting Officer in line with Section 42 of the PFMA after 31 March 2019	2 592 567
Total	2 594 524

30 Movable tangible capital assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Machinery and equipment					
Transport assets	16 541	(16)	1 857	-	18 382
Computer equipment	140 364	(531)	6 150	(1 765)	144 218
Furniture and office equipment	54 189	(40)	1 039	(86)	55 102
Other machinery and equipment	218 034	1 119	15 425	(253)	234 325
Total movable tangible capital assets	429 128	532	24 471	(2 104)	452 027

Movable tangible capital assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	103	1 968

30.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2019

	Cash*	Non-cash**	(Capital Work in Progress in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment					
Transport assets	19 296	27	(17 466)	-	1 857
Computer equipment	8 022	74	-	(1 946)	6 150
Furniture and office equipment	1 193	5	-	(159)	1 039
Other machinery and equipment	23 077	11	(7 231)	(432)	15 425
Total additions to movable tangible capital assets	51 588	117	(24 697)	(2 537)	24 471



30.2 Disposals

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2019

	Sold for cash	Non-cash disposal	Total disposals	Cash received actual
	R'000	R'000	R'000	R'000
Machinery and equipment				
Transport assets	-	-	-	-
Computer equipment	-	1 765	1 765	-
Furniture and office equipment	-	86	86	-
Other machinery and equipment	-	253	253	-
Total disposals of movable tangible capital assets	-	2 104	2 104	-

30.3 Movement for 2017/18

Movement in tangible capital assets per asset register for the year ended 31 March 2019

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment					
Transport assets	16 464	-	1 160	(1 083)	16 541
Computer equipment	129 613	-	12 893	(2 142)	140 364
Furniture and office equipment	53 760	-	1 580	(1 151)	54 189
Other machinery and equipment	204 780	-	13 646	(392)	218 034
Total movable tangible capital assets	404 617	-	29 279	(4 768)	429 128



30.4 Minor assets

Movement in minor assets per the asset register for the year ended as at 31 March 2019

	Specialised military assets	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	102	-	78 042	-	78 144
Value adjustments	-	-	-	172	-	172
Additions	-	-	-	2 353	-	2 353
Disposals	-	(44)	-	(336)	-	(380)
Total minor assets	-	58	-	80 231	-	80 289
Number of R1 minor assets	-	-	-	28 701	-	28 701
Number of minor assets at cost	-	19	-	46 576	-	46 595
Total number of minor assets	-	19	-	75 277	-	75 296

Minor capital assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation		
Machinery and equipment	73	240

Assets under investigation have either been sent to lost committee for recommendation while a portion is investigated to determine negligence or possible write off

Movement in minor assets per the asset register for the year ended as at 31 March 2018

	Specialised military assets	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	102	-	68 935	-	69 037
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	9 818	-	9 818
Disposals	-	-	-	(711)	-	(711)
Total minor assets	-	102	-	78 042	-	78 144
Number of R1 minor assets	-	-	-	28 468	-	28 468
Number of minor assets at cost	-	-	-	62 097	-	62 097
Total number of minor assets	-	-	-	90 565	-	90 565



30.5 Movable assets written off

Movable assets written off for the year ended as at 31 March 2019

	Specialised military assets	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	1 590	-	1 590
Total movable assets written off	-	-	-	1 590	-	1 590

Movable assets written off for the year ended as at 31 March 2018

	Specialised military assets	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	310	-	310
Total movable assets written off	-	-	-	310	-	310

30.6 S42 movable capital assets

Major assets to be transferred in terms of S42 of the PFMA - 31 March 2019

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of assets	-	-	-	5	-	5
Value of the assets (R'000)	-	-	-	72	-	72

Minor assets to be transferred in terms of S42 of the PFMA - 31 March 2019

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of assets	-	-	-	746	-	746
Value of the assets (R'000)	-	-	-	241	-	241



31 Intangible capital assets

Movement in intangible capital assets per asset register for the year ended 31 March 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	146 534	-	31 278	(515)	177 297
Patents, licences, copyright, brand names, trademarks	5 468	-	-	-	5 468
Total intangible capital assets	152 002	-	31 278	(515)	182 765

31.1 Additions

Additions to intangible capital assets per asset register for the year ended 31 March 2018

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
Software	31 278	-	-	-	31 278
Total additions to intangible capital assets	31 278	-	-	-	31 278

31.2 Disposals

Disposals of intangible capital assets per asset register for the year ended 31 March 2019

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash received actual R'000
Software	-	515	515	-
Patents, licences, copyright, brand names, trademarks	-	-	-	-
Total intangible capital assets	-	515	515	-

31.3 Movement for 2017/18

Movement in intangible capital assets per asset register for the year ended 31 March 2018

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	119 095	-	27 439	-	146 534
Patents, licences, copyright, brand names, trademarks	5 468	-	-	-	5 468
Total intangible capital assets	124 563	-	27 439	-	152 002



32 Immovable tangible capital assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Buildings and other fixed structure	7 270 309	-	874 568	(1 019 228)	7 125 649
Dwellings	3 001	-	-	-	3 001
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	7 260 385	-	874 568	(1 019 228)	7 115 725
Land and sub-soil assets	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
Total immovable tangible capital assets	7 281 812	-	874 568	(1 019 228)	7 137 152

32.1 Additions

Additions to immovable tangible capital assets per asset register for the year ended 31 March 2019

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structure					
Other fixed structures	2 977 413	874 568	(2 977 413)	-	874 568
Total additions to immovable tangible capital assets	2 977 413	874 568	(2 977 413)	-	874 568



32.2 Disposals

Disposals of immovable tangible capital assets per asset register for the year ended 31 March 2019

	Sold for cash	Non-cash disposal	Total disposals	Cash received actual
	R'000	R'000	R'000	R'000
Buildings and other fixed structure				
Other fixed structures	-	1 019 228	1 019 228	-
Total disposals of immovable tangible capital assets	-	1 019 228	1 019 228	-

32.3 Movement for 2017/18

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2018

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structure	5 163 308	711 403	2 652 593	(1 256 995)	7 270 309
Dwellings	3 001	-	-	-	3 001
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	5 153 384	711 403	2 652 593	(1 256 995)	7 260 385
Land and sub-soil assets	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
Total immovable tangible capital assets	5 174 811	711 403	2 652 593	(1 256 995)	7 281 812

32.3.1 Prior period error

	Note	2017/18 R'000
Nature of prior period error – affecting opening balance		
Other fixed structure		711 403
Total		711 403

Prior year error: The opening balance adjustment relates to completed projects previously not reported. The net effect is that the Immovable Tangible Assets increased by R711,403 million.



32.4 Capital work-in-progress

Capital work-in-progress as at 31 March 2019

	Opening balance	Current year WIP	Ready for use (Assets to AR) / Contracts terminated	Closing balance
	1 April 2018			31 March 2019
Note	R'000	R'000	R'000	R'000
Annexure 7				
Buildings and other fixed structure	22 406 479	2 977 413	(874 568)	24 509 324
Total	22 406 479	2 977 413	(874 568)	24 509 324

Age analysis on on-going projects

	Number of projects		2018/19
	Planned, construction not started	Planned, construction started	Total R'000
0 to 1 year	1	2	14 496
1 to 3 years	10	6	1 714 089
3 to 5 years	15	6	6 239 034
Longer than 5 years	10	46	18 848 771
Total	36	60	26 816 390

Accruals and payables not recognised relating to capital WIP

	Note	2018/19 R'000	2017/18 R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress		655 167	652 013
Total		655 167	652 013



Capital work-in-progress as at 31 March 2018

	Opening balance 1 April 2017	Prior period error	Current Year WIP	Ready for use (Assets to the AR)) / Contracts terminated	Closing balance 31 March 2018
Note	R'000	R'000	R'000	R'000	R'000
Annexure 7					
Buildings and other fixed structures	22 279 204	(521 241)	3 301 109	(2 652 593)	22 406 479
Total	22 279 204	(521 241)	3 301 109	(2 652 593)	22 406 479

Prior year error: The Opening balance of WIP was overstated by R521 million resulting from the following for understatement of WIP relating to:- R29 million for Nongoma project that has since been taken over from WTE, R550 million for assets that were ready for use thereby understated and R1.4 million for feasibility study costs that were incorrectly capitalised.

32.5 S42 immovable assets

Assets to be transferred in terms of S42 of the PFMA – 2018/19

	Number of assets	Value of assets R'000
Buildings and other fixed structures		
Other fixed structures	383	7 086 248
Total	383	7 086 248

Capital projects transitioning

The Department has converted some projects that were classified under schedule 6B of DORA to schedule 5B and is currently in a transition process to transfer the work in progress that is in the books of the Department over to the Municipalities.

Assets to be transferred in terms of S42 of the PFMA – 2017/18

	Number of assets	Value of assets R'000
Buildings and other fixed structures		
Other fixed structures	431	5 881 626
Total	431	5 881 626



33 Principal-agent arrangements

33.1 Department acting as principal agent

	2018/19 R'000	Fee paid 2017/18 R'000
Regional Bulk Infrastructure Grant (RBIG)	78 044	66 064
Water Services Infrastructure Grant (WSIG)	4 640	682
Total	82 684	66 746

The Department is party to a principal-agent arrangement for implementation of the water and sanitation projects through arrangements with various water boards and municipalities. In terms of the arrangement the Department is the principal and is responsible for project funding and accountability to Parliament. During the financial year under review the Department paid management fee to the value of R82.684 million (R66.746 million 2017/18) to various implementing agents (municipalities and water boards). The nature circumstances and terms relating to the arrangements differ from one implementing agents to another.

34 Prior period errors

34.1 Correction of prior period errors

		Amount before error correction 2017/18 R'000	Prior period error 2017/18 R'000	Restated amount 2018/19 R'000
Expenditure (Goods and services)	4	20 790	15	20 805
Revenue (Sales by market establishment)	2	669	30	699
Conditional grants received	1	5 194 464	3 825 594	9 020 058
Net effect		5 215 923	3 825 639	9 041 562

Expenditure (Administrative fee) - Prior period error: The opening balance for administrative fees was restated as a result of Standard bank charges for the month of March 2018 amounting to R15 thousand which were erroneously reported as a debit balance to other payables accounts instead of debit bank charges account in the statement of financial performance. The effect of the adjustment results in an increase in Administrative fees from R20.790 million to R20.805 million.

Revenue (Sales by market establishment) - Prior year error: Sales by market establishment was erroneously captured as R669 thousand on annual report instate of R699 thousand.

Conditional grant - The comparative amount of R9.020 billion has been re-instated from R5.194 billion. The effect of the adjustment results increase from R5.194 billion to R9.020 million.

		Amount before error correction	Prior period error	Restated amount
		2017/18	2017/18	2018/19
	Note	R'000	R'000	R'000
Current liabilities:				
Voted funds to be surrendered to the Revenue Fund	13	1 027 592	(292 210)	735 382
Other payables	16	896	15	911
Net effect		1 028 488	(292 195)	736 293

Voted funds to be surrendered - Voted funds to be surrendered was misstated in the previous years, hence the amount was decreased by R292.195 million

Other payables - Bank charges for the month of March 2018 amounting to R15 thousand was erroneously reported as a debit balance to other payables accounts instead of debit bank charges account in the statement of financial performance

		Amount before error correction	Prior period error	Restated amount
		2017/18	2017/18	2018/19
	Note	R'000	R'000	R'000
Cash flow statement				
Net (increase)/decrease in working capital		(712 711)	15	(712 696)
Current payments		(3 008 968)	(15)	(3 008 983)
Surrendered to Revenue Fund		(308 973)	(1)	(308 974)
Unrealised gains and losses within cash and cash equivalents		(1)	1	-
Net effect		(4 030 653)	-	(4 030 653)

Prior period error: Bank charges for the month of March 2018 amounting to R15 thousand was erroneously reported as a debit balance to other payables accounts instead of debit bank charges account in the statement of financial performance. The impact of the error resulted in understated net increase in working capital and overstatement of Current payments. A rounding amount in Surrendered to Revenue Fund was incorrectly reported as Unrealised gains and losses within cash and cash equivalents



		Amount before error correction	Prior period error	Restated amount
		2017/18	2017/18	2018/19
	Note	R'000	R'000	R'000
Assets				
Capital Work in Progress	32.4/ Annex7	22 927 720	(521 241)	22 406 479
Building and other fixed structure	32.3	6 548 982	711 403	7 260 385
Unauthorised expenditure	8	933 304	(292 195)	641 109
Net effect		30 410 006	(102 033)	30 307 973

Immovable tangible capital assets (Capital Work in Progress) - Prior year error: The 2017/18 opening balance for Building and other fixed structure has been re-instated. The net effect is that the Building and other fixed structure decreased by R521.241 million.

Immovable tangible capital assets (Building and other fixed structure) - Prior year error: The opening balance adjustment relates to completed projects previously not reported. The net effect is that the Immovable Tangible Assets increased by R711.403 million.

Unauthorised expenditure - The 2017/18 opening balance for unauthorised expenditure has been re-instated. The net effect is that the unauthorised expenditure decreased by R292.195 million.

		Amount before error correction	Prior period error	Restated amount
		2017/18	2017/18	2018/19
	Note	R'000	R'000	R'000
Commitments, accruals, contingent liabilities and assets				
Contingent liabilities	19.1	133 775	(5 966)	127 809
Contingent assets	19.2	3 339	400	3 739
Commitments	20	7 126 457	414 541	7 540 998
Accruals	21.1	537 913	1 103 482	1 641 395
Payables	21.2	1 466 386	(14 737)	1 451 649
Net effect		9 267 870	1 512 457	10 765 590

Contingent liabilities - Prior year error: Contingent liabilities Claims against the state- During the accounting period under review, the department has identified error on matters that relate to WTE which were incorrectly reported under Main Account. Effect of the prior year error - Opening balance was overstated by R5.966 million and adjusted from R133.775 million to R127.809.million.

Contingent assets - Prior year error: The opening balance for contingent assets has been re-instated to correct the omission of amount received from Sigma Boerdery. The net effect is an increase of R400 thousand from R3.339 million to R3.739 million.

Commitment - Prior year balance for commitments was adjusted from R7.126 billion reported in 2017/2018 to restated amount of R7.541 billion. The net effect of prior year error is that the opening balance has increased by R415 million.

Accruals - Prior year balance for accrual was adjusted from R537.913 million reported in 2017/2018 to restated amount of R1.641 billion. The net effect of prior year error is that the opening balance has increased by R1.103 billion.

Payables - Prior year balance for payables was adjusted from R1.466 billion reported in 2017/2018 to restated amount R1.452 billion. The net effect of prior year error is that the opening balance has decreased by R15 million.

35 Statement of conditional grants received

Name of grant	Grant allocation						Spent				2017/18	
	Division of Revenue Act / Provincial Grants	Rollovers	DoRA adjustments	Other adjustments	Total available	Amount received by department	Amount spent by department	Under / (over spending)	% 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)	3 769 139	-	1 008 128	-	4 777 267	4 777 267	4 777 267	-	100%	3 329 464	3 305 237	
Regional Bulk Infrastructure Grant (RBIG)	1 957 000	-	6 000	-	1 963 000	1 963 000	1 963 000	-	100%	1 865 000	1 829 002	
Regional Bulk Infrastructure Grant (RBIG): 6B	2 886 922	-	(6 000)	-	2 880 922	2 880 922	2 367 131	513 791	82%	2 973 539	2 454 957	
Water Services Infrastructure Grant (WSIG): 6B	608 175	-	-	-	608 175	608 175	578 398	29 777	95%	852 055	819 416	
Water Services Infrastructure Grant (WSIG): Indirect	1 008 128	-	(1 008 128)	-	-	-	-	-	-	-	-	
Grant - Drought Relief	-	-	-	-	-	-	-	-	-	-	-	
Total	10 229 364	-	-	-	10 229 364	10 229 364	9 685 796	543 568		9 020 058	8 408 612	

Prior year error - The comparative amount of R9.020 billion has been re-instated from R5.194 billion. The effect of the adjustment results increase from R5.194 billion to R9.020 million and related amount spend was re-instated.

36 Statement of conditional grants and other transfers paid to municipalities

Name of municipality	Grant allocation				Transfer		
	DoRA and other transfers	Rollovers	Adjustments	Total	Actual	Funds withheld	Reallocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Water Services Infrastructure Grant (WSIG)	3 769 139	-	1 008 128	4 777 267	4 777 267	-	-
Eastern Cape	704 583	-	430 631	1 135 214	1 135 214	-	-
EC101 Camdeboo/ Baviaans/ Ikwezi	-	-	30 020	30 020	30 020	-	-
EC 102 Blue Crane Route	92 300	-	-	92 300	92 300	-	-
EC 104 Makana	35 000	-	22 000	57 000	57 000	-	-
EC 105 Ndlambe	-	-	26 809	26 809	26 809	-	-
EC 106 Sundays River Valley	-	-	900	900	900	-	-
EC 108 Kouga	92 500	-	58 728	151 228	151 228	-	-
EC 109 Kou-Kamma	14 561	-	9 200	23 761	23 761	-	-
DC12 Amatole District Municipality	100 000	-	64 088	164 088	164 088	-	-
DC 13 Chris Hani District Municipality	50 000	-	87 300	137 300	137 300	-	-
DC 14 Joe Gqabi District Municipality	59 000	-	7 673	66 673	66 673	-	-
DC 15 OR Tambo District Municipality	151 222	-	123 913	275 135	275 135	-	-
DC 44 Alfred Nzo District Municipality	110 000	-	-	110 000	110 000	-	-
Free State	305 325	-	(3 950)	301 375	301 375	-	-
FS161 Letsemeng	20 000	-	10 000	30 000	30 000	-	-
FS 162 Kopanong	20 000	-	(4 000)	16 000	16 000	-	-
FS 163 Mohokare	48 500	-	(31 500)	17 000	17 000	-	-
FS 181 Masilonyana	10 000	-	(4 500)	5 500	5 500	-	-
FS 182 Tokologo	10 000	-	8 500	18 500	18 500	-	-
FS 184 Matjhabeng	36 825	-	-	36 825	36 825	-	-





Name of municipality	Grant allocation				Transfer			Reallocations by National Treasury or National Department R'000
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total R'000	Actual R'000	Funds withheld R'000		
							R'000	
FS 191 Setsoto	20 000	-	13 500	33 500	33 500	-	-	
FS 192 Dihlabeng	20 000	-	(3 450)	16 550	16 550	-	-	
FS 193 Nketoana	-	-	4 210	4 210	4 210	-	-	
FS 194 Maluti-A-Phofung	35 000	-	(10 000)	25 000	25 000	-	-	
FS 195 Phumelela	15 000	-	-	15 000	15 000	-	-	
FS 196 Mantsope	10 000	-	-	10 000	10 000	-	-	
FS 201 Moqhaka	10 000	-	18 290	28 290	28 290	-	-	
FS 203 Ngwathe	20 000	-	-	20 000	20 000	-	-	
FS 204 Metsimaholo	15 000	-	(5 000)	10 000	10 000	-	-	
FS 205 Mafube	15 000	-	-	15 000	15 000	-	-	
Gauteng	195 000	-	(10 000)	185 000	185 000	-	-	
GT421 Emfuleni	20 000	-	-	20 000	20 000	-	-	
GT 422 Midvaal	15 000	-	-	15 000	15 000	-	-	
GT 423 Lesedi	25 000	-	-	25 000	25 000	-	-	
GT 481 Mogale City	25 000	-	-	25 000	25 000	-	-	
GT 484 Merafong City	55 000	-	(10 000)	45 000	45 000	-	-	
GT 485 Westonia/Randfontein	55 000	-	-	55 000	55 000	-	-	
KwaZulu-Natal	900 000	-	66 668	966 668	966 668	-	-	
DC 21 Ugu District Municipality	55 000	-	-	55 000	55 000	-	-	
KZN225 Msunduzi	40 000	-	2 760	42 760	42 760	-	-	
DC 22 Umgungundlovu District Municipality	102 700	-	12 487	115 187	115 187	-	-	
DC 23 Uthukela District Municipality	83 000	-	25 493	108 493	108 493	-	-	
DC 24 Umzinyathi District Municipality	55 000	-	15 800	70 800	70 800	-	-	

Name of municipality	Grant allocation				Transfer			Reallocations by National Treasury or National Department R'000
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total R'000	Actual R'000	Funds withheld R'000		
							R'000	
KZN 252 Newcastle	40 000	-	-	40 000	40 000	-	-	
DC 25 Amajuba District Municipality	84 400	-	-	84 400	84 400	-	-	
DC 26 Zululand District Municipality	115 000	-	(27 172)	87 828	87 828	-	-	
DC 27 Umkhanyakude District Municipality	55 000	-	18 000	73 000	73 000	-	-	
KZN 282 Umhlathuze	16 000	-	(16 000)	-	-	-	-	
DC 28 Uthungulu District Municipality	73 000	-	15 300	88 300	88 300	-	-	
DC 29 Ilembe District Municipality	100 500	-	-	100 500	100 500	-	-	
DC 43 Harry Gwala District Municipality	80 400	-	20 000	100 400	100 400	-	-	
Limpopo	495 000	-	148 475	643 475	643 475	-	-	
DC 47 Greater Sekhukhune District Municipality	65 000	-	-	65 000	65 000	-	-	
DC 33 Mopani District Municipality	107 000	-	84 500	191 500	191 500	-	-	
DC 34 Vhembe District Municipality	45 000	-	-	45 000	45 000	-	-	
LIM354 Polokwane	70 000	-	20 000	90 000	90 000	-	-	
DC 35 Capricorn District Municipality	78 000	-	-	78 000	78 000	-	-	
LIM 361 Thabazimbi	-	-	26 000	26 000	26 000	-	-	
LIM 362 Lephalele	-	-	24 500	24 500	24 500	-	-	
LIM 366 Bela Bela	40 000	-	5 500	45 500	45 500	-	-	
LIM 367 Mogalakwena	40 000	-	12 975	52 975	52 975	-	-	
LIM 368 Modimolle/ Mookgopong	50 000	-	(25 000)	25 000	25 000	-	-	
Mpumalanga: Nelspruit	466 474	-	16 227	482 701	482 701	-	-	
MP301 Albert Luthuli	34 674	-	-	34 674	34 674	-	-	
MP 302 Msukaligwa	30 000	-	-	30 000	30 000	-	-	
MP 303 Mkhondo	35 000	-	-	35 000	35 000	-	-	





Name of municipality	Grant allocation				Transfer			Reallocations by National Treasury or National Department R'000
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total R'000	Actual R'000	Funds withheld R'000		
							R'000	
MP 304 Pixley Ka Seme	30 000	-	-	30 000	30 000	-	-	
MP 305 Lekwa	20 000	-	-	20 000	20 000	-	-	
MP 307 Govan Mbeki	10 000	-	-	10 000	10 000	-	-	
MP 312 Emalahleni	25 000	-	(5 000)	20 000	20 000	-	-	
MP 313 Steve Tshwete	16 800	-	-	16 800	16 800	-	-	
MP 314 Enakhazeni	38 000	-	-	38 000	38 000	-	-	
MP 315 Thembisile	64 000	-	-	64 000	64 000	-	-	
MP 316 Dr Js Moroka	18 000	-	-	18 000	18 000	-	-	
MP 321 Thaba Chweu	15 000	-	(3 000)	12 000	12 000	-	-	
MP 324 Nkomazi	35 000	-	21 227	56 227	56 227	-	-	
MP 325 Bushbuckridge	95 000	-	3 000	98 000	98 000	-	-	
Northern Cape	288 500	-	31 609	320 109	320 109	-	-	
NC451 Joe Morolong	57 500	-	-	57 500	57 500	-	-	
NC 452 Gasegonyana	45 000	-	-	45 000	45 000	-	-	
NC 453 Gamagara	20 000	-	-	20 000	20 000	-	-	
NC 061 Richtersveld	5 000	-	-	5 000	5 000	-	-	
NC 062 Nama Khoi	5 000	-	9 788	14 788	14 788	-	-	
NC 064 Kamiesberg	6 000	-	3 821	9 821	9 821	-	-	
NC 065 Hantam	7 500	-	-	7 500	7 500	-	-	
NC 066 Karoo Hoogland	5 000	-	4 500	9 500	9 500	-	-	
NC 067 Khaima	5 000	-	-	5 000	5 000	-	-	
NC 071 Ubuntu	4 000	-	-	4 000	4 000	-	-	
NC 072 Umsobomvu	10 000	-	-	10 000	10 000	-	-	

Name of municipality	Grant allocation				Transfer			Reallocations by National Treasury or National Department R'000
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total R'000	Actual R'000	Funds withheld R'000		
							R'000	
NC 073 Emthanjeni	9 500	-	-	9 500	9 500	-	-	
NC 074 Kareeberg	5 000	-	-	5 000	5 000	-	-	
NC 075 Renosterberg	5 500	-	-	5 500	5 500	-	-	
NC 076 Thembelihle	6 000	-	4 500	10 500	10 500	-	-	
NC 077 Siyathemba	7 500	-	-	7 500	7 500	-	-	
NC 078 Siyancuma	7 500	-	-	7 500	7 500	-	-	
NC 082 !Kaji! Garib	5 000	-	-	5 000	5 000	-	-	
NC 084 !Kheis	4 000	-	4 500	8 500	8 500	-	-	
NC 085 Tsantsabane	4 000	-	-	4 000	4 000	-	-	
NC 086 Kgatelopele	5 000	-	4 500	9 500	9 500	-	-	
NC 087 //Khara Hais/Mier	10 000	-	-	10 000	10 000	-	-	
NC 091 Sol Plaatjie	17 000	-	-	17 000	17 000	-	-	
NC 092 Dikgatlong	7 500	-	-	7 500	7 500	-	-	
NC 093 Magareng	5 000	-	-	5 000	5 000	-	-	
NC 094 Phokwane	20 000	-	-	20 000	20 000	-	-	
North West	367 257	-	279 549	646 806	646 806	-	-	
NW371 Moretele	60 000	-	-	60 000	60 000	-	-	
NW 372 Madibeng	-	-	21 800	21 800	21 800	-	-	
NW 373 Rustenburg	80 700	-	-	80 700	80 700	-	-	
NW 374 Kgetlengrivier	35 000	-	34 900	69 900	69 900	-	-	
NW 375 Moses Kotane	43 000	-	24 750	67 750	67 750	-	-	
DC38 Ngaka Modiri Molema District Municipality	-	-	157 674	157 674	157 674	-	-	
DC39 Dr Ruth Segomotsi Mompati District Municipality	91 557	-	40 425	131 982	131 982	-	-	





Name of municipality	Grant allocation				Transfer			Reallocations by National Treasury or National Department
	DoRA and other transfers	Rollovers	Adjustments	Total	Actual	Funds withheld	R'000	
NW 403 City of Matlosana	17 000	-	-	17 000	17 000	-	-	-
NW 404 Maquassi Hills	20 000	-	-	20 000	20 000	-	-	-
NW 405 Ventersdorp/ Tlokwe	20 000	-	-	20 000	20 000	-	-	-
Western Cape	47 000	-	48 919	95 919	95 919	-	-	-
WC011 Matzikama	10 000	-	-	10 000	10 000	-	-	-
WC 012 Cederberg	10 000	-	(10 000)	-	-	-	-	-
WC 031 Theewaterskloof	-	-	28 919	28 919	28 919	-	-	-
WC 041 Kannaland	8 000	-	-	8 000	8 000	-	-	-
WC 043 Mossel Bay	4 000	-	-	4 000	4 000	-	-	-
WC 045 Oudtshoorn	10 000	-	30 000	40 000	40 000	-	-	-
WC 051 Laingsburg	2 000	-	-	2 000	2 000	-	-	-
WC 052 Prince Albert	3 000	-	-	3 000	3 000	-	-	-
Regional Bulk Infrastructure Grant (RBIG)	1 957 000	-	6 000	1 963 000	1 963 000	-	-	-
Eastern Cape	471 707	-	6 000	477 707	477 707	-	-	-
EC105 Ndlambe	-	-	6 000	6 000	6 000	-	-	-
DC13 Chris Hani District Municipality	162 000	-	-	162 000	162 000	-	-	-
DC15 OR Tambo District Municipality	309 707	-	-	309 707	309 707	-	-	-
Free State	123 500	-	(15 000)	108 500	108 500	-	-	-
FS163 Mohokare	38 000	-	(5 000)	33 000	33 000	-	-	-
FS191 Setsoto	30 000	-	(5 000)	25 000	25 000	-	-	-
FS196 Mantsopa	17 500	-	-	17 500	17 500	-	-	-
FS203 Ngwathe	38 000	-	(5 000)	33 000	33 000	-	-	-

Name of municipality	Grant allocation				Transfer			Reallocations by National Treasury or National Department R'000
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total R'000	Actual R'000	Funds withheld R'000		
							R'000	
KwaZulu-Natal	579 227	-	(97 283)	481 944	481 944	-	-	
DC23 Uthukela District Municipality	142 283	-	(97 283)	45 000	45 000	-	-	
DC24 Umzinyathi District Municipality	40 000	-	-	40 000	40 000	-	-	
DC26 Zululand District Municipality	131 498	-	-	131 498	131 498	-	-	
DC28 Uthungulu District Municipality	120 000	-	-	120 000	120 000	-	-	
DC29 Ilembe District Municipality	75 446	-	-	75 446	75 446	-	-	
DC43 Harry Gwala District Municipality	70 000	-	-	70 000	70 000	-	-	
Limpopo	272 578	-	97 927	370 505	370 505	-	-	
LIM354 Polokwane	272 578	-	97 927	370 505	370 505	-	-	
Mpumalanga: Nelspruit	174 440	-	39 000	213 440	213 440	-	-	
DC30 Gert District Municipality	159 440	-	41 000	200 440	200 440	-	-	
MP325 Bushbuckridge	15 000	-	(2 000)	13 000	13 000	-	-	
Northern Cape	176 898	-	(39 421)	137 477	137 477	-	-	
NC453 Gamagara	21 587	-	(21 587)	-	-	-	-	
NC065 Hantam	44 247	-	5 000	49 247	49 247	-	-	
NC066 Karoo Hoogland	27 000	-	-	27 000	27 000	-	-	
NC073 Emthanjeni	26 689	-	-	26 689	26 689	-	-	
NC074 Kareeberg	46 824	-	(32 777)	14 047	14 047	-	-	
NC091 Sol Plaatjie	10 551	-	9 943	20 494	20 494	-	-	
North West	149 150	-	14 777	163 927	163 927	-	-	
DC39 Dr Segomotsi Mompoti District Municipality	149 150	-	14 777	163 927	163 927	-	-	





Name of municipality	Grant allocation				Transfer		
	DoRA and other transfers	Rollovers	Adjustments	Total	Actual	Funds withheld	Reallocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Western Cape	9 500	-	-	9 500	9 500	-	-
WC022 Witzenberg	9 500	-	-	9 500	9 500	-	-
Unconditional Grants	523	-	189	712	712	-	-
Mun B/Acc: Vehicle Licences Mun.	517	-	185	702	702	-	-
Mun B/Acc: Fines & Penalties	6	-	4	10	10	-	-
Total	5 726 662	-	1 014 317	6 740 979	6 740 979	-	-

The Department certifies that the grants were paid into the primary account of the municipalities.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

Name of municipality	Grant allocation				Transfer			Spent				2017/18	
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Water Services Infrastructure Grant (WSIG)	3 769 139	-	1 008 128	4 777 267	4 777 267	-	-	4 777 267	1 165 308	3 611 959	24%	3 329 464	3 305 237
Eastern Cape	704 583	-	430 631	1 135 214	1 135 214	-	-	1 135 214	234 780	900 434	21%	485 500	485 500
EC101	-	-	30 020	30 020	30 020	-	-	30 020	-	30 020	-	17 000	17 000
Camdeboo/Baviaans/Ikwezi	-	-	30 020	30 020	30 020	-	-	30 020	-	30 020	-	17 000	17 000
EC102 Blue Crane Route	92 300	-	-	92 300	92 300	-	-	92 300	15 129	77 171	16%	-	-
EC104 Makana	35 000	-	22 000	57 000	57 000	-	-	57 000	10 330	46 670	18%	-	-
EC105 Ndlambe	-	-	26 809	26 809	26 809	-	-	26 809	-	26 809	-	-	-
EC106 Sundays River Valley	-	-	900	900	900	-	-	900	-	900	-	-	-
EC108 Kouga	92 500	-	58 728	151 228	151 228	-	-	151 228	-	151 228	-	-	-
EC109 Kou-Kamma	14 561	-	9 200	23 761	23 761	-	-	23 761	-	23 761	-	-	-
DC12 Amatole District Municipality	100 000	-	64 088	164 088	164 088	-	-	164 088	48 250	115 838	29%	90 000	90 000





Name of municipality	Grant allocation				Transfer			Spent				2017/18	
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
DC13 Chris Hani District Municipality	50 000	-	87 300	137 300	137 300	-	-	137 300	25 754	111 546	19%	80 000	80 000
DC14 Joe Gqabi District Municipality	59 000	-	7 673	66 673	66 673	-	-	66 673	32 840	33 833	49%	64 500	64 500
DC15 OR Tambo District Municipality	151 222	-	123 913	275 135	275 135	-	-	275 135	21 373	253 762	8%	124 000	124 000
DC44 Alfred Nzo District Municipality	110 000	-	-	110 000	110 000	-	-	110 000	81 104	28 896	74%	110 000	110 000
Free State	305 325	-	(3 950)	301 375	301 375	-	-	301 375	112 581	188 794	37%	250 000	247 000
FS161 Letsemeng	20 000	-	10 000	30 000	30 000	-	-	30 000	9 561	20 439	32%	41 231	41 231
FS162 Kopanong	20 000	-	(4 000)	16 000	16 000	-	-	16 000	8 200	7 800	51%	19 000	19 000
FS163 Mohokare	48 500	-	(31 500)	17 000	17 000	-	-	17 000	13 242	3 758	78%	24 000	24 000
FS181 Masilonyana	10 000	-	(4 500)	5 500	5 500	-	-	5 500	5 500	-	-	-	-
FS182 Tokologo	10 000	-	8 500	18 500	18 500	-	-	18 500	7 156	11 344	39%	-	-
FS184 Matjhabeng	36 825	-	-	36 825	36 825	-	-	36 825	15 442	21 383	42%	24 000	24 000
FS191 Setsoto	20 000	-	13 500	33 500	33 500	-	-	33 500	7 879	25 621	24%	15 000	15 000
FS192 Dihlabeng	20 000	-	(3 450)	16 550	16 550	-	-	16 550	7 615	8 935	46%	15 000	15 000
FS193 Nketoana			4 210	4 210	4 210	-	-	4 210		4 210	-		
FS194 Maluti-A-Phofung	35 000	-	(10 000)	25 000	25 000	-	-	25 000	8 856	16 144	35%	40 000	40 000
FS195 Phumelela	15 000	-	-	15 000	15 000	-	-	15 000	4 025	10 975	27%	10 000	10 000
FS196 Mantsopa	10 000	-	-	10 000	10 000	-	-	10 000	991	9 009	10%	-	-

Name of municipality	Grant allocation				Transfer			Spent				2017/18	
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer
FS201 Mochaka	10 000	-	18 290	28 290	28 290	-	-	28 290	9 790	18 500	35%	17 769	17 769
FS203 Ngwathe	20 000	-	-	20 000	20 000	-	-	20 000	7 060	12 940	35%	29 000	29 000
FS204 Metsimaholo	15 000	-	(5 000)	10 000	10 000	-	-	10 000	3 312	6 688	33%	15 000	12 000
FS205 Mafube	15 000	-	-	15 000	15 000	-	-	15 000	9 452	5 548	63%	-	-
Gauteng	195 000	-	(10 000)	185 000	185 000	-	-	185 000	89 346	95 654	48%	150 000	150 000
GT421 Emfuleni	20 000	-	-	20 000	20 000	-	-	20 000	6 172	13 828	31%	30 000	30 000
GT422 Midvaal	15 000	-	-	15 000	15 000	-	-	15 000	13 319	1 681	89%	15 000	15 000
GT423 Lesedi	25 000	-	-	25 000	25 000	-	-	25 000	8 483	16 517	34%	20 000	20 000
GT481 Mogale City	25 000	-	-	25 000	25 000	-	-	25 000	23 023	1 977	92%	30 000	30 000
GT484 Merafong City	55 000	-	(10 000)	45 000	45 000	-	-	45 000	11 238	33 762	25%	20 000	20 000
GT485 Westonaria/Randfontein	55 000	-	-	55 000	55 000	-	-	55 000	27 111	27 889	49%	35 000	35 000
KwaZulu-Natal	900 000	-	66 668	966 668	966 668	-	-	966 668	172 274	794 394	18%	890 000	890 000
DC21 Ugu District Municipality	55 000	-	-	55 000	55 000	-	-	55 000	-	55 000	-	50 372	50 372
KZN225 Msunduzi DC22	40 000	-	2 760	42 760	42 760	-	-	42 760	12 823	29 937	30%	26 734	26 734
Umgungundlovu District Municipality	102 700	-	12 487	115 187	115 187	-	-	115 187	15 808	99 379	14%	74 455	74 455
DC23 Uthukela Dist Municipality	83 000	-	25 493	108 493	108 493	-	-	108 493	7 896	100 597	7%	82 500	82 500





Name of municipality	Grant allocation				Transfer			Spent				2017/18	
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
DC24 Umzinyathi District Municipality	55 000	-	15 800	70 800	70 800	-	-	70 800	2 775	68 025	4%	78 693	78 693
KZN252 Newcastle	40 000	-	-	40 000	40 000	-	-	40 000	12 826	27 174	32%	45 000	45 000
DC25 Amajuba District Municipality	84 400	-	-	84 400	84 400	-	-	84 400	39 192	45 208	46%	70 000	70 000
DC26 Zululand District Municipality	115 000	-	(27 172)	87 828	87 828	-	-	87 828	11 053	76 775	13%	107 746	107 746
DC27 Umkhanyakude District Municipality	55 000	-	18 000	73 000	73 000	-	-	73 000	23 430	49 570	32%	50 000	50 000
KZN 282 Umhlatuze District Municipality	16 000	-	(16 000)	-	-	-	-	-	-	-	-	34 000	34 000
DC28 King Cetshwayo District Municipality	73 000	-	15 300	88 300	88 300	-	-	88 300	29 154	59 146	33%	110 000	110 000
DC29 Ilembe District Municipality	100 500	-	-	100 500	100 500	-	-	100 500	100 500	100 500	-	62 500	62 500
DC43 Harry Gwala District Municipality	80 400	-	20 000	100 400	100 400	-	-	100 400	17 317	83 083	17%	98 000	98 000

Name of municipality	Grant allocation				Transfer			Spent				2017/18	
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Limpopo	495 000	-	1 48 475	643 475	643 475	-	-	643 475	122 631	520 844	19%	527 478	527 478
DC47 Greater Sekhukhune District Municipality	65 000	-	-	65 000	65 000	-	-	65 000	-	65 000	-	95 000	95 000
DC33 Mopani District Municipality	107 000	-	84 500	191 500	191 500	-	-	191 500	-	191 500	-	95 000	95 000
DC34 Vhembe District Municipality	45 000	-	-	45 000	45 000	-	-	45 000	-	45 000	-	32 478	32 478
LIM354 Polokwane	70 000	-	20 000	90 000	90 000	-	-	90 000	24 591	65 409	27%	-	-
DC35 Capricorn District Municipality	78 000	-	-	78 000	78 000	-	-	78 000	47 334	30 666	61%	90 000	90 000
LIM361 Thabazimbi	-	-	26 000	26 000	26 000	-	-	26 000	-	26 000	-	-	-
LIM362 Lephalale	-	-	24 500	24 500	24 500	-	-	24 500	-	24 500	-	50 000	50 000
LIM366 Bela Bela	40 000	-	5 500	45 500	45 500	-	-	45 500	25 288	20 212	56%	35 000	35 000
LIM367 Mogalakwena	40 000	-	12 975	52 975	52 975	-	-	52 975	25 418	27 557	48%	50 000	50 000
LIM368 Modimolle/ Mookgopong	50 000	-	(25 000)	25 000	25 000	-	-	25 000	-	25 000	-	80 000	80 000





Name of municipality	Grant allocation				Transfer			Spent				2017/18	
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Mpumalanga:	466 474	-	16 227	482 701	482 701	-	-	482 701	209 628	273 073	43%	415 000	393 773
Nelspruit													
MP301 Albert Luthuli	34 674	-	-	34 674	34 674	-	-	34 674	19 207	15 467	55%	35 000	35 000
MP302 Msukaligwa	30 000	-	-	30 000	30 000	-	-	30 000	15 459	14 541	52%	-	-
MP303 Mkhondo	35 000	-	-	35 000	35 000	-	-	35 000	19 514	15 486	56%	35 000	35 000
MP304 Pixley Ka Seme	30 000	-	-	30 000	30 000	-	-	30 000	26 916	3 084	90%	-	-
MP305 Lekwa	20 000	-	-	20 000	20 000	-	-	20 000	6 686	13 314	33%	30 000	30 000
MP307 Govan Mbeki	10 000	-	-	10 000	10 000	-	-	10 000	4 064	5 936	41%	-	-
MP312 Emalahleni	25 000	-	(5 000)	20 000	20 000	-	-	20 000	8 419	11 581	42%	-	-
MP313 Steve Tshwete	16 800	-	-	16 800	16 800	-	-	16 800	5 143	11 657	31%	-	-
MP314 Emakhazeni	38 000	-	-	38 000	38 000	-	-	38 000	9 620	28 380	25%	30 000	30 000
MP315 Thembisile	64 000	-	-	64 000	64 000	-	-	64 000	18 957	45 043	30%	45 000	45 000
MP316 Dr JS Moroka	18 000	-	-	18 000	18 000	-	-	18 000	-	18 000	-	2 500	2 500
MP321 Thaba Chweu	15 000	-	(3 000)	12 000	12 000	-	-	12 000	5 604	6 396	47%	45 000	45 000
MP324 Nkomazi	35 000	-	21 227	56 227	56 227	-	-	56 227	27 298	28 929	49%	53 227	32 000
MP325 Bushbuckridge	95 000	-	3 000	98 000	98 000	-	-	98 000	42 741	55 259	44%	110 000	110 000

Name of municipality	Grant allocation				Transfer			Spent				2017/18		
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer	
														R'000
MP326														
Mbombela/Umjindi				-	-	-	-	-	-	-	-	-	29 273	29 273
Northern Cape	288 500	-	31 609	320 109	320 109	-	-	320 109	82 419	237 690	26%	260 500	260 500	
NC451 Joe Morolong	57 500	-	-	57 500	57 500	-	-	57 500	20 166	37 334	35%	45 000	45 000	
NC452 Gasegonyana	45 000	-	-	45 000	45 000	-	-	45 000	22 103	22 897	49%	35 000	35 000	
NC453 Gamagara	20 000	-	-	20 000	20 000	-	-	20 000	2 196	17 804	11%	20 000	20 000	
NC061 Richtersveld	5 000	-	-	5 000	5 000	-	-	5 000	623	4 377	12%	6 000	6 000	
NC062 Nama Khoi	5 000	-	9 788	14 788	14 788	-	-	14 788	399	14 389	3%	5 000	5 000	
NC064 Kamiesberg	6 000	-	3 821	9 821	9 821	-	-	9 821	-	9 821	-	4 000	4 000	
NC065 Hantam	7 500	-	-	7 500	7 500	-	-	7 500	3 537	3 963	47%	4 000	4 000	
NC066 Karoo Hoogland	5 000	-	4 500	9 500	9 500	-	-	9 500	4 048	5 452	43%	4 000	4 000	
NC067 Khaima	5 000	-	-	5 000	5 000	-	-	5 000	300	4 700	6%	5 000	5 000	
NC071 Ubuntu	4 000	-	-	4 000	4 000	-	-	4 000	-	4 000	-	4 000	4 000	
NC072 Umsobomvu	10 000	-	-	10 000	10 000	-	-	10 000	361	9 639	4%	4 000	4 000	
NC073 Emthanjeni	9 500	-	-	9 500	9 500	-	-	9 500	639	8 861	7%	14 000	14 000	
NC074 Kareeberg	5 000	-	-	5 000	5 000	-	-	5 000	1 445	3 555	29%	4 000	4 000	
NC075 Renosterberg	5 500	-	-	5 500	5 500	-	-	5 500	2 750	2 750	50%	10 000	10 000	





Name of municipality	Grant allocation				Transfer			Spent				2017/18	
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
NC076 Thembehlhe	6 000	-	4 500	10 500	10 500	-	-	10 500	4 358	6 142	42%	4 000	4 000
NC077 Siyathemba	7 500	-	-	7 500	7 500	-	-	7 500	-	7 500	-	-	-
NC078 Siyancuma	7 500	-	-	7 500	7 500	-	-	7 500	-	7 500	-	10 000	10 000
NC082 iKai! Garib	5 000	-	-	5 000	5 000	-	-	5 000	1 161	3 839	23%	10 000	10 000
NC084 iKheis	4 000	-	4 500	8 500	8 500	-	-	8 500	4 000	4 500	47%	7 500	7 500
NC085 Tsantsabane	4 000	-	-	4 000	4 000	-	-	4 000	1 153	2 847	29%	4 000	4 000
NC086 Kgatelopele	5 000	-	4 500	9 500	9 500	-	-	9 500	3 692	5 808	39%	4 000	4 000
NC087 //Khara Hais/Mier Loc Mun	10 000	-	-	10 000	10 000	-	-	10 000	5 000	5 000	50%	7 000	7 000
NC091 Sol Plaatjie	17 000	-	-	17 000	17 000	-	-	17 000	-	17 000	-	25 000	25 000
NC092 Dikgatlong	7 500	-	-	7 500	7 500	-	-	7 500	907	6 593	12%	-	-
NC093 Magareng	5 000	-	-	5 000	5 000	-	-	5 000	-	5 000	-	-	-
NC094 Phokwane	20 000	-	-	20 000	20 000	-	-	20 000	3 581	16 419	18%	25 000	25 000
North West	367 257	-	279 549	646 806	646 806	-	-	646 806	135 880	510 926	21%	320 986	320 986
NW371 Moretele	60 000	-	-	60 000	60 000	-	-	60 000	38 535	21 465	64%	62 000	62 000
NW372 Madibeng			21 800	21 800	21 800	-	-	21 800	-	21 800	-	-	-
NW373 Rustenburg	80 700	-	-	80 700	80 700	-	-	80 700	41 544	39 156	51%	65 000	65 000

Name of municipality	Grant allocation				Transfer			Spent				2017/18	
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer
NW374 Kgetlengrivier	35 000	-	34 900	69 900	69 900	-	-	69 900	-	69 900	-	20 000	20 000
NW375 Moses Kotane	43 000	-	24 750	67 750	67 750	-	-	67 750	24 032	43 718	35%	55 000	55 000
DC38 Ngaka Modiri Molema			157 674	157 674	157 674			157 674		157 674	-		
DC39 Dr Ruth Segomotsi Mompoti District Municipality	91 557	-	40 425	131 982	131 982	-	-	131 982	-	131 982	-	77 986	77 986
NW403 City of Matlosana	17 000	-	-	17 000	17 000	-	-	17 000	6 511	10 489	38%	-	-
NW404 Maquassi Hills	20 000	-	-	20 000	20 000	-	-	20 000	10 143	9 857	51%	14 000	14 000
NW405 Ventersdorp/Tlokwe	20 000	-	-	20 000	20 000	-	-	20 000	15 115	4 885	76%	27 000	27 000
Western Cape	47 000	-	48 919	95 919	95 919	-	-	95 919	5 769	90 150	6%	30 000	30 000
WC011 Matzikama	10 000	-	-	10 000	10 000	-	-	10 000	718	9 282	7%	10 000	10 000
WC012 Cederberg	10 000	-	(10 000)	-	-	-	-	-	-	-	-	10 000	10 000
WC031 Theewaterskloof			28 919	28 919	28 919			28 919		28 919	-		
WC041 Kannaland	8 000	-	-	8 000	8 000	-	-	8 000	803	7 197	10%	-	-





Name of municipality	Grant allocation				Transfer			Spent				2017/18	
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer
WC043 Mossel Bay	4 000	-	-	4 000	4 000	-	-	4 000	1 392	2 608	35%	-	-
WC045 Oudtshoorn	10 000	-	30 000	40 000	40 000	-	-	40 000	2 601	37 399	7%	10 000	10 000
WC051 Laingsburg	2 000	-	-	2 000	2 000	-	-	2 000	2 000	-	-	-	-
WC052 Prince Albert	3 000	-	-	3 000	3 000	-	-	3 000	255	2 745	9%	-	-
Regional Bulk Infrastructure Grant (RBIG)	1 957 000	-	6 000	1 963 000	1 963 000	-	-	1 963 000	936 876	1 026 124	48%	1 865 000	1 829 002
Eastern Cape	471 707	-	6 000	477 707	477 707	-	-	477 707	254 993	222 714	53%	542 000	542 000
EC105 Ndlambe	-	-	6 000	6 000	6 000	-	-	6 000	-	6 000	-	208 500	208 500
DC13 Chris Hanani District Municipality	162 000	-	-	162 000	162 000	-	-	162 000	85 566	76 434	53%	-	-
DC14 Joe Gqabi District Municipality	-	-	-	-	-	-	-	-	-	-	-	6 000	6 000
DC15 OR Tambo District Municipality	309 707	-	-	309 707	309 707	-	-	309 707	169 427	140 280	55%	327 500	327 500
Free State	123 500	-	(15 000)	108 500	108 500	-	-	108 500	34 436	74 064	32%	85 000	85 000
FS163 Mhokare	38 000	-	(5 000)	33 000	33 000	-	-	33 000	11 406	21 594	35%	29 000	29 000
FS181 Masilonyana	-	-	-	-	-	-	-	-	-	-	-	11 000	11 000
FS191 Setsofo	30 000	-	(5 000)	25 000	25 000	-	-	25 000	25 000	-	-	15 000	15 000

Name of municipality	Grant allocation				Transfer			Spent				2017/18		
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	R'000	R'000
FS196 Mantsopa	17 500	-	-	17 500	17 500	-	-	17 500	17 500	-	100%	15 000	15 000	15 000
FS203 Ngwathe	38 000	-	(5 000)	33 000	33 000	-	-	33 000	5 530	27 470	17%	15 000	15 000	15 000
KwaZulu-Natal	579 227	-	(97 283)	481 944	481 944	-	-	481 944	214 050	267 894	44%	605 395	605 395	587 382
DC23 Uthukela District Municipality	142 283	-	(97 283)	45 000	45 000	-	-	45 000	10 462	34 538	23%	75 052	75 052	75 052
DC24 Umzinyathi District Municipality	40 000	-	-	40 000	40 000	-	-	40 000	21 811	18 189	55%	98 933	98 933	80 920
DC26 Zululand District Municipality	131 498	-	-	131 498	131 498	-	-	131 498	72 276	59 222	55%	130 000	130 000	130 000
DC28 Uthungulu District Municipality	120 000	-	-	120 000	120 000	-	-	120 000	12 093	107 907	10%	66 410	66 410	66 410
DC29 Ilembe District Municipality	75 446	-	-	75 446	75 446	-	-	75 446	60 784	14 662	81%	145 000	145 000	145 000
DC43 Harry Gwala District Municipality	70 000	-	-	70 000	70 000	-	-	70 000	36 624	33 376	52%	90 000	90 000	90 000
Limpopo	272 578	-	97 927	370 505	370 505	-	-	370 505	262 956	107 549	71%	209 676	209 676	209 676
LIM354 Polokwane	272 578	-	97 927	370 505	370 505	-	-	370 505	262 956	107 549	71%	209 676	209 676	209 676





Name of municipality	Grant allocation				Transfer			Spent				2017/18		
	DoRA and other transfers	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% available funds spent by municipality	Division of Revenue Act	Actual transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Mpumalanga:														
Nelspruit	174 440	-	39 000	213 440	213 440	-	-	213 440	100 475	112 965	47%	122 518	122 518	
DC30 Gert														
Sibande District Municipality	159 440	-	41 000	200 440	200 440			200 440	100 475	99 965	50%	119 518	119 518	
MP325	15 000	-	(2 000)	13 000	13 000			13 000	-	13 000	-	3 000	3 000	
Bushbuckridge														
Northern Cape	176 898	-	(39 421)	137 477	137 477	-	-	137 477	10 375	127 102	8%	100 426	100 426	
NC453 Gamagara	21 587	-	(21 587)	-	-	-	-	-	-	-	-	-	-	
NC065 Hantam	44 247	-	5 000	49 247	49 247	-	-	49 247	-	49 247	-	65 426	65 426	
NC066 Karoo Hoogland	27 000	-	-	27 000	27 000	-	-	27 000	-	27 000	-	-	-	
NC073														
Emthanjeni	26 689	-	-	26 689	26 689	-	-	26 689	-	26 689	-	-	-	
NC074 Kareeberg	46 824	-	(32 777)	14 047	14 047	-	-	14 047	10 375	3 672	74%	15 000	15 000	
NC091 Sol Plaatje	10 551	-	9 943	20 494	20 494	-	-	20 494	-	20 494	-	20 000	20 000	
North West	149 150	-	14 777	163 927	163 927	-	-	163 927	59 591	104 336	36%	182 000	182 000	
DC39 Dr Ruth														
Segomotsi Mompoti District Municipality	149 150	-	14 777	163 927	163 927	-	-	163 927	59 591	104 336	36%	182 000	182 000	
Western Cape	9 500	-	-	9 500	9 500	-	-	9 500	-	9 500	-	17 985	-	
WC012	-	-	-	-	-	-	-	-	-	-	-	4 613	-	
Cederberg														
WC022	9 500	-	-	9 500	9 500	-	-	9 500	-	9 500	-	13 372	-	
Witzenberg														
Total	5 726 139	-	1 014 128	6 740 267	6 740 267	-	-	6 740 267	2 102 184	4 638 083	31%	5 194 464	5 134 239	

Annexure 1B: Statement of transfers to departmental agencies and accounts

Departmental agency/ account	Transfer allocation				Transfer		2017/18 Final appropriation R'000
	Adjusted appropriation	Rollovers	Adjustments	Total available	Actual transfer	% of available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Energy Water Sector Education and Training Authority (EWSETA)	2 828	-	-	2 828	2 828	100%	2 674
Water Trading Account: Augmentation (Capital)	2 266 928	-	-	2 266 928	2 266 928	100%	1 882 881
Com: Licences (Radio and TV)	-	-	3	3	3	100%	4
Total	2 269 756	-	3	2 269 759	2 269 759		1 885 559



Annexure 1D: Statement of transfers / subsidies to public corporations and private enterprises

Name of public corporation / private enterprise	Transfer allocation				Expenditure				2017/18 Final appropriation R'000
	Adjusted appropriation act	Rollovers	Adjustments	Total available	Actual transfer	% available funds transferred	Capital	Current	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Public corporations transfers									
Amatola Water Board	92 386	-	-	92 386	92 386	100%	92 386	-	88 554
Magalies Water	36 000	-	(29 846)	6 154	6 154	100%	6 154	-	58 385
Sedibeng Water	434 000	-	29 846	463 846	463 846	100%	463 846	-	433 159
Umgeni Water	132 329	-	-	132 329	132 329	100%	132 329	-	518 405
Total	694 715	-	-	694 715	694 715	100%	694 715	-	1 098 503

Annexure 1E: Statement of transfers to foreign government and international organisations

Foreign government/international organisations	Transfer allocation			Expenditure		2017/18 Final appropriation R'000
	Adjusted appropriation act R'000	Rollovers R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	
Transfers						
Komati River Basin Water Authority (KOBWA)	208 239	-	-	208 239	208 239	100%
Limpopo Watercourse Commission (Limcom)	186	-	-	186	235	126%
Orange-Seque River Basin Commission (ORASECOM)	675	-	-	675	675	100%
African Ministers' Council on Water (AMCOW) Trust Fund	112	-	-	112	120	107%
Total	209 212	-	-	209 212	209 269	198 577



Annexure 1F: Statement of transfers to non-profit institutions

Foreign government /international organisations	Transfer allocation				Expenditure		2017/18 Final appropriation R'000
	Adjusted appropriation act	Rollovers	Adjustments	Total available	Actual transfer	% available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
South African Youth Water Prize	26	-	-	26	188	723%	1 048
VAR Inst:2020 Vision-Water ED PR	-	-	-	-	6	-	112
Water Institution of SA	1 000	-	-	1 000	1 000	100%	-
Total	1 026	-	-	1 026	1 194		1 160

Annexure 1G: Statement of transfers to households

Foreign government /international organisations	Transfer allocation				Expenditure		2017/18 Final appropriation R'000
	Adjusted appropriation act	Rollovers	Adjustments	Total available	Actual transfer	% available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
H/H:Bursaries (Non-Employees)	15 630	-	(2 616)	13 014	5 393	41%	16 765
H/H:Claim against the State (Cash)	-	-	333	333	333	100%	850
Farmer Support Household (Cash)	4 136	-	-	4 136	2 345	57%	14 932
H/H Empl S/Ben: Leave Gratuity	7 740	-	2 422	10 162	9 897	97%	8 555
H/H Empl S/Ben: Severance Package	30	-	(30)	-	-	-	-
H/H Empl S/Ben: PST Retirement Benefit	109	-	(109)	-	-	-	-
Total	27 645	-	-	27 645	17 968		41 102



Annexure 1H: Statement of gifts, donations and sponsorships received

Name of organisation	Nature of gift, donation or sponsorship	2018/19 R'000	2017/18 R'000
Received in kind			
Umgngeni Water	Inorganic & Biological samples - Algal identification samples	-	62
Umgngeni Water	Attending Stockholm Water Week: Flights, accommodation, and registration fees (Ms Ntsaluba and Mr Mkhize)	155	-
Umgngeni Water	4 Rugby tickets (Sharks vs Blues) for Mr Starkey (KZN)	-	-
Japan International Co-operation Agency (JICA)	Benchmarking Session in Yokohama - Training and material fees Air and ground Travel for nine(9) officials for the duration of the two weeks visit meals (breakfast and dinner) R4100 daily allowance per official to cater for their lunches on the field and incidentals health insurance	550	-
Rand Water	Ministerial Award Ceremony - Venue and Facilities	140	-
Water Research Commission	Ministerial Award Ceremony - Intervention project cash prizes	90	-
Cobra	Ministerial Award Ceremony - Certificates, frames and trophies	40	-
Bloem Water & Mangaung Metropolitan Municipality	Ministerial Award Ceremony - Accommodation and transport 20/20 Vision participants	11	-
Total		986	62

Annexure 1J: Statement of gifts, donations and sponsorships made

Nature of gift, donation or sponsorship	2018/19	2017/18
	R'000	R'000
Made in kind		
Trophy	-	29
Photo frame (framed certificates)	-	38
Fruit basket/ Flowers	6	6
Vuvuzela pen	-	25
corporate gifts - Denmark(Mandela Books)	-	2
Coffee flask + Mug set	-	3
Grave food capsule, fork & cup	-	5
Durable gazette shopper	-	2
4GB USB	-	10
Tracksuit – Embroided	-	6
Bags, wine and lunches for officials	13	-
Allowance for P. Nisaluba - Stockholm Sweden Junior Water Prize	4	-
Total	23	126



Annexure 1L: Statement of indirect grants between national departments and municipalities

Name of grant	Grant allocation				Spent Amount
	Division of Revenue Act	Rollovers	Adjustments	Total available	
	R'000	R'000	R'000	R'000	
Regional Bulk Infrastructure Grant (RBIG)	2 886 922	-	(6 000)	2 880 922	2 367 131
Water Services Infrastructure Grant (WSIG): BEP	608 175	-	-	608 175	578 398
Water Services Infrastructure Grant (WSIG): Indirect Grant - Drought Relief	1 008 128	-	(1 008 128)	-	-
Total	4 503 225	-	(1 014 128)	3 489 097	2 945 529

Annexure 2B: Statement of investments in and amounts owing by / to entities

Name of public entity	Nature of business	Cost of investment		Net asset value of investment		Amounts owing to entities		Amounts owing by entities	
		2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Controlled entities									
Irrigation Boards									
Haarlem	Dam and pipelines	-	-	-	-	-	-	1 075	1 887
Illovo	For irrigation	-	-	-	-	-	-	27	41
Manchester Noordwyk	For irrigation	-	-	-	-	-	-	1 478	1 676
Noord Agter Paarl	For irrigation	-	-	-	-	-	-	281	334
Perdeberg	For irrigation	-	-	-	-	-	-	49	120
Total		-	-	-	-	-	-	2 910	4 058



Annexure 3A: Statement of financial guarantees issued as at 31 March 2019 - Local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2019	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2019
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Housing									
NP Dev. Corp	Loans	310	95	-	-	-	95	-	-
Standard Bank	Loans	111	111	-	-	-	111	-	-
	Subtotal: Housing	421	206	-	-	-	206	-	-
Other									
KOBWA (18)	DBSA Driekoppies Dam	488 401	125 165	-	49 370	-	75 795	-	-
KOBWA (21)	Hambros Maguga Dam	380 000	380 000	-	5 000	-	375 000	-	25 313
KOBWA	Rnd Mer Bnk Maguga D	380 000	56 954	-	31 382	-	25 572	-	237
KOBWA	Nedcor Bnk Maguga D	233 000	35 486	-	19 507	-	15 979	-	-
Land Bank (30)	Water Projects by WUAs	150 000	37 093	-	710	-	36 383	-	15
TCTA (13)	Call bills & Capital Bills	4 000 000	77 000	100 000	177 000	-	-	-	8
TCTA (24)	Holders of L H W Projects	21 000 000	18 470 320	193 399	9 102 242	-	9 561 477	-	290 508
TCTA	Investec Long-term Loan	1 500 000	-	1 000 000	-	-	1 000 000	-	503
TCTA	Investec Revolving cr Facility	-	-	500 000	500 000	-	-	-	-
TCTA	Std Bank Long-term Loan	4 000 000	-	3 000 000	100 000	-	2 900 000	-	42 892
TCTA	Std Bank Revolving cr Facility	-	-	1 000 000	1 000 000	-	-	-	-
TCTA	ABSA Revolving Credit	1 000 000	-	1 000 000	500 000	-	500 000	-	6 949
	Subtotal: other	33 131 401	19 182 018	6 793 399	11 485 211	-	14 490 206	-	366 425
	Total	33 131 822	19 182 224	6 793 399	11 485 211	-	14 490 412	-	366 425
Other									
TCTA (LHDA) (OSL 27)	EIB	162 818	2 805	-	2 805	-	-	-	-
	Total	162 818	2 805	-	2 805	-	-	-	-

Annexure 3B: Statement of contingent liabilities as at 31 March 2019

Nature of liability	Opening balance 1 April 2018	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable	Closing balance 31 March 2019
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Stephan Mogohlwane & Others	161	25	-	-	186
Freddy Aphane	28	4	-	-	32
Black Child Productions	10 000	-	-	-	10 000
Nkondo GM	555	-	-	-	555
Nisumi Communications	615	55	-	-	670
JJ Jordaen	24 462	3 792	-	-	28 254
Roulet Investments (Pty) Ltd	5 393	836	-	-	6 229
Mariam Mangera	17	3	-	-	20
PSA OBO Surita Kiesling	154	24	-	-	178
Ibrahim Mahomed and Others	6 247	968	-	-	7 215
Rubbytad Management Pty Ltd	17 549	-	-	-	17 549
Geldenbuys	1 635	253	-	-	1 888
Tuscan Mood 2001(Pty)ltd	4 497	-	-	-	4 497
Minister of DWS/ Thembu J Shongwe	290	-	-	-	290
Given Legwabe & 505 Others	8 838	-	-	-	8 838
Metsa Kekana	623	-	-	-	623
Ban Africa // DWS	2 322	-	-	-	2 322
SJ Tabane & Others // DWS	33	-	-	-	33
L Sishuba // DWS	1 592	-	-	-	1 592
Olipa Maseko // Minister of Water and Sanitation	103	-	-	-	103
SA Satar / DWS and Mokgadi Hellen Maloba	35	4	-	-	39
Jan Hendrik George Blygnault/ DWS	10	1	-	-	11





Nature of liability	Opening balance 1 April 2018	Liabilities incurred during the year		Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable	Closing balance 31 March 2019
	R'000	R'000	R'000	R'000	R'000	R'000
University of Limpopo v DG DWS	3 477	313	-	-	-	3 790
Kahlon Sylvia and 5 Others v DWS	34 526	3 539	-	-	-	38 065
Mulangaphuma HL VS DWS	2 954	281	-	-	-	3 235
Teffo Mashala/DWS	1 592	-	-	-	-	1 592
Trevor Manuel // Nomvula Mokonyane	101	10	-	-	-	111
Nevondo Azwihangwisi Andries	-	2 129	-	-	-	2 129
ADI Investment (PTY)LTD	-	649 443	-	-	-	649 443
Ntombizodwa Maureen Dlamini	-	2 000	-	-	-	2 000
OBO HD Lyons // DWS	-	76 046	-	-	-	76 046
Chumie Trading Enterprise // DWS	-	17 500	-	-	-	17 500
Total	127 809	757 226	-	-	-	885 035

Prior year error: Contingent liabilities Claims against the state- During the accounting period under review, the department has identified error on matters that relate to WTE which were incorrectly reported under Main Account. Effect of the prior year error - Opening balance was overstated by R5,966 million and adjusted from R133,775 million to R127,809 million.

Annexure 4: Claims recoverable

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19*	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	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	R'000
Department								
Limpopo Province Health (P4)	-	-	-	53	-	53	-	-
Independent Police Investigative (Q9)	-	-	-	16	-	16	-	-
National Department of Water and Sanitation-Trading Account (W7)	-	203	-	520	-	723	-	-
National Department of Public Works (19)	-	-	-	54	-	54	-	-
Rural Development and Land Reform (42)	-	-	-	7	-	7	-	-
Gauteng Treasury (4G)	-	58	-	-	-	58	-	-
Gauteng Human Settlement (6G)	-	16	-	-	-	16	-	-
International Relations and Cooperation (31)	-	32	-	-	-	32	-	-
National Department of Science and Technology (E6)	-	7	-	-	-	7	-	-
National Department of Home Affairs (18)	-	26	-	-	-	26	-	-
National Department of Labour (33)	-	61	77	-	77	61	-	-
North West Local Government & Human Settlement (9Y)	-	50	-	-	-	50	-	-
National Department of Environmental Affairs	-	-	732	-	732	-	-	-
Eastern Cape Roads and Public Works	-	-	42	-	42	-	-	-
Subtotal	-	453	851	650	851	1 103	-	-
Other Government Entities								
Water and Sanitation (WC)	-	-	-	-	-	-	-	-
Water Trading Entity	41	-	-	206 799	41	206 799	-	-
Subtotal	41	-	-	206 799	41	206 799	-	-
Total	41	453	851	207 449	892	207 902	-	-



Annexure 5: Intergovernment payables

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19*	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	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	R'000
Department								
Current								
Department of Justice	5 508	4 365	-	-	5 508	4 365	-	-
KZN Provincial Government Public works	-	24	-	-	-	24	-	-
South African Police Services	-	35	-	-	-	35	-	-
Department of Defence	61 378	-	-	-	61 378	-	-	-
Civilian Secretariat for Police	-	31	-	-	-	31	-	-
Limpopo Department of Health	-	31	-	-	-	31	-	-
Western Cape Government: Education	217	-	-	-	217	-	-	-
Subtotal	67 103	4 486	-	-	67 103	4 486		
Other Government Entities								
Current								
Water & Sanitation Trading Entity	147 643	6 977	248 028	-	395 671	6 977	-	-
SIU	899	3 209	-	-	899	3 209	-	-
AGSA	2 722	5 267	-	-	2 722	5 267	-	-
Chief Register of Deeds	1	-	-	-	1	-	-	-
SA Post Office	-	18	-	-	-	18	-	-
Subtotal	151 265	15 471	248 028	-	399 293	15 471	-	-
Total	218 368	19 957	248 028	-	466 396	19 957	-	-

Annexure 7: Movement in capital work-in-progress

Movement in capital work-in-progress for the year ended 31 March 2019

	Opening balance	Current year capital WIP	Ready for use (Asset register) / contract terminated	Closing balance
	R'000	R'000	R'000	R'000
Buildings and other fixed structures				
Other fixed structures	22 406 479	2 977 413	(874 568)	24 509 324
Total	22 406 479	2 977 413	(874 568)	24 509 324

Age analysis on on-going projects

	Number of projects		2018/19 Total R'000
	Planned, construction not started	Planned, construction started	
0 to 1 year	1	2	14 496
1 to 3 years	10	6	1 714 089
3 to 5 years	15	6	6 239 034
Longer than 5 years	10	46	18 848 771
Total	36	60	26 816 390

Movement in capital work-in-progress for the year ended 31 March 2018

	Opening balance	Prior period error	Current year capital WIP	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	22 279 204	(521 241)	3 301 109	(2 652 593)	22 406 479
Total	22 279 204	(521 241)	3 301 109	(2 652 593)	22 406 479

The opening balance of WIP was overstated by R 521 million resulting from the following:

R 29 million - understatement of WIP relating to Nongoma project that has since been taken over from WTE

R550 million - overstatement of WIP by costs related to assets that were ready for use thereby understated

R 1,4 million - overstatement of WIP by feasibility study costs that were incorrectly capitalised

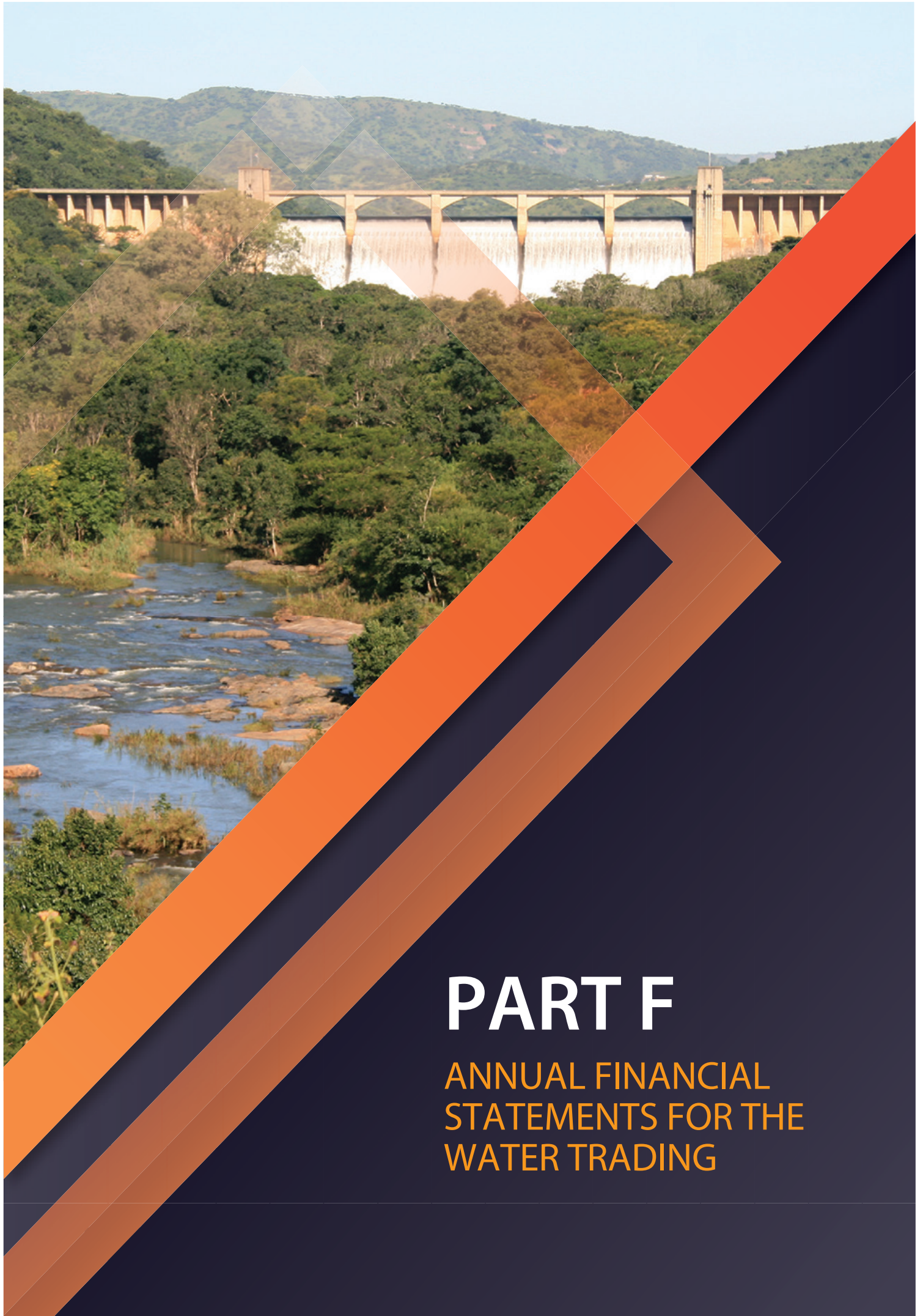
Annexure 8A: Inter-entity advances paid (note 10)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	R'000	R'000	R'000	R'000	R'000	R'000
National departments						
Department of International Relations & Cooperations	-	-	512	(69)	512	(69)
Government Communication Information System	-	295	-	-	-	295
Sub-total	-	295	512	(69)	512	226
Public Entities						
Bloem Water	-	-	4 000	-	4 000	-
Sub-total	-	-	4 000	-	4 000	-
Other Institutions						
Intellimali	-	-	10 237	-	10 237	-
Sub-total	-	-	10 237	-	10 237	-
Total	-	295	14 749	(69)	14 749	226

Annexure 8B: Inter-entity advances received (note 16)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	R'000	R'000	R'000	R'000	R'000	R'000
National departments						
Current						
DPSA Grant- Tirelo Bosha Grant	-	400	-	-	-	400
Total	-	400	-	-	-	400





PART F

ANNUAL FINANCIAL
STATEMENTS FOR THE
WATER TRADING

1 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

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 2019.

Audit Committee members and attendance

The Audit Committee's terms of reference requires that minimum three (3) independent members, who have sufficient qualifications and experience to render the services associated with the Audit Committee function. During 2018/19 financial year one (1) independent member resigned.

During the year under review for the Water Trading Account, ten (10) Audit Committee Meetings were held.

The invitees to committee meetings include the Top Management Members (DG and DDGs), Chief Operating Officer, Chief Risk Officer, Internal and External Auditors, the Chief Financial Officer as well as the Chief Information Officer, and any other executives when necessary.

Names, tenure period, and qualifications of the Audit Committee Members and DGs are as follows:

Name and Surname	Qualifications	Tenure Period (1)	Tenure Period (2)	Number of meetings attended
Non-Executive Members				
Mr. Japie du Plessis (Chairperson)	National Diploma in State Accounts and Finance. Registered Government Auditor – The South African Institute of Government Auditors.	April 2016 – September 2019	October 2019 – March 2022	10/10
Ms. Annah Badimo	<ul style="list-style-type: none"> • B.Sc Computer Science • B.Sc Hons Computer Science Master in Business Administration (MBA) • Master of Science (M.Sc), • Certified Information Security Manager (CISM) • Certified in the Governance of Enterprise IT (CGEIT) • Certified Information Systems Auditor (CISA) • Certified in Risk and Information Systems Control (CRISC) • Cobol Programming Diploma • Project Management Professional (PMP) • Certificate in IT Auditing • COBIT 5 • ITIL[F] v3 • Certified ISO 22301 • Business Continuity Lead Implementer, F. Inst D (IoDSA). 	April 2013 – March 2016	April 2016 – March 2020	10/10



Name and Surname	Qualifications	Tenure Period (1)	Tenure Period (2)	Number of meetings attended
Acting Accounting Officers/Acting Director-Generals				
Ms. Deborah Mochotlhi (Acting)	<ul style="list-style-type: none"> • Masters (Environment and Society). • Bachelor of Technology (Environmental Health Technicon). • Bachelor of Public Administration (Honours). • Bachelor of Social Science. • Primary Health Care Service Management Programme. 	31 May 2018 – 28 March 2019		3/3
Mr. Squire Mahlangu (Acting)	<ul style="list-style-type: none"> • Post Graduate Certificate of Business Administration (Herriot Watt University – Edinburgh). Business School • Certificate of Achievement (Strategic Planning). • Certificate of Achievement Negotiations). • Certificate of Achievement (Quantitative Methods). • Certificate of Achievement (Organisational Behaviour). • Certificate of Achievement (Marketing). • Development in Labour Relations (Human Resource Management) UNISA. • National Diploma in Organisation and Workstudy (7 courses). • Management Development Programme (Operations ~Management) UNISA SBL. • Pretoria Technicon Certificate Teamleader. 	29 March 2019 – 16 July 2019		2/3
Mr Mbulelo Tshangana (Acting)	<ul style="list-style-type: none"> • Masters in Development Studies • Bachelor of Art (Hons) • Bachelor of Art 	17 July 2019		3/4

The members of the Audit Committee met with the Acting DG, Top Management of the Department, Internal Audit (IA) and the Auditor-General of South Africa (AGSA), individually and collectively to address risks and challenges facing the Department. A number of in-committee meetings were held to address control weaknesses and deviations within the Entity.

One-on-One meeting between the previous Minister and the Audit Committee was held on 2 October 2018. Quarterly Executive Summaries are also submitted for the Minister's attention. The Audit Committee Chairperson was also required to provide feedback on the functioning of the Audit Committee to SCOPA on 6 December 2018.

One-on-one meetings with the Acting DG were also held at every quarterly meeting to address unresolved issues.



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 2019, 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 IA and the AGSA. The Audit Committee also conducted separate meetings with the assurance providers; and

The IA and Audit Committee Charters.

Review and Evaluation of the Annual Financial Statements

The Audit Committee is satisfied with the content and quality of some of the financial and non-financial quarterly reports prepared and submitted by the Acting DG of the Entity 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 it with Management. The Audit Committee has the following comments with regards to the two (2) qualifications of the WTE Account:

- Receivable from exchange transitions. The Entity did not disclose all receivables from exchange transactions in accordance with GRAP 104, financial instruments and financial liabilities. The Entity offset receivables against liabilities in contrary to the requirements of GRAP 1: Presentation of financial statements.
- **Financial Liabilities:** TCTA. The Entity did not disclose all the financial liabilities to the TCTA in accordance with GRAP 104, Financial Instruments, as the Entity did not adequately disclose the two thirds portion of the Acid Mine Drainage liability. The Entity did not have adequate systems to account for the portion of the liability and as a result the AGSA was unable to determine the full extent of the liability. In addition, the financial liabilities disclosed in the financial statements did not agree to the underlying financial models which form the basis of the liabilities. The Entity did not maintain adequate records, and did not perform appropriate reconciliations and reviews thereon, it was impracticable to determine the consequential impact on the related item(s) of expenditure and/or assets.

The Audit Committee has reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and the Acting DG; reviewed the AGSA's Management and Audit Reports and Management's responses thereto; reviewed changes in Accounting Policies and practices; reviewed the Department's compliance with legal and regulatory provisions.

Two material irregularities were also identified by the AGSA during the audit. It was confirmed by Management that that appropriate steps will be taken to resolve these material irregularities.

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.

Efficiency and Effectiveness of Internal Control

Deficiencies in the system of internal control and deviations were reported in the Internal and AGSA Audit Reports. The internal control environment at the Entity had shown a slight improvement regarding the quality of the Financial Statements, Supply Chain Management and Financial Health Management. However, the increase in debt is alarming and has resulted in additional financial constraints on the Entity.

The Entity did not implement key policies and procedure regarding the identification, prevention and disclosure of irregular and fruitless and wasteful expenditure. Controls were not in place to ensure that quality and timeous financial statements were submitted to the AGSA as material misstatements were identified.

The Audit Committee also reviewed the progress with respect to the ICT Governance in line with the ICT framework issued.

Material uncertainty related to going concern/financial sustainability still exists. The ability to undertake its objectives where the budget is depleted is a concern.

The Entity did implement certain of the recommendations made by the Audit Committee. Inadequate or no actions are taken against employees responsible for contravening the internal control processes, policies, laws and regulations. The main concerning areas to the Audit Committee that require urgent consequence management interventions are:

- Low performance achievements of strategic goals and indicators
- Budget and financial management
- Project management remains a concern at the Entity
- Increased in non-compliance resulting in significant audit findings on irregular and fruitless and wasteful expenditure
- Effective and appropriate steps were not taken to collect all money due to the Entity
- Certain payments were not made within 30 days.
- Management did not implement adequate preventive internal controls to prevent non-compliance with legislation, especially those related to supply chain management.
- Inadequate implementation of internal and external audit recommendations to ensure the resolution of findings. Assertions were made by management, based on the action plan, to the Audit Committee that significant audit findings were addressed but the audit process has subsequently concluded that management actions were not adequate to resolve the issues that were reported in prior year. The instability at Director-General and Chief Financial Officer levels must be attended to as a matter of urgency.

Resolution of Internal Control Findings

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

Overall the Audit Committee is concerned with the quality and timing of Management responses. The Audit Committee is continuously emphasising the importance that Management needs appropriately balancing delivery and continues improvement.

Integrated Assurance

The Audit Committee reviewed the plans and reports of the AGSA and IA and other assurance providers including management, and concluded that these were adequate to address all significant financial risks facing the business.

The Office of the Chief Risk Officer in consultation with IA also developed the departmental Integrated Assurance Strategy and Implementation Plan during 2017/18 and implementation commenced during the 2018/19 financial year.



Internal Audit (IA) Effectiveness

IA forms part of the third line of defence as set out in the Integrated Assurance Strategy and engages with the first and second lines of defence to facilitate the escalation of key control breakdowns.

The IA department has a functional reporting line to the Audit Committee (via the Chairperson) and an administrative reporting line to the Acting Director-General. The Audit Committee, with respect to its evaluation of the adequacy and effectiveness of internal controls, receives reports from IA on a quarterly basis, assesses the effectiveness of IA function, and reviews and approves the IA Operation, Coverage and Three Year Plans.

The Audit Committee monitored and challenged, where appropriate, action taken by Management with regard to adverse IA findings.

The Audit Committee has overseen a process by which IA 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 IA function. During the 2019/20 financial year additional actions will be implemented to ensure the IA function is adequately resourced.

Several investigations were conducted/are in progress by the IA Unit at the request of the Acting DG and/or the Minister arising from allegations against officials of the Entity. The completed investigations resulted in recommendations for disciplinary and/or criminal proceeding to be instituted against the Entity's officials concerned.

The Audit Committee wishes to stress that in order for the Internal Audit Function to operate at an optimal level as expected by the Audit Committee, the shortage in human resources and skills must be addressed as a matter of urgency. From a resource point of view, the approved Internal Audit Structure for the Entity must be filled as a matter of urgency.

Performance Information

Quarterly auditing of performance information by the IA Unit of all APP targets took place. An action plan was also developed by management to address the issues raised by the AGSA which relates to performance information within the 2018/19 financial year.

The evaluation of the usefulness and reliability of the reported performance information was performed as part of the audit of the Department.

The performance information was presented to the Audit Committee during the meeting of 31 May 2019. The Audit Committee supported the submission of the information. Quarterly auditing of performance information by the IA unit of all APP targets took place. An improvement was noted in this with regard.

The annual performance achievement of the Entity was 75% of the set targets, while the Entity spent 84% of the approved budget for the 2018/19 financial year.

Risk Management

The Entity assessed strategic and operational risks that could have an impact on the achievement of its objectives, both strategically and on a programme level, on a quarterly basis. Risks were prioritised based on its likelihood and impact (inherently and residually) and additional mitigations were agreed upon to reduce risks to acceptable levels. New/emerging risks were identified during the quarterly review processes.

A separate 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. An independent Chairperson was also appointed.

Internal audit also performance their own assessment of the risk environment of the organisation and included 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 due to its nature there is a need for continued improvement in this area.

The focus on Ethics within the Entity to imbed further enhancements of awareness and understanding of Ethics at all levels within the Entity.

Furthermore, the Entity requires that all members of the Senior Management Services (SMS) complete a financial disclosure declaration.

Information Communication Technology (ICT) Governance

The Audit Committee reviewed the progress with respect to the ICT Governance in line with the ICT Framework issued by the Department of Public Service and Administration. Although there were certain progress on the ICT Internal Control the Audit Committee report its dissatisfaction with minimal progress made with the implementation of the Information Technology Steering Committee, Disaster Recovery Plan, the Business Continuity Plan, ICT Steering Committee meeting attendance and the monitoring of access in the servicer control room. This continued to be a high risk for the Department.

Conclusion

The Audit Committee is concerned with the slow progress made by the Entity in improving and progressing with the areas outlined in this report. Management is however positive in their commitment to good governance and a clean administration.

The Audit Committee noted significant or material non-compliance with prescribed policies and procedures up to 31 March 2019. From observations, analyses and reports presented to the Audit Committee by Management and assurance providers, including IA 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 materially ineffective for most areas tested. The Audit Committee do however emphasise that controls were found to be only partially effective. These controls require further improvement and the Audit Committee received assurance that the matter is being addressed. Attention has also been given in addressing prior years' concerns noted by the AGSA.

The Audit Committee noted the final Management Report and Audit Report from the AGSA and their conclusions. The Audit Committee wishes to express its appreciation to the Acting DG, Management of the Entity, the AGSA and IA who assisted the Audit Committee in performing its functions effectively.



Mr JAC du Plessis
Chairperson of the Audit Committee
Department of Water and Sanitation
24 February 2020



2 REPORT OF THE AUDITOR GENERAL

Report on the audit of the financial statements

Qualified opinion

- 1 I have audited the financial statements of the Water Trading Entity (WTE) set out on pages 362 to 428, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion, except for the effects of the matter described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Water Trading Entity as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Statement of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa 1999 (Act No.1 of 1999) (PFMA).

Basis for qualified opinion

Receivables from exchange transactions

- 3 The entity did not disclose all receivables from exchange transactions in accordance with the requirements of GRAP 104, *Financial instruments and financial liabilities*. The entity offset receivables against liabilities not in accordance with the requirements of GRAP 1, *Presentation of financial statements*, which only allows for the practice where it is between the same two parties and an agreement is in place to settle the amounts net. Consequently, Receivables from exchange transactions stated at R5 118 402 000 and Financial liabilities: TCTA stated at R20 729 271 000, were misstated by R1 034 113 000, as disclosed in notes 13 and 22 to the annual financial statements, respectively.

Financial liabilities: TCTA

- 4 The entity did not disclose all the financial liabilities to the Trans-Caledon Tunnel Authority (TCTA) in accordance with GRAP 104, *Financial Instruments*, as the entity did not adequately disclose the two thirds portion of the Acid Mine Drainage liability. The entity did not have adequate systems to determine the full extent and account for their portion of the liability, which originates from TCTA, and as a result I was unable to determine the full extent of the liability. In addition, the financial liabilities disclosed in the financial statements do not agree to the underlying financial models which form the basis of the liabilities. As a result, the financial liabilities: TCTA were misstated by an amount of R583 884 000. I was unable to confirm the carrying amount of Financial Liabilities: TCTA by alternative means.
- 5 Consequently, I was unable to determine whether any adjustment was necessary to financial liabilities: TCTA stated at R20 729 271 000 (2018: R24 106 102 000), disclosed in note 22 to the annual financial statements. As the entity did not maintain adequate records, and did not perform appropriate reconciliations and reviews on the records of TCTA thereon, it was impracticable to determine the consequential impact on the related item(s) of expenditure and/ or assets.

Context for the opinion

- 6 I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.



- 7 I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including *International Independence Standards*) (IESBA codes) as well as the 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 codes.
- 8 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern-financial sustainability

- 9 I draw attention to the matter below. My opinion is not modified in respect of this matter.
- 10 I draw attention to Note 1.6 of the accounting policies in the annual financial statements, which indicates that the entity incurred a net profit of R2 258 021 000 compared to the restated amount of R125 910 000 in 2017-18. Furthermore, the entity still has an overdrawn account of R1 451 140 000 (2018: R1 411 641 000) as disclosed in note 19 to the annual financial statements, accruals and payables to the value of R2 911 638 000 (2018: R3 558 856 000) as disclosed in note 18 to the annual financial statements. The debtor's days increased from 108.8 days to 127.6 days, which indicates that the entity is still experiencing difficulties in timely collection of receivables. The creditors days have decreased from 80.4 days to 65.3 days, however it still significantly exceeds the required 30 day payments period.
- 11 Furthermore, the entity had significantly reduced their targets in the annual performance plan predominantly due to the financial constraints experienced. This could adversely impact on service delivery, particularly because some of the reductions were on the projects which were already in progress. As stated in Note 1.6 of the accounting policies, these events or conditions, along with other matters as set forth in Note 1.6, indicate that a material uncertainty still exists that may cast significant doubt on the entity's ability to continue as a going concern.

Emphasis of matters paragraphs

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

Restatement of corresponding figures

- 13 As disclosed in note 34 to the financial statements, corresponding figures for 31 March 2018 have been restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2019.

Material impairments – Trade receivables

- 14 As disclosed in note 8 to the annual financial statements, material impairments to the amount of R1 063 300 000 were provided for trade debtors, which are potentially irrecoverable.

Responsibilities of accounting officer for the financial statements

- 15 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.
- 16 In preparing the financial statements, the accounting officer is responsible for assessing the Water 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.



Auditor-general's responsibilities for the audit of the financial statements

- 17 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.
- 18 A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

- 19 In terms of section 40(3)(a) of the PFMA, the Water Trading Entity is required to prepare an annual performance report. The performance information of the Water Trading Entity was prepared and reported in the annual performance report of the Department of Water and Sanitation. The evaluation of the usefulness and reliability of the reported performance information was performed as part of the audit of the Department of Water and Sanitation and any audit findings are included in the management and auditor's report of the Department of Water and Sanitation.

Report on the audit of compliance with legislation

Introduction and scope

- 20 In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Water trading entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 21 The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

- 22 The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1)(a) and (b) of the PFMA.
- 23 Material misstatements on current assets, and liabilities and expenditure identified by the auditors in the submitted financial statements were not adequately corrected and supporting information not provided, which resulted in the financial statements receiving a qualified opinion.

Expenditure Management

- 24 Effective steps were not taken to prevent irregular expenditure as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with procurement processes.
- 25 Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure disclosed in the financial statements was caused by abnormal costs (salaries of the idle construction unit) incurred, relating to internal projects.
- 26 Some payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3. This was mainly due to cash flow constraints experienced by the entity. The non-compliance also resulted in a material irregularity as reported in the section on material irregularities.



Revenue management

- 27 Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA and treasury regulation 7.2.1. This was because the entity did not bill all its customers whose revenues were recognised through the accrual revenue process. The entity thus also did not subject these customers to the normal debt collection processes. The non-compliance also resulted in a material irregularity as reported in the section on material irregularities.

Procurement and contract management

- 28 Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention with treasury regulations 16A6.4. Similar non-compliance was also reported in the prior financial year. This was due to management not adhering to the procurement processes.
- 29 In some instances, sufficient appropriate audit evidence could not be obtained that quotations were awarded to suppliers whose tax matters have been declared by the South African Revenue Services to be in order as required by treasury regulations 16A9.1(d).

Other information

- 30 The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
- 31 My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 32 In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 33 I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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

- 34 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, and the findings on compliance with legislation included in this report.
- 35 Continued instability of leadership adversely impacted the entity, as a result of vacancies and/or suspensions of the accounting officer, chief financial officer and other deputy directors-general for extended periods during the year under review. This impacted on the entity's ability to develop proper action plans, as well as the timely and adequate implementation thereof, to address internal and external audit findings.
- 36 Management did not perform adequate reviews on the annual financial statements submitted for audit, as the financial statements submitted contained material misstatements, of which some were corrected as a result of the audit process. As management did not conduct proper and adequate reviews and reconciliations on TCTA liabilities and also did not properly analyse its Receivables schedules to ensure complete disclosure of liabilities and receivables, the financial statements were modified in this regard.
- 37 Management did not implement adequate controls to ensure that impairment indicators on assets under construction are assessed and the impact thereof is adequately disclosed in the annual financial statements, as well as to ensure that all revenue for prior years is billed in the current period. Although these were addressed through late audit adjustments, the internal control deficiencies were significant and require specific management attention.



- 38 Management also did not implement adequate preventive internal controls to prevent non-compliance with legislation, especially those related to supply chain management, which resulted in irregular and fruitless and wasteful expenditure. Detection controls were also not sufficient as additional amounts were detected and reported through the audit process.

Material Irregularities

- 39 In accordance with the PAA and the material irregularities regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities identified during the audit

- 40 The material irregularities identified are as follows:

Effective and appropriate steps not taken to collect all money due to entity

- 41 The National Treasury Regulation 7.2.1 requires the accounting officer to develop and implement appropriate processes that provide for the identification of, collection of, recording of, reconciliation of and safeguarding of information about revenue.
- 42 Accrued revenue, raised in prior years that should have been billed, had not been invoiced to the customers for water actually consumed and/ or utilised by these customers. This practice of accruing for revenue and not invoicing for it, is a practice noticed to have occurred over a number of years.
- 43 This non-compliance with legislation is likely to result in a material financial loss of R346 223 000 by 31 March 2019, for the entity.
- 44 To ensure that there will be no recurrence of the matter, the accounting officer referred the matter to the internal risk management unit of the department to finalise an investigation by the 31st of October 2019. Based on the outcome of the investigation, the accounting officer would have then been required to take appropriate action against any official found to be responsible. At the date of this report, I had not been provided with any evidence of progress of the investigation nor its outcomes.
- 45 I will therefore follow up on the implementation of the planned actions, during my next audit.

Payment not made within 30 days resulting in additional interest

- 46 The National treasury regulation (TR) 8.2.3 requires the accounting officer of an institution 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.
- 47 The entity entered into a contract with service provider with a contract value of R154 million (incl. VAT) which required a 10% advance payment on the contract value. WTE did not make the advance payment as per the contract provisions. This resulted in the service provider issuing a letter of demand and consequently, in court proceedings. The court ordered the entity to pay the service provider interest of R2,2 million and the applicant's taxed party-party costs. The interest expense results in a financial loss. The party-party costs have not yet been paid by the entity as ordered by the court and therefore should be considered as a likely financial loss.
- 48 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 acting director-general on 26 September 2019. Based on the outcome of the investigation, the accounting officer is taking appropriate actions against any officials found to be responsible and implementing the necessary steps to recover the financial losses to the fullest extent possible.
- 49 I will follow up on the planned actions, during my next audit.



Other reports

- 50 In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or compliance with legislation.
- 51 Currently, the special investigation unit (SIU) is investigating two projects, which were proclaimed by the president in 2001 and 2016, respectively. These investigations were still in progress:
- A forensic investigation into the Vuwani steel pipeline as per Proclamation Number R118 of 2010 (Gazette No. 22531 of 31 July 2010). This investigation was still in progress.
 - A forensic investigation into allegations of irregularities and possible losses by Lepelle Northern Water, which is linked to the department, as per Proclamation Number R22 of 2016 (Gazette No. 39935 of 18 April 2016). This investigation was also still in progress.
- 52 Several other investigations were also conducted, or were in progress, by the internal audit unit at the request of the accounting officer arising from allegations of financial misconduct against officials of the entity. The completed investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the officials concerned, while others were still in progress at year-end.

Auditor-General

Pretoria
21 February 2020



Annexure – Auditor-general’s responsibility for the audit

- 1 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 Water Trading’s compliance with respect to the selected subject matters.

Financial statements

- 2 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 trading entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Water Trading Entity’s ability 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 the 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 the trading entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

- 3 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.
- 4 I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



3 ANNUAL FINANCIAL STATEMENTS

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3 ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 R'000	2018 Restated R'000
Revenue		14 269 340	12 277 739
Revenue from exchange transactions	3	12 221 395	10 621 096
Revenue from non-exchange transactions	4	2 047 945	1 656 643
Expenditure		12 011 319	12 151 829
Employee benefit costs	5	1 672 301	1 191 130
Operating expenditure	6	3 908 781	4 314 480
Repairs and Maintenance - <i>Property, plant and equipment</i>	7	220 382	31 432
Impairment on financial assets	8	1 063 300	1 663 642
Finance cost	9	2 858 652	2 855 945
Depreciation, amortisation and impairment	10	2 045 860	2 058 597
Loss on disposal of fixed assets	11	242 043	36 603
Surplus/(deficit) for the year		2 258 021	125 910



STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019	2018
		R'000	Restated R'000
ASSETS			
Current assets		5 353 858	5 527 619
Cash and cash equivalents (petty cash & other cash)	12	197	257
Receivables	13	5 118 402	5 069 281
Inventory	14	148 245	145 740
Construction Work In Progress	15	87 014	312 341
Non-current assets		93 733 060	95 221 076
Property, plant and equipment	16	76 512 571	77 917 277
Intangible assets	17	17 220 489	17 303 799
Total assets		99 086 918	100 748 695
LIABILITIES			
Current liabilities		5 925 524	8 704 262
Payables from exchange transactions	18	2 911 638	3 558 856
Bank Overdraft	19	1 451 140	1 411 641
Employee benefits	20	180 646	114 076
Finance lease liability	21	2 695	2 831
Financial liabilities: TCTA	22	1 379 405	3 616 858
Non-current liabilities		19 351 044	20 492 104
Finance lease liability	21	1 178	2 860
Financial liabilities: TCTA	22	19 349 866	20 489 244
Total liabilities		25 276 568	29 196 366
Total net assets		73 810 350	71 552 329
NET ASSETS			
Reserves			
Accumulated surplus		73 349 946	71 145 092
Pumping cost reserve		460 404	407 237
Net assets		73 810 350	71 552 329



STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2019

	Note	Accumulated surplus	Pumping Cost Reserve	Net Assets
Balance at 1 April 2017		71 146 804	279 615	71 426 419
As previously stated		70 508 727	279 615	70 788 342
Prior period error	34	638 077	-	638 077
				-
Surplus for the year		125 910		125 910
As previously stated		(572 664)		(572 664)
Prior period error	34	698 574		698 574
Net movement in reserves		(127 622)	127 622	-
Transfers between reserves		(127 622)	127 622	-
Balance at 31 March 2018		71 145 092	407 237	71 552 329
As previously stated		69 808 441	407 237	70 215 678
Prior period error	34	1 336 651	-	1 336 651
Surplus for the year		2 258 021	-	2 258 021
Net movement in reserves		(53 167)	53 167	-
Transfers between reserves		(53 167)	53 167	-
Balance at 31 March 2019		73 349 946	460 404	73 810 350



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		R'000	Restated R'000
Cash flows from operating activities			
Cash receipts		13 389 797	10 969 203
Taxes and transfers		1 971 287	1 651 715
Sale of water services		10 234 641	8 710 218
Income received in advance: LHWP		295 954	292 968
Construction and other revenue		793 939	257 453
Water research levies - receipts		86 910	50 300
Commission earned		5 883	2 820
Lease revenue earned		1 183	3 730
Cash payments		(8 530 542)	(6 781 933)
Employee benefits		1 482 871	1 232 597
Water Research Commissioner - payments		118 273	94 157
Goods and services		4 054 651	2 446 254
Finance cost paid		2 874 746	3 008 924
Net cash flows from operating activities		4 859 255	4 187 270
Cash flows from investing activities			
Acquisition of property, plant and equipment		(172 603)	(500 629)
Net cash flows used in investing activities		(172 603)	(500 629)
Cash flows from financing activities			
Finance lease payments		(2 034)	(2 543)
Repayments of other financial liabilities		(4 724 178)	(2 909 215)
Net cash flows from financing activities		(4 726 212)	(2 911 757)
Net increase/(decrease) in cash and cash equivalents		(39 559)	774 883
Cash and cash equivalents at beginning of year		(1 411 384)	(2 186 267)
Cash and cash equivalents at end of year		(1 450 943)	(1 411 384)



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Approved Budget R'000	Final Budget R'000	Actual Amounts R'000	Variance Amounts R'000
Revenue	24.3	11 133 404	11 133 404	14 860 980	3 727 576
Taxes and transfers		2 266 928	2 266 928	2 266 928	-
Sale of water services		8 866 476	8 866 476	11 172 733	2 306 257
Construction revenue		-	-	154 242	154 242
Commission earned		-	-	5 883	5 883
Lease revenue earned		-	-	1 183	1 183
Interest revenue		-	-	890 674	890 674
Other receipts		-	-	369 337	369 337
Total revenue		11 133 404	11 133 404	14 860 980	3 727 576
Expenses	24.4	(9 070 510)	(10 318 770)	(12 011 321)	(1 692 551)
Employee benefit costs		1 218 441	1 675 441	1 672 301	3 140
Operating expenditure		7 189 877	4 060 320	4 129 165	(68 845)
Impairment on financial assets		-	-	1 063 300	(1 063 300)
Finance cost		662 192	2 761 509	2 858 652	(97 143)
Depreciation, amortisation and impairment		-	1 821 500	2 045 860	(224 360)
Loss on disposal of fixed assets		-	-	242 043	(242 043)
Total expenses		(9 070 510)	(10 318 770)	(12 011 321)	(1 692 551)
Surplus/(deficit) from operating activities		2 062 894	814 634	2 849 659	2 035 025
Projects expenditure	24.5	2 062 894	814 634	619 720	194 914
Allocation from government grants		1 387 894	528 634	442 597	86 037
Refurbishment and Rehabilitation and ROCS - Rehabilitation of Conveyance System		675 000	286 000	177 123	108 877
Budget surplus/(deficit)		-	-	2 229 939	1 840 111



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 Adoption of GRAP

The following amended Standards of GRAP became effective and were fully implemented in the current financial year:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidated and separate financial statements
GRAP 9	Revenue from Exchange Transactions
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash- generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget information in Financial Statements.
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash generating assets
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



1.3 Standards of GRAP issued but not yet effective

The Standards of GRAP that has 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 Standard of GRAP to develop its accounting policies and disclosures when adopting GRAP:

GRAP 38	Disclosure of Interest in Other Entities
GRAP 108	Statutory Receivables

As a result, there will be no impact on the disclosures of interest in other entities when the Standard becomes effective.

1.3.2 Standards not yet applicable

It's unlikely that the following Standards and/or amendments to Standards, that have been issued but are not yet effective, will have a material impact on the financial statements of the WTE once they become effective and therefore accounting policies have not been developed for the following Standards:

GRAP 32	Service concession arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 20	Related Party Disclosures
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to pay Levies

Based on the analysis of the transactions of the WTE, these Standards do not impact the WTE and the adoption of these Standards will thus have no impact on the current financial statements.

1.4 Basis of preparation

These annual financial statements have been prepared on the accruals 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 made a net profit of R2.258 billion (2017/18, R125.910 million net profit) with an overdraft of R1.451 billion (2017/18, R1.412 billion). This has a negative impact on the liquidity ratio and solvency ratios, therefore a material uncertainty exist that may cast doubt on whether the entity can continue as a going concern.

In order to improve the liquidity and solvency ratios of the entity, the entity will implement the following initiatives in the immediate and short term:

- No additional expenditure (in the form of new projects or any other expenditure other than that reflected in the budget) will be incurred by the entity in the foreseeable future. Stringent measures will be put in place to curb and reduce expenditure to reasonable proportions in order to reduce the overdraft.
- Stringent measures will be put in place to curb and reduce expenditure to reasonable proportions in order to reduce overdraft.
- Payments will be monitored and coordinated from head office to confirm availability of funds and budget.
- Normal monthly reporting and consequence management to address non-compliance with revised policies and procedures.
- Management is committed to adhere to measures put in place to restore financial sustainability of the entity.

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 33.

1.9 Significant judgments and sources 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 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 are as follows:

Infrastructure assets

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

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

Intangible assets

Software and licenses	3 - 13 years
Enduring benefit	Infinite life span

Current assets of the WTE are non-cash generating, despite the fact that certain water users are classified as commercial users. The majority 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 considered to be 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 27 have been based on orders relating to capital projects but where the goods or services have not been delivered.

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 2019.

1.9.9 *Capitalisation of expenses relating to constructed assets*

The costs of inventory, property, plant and equipment produced internally include materials, depreciation and certain overheads incurred to produce these assets. The allocation of costs to the different items is based on judgment. The allocation usually occurs on a proportionate basis and where the items produced are to be used internally, exclude internal profits. Abnormal losses are determined based on judgment and is excluded from the cost of assets under construction.

1.9.10 *Classification of leases*

The WTE classifies lease agreements in accordance with risks and rewards incidental to ownership. Where the lessor transfers substantially all the risks and rewards to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

1.9.11 *Fruitless and wasteful expenditure*

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance



1.9.12 *Irregular expenditure*

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- a) this Act, or
- b) the State Tender Board Act, 1968, or any regulations made in terms of the Act.

This Act in section 1 of the PFMA includes any regulations and instructions issued in terms of section 69, 76, 85 or 91.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure that was classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

2 Significant accounting policies

2.1 Revenue

When the WTE receives value in the form of an asset and directly provides approximate equal value in exchange, the WTE classifies the revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable, net of any VAT, trade discounts and volume rebates and recognised when it becomes due to the WTE.

2.1.1 *Revenue from non-exchange transactions*

The WTE recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions.

Where services are received in-kind, and a reliable estimate can be made, the WTE will recognise the related revenue. In all other cases, the WTE will only disclose the event.

2.1.2 *Revenue from exchange transactions*

Revenue relating to the supply of water is recognised either on the consumption of water by the water users or in accordance with registered volumes, depending on the specific agreement with licensed water users.

Revenue from construction contracts is recognised by reference to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. The stage of completion is based on the cost to date and is assessed based on surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the Statement of Financial Performance in the period in which it was incurred.

Interest is recognised using the effective interest rate method.

Other revenue from exchange transactions is recognised in the statement of financial performance when the revenue becomes due to the WTE.



2.1.3 *Agency fees and revenue*

The WTE bills and collects water research levies on behalf of the Water Research Commissioner and earns 2% commission, excluding VAT, on the amount billed. The revenue collected (amounts billed less outstanding debt) is recognised as a liability and the payments made to the WTE decreases the liability. The net asset/liability is recognised in the statement of financial position.

The commission earned is recognised as revenue from exchange transactions in the statement of financial performance and the amount owed/overpaid on the commission is recognised in receivables/payables from exchange transactions.

2.2 **Expenditure**

Expenditure is classified in accordance with the nature of the expenditure.

The WTE recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability, other than those relating to distributions to owners, has arisen, that can be measured reliably.

The WTE recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

The WTE also recognises expenses in the statement of financial performance in those cases when a liability is incurred without the recognition of an asset, for example, when a liability under a court ruling arises.

Finance cost is recognised as an expense in surplus or deficit in the statement of financial performance in the period in which it is incurred, using the effective interest rate method.

2.3 **Borrowing cost**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The WTE incurs borrowing costs as a result of the construction of infrastructure. The WTE capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are expensed in the period in which it is incurred.

2.4 **Employee benefits**

2.4.1 *Short-term employee benefits*

The WTE recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:

- As a liability in cases where the amounts have not yet been paid. Where the amount paid exceeds the undiscounted amount of the benefits due, the entity recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.
- As an expense, unless the entity uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related property, plant and equipment or intangible asset item.

2.4.2 *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 costs

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.

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Net gains or losses on the financial instruments at fair value through profit or loss includes transaction costs, interest and foreign exchange gains or losses. A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

2.12.5 *Impairment of financial assets*

At each reporting date the WTE assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments, and default of payments are considered to be indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Impairment losses are recognised in the statement of financial performance as expenses.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed does not exceed the carrying amount that would have been recognised had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue.

Impairment losses are not reversed for financial assets held at cost where fair value was not determinable.

The following items included in the statement of financial position contains financial instruments:

- Cash and cash equivalents;
- Receivables from exchange transactions;
- Other financial assets;
- Payables from exchange transactions; and
- Other financial liabilities(including bank overdraft).



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 on the basis of 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 on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result 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 equivalents

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 as a result 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 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 as a result 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.

2.21 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes 29 and 30.

2.22 Reserves

The WTE classifies its reserves in two categories namely pumping cost reserve and accumulated reserves. None of these reserves are distributable reserves.

2.22.1 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 charge to reduce the impact of price increases as a result 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.

2.22.2 Accumulated reserves

Accumulated reserves consist of the net assets less amounts transferred to other reserves. Accumulated reserves are mainly build up as a result 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.

2.23 Budget information

The budget is prepared on a modified accrual basis. The WTE Budget compromise 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.



2.24 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 clients departments, all national public entities, Water boards and Water user associations and the management of the WTE.

2.25 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 notes 31 and 32. 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 as a result of irregular, fruitless and wasteful expenditure or material losses through criminal conduct, are subject to an annual impairment assessment.

2.26 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.



3	Revenue from exchange transactions	2019	2018
			Restated
		R'000	R'000
	Notes		
	Sale of water services	10 876 779	9 557 824
	Construction revenue	154 242	223 783
	Commission earned	5 883	2 819
	Receivables	5 093	2 191
	Short-term deposits and bank accounts	790	628
	Interest revenue	890 674	814 911
	Receivables	890 664	814 901
	Short-term deposits and bank accounts	10	10
	Lease revenue earned	1 183	3 730
	Property	1 183	3 730
	Sale of goods - scrap materials and waste paper	145	20
	Other revenue	292 489	18 009
		12 221 395	10 621 096

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	2019	2018
			Restated
		R'000	R'000
	Notes		
	Transfer revenue includes:		
	Funds from the Department of Water & Sanitation	1 971 242	1 651 650
	Other revenue:		
	Assets received/transferred	76 657	4 928
	Water usage license fees	46	65
		2 047 945	1 656 643

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	2019	2018
	R'000	Restated R'000
	Notes	
Employee benefits consists of:		
Short term employee benefits	1 818 711	1 660 946
<i>Less: direct labour capitalised to assets under construction</i>	(64 999)	(259 411)
<i>Less: amounts capitalised to construction costs for third parties</i>	(81 411)	(210 404)
Basic salaries and wages	1 228 840	832 581
Car allowances	3 064	5 302
Housing allowances	39 722	43 118
Leave pay - adjustment	47 157	29 697
Long term service awards	3 598	2 666
Medical fund contributions	62 700	55 999
Overtime	22 166	20 785
Pension fund contributions	105 602	86 243
Performance bonuses	57 620	43 886
Service bonus (13 th cheque)	89 964	60 762
UIF contributions	1 239	433
Other short term benefits	10 629	10 430
	1 672 301	1 191 130



6	Operating expenditure	2019	2018
		R'000	Restated R'000
	Notes		
	<i>Construction costs incurred</i>	122 625	374 692
	<i>Other operating expenditure</i>		
	Administrative fees	3 945	10 595
	Audit cost	13 820	20 929
	Communication	9 914	10 952
	Computer services	5 655	7 475
	Electricity	341 529	510 212
	Entertainment	-	23
	Administrative costs & LHWP Royalties: TCTA	1 983 522	1 647 851
	Materials consumed	46 429	104 694
	Maintenance, repairs and running costs	3 144	221 585
	Operating leases	275 680	146 159
	Owned and leasehold property expenditure	155 426	233 839
	Professional services: Business and advisory services, contractors and agency/outsourced services	199 226	297 622
	Professional services: Infrastructure and planning	591 420	260 127
	Printing, posting and stationery	22 694	16 698
	Travel and subsistence	100 799	125 910
	Training and staff development	3 494	5 817
	Venues and facilities	971	437
	Auxiliary	28 488	318 863
		3 908 781	4 314 480

7	Repairs and maintenance - property, plant and equipment	2019	2018
		R'000	Restated R'000
	Notes		
	Maintenance, repairs and running costs - property, plant and equipment	220 382	31 432
		220 382	31 432



8	Impairment on financial assets	2019	2018
	Notes	R'000	Restated R'000
	Trade receivables	1 061 194	1 659 861
	Staff receivables	2 105	711
	Other receivables	-	3 070
		1 063 300	1 663 642
9	Finance cost	2019	2018
		R'000	Restated R'000
	Finance leases	244	677
	Interest on amortised payables	2 858 408	2 855 268
		2 858 652	2 855 945



10 Depreciation, amortisation and impairment	2019	2018
	R'000	Restated R'000
Notes		
<i>Depreciation on property, plant and equipment</i>	1 488 875	1 678 988
Computer equipment	6 181	8 192
Equipment	31 026	46 553
Furniture and Fittings	9 013	15 371
Infrastructure	1 438 549	1 604 105
Leased equipment	3 351	3 174
Mobile homes	355	1 132
Vehicles	400	461
<i>Amortisation and Impairment on intangible assets</i>	91 728	329 731
Computer software	91 728	329 731
<i>Impairment and impairment reversals</i>	492 518	47 353
Infrastructure	82 528	47 353
Infrastructure: Land	(383)	-
Assets under construction: Infrastructure assets	98 032	-
Uncertified Work	312 341	-
<i>Change in estimate - impairment</i>	(27 261)	2 525
Infrastructure	(27 261)	2 525
	2 045 860	2 058 597

The remaining useful lives of all assets were assessed during the year. A change in accounting estimate was effected in relation to assets whose Remaining useful life was increased/ decreased for assets still in use. The effect of the change in accounting estimate on the current year's results was a decrease in the current year's surplus by R27.261 Million.



11	Loss on disposal of fixed assets	2019	2018
		R'000	Restated R'000
	Notes		
	Loss on disposal of fixed assets	242 043	36 603
		242 043	36 603
12	Cash and cash equivalents (petty cash & other cash)	2019	2018
		R'000	Restated R'000
	Notes		
	<i>Cash and cash equivalents at fair value:</i>		
	Short-term deposits	149	139
	Cash on hand	48	118
		197	257



13	Receivables	2019	2018
		R'000	Restated R'000
			Notes
13.1	Receivables from exchange transactions		
	Current		
	<i>Financial assets at amortised cost</i>		
	Trade receivables	14 612 444	11 881 035
	Less: Provision for impairment	(9 592 440)	(8 417 089)
	Carrying amount at the beginning of the period	(8 417 089)	(6 513 224)
	Current year provision	(1 175 351)	(1 903 865)
		5 020 004	3 463 946
13.2	Advances to public entities: other	156 556	101 214
13.3	Staff related receivables	7 764	7 954
	Less: Provision for impairment	(6 067)	(3 962)
	Carrying amount at the beginning of the period	(3 962)	(4 259)
	Trade receivables written off	-	1 008
	Current year provision	(2 105)	(711)
		1 697	3 992
13.4	Claims recoverable - Departments	240	180
13.5	Water Research Commission - receivables	419 369	394 868
13.6	Other receivables	(342 656)	1 214 736
	Less: Provision for impairment on other receivables	(405 258)	(695 866)
	Carrying amount at the beginning of the period	(695 866)	(692 764)
	Change In Estimates	290 608	-
	Current year provision	-	(3 101)
		(747 914)	518 870
		4 849 952	4 483 070



	Notes	2019	2018
		R'000	Restated R'000
13.7 VAT receivable		268 450	586 211
		5 118 402	5 069 281

The fair value of the short term receivables approximates the carrying amount of the balances due to their short-term maturity.

Amounts past due not impaired

Included in the financial assets at amortised cost - trade receivables above is an amount past due but not impaired:

373 159	333 836
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Age analysis of financial assets that are past due but not impaired:

not more than two months;	217 167	306 264
more than two months and not more than three months;	24 731	15 550
more than three months and not more than four months;	62 157	4 659
more than four months and not more than five months;	(16 472)	-
more than five months;	85 576	7 362
	373 159	333 836



Below is the entity's age analysis as at 31 March 2019. The entity system ages the number of days that the invoices are outstanding from the date of invoice.

31 March 2019

Customer category	Total	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days
Bulk Payers (B)	194	1	2	-	-	-	191
Company (C)	2 230 748	474 657	83 859	(22 152)	782	(44 694)	1 738 297
District Municipalities (DM)	1 569 845	62 478	121 549	21 984	34 237	(2)	1 329 600
Individual (I)	557 431	48 910	27 040	586	3 234	(96)	477 756
Irrigation Boards (IB)	324 543	60 149	11 811	(132)	3 310	(9 296)	258 703
Local Municipalities (LM)	3 590 594	332 304	66 965	35 733	63 430	702	3 091 460
Metro Municipalities (MIM)	57 785	37 778	3 589	28	876	(196)	15 710
National Government (N)	197 899	13 458	9 772	557	1 490	-	172 622
Provincial Government (P)	15 485	492	1 323	97	292	-	13 281
Water boards (WB)	5 037 052	711 724	876 329	55 229	101 604	48	3 292 117
Water User Association (A)	968 621	139 085	50 726	11 727	16 457	(18)	750 644
Grand Total	14 550 196	1 881 035	1 252 966	103 656	225 712	(53 553)	11 140 379

31 March 2018

Customer category	Total	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days
Bulk Payers (BP)	191	1	0	-	-	-	189
Company (C)	2 052 112	450 566	247 965	(41 528)	20 867	(99 286)	1 473 530
District Municipalities (DM)	1 312 675	75 041	20 891	14 690	14 462	(1 150)	1 188 740
Individual (I)	486 064	36 264	(1 874)	(1 683)	(593)	(263)	454 213
Irrigation Boards (IB)	311 095	(31 623)	91 528	4 124	4 374	-	242 692
Local Municipalities (LM)	2 979 133	158 028	126 449	55 427	38 436	(14)	2 600 807
Metropolitan Municipalities (MM)	50 623	23 131	12 637	1 677	(29)	(741)	13 948
National Department (N)	161 363	12 125	3 778	1 605	135	-	143 720
Provincial Government (P)	14 265	(235)	1 215	(4)	127	-	13 162
Water Boards (WB)	3 755 101	539 857	657 715	45 984	58 129	(39 767)	2 493 182
Water User Association (A)	885 241	87 560	40 049	10 114	10 277	54	737 188
Grand Total	12 007 863	1 350 716	1 200 352	90 407	146 185	(141 168)	9 361 371



14 Inventory	2019	2018
	R'000	Restated R'000
	Notes	
Construction and building materials	127 250	124 673
Consumables	10 825	9 355
Fuel and lubricants	6 501	7 025
Stationery	3 669	4 687
	148 245	145 740
	Notes	2019
		2018
		Restated R'000
		R'000
15 Construction Work In Progress		
Construction Work In Progress	87 014	312 341
	87 014	312 341



16 Property, plant and equipment

Summary	31 March 2019				31 March 2018			
	Cost/ revaluation	Accumulated depreciation and impairment	Carrying amount	Cost/ revaluation	Accumulated depreciation and impairment	Carrying amount - Restated	Accumulated depreciation and impairment	Carrying amount - Restated
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	100 154 565	(23 645 633)	76 508 932	100 092 765	(22 180 934)	77 911 831		
Assets under construction: Infrastructure assets***	6 512 256	(98 032)	6 414 224	8 283 519	-	8 283 519		
Assets under construction - Equipment	139	-	139	139	-	139		
Computer equipment	63 362	(53 997)	9 365	61 914	(48 879)	13 035		
Equipment	1 492 440	(897 411)	595 029	1 498 886	(875 766)	623 120		
Furniture and fittings	95 469	(72 192)	23 277	94 422	(63 583)	30 839		
Infrastructure assets**	83 963 166	(22 213 938)	61 749 228	82 127 948	(20 883 312)	61 244 636		
Infrastructure: Land**	7 955 389	(245 161)	7 710 228	7 953 528	(245 161)	7 708 367		
Mobile homes	65 727	(60 439)	5 288	65 705	(60 085)	5 620		
Motor vehicles	6 617	(4 463)	2 154	6 704	(4 148)	2 556		
Leased assets	9 799	(6 161)	3 638	12 022	(6 577)	5 445		
Equipment	9 799	(6 161)	3 638	12 022	(6 577)	5 445		
	100 164 364	(23 651 794)	76 512 571	100 104 787	(22 187 511)	77 917 277		

****Infrastructure assets consist of the following categories:**

31 March 2019				31 March 2018		
Asset Class Description	Accumulated Cost 31.03.2019	Accumulated depreciation 31.03.2019	Carrying amount	Accumulated Cost 31.03.2018	Accumulated depreciation 31.03.2018	Carrying amount
Buildings	2 813 026	(1 297 246)	1 515 781	2 193 046	(1 230 502)	962 545
Canals	12 080 361	(5 304 921)	6 775 440	11 957 347	(5 004 446)	6 952 901
Dams	40 364 992	(7 776 830)	32 588 162	40 027 638	(7 172 755)	32 854 883
Pipelines	10 859 566	(2 663 466)	8 196 100	8 736 783	(2 314 045)	6 422 738
Pump stations	3 757 582	(916 008)	2 841 574	2 338 558	(848 057)	1 490 500
Tunnels	8 907 636	(2 690 679)	6 216 957	8 914 591	(2 585 169)	6 329 422
Measuring facilities	3 172 549	(1 288 100)	1 884 449	3 181 389	(1 208 044)	1 973 345
Other	9 962 844	(521 850)	9 440 994	940 976	(249 281)	691 695
	91 918 555	(22 459 099)	69 459 456	78 290 328	(20 612 299)	57 678 029

*****Assets under construction consist of the following categories:**

31 March 2019		31 March 2018	
Asset Class Description	Carrying amount	Asset Class Description	Carrying amount
Buildings	499 813	Buildings	153 405
Canals	957 268	Canals	839 931
Dams	4 258 191	Dams	5 014 681
Pipelines	56 773	Pipelines	55 756
Pump stations	181 888	Pump stations	1 453 652
Tunnels	19 852	Tunnels	18 369
Roads and Bridges	65 787	Roads and Bridges	72 366
Treatment Works	105 506	Treatment Works	-
Other	63 985	Other	391 475
	6 209 063		7 999 634

Leased assets are encumbered by finance lease liabilities. Refer Note 21.

Assets under construction taking significantly longer to complete due to budget constraints are valued at **R66 774 802**. Assets costing **R100 306 885** were halted either during the current year or previous years due mainly to disputes with Contractors. **R98 032 465** of this figure has been impaired and the remaining **R2 274 419** has been declared fruitless and wasteful.

The raising of Hazelmere has been delayed due to contractual disagreements with the contractor. The current value is **R528 494 557**. The upgrade of Thukela Goedertrouw scheme with a current value of **R355 924 294** has been delayed due to disputes with the contractor which is undergoing a dispute resolution process.





Movement 2019	31 March 2018							31 March 2019	
	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	77 911 833	777 981	(247 769)		(1 485 524)	27 261	(180 560)	383	76 508 931
Assets under construction: Infrastructure assets	8 283 519	754 544	-	(2 539 006)	-	-	(98 032)	-	6 414 224
Assets under construction - Equipment	139	-	-	-	-	-	-	-	139
Computer equipment	13 035	2 684	(172)	(1)	(6 181)	-	-	-	9 365
Equipment	623 120	4 037	(1 004)	(98)	(31 026)	-	-	-	595 029
Furniture and fittings	30 839	1 424	(72)	99	(9 013)	-	-	-	23 277
Infrastructure assets	61 244 636	15 269	(246 517)	2 224 493	(1 438 549)	27 261	(82 528)	-	61 749 228
Infrastructure: Land	7 708 367	-	-	1 478	-	-	-	383	7 710 228
Mobile homes	5 620	22	-	-	(355)	-	-	-	5 288
Motor vehicles	2 556	-	(3)	-	(400)	-	-	-	2 154
Leased assets	5 446	1 544	-	-	(3 351)	-	-	-	3 638
Equipment	5 445	1 544	-	-	(3 351)	-	-	-	3 638
TOTAL ASSETS	77 917 277	779 525	(247 769)		(1 488 875)	27 261	(180 560)	383	76 512 571

Movement 2018	31 March 2017							31 March 2018	
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Change in Estimate	Impairment	Impairment Reversal	Carrying amount restated
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	77 778 429	1 584 227	(43 568)	318 437	(1 675 814)	(2 525)	(47 353)	-	77 911 833
Assets under construction:	7 829 333	1 567 478	-	(1 113 293)	-	-	-	-	8 283 519
Infrastructure assets									
Assets under construction - Equipment	10 105	-	-	(9 965)	-	-	-	-	139
Computer equipment	17 247	3 934	(263)	305	(8 192)	-	-	-	13 035
Equipment	657 010	6 423	(3 849)	10 047	(46 553)	-	-	-	623 120
Furniture and fittings	41 452	5 462	(367)	(303)	(15 371)	-	-	-	30 839
Infrastructure assets	61 510 983	-	(39 089)	1 426 723	(1 604 105)	(2 525)	(47 353)	-	61 244 636
Infrastructure: Land	7 703 361	-	-	5 006	-	-	-	-	7 708 367
Mobile homes	6 323	442	-	-	(1 132)	-	-	-	5 620
Motor vehicles	2 615	487	-	(85)	(461)	-	-	-	2 556
Leased assets	4 656	4 019	(56)	-	(3 174)	-	-	-	5 445
Equipment	4 656	4 019	(56)	-	(3 174)	-	-	-	5 445
	77 783 087	1 588 245	(43 624)	318 437	(1 678 988)	(2 525)	(47 353)	-	77 917 276

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 No. cash Items.

The WTE pledged assets in a transaction involving assets with a carrying value R 5,6 Billion for the National Treasury SUKUK loan agreement in September 2014. Although entity assets were used WTE is not the Obligor, and there is no encumbrance on the assets as the transaction is not asset-backed but asset-based. The entity is restricted as it may not encumber these assets over the duration of the bond, nor may they be disposed without notifying the investors through National Treasury. The transaction has a finite period which ends in September 2020.

17 Intangible assets	2019	2018
		Restated
	Notes	
	R'000	R'000
Summary		
Enduring benefit	17 113 926	17 113 926
Gross carrying amount : Lesotho Highlands	15 844 203	15 844 203
Gross carrying amount : Komati Basin Water Authority (KOBWA)	1 269 723	1 269 723
Computer software	106 563	189 873
Gross carrying amount	744 019	735 601
Accumulated amortisation and impairment	(637 456)	(545 728)
	17 220 489	17 303 799
Reconciliation		
Enduring benefit	17 113 926	17 113 926
Gross carrying amount at the beginning : Lesotho Highlands	15 844 203	15 844 203
Gross carrying amount at the beginning : KOBWA	1 269 723	1 269 723
Computer software	106 563	189 873
Gross carrying amount at the beginning	189 873	519 604
Additions	8 418	-
Amortisation and impairment	(91 728)	(329 731)
	17 220 489	17 303 799

In terms of a treaty between South Africa and Eswatini as well as a treaty that of South Africa and Lesotho, South Africa has a right to receive water in perpetuity and this right is capitalised as an enduring benefit. The enduring benefit is then assessed annually for impairment. The assessment is based on any indicators that may impact the delivery of the water in terms of the agreements with these two countries (i.e Eswatini and Lesotho). Based on the assessment performed, no impairment has been identified.



18 Payables from exchange transactions	2019	2018
		Restated
	Notes	
	R'000	R'000
Current		
Financial liabilities at amortised cost	2 895 077	3 555 559
Trade payables	421 931	702 490
Accruals	189 903	928 658
Amounts due to customers: trade debtors	108 386	66 506
Gross amounts due to customers: income received in	1 876 452	1 580 498
advance		
Retention creditors	89 597	89 597
Water Research Commission: payables	182 162	186 998
Other payables	26 646	812
	16 561	3 297
Unclaimed deposits	16 555	3 291
Advances received	6	6
	2 911 638	3 558 856

19 Bank Overdraft	2019	2018
		Restated
	Notes	
	R'000	R'000
Current		
Current accounts at commercial banks (PMG)	1 451 140	1 411 641
	1 451 140	1 411 641



20	Employee benefits Liability	2019	2018
			Restated
	Notes		
		R'000	R'000
	<i>Current obligations:</i>		
	Leave benefits due	119 328	75 460
	Carrying amount at the beginning of the period	75 460	58 740
	Current service costs	217 432	173 564
	Less: benefits utilised	(173 564)	(156 843)
	Performance bonuses	18 277	14 582
	Carrying amount at the beginning of the period	14 582	13 629
	Current service costs	18 277	14 582
	Less: benefits utilised	(14 582)	(13 629)
	Service bonuses - 13th Cheque	43 041	24 034
	Carrying amount at the beginning of the period	24 034	11 793
	Current service costs	75 355	56 348
	Less: benefits utilised	(56 348)	(44 107)
		180 646	114 076



21 Finance lease liability	2019	2018
		Restated
	Notes	
	R'000	R'000
Current obligation	2 695	2 831
Non-current obligation	1 178	2 860
<i>Carrying amount at the end</i>	3 873	5 691
Reconciliation of the carrying amount:		
Future minimum lease payments due:	4 428	6 218
Later than 5 years	-	-
Later than 1 year but less than 5 years	1 438	3 266
Less than 1 year	2 989	2 951
Less: Future finance charges	(555)	(527)
Present value of minimum lease payments	3 873	5 691

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 9% and 15%. The liability is secured by the leased assets disclosed in note 16.



22 Financial liabilities: TCTA	2019	2018
		Restated
	Notes	
	R'000	R'000
Current obligation	1 379 405	3 616 858
Non-current obligation	19 349 866	20 489 244
<i>Reconciliation</i>		
Carrying amount at the beginning of the period	24 106 102	24 879 068
Additions	5 035 488	5 205 110
Construction cost	205 300	702 250
Interest accrued	2 846 666	2 855 008
Administrative costs & LHWP Royalties: TCTA	1 983 522	1 647 851
Payments specifically allocated to liability	(7 935 037)	(5 008 258)
Other Movements	(477 282)	(969 818)
Financial liabilities at amortised cost	20 729 271	24 106 102

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 10% p.a.

Included under Payments is cash replenishment for the Olifants River Water Resources Development Projects (ORWRD) amounting to R 215.7 Million.



23	Net cash flows from operating activities	2019	2018
			Restated
	Notes		
		R'000	R'000
	Surplus for the year	2 258 021	125 910
	Adjusted for non-cash items	3 874 662	4 744 016
	Employee benefits liability provisions	311 064	244 494
	Depreciation, amortisation and impairment	2 045 860	2 058 597
	Assets transferred at no cost	(76 657)	(4 928)
	Impairment on financial assets at amortised cost	555 420	1 663 642
	Interest accrued: TCTA	436 265	554 049
	Administrative costs: TCTA	360 667	191 559
	Loss on disposal of fixed assets	242 043	36 603
	Additional cash items	(244 494)	(214 579)
	Employee benefits utilised	(244 494)	(214 579)
	Operating cash flows before working capital changes	5 888 189	4 655 347
	Working capital changes:	(1 028 937)	(468 078)
	(Increase) in receivables from exchange transactions	(604 541)	(1 304 397)
	Decrease in inventories/Construction work in progress	222 822	7 925
	(Decrease)/increase in payables from exchange transactions	(647 218)	828 394
	Net cash from operating activities	4 859 255	4 187 270
24	Budget information	2019	2018
			Restated
	Notes		
		R'000	R'000
	Reconciliation between budget deficit and statement of financial performance		
	Budget surplus (deficit)	2 229 939	(3 931 438)
	Project expenditure	619 720	1 324 795
	Surplus/(deficit) for the year per Statement of financial performance	2 258 021	(2 606 643)



24.1 BASIS OF PREPARATION OF BUDGET COMPARISON STATEMENT

The Basis of preparation of the budget during 2018/19 financial year is not the same with preparation of the statement of financial performance. The project expenditure of R619 million funded from augmentation fund is reported on the Statement of Financial Position.

24.2 REASON ON THE REVENUE VARIANCE

The favourable variance on revenue performance can be attributed the efforts made by the entity to improve the billing efficiency for water sales and interest charged on overdue customers accounts. The total revenue against the budget reflects a favourable variance of R3,7 billion.

24.3 REASON ON THE EXPENSES VARIANCE

The unfavourable variances on impairment of financial assets and loss on disposal of fixed assets, are due to the fact the entity doesn't budget for impairment on financial assets and loss on sale of fixed assets and also due to non-revision of revenue to cater for excessive finance costs, depreciation, impairment & amortisation.

24.4 OPERATING EXPENDITURE BUDGET

Operating expenditure budget was reprioritised to cater for non-recoverable employee costs of construction employees due to few order book or less work and also to cater for finance costs and depreciation, impairment & amortisation.

24.5 REASON ON THE PROJECTS EXPENDITURE VARIANCE

The infrastructure projects (augmentation) reflect a spending within the allocated budget for 2018/19 however an amount of R269 million has been reprioritised to Operational Expenditure from Infrastructure Projects Expenditure and R979 million has been reprioritised to depreciation, amortisation and impairment. The revision was due to the low spending by operations as a result of lack of term contract in place and delays in finalisation of implementation agreement, procurement strategy, and commencement of quarry development.



25	Financial instruments	2019	2018
			Restated
	Notes	R'000	R'000

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

<i>Cash and cash equivalents</i>	12	197	257
<i>Financial assets at amortised cost</i>		4 849 952	4 483 070
Receivables from exchange transactions	13	4 849 952	4 483 070
Total financial assets		4 850 149	4 483 327

Financial liabilities at amortised cost

		25 092 049	29 076 599
Payables from exchange transactions	18	1 035 186	1 978 358
Income received in advance	18	1 876 452	1 580 498
Other financial liabilities	22	20 729 271	24 106 102
Bank overdraft	19	1 451 140	1 411 641
Total financial liabilities		25 092 049	29 076 599
Net losses included in the statement of financial performance on amortised receivables		1 063 300	1 663 642

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 23% (2018: 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.

	2019	2018
		Restated
Notes	R'000	R'000
<i>Maximum credit risk exposure</i>		
Cash and cash equivalents	197	257
Receivables	4 849 952	4 483 070
	4 850 149	4 483 327



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.

	2019	2018
		Restated
Notes		
	R'000	R'000
Contractual maturities of non-derivative financial liabilities are:		
Due within 30 days	1 035 186	(2 869 944)
Later than one month but not later than 12 months	3 013 886	7 506 704
Later than one year but not later than 5 years	12 608 222	16 416 446
Later than 5 years	8 619 274	11 063 171

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, and income received in advance. 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 banks that expose the WTE to liquidity risk.



26 Related party transactions

26.1 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.

	2019	2018
		Restated
	Notes	
	R'000	R'000

26.2 Related party transactions and outstanding balances

26.2.1 *Department of Water & Sanitation*

Revenue from non-exchange transactions	1 971 242	1 651 650
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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.



	2019	2018
		Restated
	Notes	
	R'000	R'000
26.2.2 Water Research Commission		
Revenue from exchange transactions	174 217	2 191
Outstanding balances - receivables from exchange transactions	419 369	394 868
WRL payment	118 273	94 157
Outstanding balances - payables from exchange transactions	182 162	180 215

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).

	2019	2018
		Restated
	Notes	
	R'000	R'000
26.2.3 Trans-Caledon Tunnel Authority (TCTA)		
The following transactions were carried out with TCTA:		
Construction activities	205 300	702 250
Finance cost	2 846 666	2 855 008
Administrative costs & LHWP Royalties: TCTA	1 983 522	1 647 851
Outstanding balances - amount due to TCTA	20 729 271	24 106 102

TCTA is constructing assets on behalf of the WTE on a full cost recovery basis.



	2019	2018
		Restated
	Notes	
	R'000	R'000
26.2.4 Eskom		
The following disclosable items were carried out with Eskom:		
Revenue from exchange transactions	1 738 206	1 343 534
Outstanding balances - receivables from exchange transactions	-	181 095
Payment of electricity	417 106	575 758
Outstanding balances - payables from exchange transactions	21 098	50 236

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.



	2019	2018
		Restated
Notes	R'000	R'000
26.2.5 Rand Water		
The following disclosable items were carried out with Rand Water:		
Sale of water services		
Revenue from exchange transactions	5 539 609	4 291 765
Finance revenue (discounting)	-	37 034
Gross amount billed	<u>5 539 609</u>	<u>4 328 798</u>
Outstanding balances - receivables from exchange transactions	1 012 329	798 822
Gross amount due	1 020 906	805 775
Less: Effect of discounting	(8 577)	(6 953)
Project cost payment	-	50 000
Outstanding balances - payables from exchange transactions	-	-

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.



	2019	2018
		Restated
	R'000	R'000
26.2.6 Inkomati 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	118 000	109 162
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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.

	2019	2018
		Restated
	R'000	R'000
26.2.7 Breede-Gouritz Catchment Management Agency (BGCMA)		

The following arm's length disclosable items were carried out with Breede-Gouritz Catchment Management Agency:

Breede-Gouritz CMA: amount paid for the period	65 800	60 000
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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.



26.2.8 Energy SETA

The following disclosable items were carried out with Energy SETA:

	2019	2018
Water services related project cost payment.	-	50 000

26.2.9 Entities under 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 in order 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	
	2019	2018	2019	2018	2019	2018	2019	2018
Amatola & Albany Coast Water Board	118 471	75 326	175 003	33 002	14 458	12 393	-	1 043
Bloem Water Board	25 055	19 958	29 918	23 503	652	924	164	97
Mhlathuze Water Board	64 289	44 274	11 701	3 305	81 574	80 362	45 681	-
Overberg Water Board	422	228	1 004	341	-	-	-	-
Sedibeng Water Board	332 730	341 162	2 911 827	2 366 806	-	-	5 112	5 112
Lepelle Northern Water Board**	38 039	47 646	167 460	95 959	16 368	107 882	22 927	39 295
Magalies Water	51 677	82 760	167 460	108 710	-	-	-	-
Umgeni Water Board	480 820	417 232	215 251	90 133	4 850	12 332	194	926
Uthukela Water	31 146	19 802	286 860	238 982	-	-	-	-

**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.

26.2.10 **Komati Basin Water Authority (KOBWA)** - Is managed by the treaty between the South African Government and the Swaziland 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. The WTE bills the WUAs under arms' length transactions in order to recover water infrastructure related charges.

**27 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.

Mar 2019	Basic salary	Termination Benefits	Other short term employee benefits	Post-employment benefits	Total
R'000					
Ms Mathe ZY - Deputy Director General	881	-	502	115	1 498
Mr Swart HJ-Construction Manager	1 278	-	390	166	1 834
Arumugam S - Chief Director	833	-	283	108	1 224
Mr Mofokeng MJ- Chief Financial Officer	-	-	-	-	-
Mr Manus LAV - Chief Director	746	-	436	97	1 279
Mr Mudau TN - Chief Director	429	-	236	56	721
Mr Nel P - Chief Director	858	-	291	112	1 261
Ms Nkomo RM - Chief Director	429	-	243	56	728
Ms Mkhabela GV - Chief Director	858	-	260	112	1 229
	6 311	-	2 643	820	9 773



Mar 2018	Basic salary	Termination Benefits	Other short term employee benefits	Post-employment benefits	Total
R'000					
Ms Mathe ZY - Deputy Director General	835	-	467	109	1 410
Mr Swart HJ-Construction Manager	1 194	-	360	155	1 709
Arumugam S - Chief Director	789	-	268	103	1 160
Mr Mofokeng MJ- Chief Financial Officer	659	-	376	178	1 213
Mr Manus LAV - Chief Director	707	-	486	92	1 285
Mr Mudau TN - Chief Director	697	-	404	91	1 191
Mr Nel P - Chief Director	813	-	257	106	1 176
Ms Nkomo RM - Chief Director	697	-	397	91	1 185
Ms Mkhabela GV - Chief Director	813	-	251	106	1 170
	7 204	-	3 266	1 029	11 499

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
Ms Deborah Mochotlhi	Acting Director General
Mr Squire Mahlangu	Acting Director General
Mr Frans Moatshe	Acting Chief Financial Officer
Mr Thabiso Toka	Acting Chief Director

The following key management official terminated his service during the current financial year that ended **31 March 2019**.

Official

Mr TN Mudau

Ms MR Nkomo

The following key management personnel officials have terminated their services in the previous financial year that ended **31 March 2018**.

Official

Mr MJ: Mofokeng



28	Capital commitments	2019	2018
			Restated
	Notes		
		R'000	R'000
	Capital commitments	1 522 736	1 344 906
	Operational commitments	236 740	317 700
	Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.	1 759 476	1 662 606
	Commitments per category:		
	Operational and Capital commitments		
	Inventory Commitments	1 049	1 428
	Other Operating Commitments	235 691	316 272
	Total	236 740	317 700
	Capital Commitments		
	PPE: Assets Under Construction	1 137 495	296 667
	PPE: Computer Equipments	451	191
	PPE: Equipment	485	567
	PPE: Furniture	403	189
	PPE: Infrastructure Assets	383 902	1 047 292
		1 522 736	1 344 906
	Grand Total	1 759 476	1 662 606

The amounts disclosed above for capital commitments exclude VAT.



29	Operating lease commitments	2019	2018
			Restated
	Notes		
		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 2019** are as follows:

Residential Buildings :	6 976	987
Due within 1 year	6 976	987
Due later than 1 year but less than 5 years	-	-
Greater than 5 years	-	-
Office administration Buildings :	-	131
Due within 1 year	-	131
Due later than 1 year but less than 5 years	-	-
Greater than 5 years	-	-
Total minimum lease payments	6 976	1 118



30	Contingent liabilities	2019	2018
			Restated
		R'000	R'000
30.1	Claims against the State		
	Legal claims against the Department of Water & Sanitation.		
30.1.1	Eigenbau Pty Ltd vs Minister of Water and Sanitation	-	2 244
30.1.2	JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd	1 006	1 006
30.1.3	Neethling N. O. and Others vs. Department of Water and Sanitation	16 647	16 647
30.1.4	Kwinana & Associates vs DWS	-	1 158
30.1.5	Mogotleng Kgophane v DWS		1 000
30.1.6	Bigen Africa vs. DWS	-	5 926
30.1.7	Sehlagola Nko Ditedu Trading Enterprise CC vs. DWS	-	2 765
30.1.8	Noko Airlink vs DWS	-	2 462
30.1.9	Geldenhuis J Mulder VS DWS	-	1 100
30.1.10	Londiwe Nokuphiwa Ngcambu / DWS and Bicanon (Pty) Ltd	13 121	13 121
30.1.11	Roelof Jacobs vs. DWS and Bloem Water	1 862	1 862
30.1.12	SCIP Engineering Group (PTY) Ltd vs Minister of Water and Sanitation.	-	42 160
30.1.13	Seeletso vs. DWS	8 307	8 307
30.1.14	Maragela Consulting vs. DWS	-	2 574
30.1.15	Re Ba Thari Tranding and Enterprise vs. DWS	-	1 582
30.1.16	Old Mutual Insureobo of their client / DWS	223 647	-
30.1.17	Other claims against the state	4 657	4 594
		270 247	108 509

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

- 30.1.1** Eigenbau Pty Ltd vs. Minister of Water and Sanitation - the applicant has made an application in court with a claim that the department had short paid the applicant. The Department consulted with counsel on the 16 March 2016 and the answering affidavit had been filed. The parties met on the 26 May 2016 and agreed that the plaintiff must write to the Department with their proposal on resolving the matter, such proposal has not been received. Therefore should judgment be granted against the Department; the Department will be ordered to pay the claimed amount or provide a confirmatory to SARS that the payment was erroneously made to SARS



- 30.1.2** JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd where the Plaintiff sues both Defendants (RBF Engineering and the Department) for services rendered in terms of a contract for the supply, manufacture, delivery, installation, testing and commissioning by the Plaintiff and RBF of MV and LV Electrical installation for Tugela-Mhlathuze Emergency Transfer following a tender process. The matter pertains to 1998; the Department is defending the matter. The instructions to the State Attorney sent on 18/12/2014 to advise whether the Department should bring an application for dismissal for the delay in prosecuting this matter and to have this matter finalized. The State Attorney advised that DWS should pend this matter until such time there is a reaction from the Plaintiff.
- 30.1.3** 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 postponed 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.
- 30.1.4** Kwinana & Associates vs DWS. Case originated in the 2014/2015 financial year. A Summons issued against the Department for failure to pay for service rendered in terms of contract to provide a compendium of accounting services to effect financial turnaround for the Revenue Collection sub-directorate. Notice of intention to defend was filed. The state attorney has been requested to appoint a counsel on this matter. We requested further particulars from the plaintiff. The plaintiff did not respond and an application to compel to provide further particulars was done and heard on the 17 August 2015. Rule 35 notice has been served and filed.
- 30.1.5** 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.
- 30.1.6** Bigen Africa vs. DWS. Matter originated in the 2016/2017 financial year. Bigen Africa submitted invoices for the work done in respect of the construction monitoring works and defects liability applicable to the construction. The invoices are not disputed, save to indicate that the budget for payment has been reallocated. The DWS has offered to settle this matter out of court. We received summons and the Plaintiff's Claim is for a total amount plus interest starting from 10 September 2015 for breach of contract as a result of failure to pay advance payment. State Attorney received summons claiming an amount for breach of contract.
- 30.1.7** Sehlagola Nko Ditedu Trading Enterprise CC vs DWS. Matter originated in 2015 - Application to direct the DWS to issue a Purchase Order after the DWS instituted Review Application to the High Court to review and set aside the decision to award the Contract to Sehlagola Nko Ditedu Trading Enterprise CC. DWS has filed notice to oppose the application. Sehlangola has applied to the High Court for the consolidation of the two cases. The matter is set down specifically for this purpose on 31 May 2017. The DWS is not opposing the application.
- 30.1.8** Noko Airlink vs DWS. The applicant disputes the decision of tender evaluation committee for not awarding the tender to them as allegedly claimed that there were the most suitable candidate in terms of DWS preferential scoring system.
- 30.1.9** Geldenhuis J Mulder vs DWS. The applicant wants payment resulting of injuries sustained on 08 March 2012. The minor child was utilising the play facilities at Waterwese Kamp, Levubu which is the property belonging to the Minister. The swing broke and the minor child was injured. She was taken to the hospital by Mr Dick Viljoen (the departmental official) by his car and she was treated and released on the same day. The plaintiff in her summons alleges that the minor child was partially disabled and now permanently disabled.
- 30.1.10** Lodiwe 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 and Msinga Districts of KwaZulu Natal. Bicanon then appointed Lodiwe 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.
- 30.1.11** Roelof Jacobs vs DWS. The applicant is suing the Department for damages caused to his property as a result of fire which allegedly started from property of the Department
- 30.1.12** SCIP Engineering Group (Pty) Ltd vs DWS. The letter of demand from Smit Sewgoolam Inc demanding that the amount due by SCIP Engineering group for service rendered in terms of the contract must be paid.



- 30.1.13** Seeletso vs DWS. The Plaintiff served the Department with summons claiming damages following cancellation of contract due to non-performance.
- 30.1.14** Maragela Consulting vs DWS. The applicant is suing the Department for outstanding payment on the invoice.
- 30.1.15** Re Ba Thari Trading and Enterprise vs DWS. The applicant demand payment for the breach of contract by DWS.
- 30.1.16** 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.
- 30.1.17** Other claims against the state - WTE is the defendant to various small claims below an amount of R1 million each against it instituted by various companies.

Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R72.110 million excluding interest of approximately R7.211 million at current lending rate of 10.00%.

31	Contingent assets	2019	2018
			Restated
		R'000	R'000
	Legal claims		
31.1	Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane.	2 843	2 843
31.2	Department of Water and Sanitation vs. Metrics Industrial Supplies CC.	30 000	30 000
31.3	Department of Water and Sanitation vs. Bodust Trading Enterprise CC.	336	336
31.4	DWS vs Sehlagola Nko Ditedu Trading Enterprise CC.	2 765	2 765
31.5	DWS vs Martin Nero.	82	82
		36 026	36 026
		36 026	36 026

The WTE have legal claims against several companies of which the outcome is still uncertain :

- 31.1** 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.
- 31.2** DWS vs Metric Industrial Supplies cc. The department issued summons arising from fraudulent invoices in which the Defendant was paid money for services it did not render. Further consultation with Counsel will take place to amend the particulars of the claim.
- 31.3** DWS vs Bodust Trading. The Department issued summons against Bodust Trading as the Department had erroneously made a payment into the bank account of the Respondent who appears on the database of the Department.
- 31.4** DWS vs Sehlagole Nko Ditedu Trading Enterprise cc. The DWS has filed Review Application with the High to set aside the award awarded to Sehlagola Nko Ditedu Trading Enterprise in respect of the Contract. In turn the Respondent has filed an application to direct the DWS to issue a Purchase Order iro the award. DWS has filed notice to oppose the application. Sehlagola has applied to the High Court for the consolidation of the two cases.



31.5 DWS issued a letter of demand for the amount paid for petrol, toll gates and kilometres as a result of misuse of state vehicle.

32	Irregular expenditure	2019	2018
			Restated
		R'000	R'000
32.1	Reconciliation		
	Opening balance	4 897 031	3 265 038
	Add: Irregular expenditure - current year	579 117	1 192 004
	Add: Irregular expenditure - prior year	1 881 275	439 989
	Less: Amounts condoned	-	-
		7 357 423	4 897 031
	Less: Amounts recoverable (not condoned)	-	-
	Less: Amounts not recoverable (not condoned)	-	-
	Irregular expenditure awaiting condonation	7 357 423	4 897 031
	Analysis of expenditure awaiting condonation per age classification		
	Current year	579 117	1 192 004
	Prior years	6 778 306	3 705 027
	Total	7 357 423	4 897 031



32.2 Details of Irregular Expenditure		2019	2018
			Restated
		R'000	R'000
Incident	Disciplinary steps taken / criminal proceedings		
Award made to non- tax complaint supplier	Under investigation	-	25
Quotations awarded not in accordance with the prescribed preference point system	Under investigation	-	433
Unfair awarding of work to suppliers	Under investigation	-	1 557
Competitive bidding process not followed	Under investigation	-	178 233
Services to support and maintain SAP ECC not procured through SITA	Under investigation	62 969	62 824
Deviations approved not in accordance with Treasury Regulations	Under investigation	148 035	303 020
Award of bid not in accordance with approved specification	Under investigation	94 150	290 805
The Departmental Bid Adjudication Committee quorum was not obtained	Under investigation	70 255	57 675
Actual expenditure incurred exceeded the contract amount.	Under investigation	-	1 733
Change of scope of work after award and not all members of BEC were approved	Under investigation	25 700	58 737
Companies listed share the same telephone numbers therefore owned by the same person	Under investigation	-	216
Contract signed by an unauthorised official and without legal vetting by legal services	Under investigation	-	9 852
Internal memo for payment through sundry approved an official who exceeded the allowable delegation to approve sundry payments.	Under investigation	-	28 430
Specification did not include the minimum threshold for local production and content	Under investigation	-	255
No declarations were made by the directors that they are employed by the state	Under investigation	25 300	5 703
No evidence of approval of variation orders could be obtained	Under investigation		60 896
Payment process through sundry with no prior approval granted by delegated official	Under investigation	-	1 068
Procurement above R500 000 not done through competitive bidding (National Treasury is to provide further clarity regarding the definition of consultancy services)	Under investigation	979	127 766
Procurement from one service provider not duly approved	Under investigation	-	39
Supplier did not declare on the SBD 4 that he / she owns two companies	Under investigation	-	46
Supplier status is liquidation	Under investigation	-	12



The Central Supplier Database was only checked and printed after the quotation was sourced from the supplier	Under investigation	-	34
The contract has no end date	Under investigation	14	3
Expenditure exceeding original excess of the approved contract or quoted amount or no contract in place or contract expired	Under investigation	1 095	-
Bid evaluation not consistent with the approved evaluation criteria	Under investigation	2 410	2 642
SCM Process not followed- Winning bidder not awarded as they were not registered with CSD	Under investigation	24	-
Contract varied by more than 20% without National Treasury pre-approval	Investigation to be conducted	526	-
Procurement through a quotation which exceeded the quotation threshold of R500 000	Under investigation	919	-
There was no provision of CPIX initially included in the principal contract and tender documents, however management agreed and signed an addendum for additional payments which are not justified	Investigation to be conducted	18 225	-
Not Annexure B of Finance Circular 1 of 2015 - Payment made through sundry	Under investigation	121 529	-
SCM Process followed not in line with SCM Prescripts	The official has since left the department	6 987	-
		579 117	1 192 004

The irregular expenditure amount was adjusted with prior year expenditure incurred in 2017/2018 of payments made through sundry



32.2 Details of Irregular Expenditure condoned		2019	2018
			Restated
		R'000	R'000
Incident	Condoned by (condoning authority)		
Advanced payment was done whereas provision was not made for such in the conditions of contract. Officials did not have delegations to approve payments.	Director-General	-	-
Expenditure exceeding original contract amount / or no contract in place	Director-General	-	-
Use of transversal contract illegally	Director-General	-	-
Procurement of goods and services without following the proper SCM procedures	Director-General	-	-
Request for ex post facto approval	Director-General	-	-
Splitting of orders to circumvent SCM policies and procedures	Director-General	-	-
Non-compliance with Treasury Regulation for the procurement in excess of R500 000,00		-	-
		-	-

33 Fruitless and Wasteful Expenditure		2019	2018
			Restated
		R'000	R'000
Reconciliation			
Opening balance		1 023 702	489 591
Prior period error		-	-
As restated		1 023 702	489 591
Add: Fruitless and wasteful expenditure - current year		692 624	534 111
Add: Fruitless and wasteful expenditure - prior year		-	-
Less: Condoned or written off by relevant authority		-	-
Less: Transfer to receivables for recovery (not condoned)		-	-
Less: Amounts not recoverable (not condoned)		-	-
Fruitless and wasteful expenditure closing balance		1 716 326	1 023 702



Incident	Disciplinary steps taken / criminal proceedings		
Losses incurred relating to external projects	Transaction under investigation	168 500	89 855
Abnormal costs incurred relating to internal projects	Transaction under investigation	498 518	416 605
Interest expenditure incurred on overdue accounts paid to Eskom, municipalities, etc.	Transaction under investigation	121	218
Interest expenditure incurred on the expropriation of land	Transaction under investigation	8 929	2
Interest expenditure incurred on overdue accounts paid to banks for petrol cards	Transaction under investigation	63	31
Interest expenditure incurred on pension payout	Transaction under investigation	17	9
Mopani emergency project	Transaction to be investigated	13 864	26 873
Expenditure Incurred on the appointment of the approved professional person (APP)	Transaction to be investigated	2 265	-
Legal costs incurred due to breach of contract	Transaction to be investigated	-	518
Interest expenditure incurred on overdue accounts paid to Professional Service Providers (PSP)	Transaction to be investigated	347	-
		692 624	534 111

The interest expenditure incurred on overdue accounts to Eskom is under deliberation and the Department has engaged with Eskom to reverse the interest charged where the Department has paid within 15 days of receipt of Eskom invoices. The major contributors towards the Abnormal costs /losses are the expenditures which couldn't be capitalised to the asset which are inclusive of Compensation of Employees, Accommodation for officials (including Subsistence and Travel Allowances), Equipment Charge-out rate, Security Services, Standing Times, Consumables and Overheads

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 2019. As a results of these errors WTE has adjusted all affected comparative amounts presented in the current period's Annual Financial Statements as affected by these prior year accounting errors.

The nature of the prior period errors mainly relate to the following items:

- (a) **Infrastructure assets** - The infrastructure projects were completed in prior year but costs relating to these were not transferred from AUC to the asset register due to insufficient documentation available to inform the necessary transfer. Other movable assets were picked up on floor during assets verification which were not accounted for in the asset register. These are classified as post capitalisation where cost relating to these assets and its associated depreciation were taken into account. This resulted in decrease in Property, Plant and Equipment(PPE) **R136.438 million in 2016/17** and **R497.325 million in 2016/17** and also an increase in Depreciation on PPE of **R136.438 million in 2017/18** and **R135.022 million in 2016/17**.
- (b) **Finance cost** - the adjustment of R1.800 billion for 2017/18 and R3.375 billion in 2016/17 is as a result of a change in interest allocation between TCTA projects' financial model on Vaal River System (VRS) and other projects. The adjustment impacted on accumulated surplus's opening balances.



- (c) **Impairment on financial assets** - The amount of R308.545 million relates to the WRC debts that has been assessed and found to have been impaired and this has also impacted accumulated surplus/loss opening balances.
- (d) **Operating expenditure** - *These are mainly TCTA Acid Mine Drainage project invoices accrued in 2017/18 period of R287.283 million that were erroneously not accrued and R1.149 billion for 2016/17 that was previously capitalised in error that in fact relate to repairs and maintenance. These adjustment(s) impacted on accumulated surplus's opening balance.*
- (e) **Other financial liabilities current and non-current** - The Trans Caledon Tunnel Authority (TCTA) made amendments to the projects financial models. The opening balances were restated as per 2017/18 restated financial models from TCTA. The adjustment is a re-allocation between current and non current financial liabilities and it impacted the opening balance of liabilities in the statement of financial position. The net effect on these changes has resulted in an increase in Net Liability of R 2.441 Billion in the year 2017/18 and R 2.482 Billion in the year 2016/17.
- (f) **Payables from exchange transactions current** - These are mainly TCTA Acid Mine Drainage project invoices accrued in 2016/17 period of R76.488 million that were erroneously not accrued. R630.444 million is due to the contract closure, cancelled accounts, revenue accrual adjustments that impacted on Water Research liability. The adjustment(s) impacted on payables from exchange's opening balances. Further to this, LHWP II tariffs were included in the approved tariff before completion of the asset, and as such accounted for as Income received in advance resulting in the increased payables from exchange transactions.
- (g) **Receivables from exchange transactions** - The decrease in trade receivables of R997.482 million for 2017/18 and R266.627 million for 2016/17 is due to the closed, contract closure, cancelled accounts, revenue accrual reversals and prior billings/adjustments that were accounted for in the current year that relate to prior years and this has been back dated back to prior years. The adjustment(s) impacted on Receivables from exchange transactions' opening balances.
- (h) **Revenue from exchange transactions** - *The amount of R369.456 million for 2017/18 and R1.583 billion for 2016/17 is due to the closed, contract closure, cancelled accounts, revenue accrual reversals and prior billings/adjustments that were accounted for in the current year that relate to prior years and this has been back dated back to prior years. This has also been impacted by the reduction in revenue emanating from an increase in Income received in advance (LHWP II tariffs were included in the approved tariff before stage of completion of the asset, and as such accounted for as Income received in advance). The adjustment(s) impacted on accumulated surplus's opening balances.*



2018 2017

The impact of these errors is summarised below and the details are as follows:

Increase/(Decrease) in assets	(819 407)	(763 952)
(Increase)/Decrease in liabilities	1 517 981	1 271 610
<i>Increase/((Decrease) in net assets</i>	698 574	507 659

Represented by:

(Increase)/Decrease in accumulated surplus:

(Increase)/Decrease in revenue	369 456	1 583 354
Increase/(Decrease) in expenses	(1 068 030)	(2 221 431)

Effect on surplus/deficit **(698 574)** (638 077)

Effect on opening reserves **(638 077)** -

(1 336 651) (638 077)

2018 2017

34.1 The following is the summary of corrections made in prior years to correct errors discovered to ensure completeness and accuracy of Annual Financial Statements:

Other financial liabilities: current	(2 036 755)	1 553 862
Other financial liabilities: non-current	4 478 148	928 867
Payables from exchange transactions: current	(923 412)	(1 211 118)
Property, plant and equipment	178 075	(497 325)
Receivables from exchange transactions_current	(997 482)	(266 627)
	698 574	507 659

Depreciation, amortisation and impairment **136 438** 135 022

Employee benefit costs - (130 418)

Finance cost **(1 800 296)** (3 374 742)

Impairment on financial assets **308 545** -

Operating expenditure **287 283** 1 148 707

Revenue from exchange transactions **369 456** 1 583 354

(698 574) (638 077)

Effect on opening reserves **(638 077)** -

(1 336 651) (638 077)



35 **Changes in accounting estimates**

Changes in accounting estimates are applied prospectively in accordance with GRAP requirements. The following changes were applied:

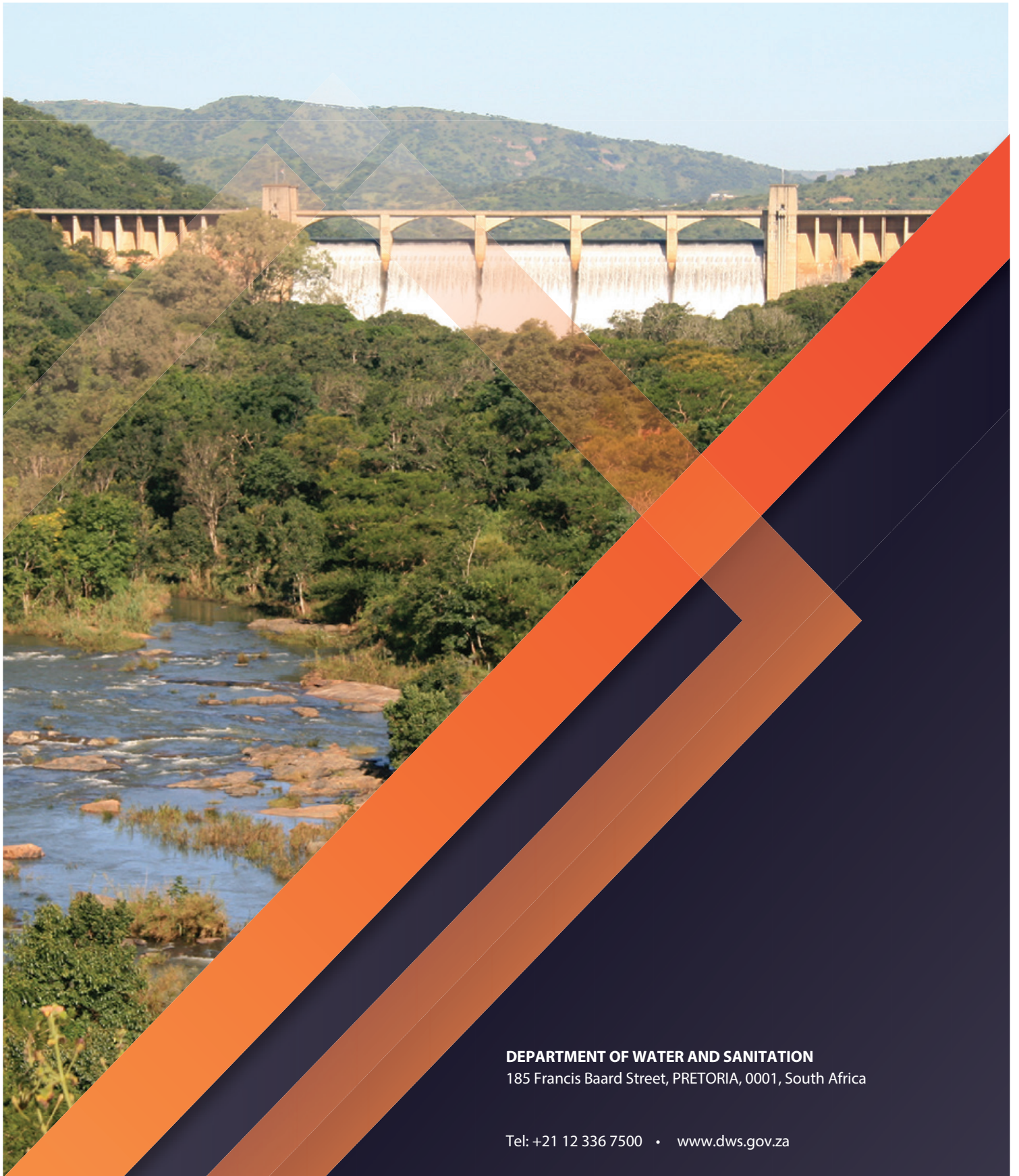
Other receivables

The change in accounting estimate relates to a change in method used in calculating the probability percentage of impairment of debtors. The entity reconsidered the use of 5% recovery rate while calculating the probability percentage of impairment in line with the requirements of GRAP 3. The change in accounting estimate was applied prospectively and will only affect the current year's period and future periods. The change in accounting estimate was further related to downward movement in provision for impairment on other receivables (Staff and sundry receivables). The impact of the changes in accounting estimates amounts to R290.608 million in the current financial year.

Infrastructure

The remaining useful lives of all assets were assessed during the year. A change in accounting estimate was effected in relation to assets whose remaining useful life was increased / decreased for assets still in use. The effect of the change in accounting estimate on the current year's results was a decrease in the current year's surplus by R27.261 Million.





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