



2021 | 2022  
FINANCIAL YEAR

# Annual Report

DEPARTMENT OF WATER AND SANITATION

VOTE NO 41



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# PART A: GENERAL INFORMATION

## 1 DEPARTMENT GENERAL INFORMATION

<b>PHYSICAL ADDRESS</b>	185 Francis Baard Street Pretoria 0001
<b>POSTAL ADDRESS</b>	Private Bag X313 Pretoria 0001
<b>TELEPHONE NUMBER</b>	(012) 336 7500

## 2 LIST OF ABBREVIATIONS/ACRONYMS

Abbreviation/Acronym	Description
AGSA	Auditor-General of South Africa
AMCOW	African Ministers' Council on Water
AMD	Acid Mine Drainage
APP	Annual Performance Plan
APFs	Annual Partnership Fora
AU	African Union
BAS	Basic Accounting System
BEP	Bucket Eradication Programme
BGCMA	Breede-Gouritz Catchment Management Agency
BNCs	Bi-National Commissions
BWS	Bulk Water Supply
CFO	Chief Financial Officer
CLLS	Coega Low Level Scheme
CMA	Catchment Management Agency
COGTA	Cooperative Governance and Traditional Affairs
CRM	Customer Relationship Management
CTA	Certificate in Accounting Theory
DBSA	Development Bank of South Africa
DDM	District Development Model
DG	Director-General
DIRCO	Department of International Relations and Cooperation
DM	District Municipality
DoRA	Division of Revenue Act
DPME	Department of Planning Monitoring and Evaluation
DWS	Department of Water and Sanitation
EA	Executive Authority
ECSA	Engineering Council of South Africa
EH&W	Employee Health and Wellness
EME	Exempted Micro Enterprise
ERP	Economic Reconstruction and Recovery Plan
EWSETA	Energy Water Sector Education and Training Authority
FOCs	Foreign Office Consultations
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GOL	Government of Lesotho
GRAP	Generally Recognised Accounting Practice
GI	Graduate Intern
HDI	Historically Disadvantaged Individual
HR	Human Resources
HRD	Human Resource Development
HYDSTRA	Hydrological Information System
ICT	Information and Communications Technology

Abbreviation/Acronym	Description
IRIS	Integrated Regulatory Information System
IRR	Institutional Reform
IUCMA	Inkomati-Usuthu Catchment Management Agency
JCs	Joint Commissions
JSMC	Joint Study Management Committee
KOBWA	Komati River Basin Water Authority
L-BWT	Lesotho-Botswana Water Transfer Project
LHDA	Lesotho Highlands Development Agency
LHWC	Lesotho Highlands Water Commission
LHWP	Lesotho Highland Water Project
LIMCOM	Limpopo Watercourse Commission
LNW	Lepelle Northern Water
MoU	Memorandum of Understanding
MP	Member of Parliament
MPAP	Municipal Priority Action Plan
MTEF	Medium Term Expenditure Framework
MuSSA	Municipal Strategic Self-Assessment
NA	National Assembly
NACH	National Anti-Corruption Hotline
NCOP	National Council of Provinces
NDP	National Development Plan
NEPAD	New Partnership for Africa's Development
NMBM	Nelson Mandela Bay Municipality
NT	National Treasury
NWA	National Water Act
NWRS	National Water Resources Strategy
NW&SMP	National Water and Sanitation Master Plan
OCSLA	Office of the Chief State Law Advisor
ODG	Office of the Director-General
OHS	Occupational Health and Safety
OKP	Orange Knowledge Programme
ORASECOM	Orange-Senqu Commission
ORWRDP	Olifants River Water Resource Development Project
OSD	Occupation Specific Dispensation
PAT	Performance Assessment Tool
PFMA	Public Finance Management Act
PGA	President of the General Assembly
PLATO (SAGC)	Geomatics Council for Surveyors-(Formerly known as PLATO)
PPE	Personal Protective Equipment
PSC	Public Service Commission
PSP	Professional Service Provider
QSE	Qualifying Small Enterprise
RID	Record of Implementation Decisions

Abbreviation/Acronym	Description
RQO	Resource Quality Objective
RWU	Regional Water Utilities
SAAFWUA	South African Association for Water Users Associations
SACNSP	South African Council for Natural Science Professions
SADC	Southern African Development Community
SANWATCE	Southern African Network of Water Centres of Excellence
SAP	System Application and Products
SCM	Supply Chain Management
SDGs	Sustainable Development Goals
SITA	State Information Technology Agency
SIU	Special Investigating Unit
SMME	Small Medium Micro Enterprise
SMS	Senior Management Service
SOE	State-Owned Enterprises
SOMs	Senior Officials Meetings
TCTA	Trans Caledon Tunnel Authority
VIP	Ventilated Improved Pit Toilet
VRS	Vaal River System
WARMS	Water use Authorization & Registration Management System
WCWDM	Water Conservation Water Demand Management
WDCS	Waste Discharge Charge System
WRC	Water Research Commission
WSA	Water Service Authority
WRA	Water Research Act
WSIG	Water Services Infrastructure Grant
WSS	Water Supply System
WTE	Water Trading Entity
WTW	Water Treatment Work
WUAs	Water Use Authorities
WWTW	Wastewater Treatment Work





### 3 FOREWORD BY THE MINISTER

Mr S Mchunu (MP)  
Minister of Water and Sanitation

In pursuit of and in keeping with the requirements of the Constitution and relevant legislation guiding the delivery of the mandate of the Department of Water and Sanitation, it is time to report to the people of South Africa on the work undertaken by the department in the period under review. The work of the department, central as it is to all socio-economic development, is also critical for the delivery of water and sanitation as basic services to the populace.

This work is guided by legislation in the form of the National Water Act (NWA), Water Services Act (WSA), and the Water Research Act (WRA). It is also guided by the Constitution in the form of the rights of South Africans as enshrined in the Bill of Rights, which underpins and emphasises rights as set out below:

- Section 10 - “everyone has inherent dignity and the right to have their dignity respected and protected.” This provision applies to both water and 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) - 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 and dignified sanitation.

We acknowledge that we are a society that still has remnants of our historical distortions. We fully understand the realities of a country of two economies, where the economic inequalities are a hinderance to inclusivity and the levelling of the playing fields. We also observe that access to services is still skewed towards the affluent and the urban, while the township, informal and rural settlements still battle huge backlogs. Therefore, we fully appreciate that as a basic services delivery department, the DWS cannot avoid being in the eye of the storm due to the inherent inequalities. However, we know very well that the work of the department is meant to be an equaliser across class, race, colour, and creed.

The provision of water in the country encounters many challenges. The population continues to grow, economic activity increases, annual rainfall continues to be unpredictable, while the negative impact of climate change becomes a reality daily. The effects of these become worse when faced with an under-performing local government and the inability to spend available financial resources, however small, thus resulting in public discomfort and instability due to a lack of progress regarding operations and maintenance of government’s infrastructure, particularly that of water and sanitation.

The inability to spend results in the misfortune of the current state of ageing infrastructure. Where some of the infrastructure may not be old, the dismal and inadequate maintenance, particularly municipal infrastructure, is an ‘Achilles Heel’. At the same level, there is slow delivery of new infrastructure development. The outcome thereof is the slowing down of access to water for many of our people.

Notwithstanding coming into a completely new Ministry in the middle of the financial year, this Ministry has worked very hard to ensure that there is a semblance of respectability in the report as presented. We made it our first intention to stabilise the department by first ensuring that the critical positions at Senior Management Level are filled, more so those of the Director-General (DG) and Chief Financial Officer (CFO). The other senior management positions at the level of Deputy Directors-General have also been filled. The filling of these posts was done hand in glove with the ideal of ensuring the incumbents would be fit for the purpose of the post/s to be occupied as per the latest organisational structure.

While recognising that since the advent of the democratic dispensation, a lot of good work has been done, we acknowledge that what has been lacking has been the co-ordination of efforts across all three spheres of government to ensure the delivery of water and sanitation is a seamless process. Historically, DWS has focused more on the planning, delivery, and operation of national water resource infrastructure (such as major dams and associated infrastructure) than on municipal water and sanitation services. However, as is evident in this report, many municipalities are failing to deliver water and sanitation services according to national norms and standards and the situation is generally deteriorating.

Being without provincial competency required a creative approach to the work before the new Ministry to be able to engage with provincial and local government structures to assist in the delivery of water. I must say this programme is working very well and beginning to yield positive results. Going forward, we plan optimal use of the legislative framework; some reconfiguration of Water Boards; positioning of reconfigured Boards to work closely with Municipalities with regards to ensuring capacity for service delivery; development and implementation of rolling plans for providing support and intervention for water and sanitation services to municipalities, drawing on a range of national support programmes; and partnerships with the private sector that includes funding as well as technical and managerial expertise.

It was also humbling to receive a warm reception from colleagues at the Executive level that not only attended but participated fully during the Water and Sanitation Summit of 18 – 19 February 2022. Their support and inputs helped us to shape the way forward for the department, notwithstanding that half the financial year had already happened. Their inputs and those of the sector partners and the private sector participants were not just humbling but also truly enriching to the process and to the programme of the department going forward.

Generally, we made sure that the work that is undertaken by the department ensures that the basic mandate of the department is carried out with absolute and dedicated focus. During our provincial working sessions across the country immediately after the appointment of a free-standing Ministry in August 2021, it was also apparent that there is a great deal of water losses resulting in high non-revenue water figures and lack of - or reduced delivery of water and sanitation services, as well as high levels of pollution of the country's watercourses and the environment.

This report is on the work that has been done in line with what the DWS agreed with Parliament as its areas of focus for the year under review. These are indicated in the following outcomes:

- Efficient, effective and development orientated department
- Ecological infrastructure protected and restored
- Water demand reduced and water supply increased
- Water and sanitation services managed effectively
- Enhanced regulation of the water and sanitation sector
- Water redistributed for transformation

We are also determined to support all the work done by the department and the law enforcement agencies to unravel the disciplinary processes that bedeviled the department, leading to low morale and a lack of urgency in ensuring timeous delivery of projects, and thus service delivery within budget.

Various programmes of the Department continued to perform relatively well. As shall be seen in this Report, these programmes have produced varying but encouraging levels of achievement, with the Administration programme largely over-achieving in most of its ideals with some errors that have been identified with an intention to turn these around. The Water Resources Management Branch has seen a mixed result of its overall performance with some targets being met, while others have not and therefore had to ensure recovery plans are put in place. Our Water Services Management programme also achieved a lot, but we are of the firm understanding and belief that until such time as the last South African can access water from a tap, and has access to dignified sanitation, whether waterborne or alternative but definitely not the bucket nor the pit or even the revered VIP, the work of the department will be far from satisfactory, never mind over! As indicated in this Report, our programmes generally performed well during the period under review.

I would like to take this time to appreciate the support of Parliament through the Portfolio and Select Committees of both Houses for the robust engagement, guidance and being eyes and ears for the Department. I must appreciate the support of the two Deputy Ministers, Hon. Mahlobo and Magadzi, for being there every step of the way, advising and assisting. By extension this goes to the Ministry team, the water sector in its entirety, Water Boards, Water and Catchment Management Agencies, and the private sector. To the Director-General, Dr Sean Phillips and the Executive Team at the Department of Water and Sanitation, not forgetting the rest of the DWS family, thank you and you are most appreciated. Let us not forget that in effect every waking hour means the work has not been concluded.

Best regards,



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

**Date: 05 September 2022**



## 4 DEPUTY MINISTERS STATEMENTS

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

One of the realities of being in a Ministry is that the first and most important responsibility is that of service. The service of the Ministry and Department of Water and Sanitation straddles all sectors of the lives of South Africans. As we say in the Department, the services we are responsible for are central to all socio-economic development.

The Department has also been identified as crucial for the country's Economic Reconstruction and Recovery Plan. This implies that as a Ministry, Department, and sector, we cannot let our guard down. It is all shoulders to the wheel, all the time.

What we have concluded is that we cannot be content with optimally operating and functional bulk services, while there are parts of the country that are still water starved. As Minister has encouraged us, the work of the Ministry and Department would not have concluded unless and until there is water out of a

tap, notwithstanding where or who.

I am pleased that the country's cry about the long time it took to finalise water use applications has been heard, and a serious reduction of the timeline to three months or ninety (90) days is now in place and working. The impact on the economy is huge and far-reaching.

While we continue to facilitate the quick turnaround regarding water use licenses, it is unfortunate and unwelcome that we continue to discover the flagrant abuse and flouting of the conditions of licenses. The Compliance Monitoring and Enforcement have their work cut out in working to ensure compliance and enforcing the rule of law. We are continuing with the process of verification and validation at the same time as this is essential for the ultimate goal of ensuring equitable access. We must do this to support all economic and social activities with a particular emphasis on the resource poor and emerging farmers.

Our emphasis on the quality of water is not to be sneezed at. Good quality water at source has positive impact on the environment and users all round, whether for recreation, religious or traditional activities, we can all benefit. Therefore, all pollution is unwelcome and must be reported timeously. As the Department, we do have a responsibility in line with the polluter pays principle to ensure protection of the environment, lives, and livelihoods.

I am pleased to inform the country that we are not in any way going to shirk our responsibilities in so far as the safety of our infrastructure is concerned. Therefore, the Dam Safety unit remains critical in all respects of ensuring our dams are in absolute optimal operating mode. We cannot afford any disaster that might emanate from failed infrastructure, that would be too ghastly to contemplate and experience.

This does not mean the country cannot experience the misfortune of natural disasters like the recent floods and droughts due to the force of nature. As a country we have mechanisms to respond to such, but it is correct that these can never be absolute.

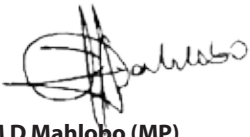
South Africa remains a water-scarce country. We receive less than world average rainfall. While we exhort all consumers to reduce demand and use water sparingly, we are ensuring that the capacity to know and understand the behaviour of the country's resources is top notch. It is important that the country's water resources monitoring programmes and information systems are reviewed and maintained keenly and timeously. This would not just help us but would also inform our responses in times of need, as well as impact on our relationships with the country's neighbouring with whom we share trans-boundary watercourses. We are guided in this regard by the SADC Protocol on Shared Watercourses.

I am truly blessed and honoured to be a part of this critical Ministry led by Minister Senzo Mchunu, in collaboration with my counterpart, Deputy Minister Magadzi.

Great thank you to DG Dr Phillips. Stability in your office has helped make the load easier. The Executive Management of the DWS, together with the rest of DWS, the sector and partners, I implore you to keep focused on the bigger goal, that of ensuring the basic services of delivering secure access to water and dignified sanitation remains in the crosshairs.

To the colleagues, in my office and the Ministry broadly, you are most appreciated.

I must applaud my wife and family for all the love and support throughout this journey.

A handwritten signature in black ink, appearing to read 'M D Mahlobo', with a stylized circular flourish on the left side.

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

**Date: 05 September 2022**



## DEPUTY MINISTER STATEMENTS

**Ms D P Magadzi (MP)**  
Deputy Minister of Water and Sanitation

This statement serves to give an account regarding performance of our department for the year under review, that is 2021/2022 financial year. Our mandate as set out in the National Water Act of 1998 and the Water Services Act of 1997, is to ensure that the country's water resources are protected, managed, used, developed, conserved, and controlled by regulating and supporting the delivery of effective water and sanitation

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

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

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

I wish to say to South Africans that we have seen considerable improvement in our engagements with our debtors with a positive impact on the department's financial recovery and turnaround strategy. This was achieved through several processes.

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

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

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

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

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

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

**Ms D P Magadzi (MP)**  
Deputy Minister of Water and Sanitation

**Date: 05 September 2022**



## 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 priorities that contribute to the realisation of government's outcomes. Through its various programmes, it continued its commitment to effectively manage the country's water resources to ensure equitable and sustainable socio-economic development and universal access to water and dignified sanitation.

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

#### Administration

The Department's learning academy was initiated in 2007 as a response to the specific skills shortage challenge affecting both the Department and the water sector. It is designed to meet specific organisational requirements, lead a sustained campaign to secure a steady supply of high-level skills in water-related science, engineering, and technical disciplines to meet projected demands. 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 these young graduates 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).

Through the learning academy's academic component, memoranda of understanding (MoUs) have been signed with twenty-three (23) institutions of higher learning nationally, with a provincial representation of: six (6) in Gauteng, four (4) in Western Cape, four (4) in Eastern Cape, three (3) in KwaZulu-Natal, two (2) in Free State, two (2) in Limpopo, one (1) in Mpumalanga and one (1) in the North West. For the period under review a total of sixty-three (63) new bursaries were awarded to learners within these institutions bring the cumulative total to 975 bursars since its inception. A further eighteen (18) learner interns completed their experiential training bringing the cumulative total to 325 since inception.

The learning academy's professional development component successfully placed thirty-five (35) graduate interns (GIs) in the Department during this period. A further forty-six (46) were offered permanent or candidate Occupation Specific Dispensation (OSD) positions within the Department after completing their respective rotational training and development programmes and upon registration where applicable. Since inception, a cumulative total of 841 graduate trainees were appointed into entry level contract or permanent posts in the Department. There are currently hundred and thirty-five (135) GIs in the programme.

During the period under review, the Department implemented its international relations programme that saw the continued implementation of international water resource management obligations with countries such as China, Cuba, Denmark, Japan and the Netherlands.

Within the official development assistance (ODA) area, the collaboration between the South African Local Government Association (SALGA), the Department and the Japan International Cooperation Agency (JICA) resulted in the development of the state-of-the-art training facility for municipal training on non-revenue water and reduction of water losses. A further participation within the Dutch government's Orange Knowledge Programme (OKP) saw water sector officials receiving scholarships to study Master of Business Administration in Water Management programmes through an action learning programme. Several officials also received targeted short training course supported by development partners as part of improving the capacity of the Department.

## Water Resources Management

The integrated planning sub-programme develops comprehensive plans for adequate water resource availability (i.e. quantity or quality) in an equitable and environmentally sustainable manner to guide infrastructure development, systems and services management in the water sector. For the period under review, reconciliation strategies for Integrated Vaal and Western Cape water supply systems (WSS) were completed to ensure the previously identified water requirements reconcile with the available water resources. Also, annual operating rules and specialist studies were completed for eight (8) WSS allowing for the reconciliation of annual water availability with the requirement schedules of these respective systems over the next water year period. The climate change risk and vulnerability assessments for the Phongola-Umzimkhulu and Berg-Olifants & Breede-Gouritz water management areas (WMAs) were also completed to allow for the development of adaptation options where required. To augment and increase the assurance of water supply, annual monitoring and evaluation reports were completed for Xhariep Pipeline, Clanwilliam Bulk Conveyance Infrastructure, and Lower Coerney Balancing Dam.

The water ecosystems sub-programme develops measures that protect water resources by developing water resource classes and determining resource quality objectives (RQOs) for river systems. This facilitates sustainable use of the water resources and maintaining ecological integrity, with specific reference to the maintenance and improvement of the present ecological state of the water resources. For the period under review, the implementation plan for the water resource classes, and RQOs for Thukela were finalised.

The water information management programme establishes, coordinates, and audits water resource monitoring networks/programmes as well as develops and maintains water information systems to create a knowledge base on all water aspects for informed decisions on water management. For the period under review, four water resource monitoring programmes and six (6) water and sanitation information systems were maintained.

The water resources infrastructure management sub-programme develops, rehabilitates, and refurbishes bulk raw water resources infrastructure to meet the socio-economic and environmental needs of South Africa. For the period under review, work was underway to construct the Hazelmere Dam bulk raw water project and the access road for the Mzimvubu water project. To support the maintenance plan, a total of 351 projects were completed with a further 312 projects completed as unscheduled maintenance. A total of 4,771-kilometre conveyance systems identified to be in a state of disrepair were rehabilitated. Also, the compliance with water supply agreements/authorisations was at 103%. Through the implementation of infrastructure projects, a total of 311 job opportunities were created.

The water resource policy and strategy sub-programme develops water resources management policies and procedures and reviews the implementation thereof. For the period under review, National Water Amendment Bill was submitted to the Office of Chief State Law Advisor (OCSLA) for initial certification. Also, the National Water Resources Strategy third edition (NWRS-3) was submitted to Cabinet for approval.

The water resources regulation sub-programme develops, implements, monitors and reviews water resource regulations particularly raw water pricing regulation; water use authorisation; compliance monitoring and enforcement; dam safety and resource protection and waste. For the period under review, two river systems were monitored for the implementation of resource directed measures and the river eco-status monitoring programme was implemented in 81 rivers.

Also, within the waste management environment, two catchment strategies and plans were developed for mine water and wastewater treatment works with one catchment plan implemented. The waste discharge charge system (WDCCS) was piloted in three water management areas.

In support of the development and implementation on the water resource regulatory prescripts, the 2022/23 raw water charges developed, and the 2021/22 Water Research Commission (WRC) levy approved. A total of 612 applications for water use authorisation finalised within regulated period. A further 338 water users were monitored for compliance with three hundred and twenty-four (324) reported non-compliant cases investigated. A total of 992 wastewater systems assessed for compliance with the Green Drop Regulatory requirements with 462 wastewater systems monitored against the Regulatory Requirements.



The water resources institutional oversight sub-programme is responsible for institutional governance and oversight of all water resource institutions and to facilitate their establishment and development. For the period under review, the performance of the Trans Caledon Tunnel Authority, the WRC, the Breede-Gouritz and Inkomati-Usuthu CMAs was evaluated. Also, the Draft legislation for establishment of the National Water Resources Infrastructure Agency was developed.

## Water Services Management

The water services and local water management sub-programme develops strategies, guidelines, plans and information management for water and sanitation across the value chain. For the period under review, the water balance data and information were collected from municipalities within eight (8) WSS. Also, to support the continuous assessment of water service authority performance, the national Municipal Strategic Self-Assessments (MuSSA) and the Municipal Priority Action Plan (MPAP) within water service authorities, metropolitan municipalities and secondary cities were completed. To support the sanitation regulatory environment, the draft national sanitation strategy integrated plan and the national faecal sludge management strategy for on-site sanitation were developed.

The regional bulk infrastructure grant sub-programme provides for the development of new infrastructure, and the refurbishment, upgrading and replacing of ageing infrastructure servicing extensive areas across municipal boundaries. For the period under review, a total of 128 regional bulk infrastructure project phases were under construction. The provincial breakdown is the Eastern Cape had twenty-four (24), the Free State had twenty-six (26), Gauteng had two (2), KwaZulu-Natal had nine (9), Limpopo had twenty (20), Mpumalanga had twenty-eight (28), the Northern Cape had five (5), the North West had eleven (11) and the Western Cape had three (3) project phases under construction. A further fifteen (15) project phases were completed; five (5) in the Eastern Cape, three (3) in Free State, one (1) in KwaZulu-Natal, five (5) in Mpumalanga, one (1) in North West.

The water services regulation sub-programme develops, implements, monitors and reviews water resource regulations particularly the water service authorities' compliance with water supply regulations. For the period under review, the 2022/23 bulk water tariffs developed to support the development of the water services regulatory prescripts. To support the compliance of water supply systems, a total of 1186 water supply systems were assessed for Blue Drop risk rating with a further 459 identified non-compliant water supply systems monitored against the regulatory requirements.

The water services policy and strategy develops water services policies, procedures, and reviews the implementation thereof. For the period under review, the draft WSA Bill was prepared to be sent to OCSLA for preliminary certification.

The water services infrastructure grant sub-programme provides for the construction of new infrastructure and the rehabilitation of existing water and sanitation infrastructure through the grant transfer of water services schemes to water service institutions. For the period under review, a total of 331 small water services infrastructure projects were under construction. The provincial breakdown is the Eastern Cape had forty-two (42), Free State had forty-five (45), Gauteng had seven (7), KwaZulu-Natal had forty-five (45), Limpopo had sixty-nine (69), Mpumalanga had forty (40), Northern Cape had forty-five (45), North West had seventeen (17) and the Western Cape had twenty-one (21) projects under construction. A further 72 water services infrastructure projects were completed: fifteen (15) in the Eastern Cape, nine (9) in the Free State, six (6) in Gauteng, six (6) in KwaZulu-Natal, eleven (11) in Limpopo, ten (10) in Mpumalanga, three (3) in Northern Cape, seven (7) in North West and five (5) in the Western Cape. Furthermore, the Vaal Intervention project is under implementation.

The water services institutional oversight sub-programme is responsible for institutional governance and oversight of all water services institutions and to facilitate their establishment and development. To support the streamlining of water services management institutional arrangements, the performance of nine (9) water boards was assessed against their shareholder compacts, business plans and quarterly reports.

## 5.2 Overview of the financial results of the Department

### 5.2.1 Departmental receipts

Departmental receipts	2021/22			2020/21		
	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	1830	1735	95	1 700	1 767	(67)
Transfers received				0	0	0
Fines, penalties, and forfeits				0	0	0
Interest, dividends and rent on land	1147	126	1 021	2 176	1 056	1120
Sale of capital assets	416	242	174	84	35	49
Financial transactions in assets and liabilities	2 671	3 672	(1001)	900	19 932	(19 032)
<b>Total</b>	<b>6 064</b>	<b>5 775</b>	<b>289</b>	<b>4 860</b>	<b>22 790</b>	<b>(17 930)</b>

### 5.2.2 Programme expenditure

Programme name	2021/22			2020/21		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 960 017	1 716 499	243 518	1 713 106	1 618 556	94 550
Water Resources Management	3 616 600	3 499 861	116 739	3 503 838	3 389 201	114 637
Water Services Management	12 158 440	9 987 154	2 171 286	11 777 347	9 494 856	2 282 491
<b>Total</b>	<b>17 735 057</b>	<b>15 203 514</b>	<b>2 531 543</b>	<b>16 994 291</b>	<b>14 502 613</b>	<b>2 491 678</b>

### 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

None.

#### 5.2.3.2 Requests for rollover

The Department requested to roll over the qualifying 2021/22 unspent funds of R381 million to the 2022/23 financial year. This will allow for the completion of various identifiable committed, contracted and/or accrued projects and activities which started in the previous financial year under the Water Resource Management programme.

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

Details per economic classification	Amount in R'000
Goods and services	381 479
<b>Integrated Vaal River System (VRS) pollution remediation intervention project:</b> Operational expenditure related to labour, purification, security, transportation and management of bio-solids, consumables and operations and maintenance of the Emfuleni Local Municipality's water and sanitation infrastructure.	381 479
<b>Total</b>	<b>381 479</b>

The table below summarises the rollover request per programme:

Programmes	Amount R'000
Water Resource Management	381 479
<b>Total</b>	<b>381 479</b>

## 5.3 New or proposed activities

None.

## 5.4 Supply chain management

The Department did not conclude any unsolicited bids for the 2021/22 financial year. There were, however, challenges experienced with some implementing agents that did not adhere to supply chain management (SCM) processes resulting in several cases of irregular expenditure.

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

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

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

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

Item	Amount
Faecal Sludge Management Strategy- sponsored virtual conference	33 508.40
Camera	800.00
Water bottle and two notebooks	350.00
<b>Total</b>	<b>34 658.40</b>

## 5.6 Exemptions and deviations received from the National Treasury

A total of twelve (12) deviations relating to sole supplier applications were processed and finalised for the financial year period under review. The various deviation applications were initially assessed by the demand management unit in order determine their sole supplier status and a detailed market analysis was undertaken prior to submission to the Departmental Bid Adjudication Committee (DBAC) and Accounting Officer for approval.

## 5.7 Events after the reporting date

On Tuesday, the 7th of June 2022, the National Treasury condoned the irregular expenditure previously incurred by the Department's Water Trading Entity in the amount of R 540.352 Million, this was after the entity complied with paragraph 56 (a-h) of the Irregular Expenditure Framework and section 38(1)(e)(iii) of the Public Finance Management Act.

## 5.8 Other

### 5.8.1 Background

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

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

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

#### 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 (2) components, namely Integrated Systems and Bulk Water Schemes.

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

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

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

## 5.8.2 Analysis of operating performance

### 5.8.2.1 Operating surplus

As shown in the figure below, financial statement of performance reflects an operating surplus of R7 228 billion for the period ended 31 March 2022. The operating surplus increased from R5 222 billion in the 2020/21 financial year to R7 228 billion in the 2021/22 financial year. The expenditure reflects a reduction R670 million when compared with prior financial year.

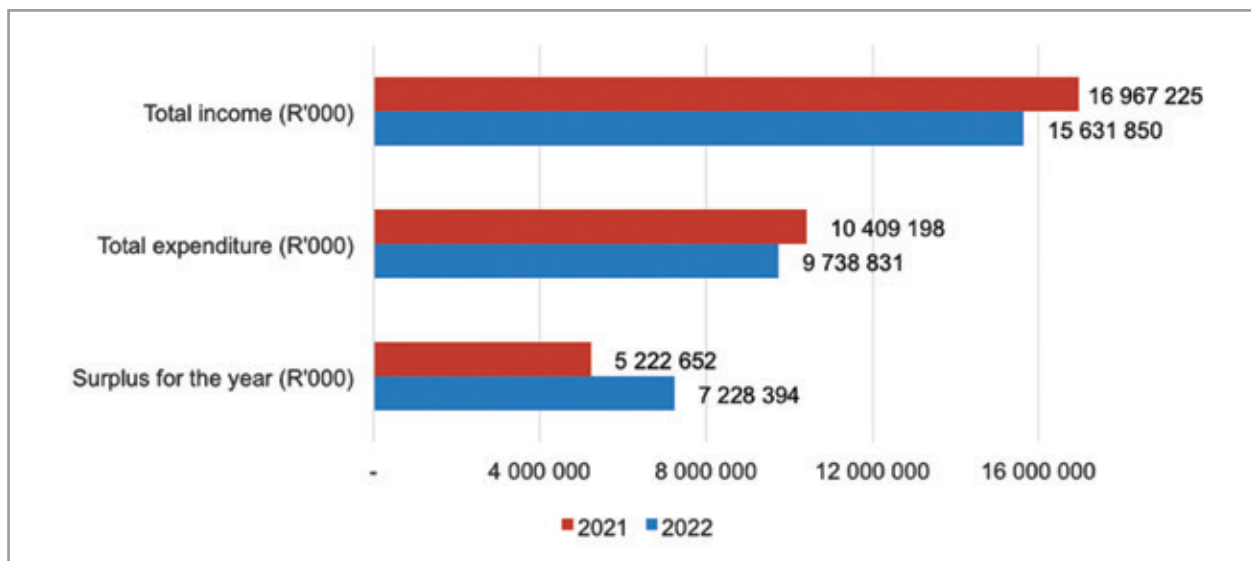


Figure 1: Operating surplus

### 5.8.2.2 Operating income (revenue) analysis

The figure below shows an increase of 8.7% of the revenue from sale of water compared to the prior year. This can be attributed to an annual water tariff and to the efforts the entity is making to improve its billing efficiency.

The construction revenue depicts an 8% increase during the period under review due to an improved project allocation. The augmentation allocation during the period amounted to R2.063 billion and other revenue amounted to R1.338 billion.

The 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.

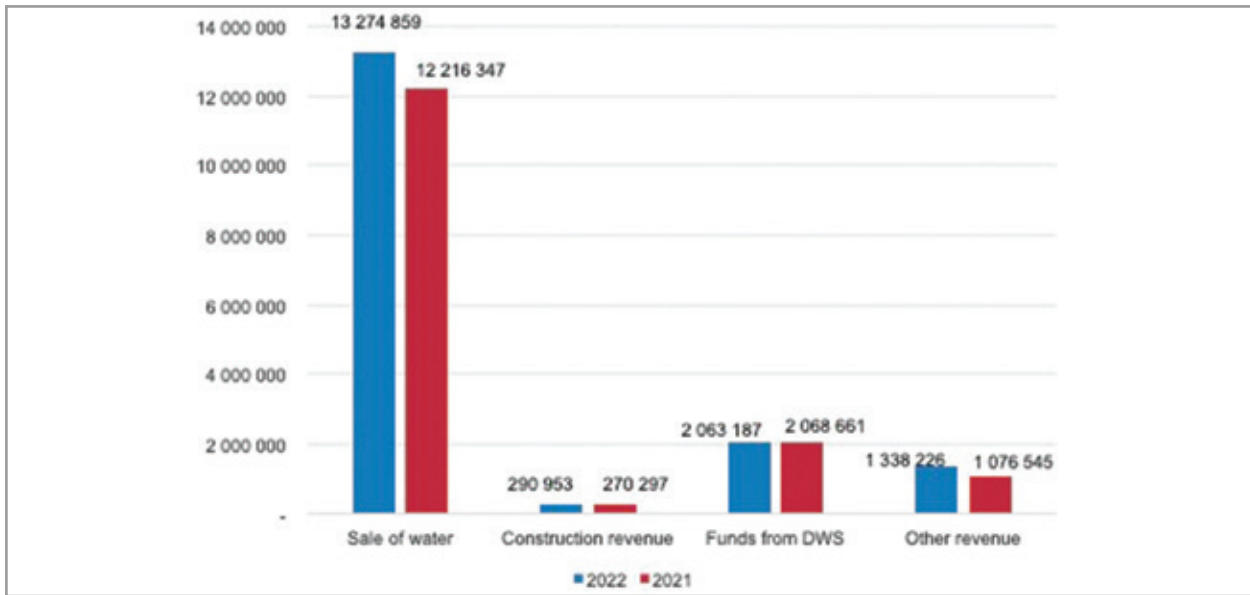
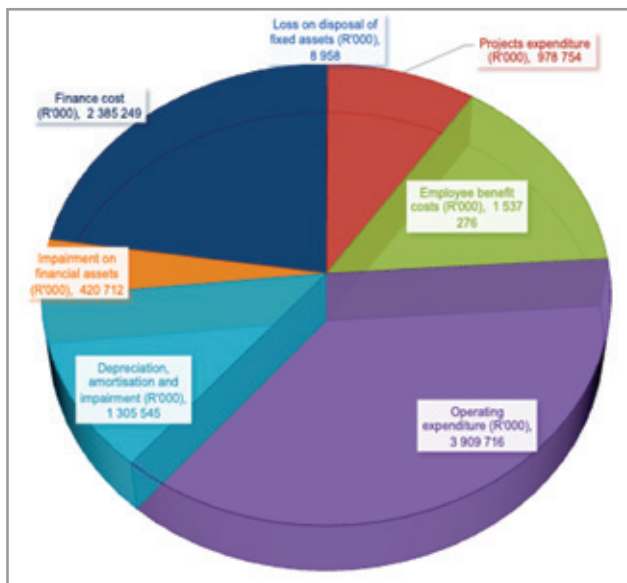


Figure 2: Revenue analysis

5.8.2.3 Total operating expenditure overview

The figure below shows that the total expenditure decreased by 9% during the period under review. This R10.409 billion in the 2020/21 financial year to R9.738 billion during the 2021/22 financial year can be attributed to the reversal of impairment of assets under construction amounting to R530 million.

The operating expenditure for the 2021/ 22 financial year amounted to R3.909 billion. The employee costs decreased by 5% because of larger position of construction units' salaries being capitalised to projects. The depreciation, amortisation and impairment decreased by 62% from R2.109 billion in the 2020/21 financial year to R1.305 billion in the 2021/22 financial year.



5.8.3 Liquidity

The current ratio of the entity has increased from 3.75:1 in the 2020/21 financial year to 5.19:1 in the 2021/22 financial year, which indicates that the entity has sufficient liquid assets to meet its short-term financial obligations.

	2021/22	2020/21
Current ratio	5.19:1	3.75:1

5.8.4 Cash flow from operating activities

From operating activities, the entity has a positive cash flow amounting to R6.754 billion which can be attributed to the

increased augmentation allocation and revenue collection.

**Figure 3: Total expenditure**

By the end of the 2021/22 financial year, the cash and cash equivalent reflected a favourable balance of R2 141 billion.

Also, the has entity has put measures in place to follow up on the recoverable debts and implement cash flow management strategies while still complying with PFMA 30 day's payment period.

### 5.8.5 Debtors' collection days

When compared to the prior year's debtor's days of 247 days, the debtor's days analysis reflects shows less improvement. After impairment, the debtors' days moved from 247,6 days in 2020/21 to 308,7 days in 2021/22 mainly due to non-payment by various municipalities but steps have been taken to recover the outstanding debt. The debtor's collection days indicates that the entity has cash tied on the outstanding accounts.

	2021/22	2020/21
Debtor's days in sales (days)	<b>309</b>	<b>247</b>

## 5.9 Acknowledgement(s) or appreciation

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

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

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

## 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 programme performance information set out in pages 46 to 85 and the annual financial statements for the Main Account and Water Trading Entity set out in pages 160 to 246 and from 291 to 354 respectively have been approved by the Accounting Officer.



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

**Date: 05 September 2022**

## 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.

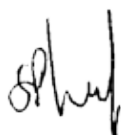
The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (in Parts E and F) 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 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 2022.



**Accounting Officer**

**Name: Dr Sean Phillips**

**Department of Water and Sanitation**

**Date: 05 September 2022**



## 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:

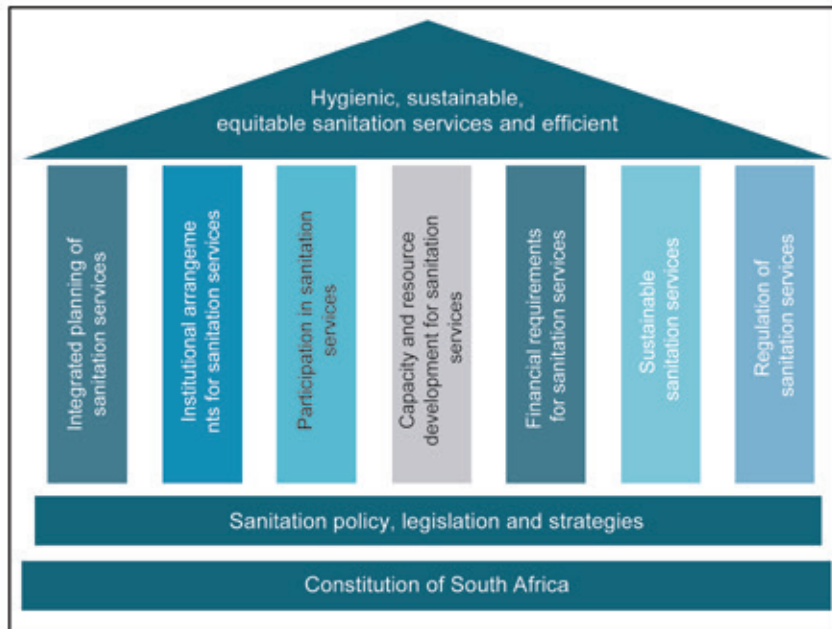
- Section 10 - "everyone has inherent dignity and the right to have their dignity respected and protected." The same provision also applies to sanitation.
- Section 24(a) - "everyone has a right to an environment that is not harmful to their health or well-being"
- Section 27(1)(b) - "everyone has the 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 wastewater 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 Entity: 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:
- White Paper on Water Supply and Sanitation (1994)
  - White Paper on National Water Policy for South Africa (1997)
  - White Paper on Basic Household Sanitation (2001)
  - Strategic Framework for Water Services (2003)
  - National Water Resources Strategy, Second Edition (2013)
  - 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 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.

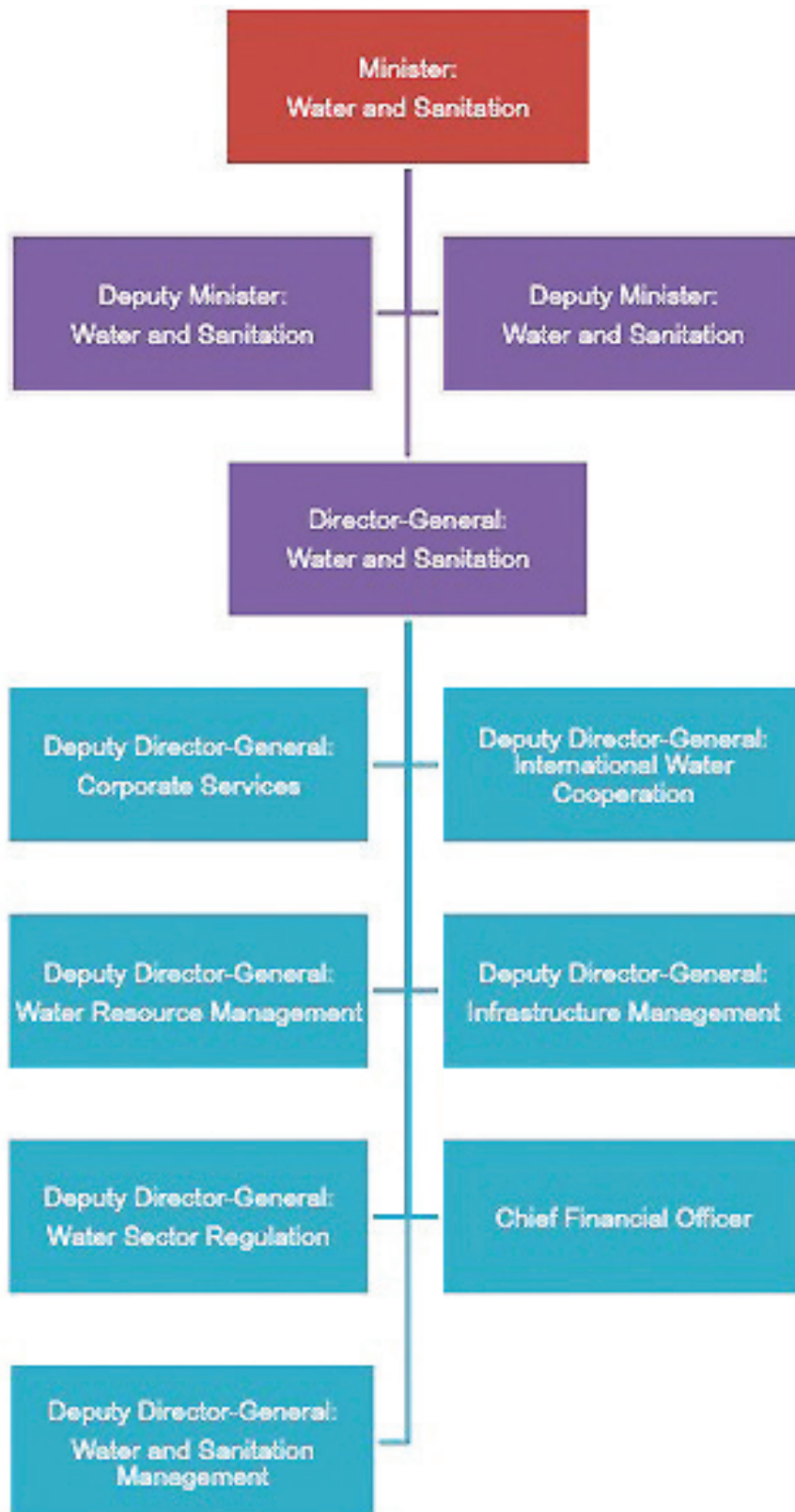
With reference to a “right to basic sanitation”, this is the primary legislation relating to sanitation in South Africa. It further defines basic sanitation as: ‘The prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of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

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

### 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.
<b>Catchment Management Agencies</b>				
3	Inkomati-Usuthu (IUCMA)	Catchment Management Agencies (CMAs) are established in terms of Chapter 7 of the National Water Act.	The CMAs are listed as schedule 3A entities in the PFMA.	Management water resources at catchment level in collaboration with local stakeholders (with a specific focus on involving local communities in the decision making) regarding the basic human needs, promoting equitable access to water and facilitating social and economic development.
4	Breede-Gouritz (BGCMA)			
<b>Water Boards</b>				
5	Amatola Water	Water boards are established in terms of the Water Services Act of 1997 to provide bulk water services.	Water boards are listed as schedule 3B in terms of the PFMA	All water boards provide bulk water services to the municipalities, industries, and the mines.
6	Bloem Water			
7	Lepelle Northern Water			
8	Magalies Water			
9	Mhlathuze Water			
10	Overberg Water			
11	Rand Water			
12	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 41; section 1 to 46 set out on pages 167 to 172 in Part E (Financial Information) of this annual report.

## 2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service delivery environment

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

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

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

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

#### **Climatic trends and their implications on water resources**

South Africa experienced a somewhat warm year. The annual mean temperature anomalies for the year 2021 was above the reference period (1981-2010), making it approximately the 13<sup>th</sup> hottest year on record since 1951. The annual average temperatures continue to rise by 0.16 °C per decade. The implications are that South Africa will continue to experience severe flooding and drought events more frequently, which will affect the availability and supply of water.

A significant feature of the rainfall received during the hydrological year 2020/21 (Figure 2.1.1), is that above-normal rainfall was received over some parts of South Africa. The above-normal rainfall was experienced mostly in the eastern-half summer rainfall region parts of the country. In contrast, the southern parts of the country dominated by all year round and winter rainfall had received below-normal rainfall. A similar trend is reflected in the national surface water storage where dam levels were higher in the eastern-half of the country, while the southern parts of the Eastern Cape and eastern-parts of the Western Cape has low dam levels at the end of the hydrological year.

Most of the rainfall was received in the central and north parts of the country was during the first half of the hydrological, and this was due to the This was due to cyclone Eloise that was experienced in the during the summer season. The section of South Africa experiencing drought has further decreased over the past four hydrological years. This is due to good rains received early in the summer season from November 2020 through to February 2021.





The Eastern Cape Province has since July 2016, been receiving below normal rainfall to date, while the Western Cape and Northern Cape Provinces have been receiving below normal rainfall from October 2015 to date. It was only in June 2021 where the Western Cape Province received slightly higher than normal rainfall. Technically, only the Eastern Cape is still in a hydro-meteorological drought.

During the first half of the 2020/21 HY, tropical cyclone Eloise was experienced. This was the sixth tropical cyclone to develop in the South West Indian Ocean (SWIO), and the third such system to affect southern Africa. "Eloise" made landfall in the early morning hours of 23 January 2021 over the coast of Mozambique around the city of Beira, resulting in significant damage to infrastructure and loss of lives in the city. A few hours after its landfall, "Eloise" lost its strength and was reduced to an overland tropical depression.

The system continued to move inland, reaching the border of South Africa and Zimbabwe in the early morning hours of the 24 January 2021. Even prior to the actual low-pressure system reaching South Africa, the rain bands associated with the tropical depression already began affecting the Lowveld region of Limpopo and Mpumalanga on 23 January 2021. The tropical moisture associated with this system affected South Africa for the rest of the week, resulting in extensive significant flooding over the country. It is important to note that from 26 – 28 January, the dominant weather systems were no longer that of a tropical system, but it was rather a surface trough over the western parts of the country and an upper air trough west of the country

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

Rainfall in South Africa is not evenly distributed, the western part of the country normally receives very late summer rainfalls, whereas the south-western part receives winter rainfall, and the southern part receives late summer and all-year round rainfall as reflected in Figure 2.1.3 below.

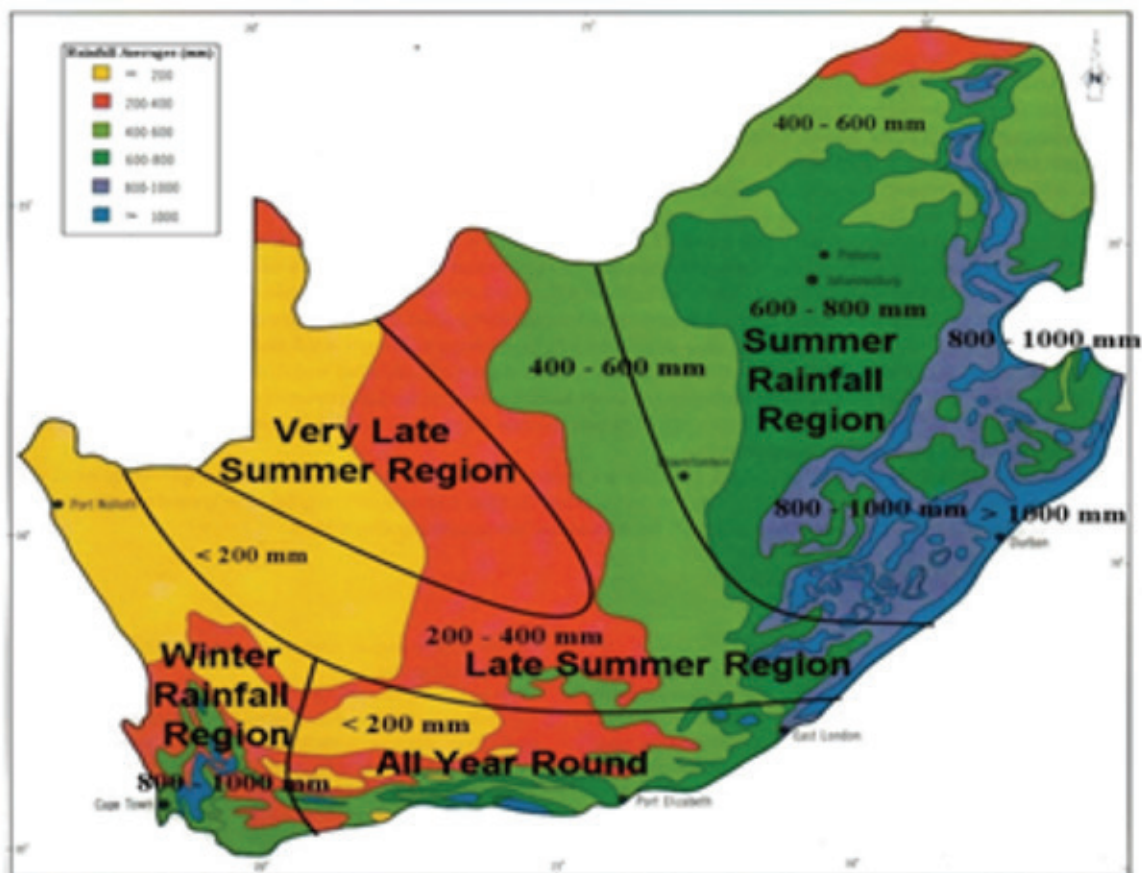


Figure 2.1.3: Rainfall patternal year

The Northern and eastern part of the country normally receives good summer rainfalls with the far north normally receiving little summer rainfalls.

The total volume of surface water stored in dams nationally is expressed as a percentage of full supply capacity, based on monitoring data from 223 dams. The national dam storage levels for 2020/21 hydrological year were the highest in the past five years between December 2020 to September 2021 (Figure 2.1.4) This is due to the good summer rainfalls that have been received in the eastern half of the country during the summer months.

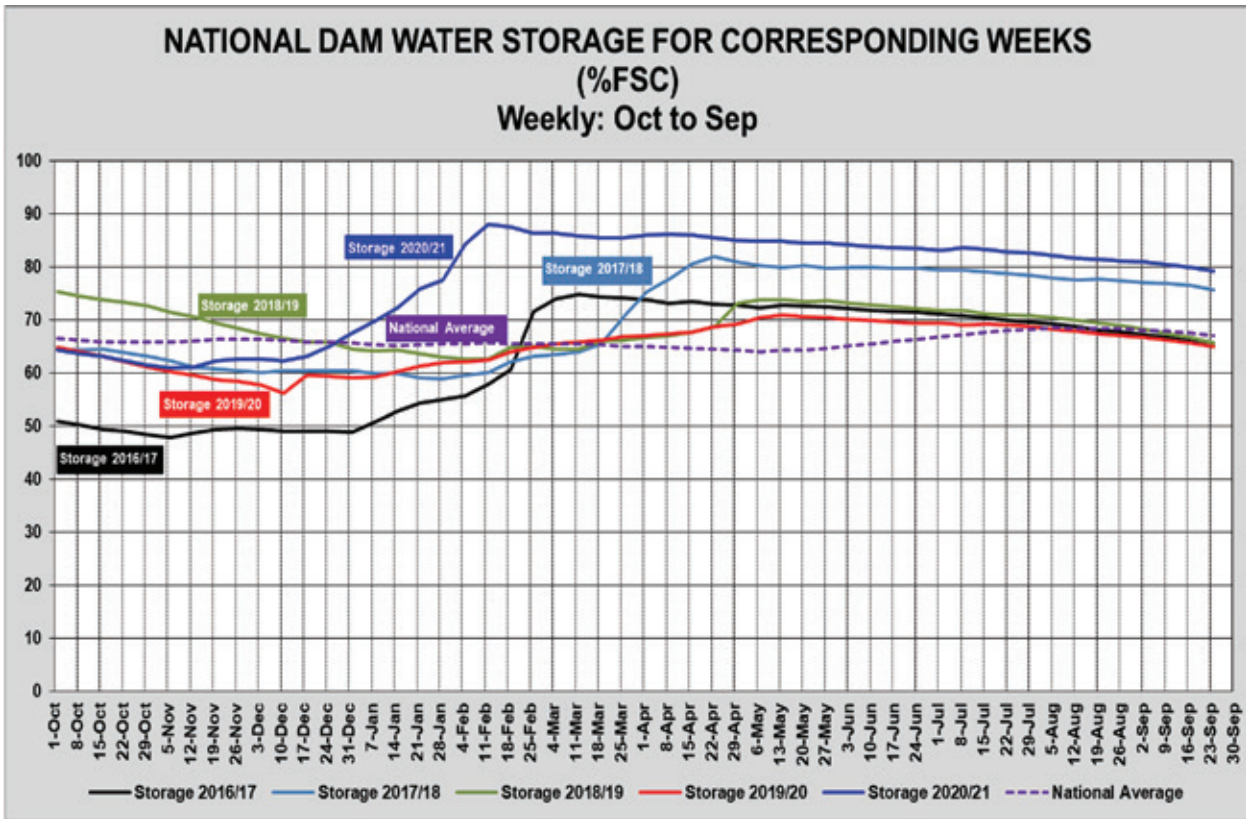


Figure 2.1.4: National Dam storage levels for the past five years compared to a national average

In the past five hydrological years, the national storage has been below the national average for the period of October to mid-December, apart from the 2018/19 hydrological year. Peak rainfall is received from late December to March, the typical summer rainfall season, resulting in storage levels above the national average for this period.

The long-term median storage for each Province during 2020-2021 hydrological year, compared with the previous hydrological year, is presented in Figure 2.1.5. For the 2019/20 hydrological year, Gauteng and Northern Cape Province have experienced storage levels above the long-term historical median, while all other Provinces’ storages were below. For the 2020/21 hydrological year, median storage for Free State, Gauteng, Limpopo, Mpumalanga, Northern Cape, North West, and Western Cape were above the historical median, apart from the Eastern Cape and KwaZulu-Natal Provinces. Notably, the Eastern Cape median storage has not changed in the past hydrological years, and it remains way lower than the historical median storage level of the province.

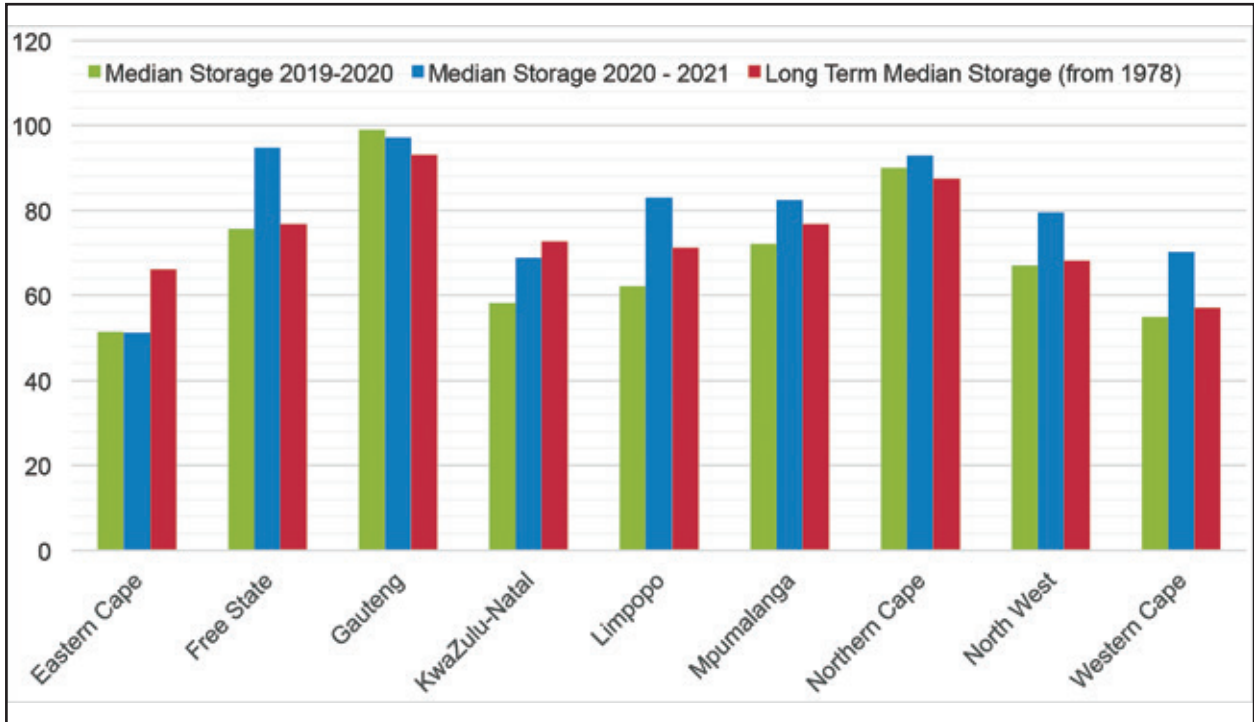


Figure 2.1.5: The storage situation in each Province during 2020-2021, compared with the previous hydrological year and the median

The comparison of the long-term historical median storage levels of water management areas and the past two hydrological years' median storage is presented in Figure 2.1.6. The 2020/21 median storages have been above the historical median and 2019/20 median storages in all water management areas.

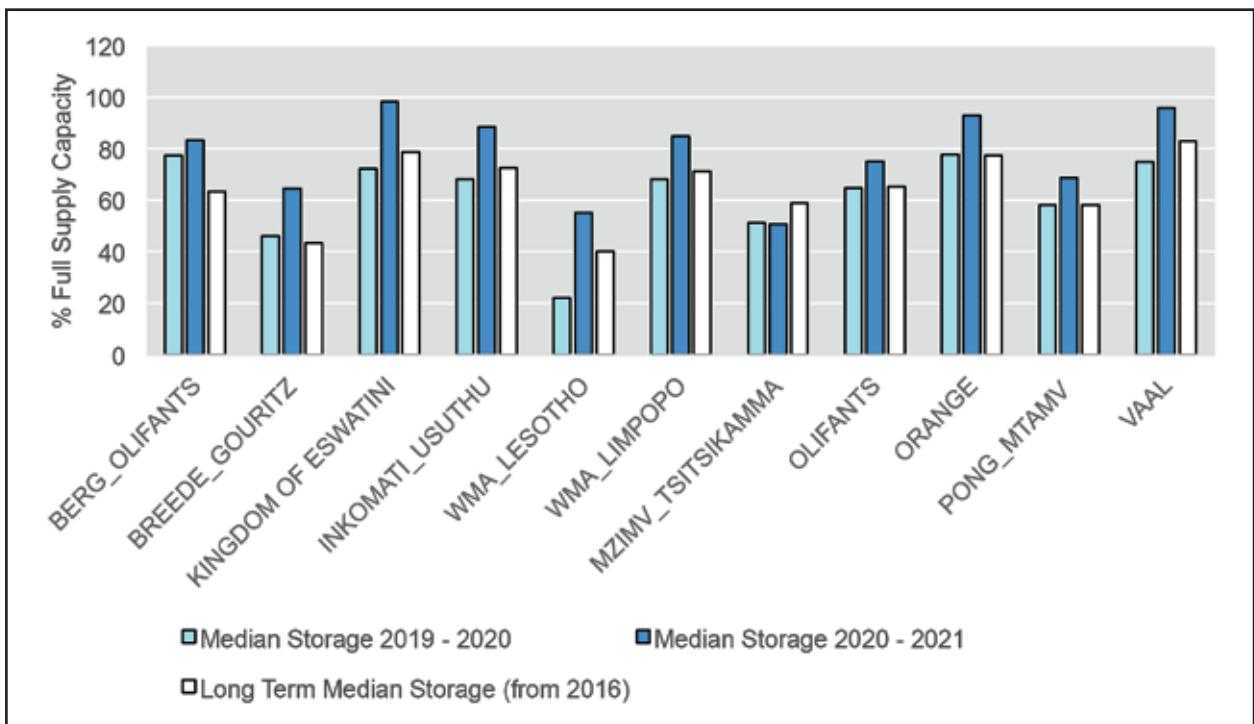


Figure 2.1.6: The storage situation in each WMA during 2020-2021, compared with the previous hydrological year and the median

The groundwater level value is presented as a percentage of the groundwater level status (GwLS) (Figure 2.1.7). The groundwater level status of the stations is averaged within the topo-cadastral map sheet grid (1:50 000). It is important to note that the groundwater level status depicts the groundwater level fluctuation and does not represent the groundwater storage of availability.

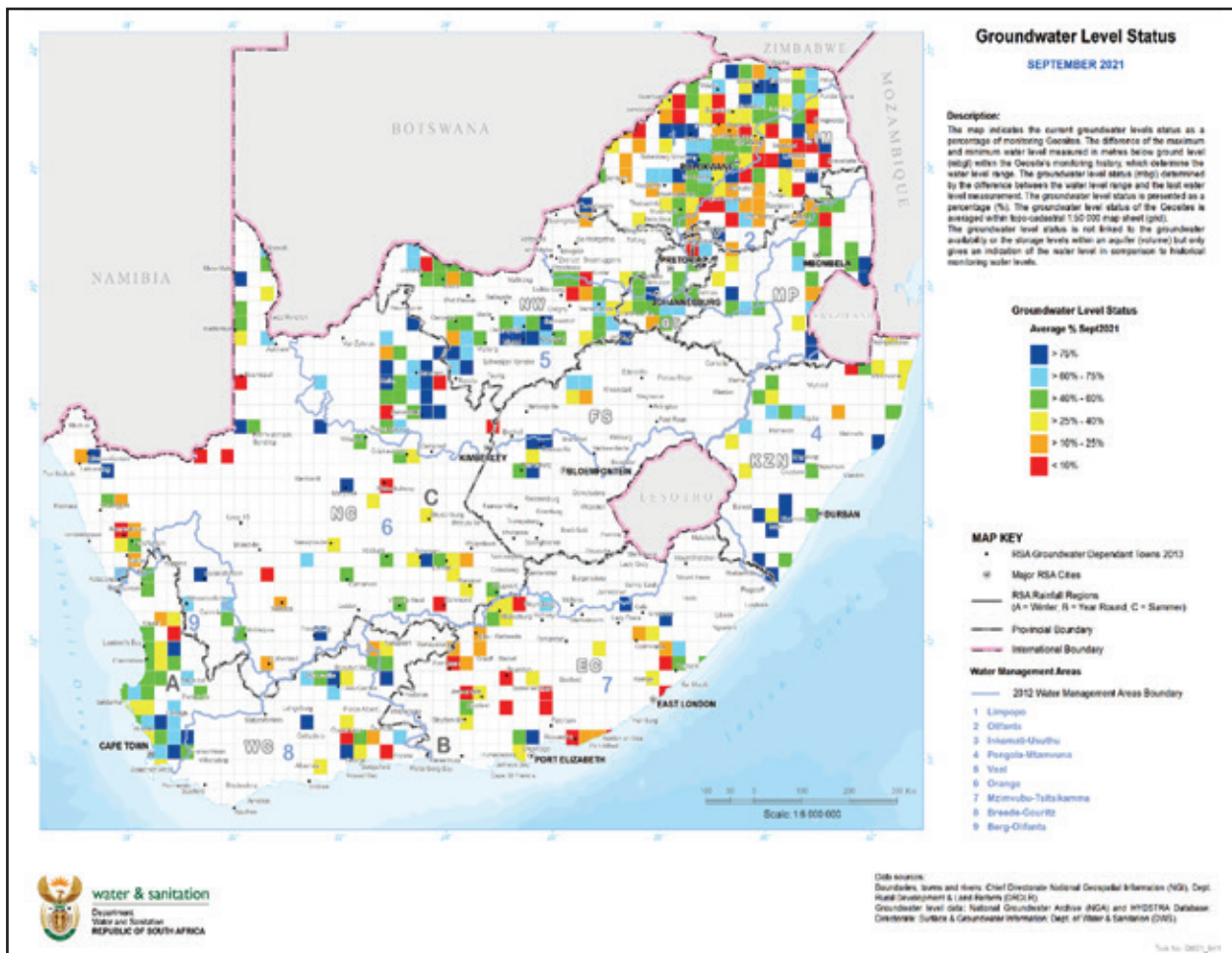


Figure 2.1.7: Groundwater Level Status September 2021

The national average groundwater level status for September 2021 indicates groundwater 'stressed' areas in parts of the Limpopo, Northern Cape, and Eastern Cape regions. There is a slight improvement in groundwater levels in 2021 compared to the same reporting period last year in the Limpopo region. This may be attributed to recharge by the above-normal summer rainfall reported in 2021/2022.

Overall, the national average groundwater level over 2020/2021 indicates a recovery trend based on historical percentiles compared to the decreasing trend observed between 2014 and 2019.

The figure below gives an indication of the trend in the groundwater level status over the past ten (10) years.

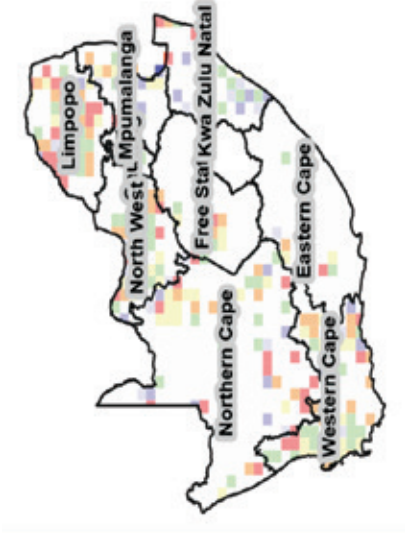
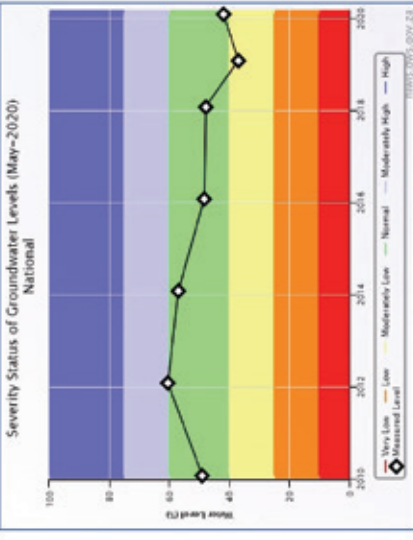
Map coverage: grid severity	Groundwater level status trend (over 10 years)	Groundwater level status comments	Challenges
		<p>The national view shows a normal groundwater level status 1,220,813 Km<sup>2</sup>. Generally, groundwater levels status in the country shows a declining trend, although the current status shows a little bit of recovery from moderately low to normal status. The possible causes of groundwater levels decline include over pumping, and lack of recharge (due to minimal rainfall) among others.</p>	<p>The flow of data into the systems is affected by:</p> <ul style="list-style-type: none"> <li>• Server availability,</li> <li>• Resources require to collect data (cars)</li> <li>• Monitoring instrument availability</li> <li>• Human resources availability</li> <li>• Travel restrictions</li> <li>• COVID-19, among others</li> </ul>

Figure 2.1.8: Groundwater level status over past ten years

**Key:** Groundwater levels are between 0-10% = Very Low (Red); groundwater levels are between 10-25% = Low (Orange); groundwater levels are between 25- 40%= Moderately low (Yellow); groundwater levels are between 40 -60%= Normal (Green); groundwater levels are between 60-75% = Moderately High (blue accent); and groundwater levels are between 75 – 100% =High (Dark blue)

### Performance of water resource systems operation

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

The storage levels in water supply systems during the beginning of the hydrological year (October 2020), the decision date for most WSS (31 May 2021), and the end of the hydrological year (September 2021) are presented in Figure 2.1.8

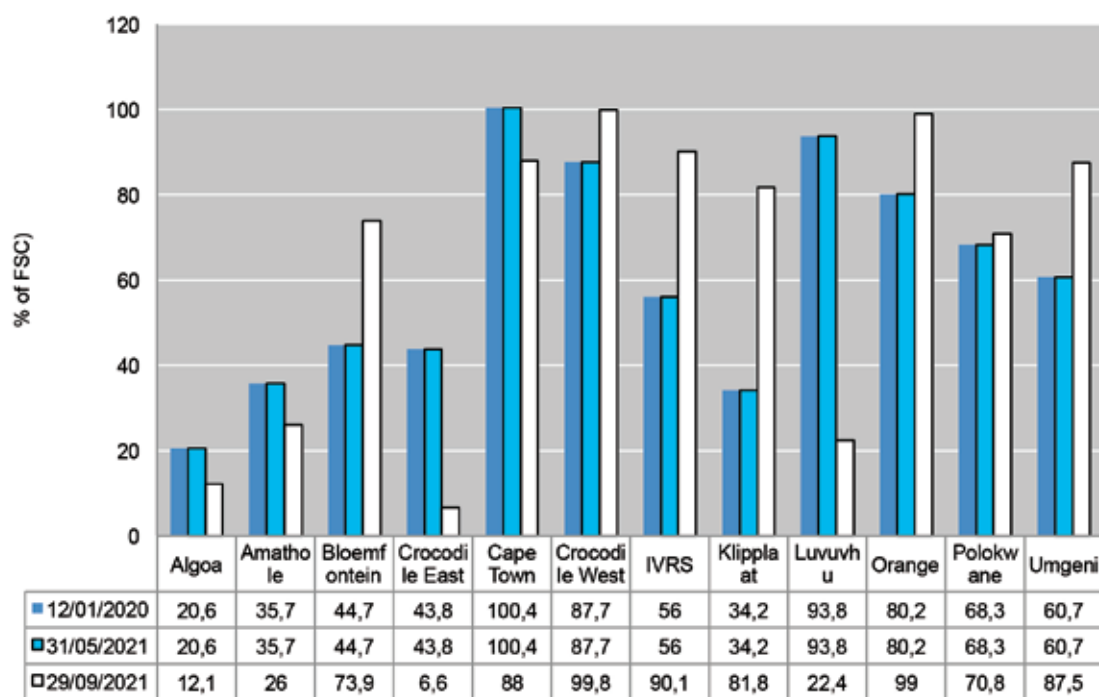


Figure 2.1.9 Comparison of Water supply storage levels through the hydrological year 2020/21

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

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

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

- **Algoa system:** the five (5) dams serving the Nelson Mandela Bay are sitting at a combined average of 12% compared to 20% same period last year. The situation remains critical for this system, particularly the Kouga/Loerie subsystem supplying water to Gamtoos valley and small towns like Hankey and Patensie. Restrictions of 25% for domestic and industrial use and 60% on irrigation use were imposed for the 2020/21 hydrological year. These restrictions are still in place for 2021/22 hydrological year.
- **Amathole system:** the six (6) dams serving the Buffalo City are at a combined average of 34% compared to 45% the same period last year. There were no restrictions during the 2020/21 hydrological period of review as the system was able to supply its allocated water uses. The 2021/22 annual operating analysis has not yet been finalised.

- **Greater Bloemfontein system:** the four (4) dams serving mainly Mangaung recorded 81% in storage compared to 56% at the same period last year. The increase in storage was mainly because of heavy rainfall experienced during the first 3 months in 2021. While transfer from the Caledon River took place, it was not always optimal to exploit the high flows in the Caledon River because of pump outages at the Tienfontein pumping station. Twenty-four percent (24%) water restrictions were imposed on the system and remain in place until the Annual Operating Analysis (AOA) and the System Operating Forum (SOF) for the 2021/22 operating year have been concluded.
- **Western Cape Water Supply system (WCWSS):** the six (6) dams serving mainly the City of Cape Town and the irrigation sector depending on the system recorded a combined storage level of 68% compared to 53% the same period last year. There are no restrictions imposed on the system currently.
- **Crocodile West system:** the six (6) dams serving mainly Tshwane, Madibeng and Rustenburg are standing at an average storage level of 94% compared to 87% at the same time last year. No restrictions were imposed on the system last water year and the situation remain the same in the 2021/22 water year.
- **Integrated Vaal River system:** It has fourteen (14) dams that serve mainly Gauteng Rand Water, Sasol and Eskom. The system storage is at 60% compared to 66% the same time last year. There were no restrictions in the 2020/21 systems operating year and the situation remain the same until the Annual Operating Analysis (AOA) and the System Operating Forum (SOF) for the 2021/22 operating year have been concluded.
- **Polokwane system:** Dams in this system recorded an average storage level of 98% compared to 71% the previous year. In the 2020/21 water year restrictions of 20% for domestic and industrial water users were imposed. The same restrictions are still in place until the 2021/22 operating rules are finalised towards the end of this month.
- **Umgeni system:** the five (5) dams mainly serving eThekweni and Msunduzi reflected an average storage level of 85% compared to 74% the same period last year. There are no restrictions in place.
- **Umhlathuze system:** It comprises of Goedertrouw Dam and several lakes within the KwaZulu-Natal (KZN) coastline. It supplies water for irrigation, domestic and industrial use within King Cetshwayo District Municipality. Goedertrouw Dam storage is currently at 74% compared to 56% at the same time last year. In the presentation of results of the AOA to the SOF in May, it was agreed to lift the gazetted 2020/21 restrictions, considering the good storage level in the system.

Decision dates for reviewing operating rules and corresponding restrictions, if any, for systems in the summer and winter rainfall regions are made in May and November respectively.

#### Infrastructure in terms of water resources and water services

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

The table below indicates the current registered ownership by the end of the 2021/22 financial year:

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

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

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

- Direct costs (pumping, O & M, distribution, administration);
- Indirect costs (overall cluster and area office costs);



- Depreciation (capital requirements for refurbishment); and
- Return on Assets (capital to be set aside of betterment and development of new infrastructure).

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

For the period under review, the entire unit received R2.1 billion whilst a total of R2.2 billion was required for operation and maintenance. The total cost required for renewals of assets as per the Asset Management Plan is R2, 6 billion and only R1 billion had been received. This implied that the capital expenditure (CAPEX) funding maintenance for the fifty-six (56) pump stations, 323 state dams and others strategic infrastructure are still severely affected.

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

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

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

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

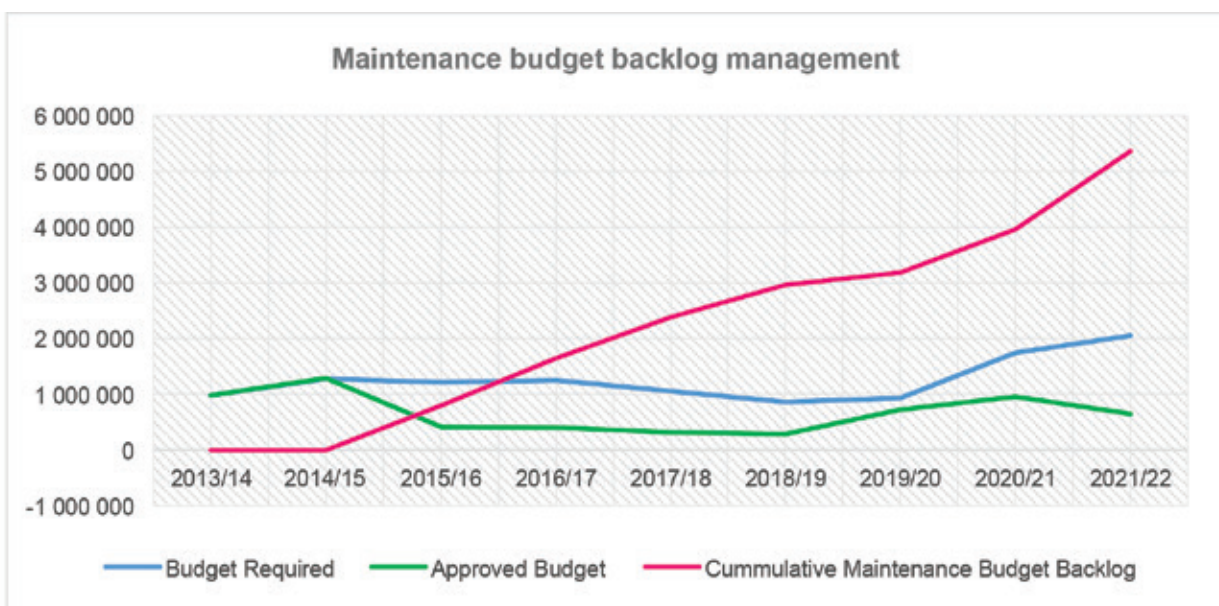


Figure 2.1.10: Backlog on maintenance due to decreasing budget allocation

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

**Compliance monitoring and enforcement**

The figures below reflect that trend analysis for compliance inspections and investigation capacity have been a steady increase of nineteen percent (19%) on cases investigated and three percent (3%) on inspections conducted during the period under review in comparison to the previous financial year respectively i.e. 2020/2021. This is attributed to, amongst others, the easing of COVID 19 regulations which resulted in a gradual increase of human activity across all sectors of the economy which effectively caused an increase impact on water resources.

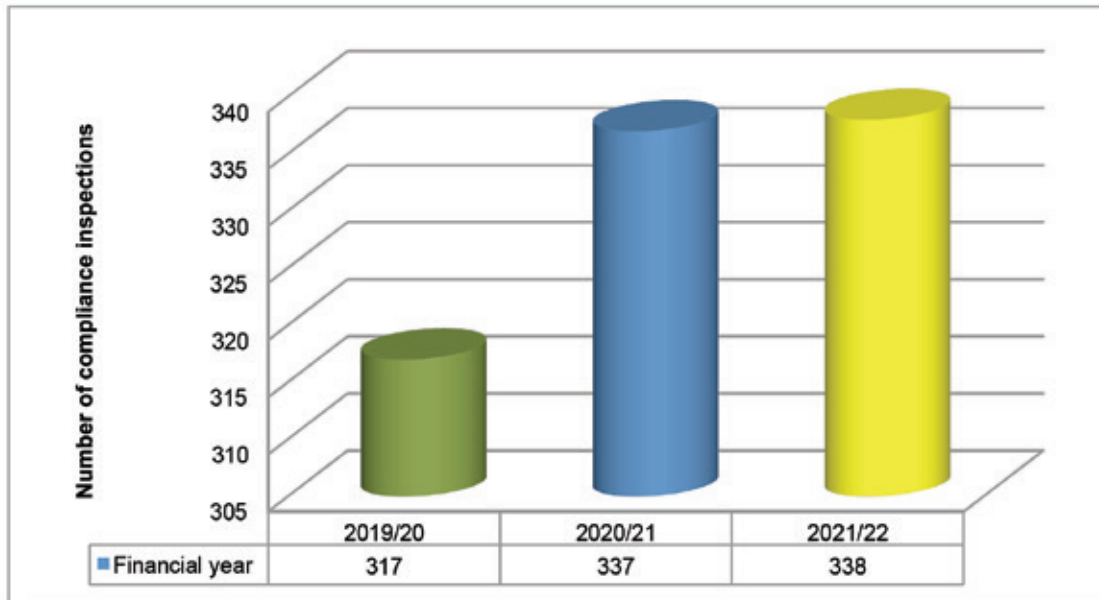


Figure 2.1.11: Trend analysis of compliance inspections per financial year from 2019/20 to 2021/22 financial years

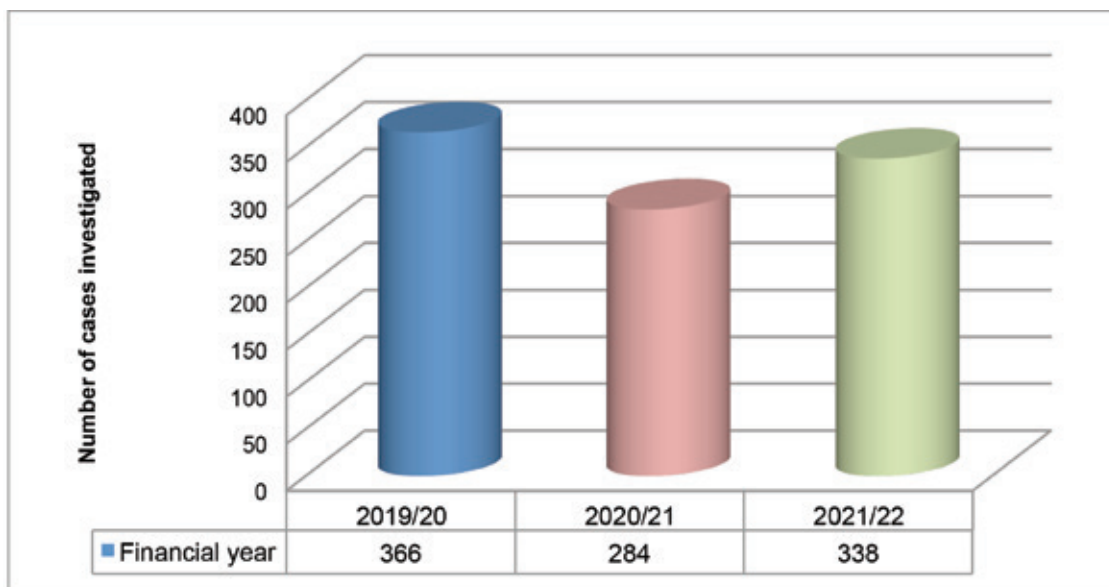
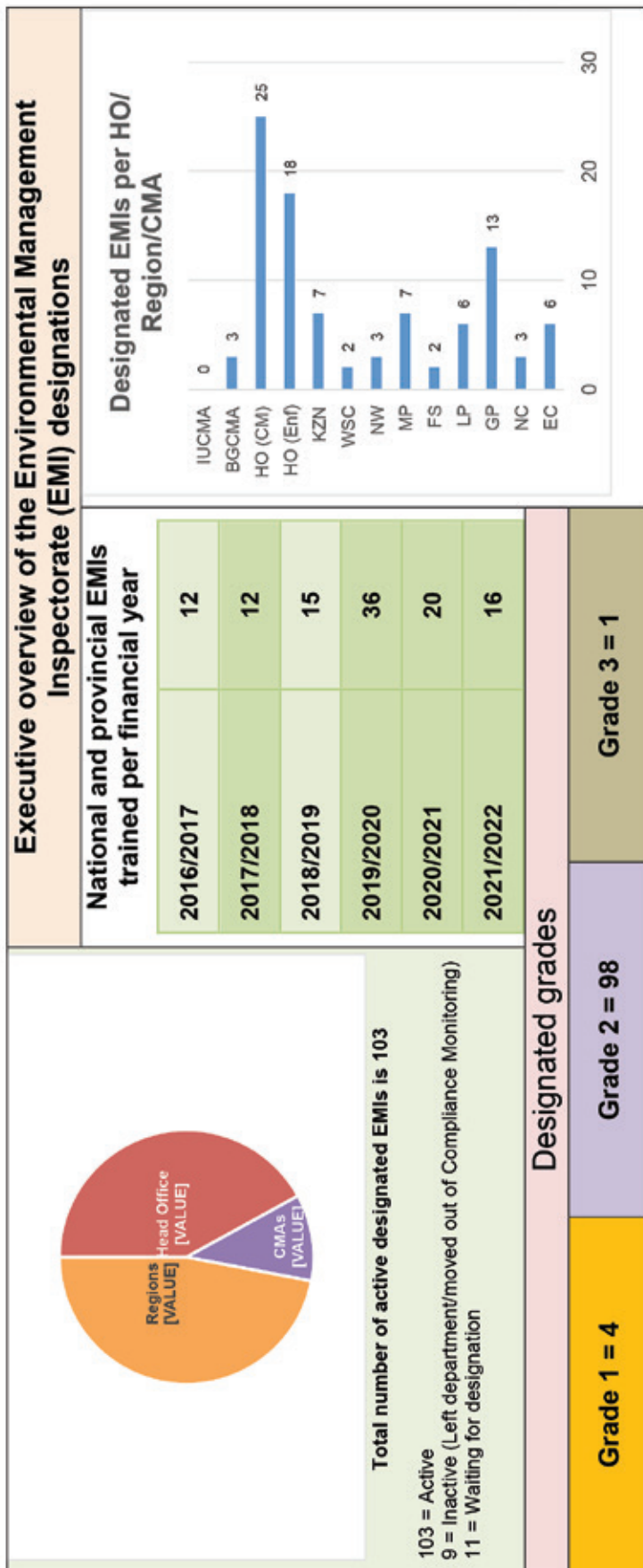


Figure 2.1.12: Trend analysis on the number cases investigated from 2019/20 to 2021/22

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



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

Training dates	Number of officials and offices	Total passed but awaiting designation letters
Training done in May 2022	Six officials trained; two (2) BGCMA; one (1) in Eastern Cape; one (1) in Northern Cape; one (1) in Free State, one (1) in Western Cape	Total = 6
Executive Management Training in July 2022	Five Executives Trained; one (1) Head Office; one (1) North West; one (1) Limpopo; one (1) Western Cape; one (1) Northern Cape	Total = 5

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

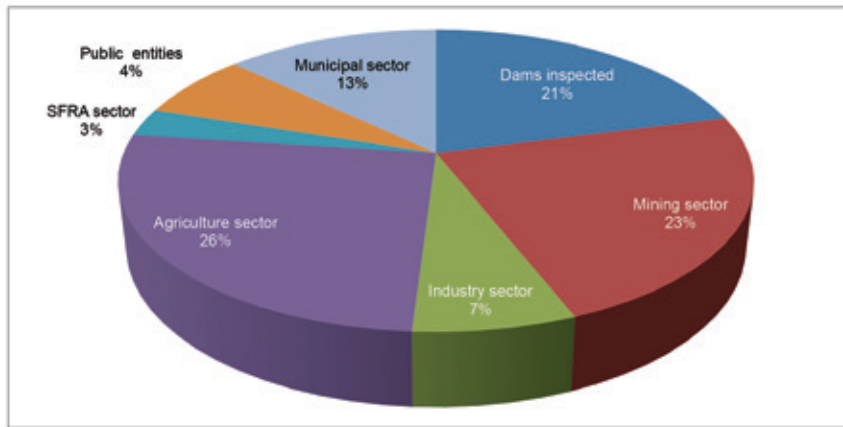


Figure 2.1.13: Compliance inspections per sector for the 2021/22 financial year

The local government sector accounted for more cases within the enforcement area as it accounted for more cases reported during the period under review. The figure below reflects the enforcement cases dealt with within the various sectors: The most prevalent cases reported in this sector were as result of an array incident caused by dysfunctional pump stations, overflowing manholes caused by blockages, discharge of substandard final effluent at the wastewater treatment plants, to name a few.

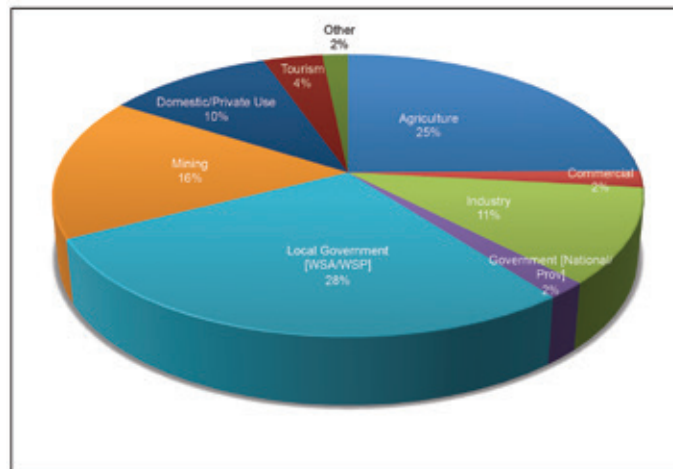


Figure 2.1.14: Enforcement cases per sector for the 2021/22 financial year

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

There are 144 Water Service Authorities (WSAs) in the country that currently provide water services with 1 186 water supply systems and 995 Wastewater Treatment Works (WWTW). These WSA are encouraged to submit monthly data for both drinking water and wastewater effluent through the IRIS to allow for compliance monitoring. For the period under review, the national drinking water quality is at microbiological 94.2%, Acute health chemical >99.9% and chronic health chemical >99.9% and with the wastewater effluent at microbiological=60% and chemical=75%.

## 2.2 Service delivery improvement plan

**Table 2.2.1: Main services and standards**

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Adherence to water supply agreements/when operating the Government Water Schemes	Domestic, industry and irrigation users	80% adherence to water supply agreements/when operating the Government Water Schemes	A total of 80% adherence to water supply agreements/when operating the Government Water Schemes in all four clusters	An average of 103.25% adherence to water supply agreements/when operating the Government Water Schemes in three clusters
Finalise applications for water use authorisation within regulatory timelines	Agriculture, forestry, local government, mines, and industry users as well as state owned entities	80% of applications for water use authorisation finalised within regulated period	80% of applications for water use authorisation finalised within 90 days	63% of applications for water use authorisation finalised within regulated period
Investigate reported non-compliant water uses	All water users	80% of reported non-compliant cases investigated	80% of reported non-compliant cases investigated	88% of reported non-compliant cases investigated

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

Current/actual arrangements	Desired arrangements	Actual achievements
Media briefings	Interactive engagements with members of the press about organisational matters.	A total of thirty (30) media briefings were convened.
Media products and publications	Develop material on the activities of the Department	<b>A total of:</b> <ul style="list-style-type: none"> <li>• 1454 media products were developed</li> <li>• 5 publications developed</li> </ul>
Marketing and advertising campaigns	Implement campaigns to make people aware of the Department's activities.	A total of ten (10) marketing and advertising campaigns were conducted.

**Table 2.2.3: Complaints mechanism**

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Single Customer Interactive Channel Toll Free is in place to register complaints 0800-200-200	Multiple Customer Interaction Channels to register complaints using the customer's preferred channel of communication	Multiple Customer Interaction Channels created and integrated into a Case Management system: Telephone: 0800-200-200 E-mail: Info@dws.gov.za SMS: 45174 Fax: 012 336 8664 Web: <a href="http://www.dwa.gov.za/CustomerCare/CustomerServicePortal.aspx">http://www.dwa.gov.za/CustomerCare/CustomerServicePortal.aspx</a> Face to Face: 18 Provincial Walk-In Centres

## 2.3 Organisational environment

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

### Human resource management

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

The Department is the executive arm of national government with various roles including policy developer a regulator, an implementer, and an operator of water resource infrastructure. Some of these roles have a potential conflict of interest, while, water resources regulation, which is local in nature, could be performed better by a more decentralised arrangement such as a catchment management agency.

An effective water sector requires human resources capacity for different functions at different institutions – both in terms of numbers to meet demand for specific skills, and competencies in terms of skills, qualifications, and experience. A skills gap analysis conducted by the Water Research Commission (WRC) in 2015, looking at numbers of staff and their skills relative to required skills, showed significant skills gaps in water sector institutions, including the Department, CMAs, water boards and municipalities.

With effect from 1 April 2021, the Department implemented a new functional macro-organisational structure. Senior Managers were migrated from the old to the new structure. The Department is now reviewing the microstructure (below senior management level).

By the end of March 2021, the Department's overall vacancy rate stood at 18.9% while the vacancy rate for specifically the engineers and scientists was below 10%. It should be noted that the higher than usual vacancy rate includes unfunded posts on the structure. As part of the current structure review process that the Department is undertaking, all unfunded vacancies are being abolished.

The Department is still faced with the challenge of attracting and retaining experienced technical expertise owing to uncompetitive salaries and/or unsuitable working environment. The impact of the COVID-19 pandemic has further negatively impacted the Department's ability to fill vacancies due to lockdown restrictions.

### Managing data and information

Effective information management, monitoring and evaluation is crucial for the successful management and regulation of water resources or water services as it creates the platform to initiate interventions/actions, understand trends, adapt management plans appropriately or plan effectively for the future. This is particularly critical in an environment facing significant change.

The lack of data and information resulting from weak monitoring systems, information systems that are outdated pose a high risk. In addition, monitoring and reporting has also been compromised by the high staff turnover in the Department, resulting in the lack of technically qualified staff. Also, this is affected by budget constraints whilst the costs for running the programmes are increasing. Therefore, improved, and modernised information systems must be developed.

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

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

## 2.4 Key policy developments and legislative changes

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

### 2.4.1 Policies under development

**Draft 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). It was tabled at the Economic Sector, Investment, Employment, and Infrastructure Development (ESIEID) cluster on 18 September 2020; and was recommended for Cabinet for approval. The draft policy has been submitted for the Cabinet approval with the final Socio-Economic Impact Assessment System (SEIAS) sign-off obtained.

**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 Department as part of long-term interventions that support and contribute towards sustainable power supply in South Africa. The draft policy has been submitted for Cabinet approval with the final SEIAS sign-off obtained.

**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. It aims to strengthen the existing integrated water quality management strategy that identified priority programmes to be implemented country wide. The draft policy has been submitted for Cabinet approval with the final SEIAS sign-off obtained.

### 2.4.2 Development of the National Water Amendment Bill

The National Water Act, 1998 is amended to provide for the equitable and sustainable use and protection of water for current and future generation in support of the guiding principles of National Water Act. Furthermore, the Act is amended to prohibit undesirable consequences of private Water Trading Entity; and to ensure redress of the past discrimination by regulating the acknowledgement of the existing lawful water use. The amendment also seeks to transform water user associations to ensure equitable water allocation.

### 2.4.3 Development of the Water Services Amendment Bill

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

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

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

The review of the NWRS second edition (NWRS-2) provides an opportunity to determine the impact of its implementation by the sector. It also seeks to identify the implementation successes thereof and most importantly the persistent challenges.

The NWRS revision considers the outcome of its primary goals in line with the country's growth path National Development Plan (NDP) which seeks to eliminate poverty and reduce inequality by 2030, and to incorporate water supply and sanitation aspects to give effect to the National Water and Sanitation Master Plan (NW&SMP), which is subsidiary to, and operationalizes, the NWRS-3. The draft NWRS-3 will be presented to the Cabinet for approval to undertake public consultations.

### 3 DEPARTMENTAL OUTCOMES

Outcomes		Outcome indicators		2021/22 progress
1	Efficient, effective and development orientated department	1.1	Percentage implementation of the departmental financial recovery and turnaround plan	<b>Annual milestone met</b> 100% implementation
		1.2	Percentage compliance with corporate governance regulatory prescripts	<b>Annual milestone partially met</b> 97% compliance
		1.3	Annual International Relations Programme implemented	<b>Annual milestone partially met</b> 67% implementation
		1.4	Annual Communication, Stakeholder Management and Partnership Programme implemented	<b>Annual milestone exceeded</b> 163% implementation
		1.5	Targeted procurement supporting SMMEs	<b>Annual milestone exceeded</b> 53% targeted procurement
2	Ecological infrastructure protected and restored	2.1	Number of river systems with water resource classes and determined resource quality objectives	<b>Annual milestone met</b> Implementation plan for Thukela water resource classes
		2.2	Waste Discharge Charge System (WDCS) finalised for priority water management areas	<b>Annual milestone met</b> WDCS piloted in three water management areas
		2.3	Number of main stem rivers monitored for implementation of Resource Directed Measures (i.e. classification, resource quality objectives and the reserve) by 2024	<b>Annual milestone met</b> 4 main stem rivers monitored in Inkomati-Usuthu WMA
		2.4	Number of rivers in which the river eco-status monitoring programme is implemented	<b>Annual milestone met</b> 81 rivers
		2.5	Number of strategies developed for AMD mitigation	<b>Annual milestone met</b> 2 AMD mitigation strategies developed
		2.6	Mine water/wastewater management plans implemented	<b>Annual milestone met</b> 1 mine water/wastewater management plan implemented
3	Water demand reduced and water supply increased	3.1	Water conservation and water demand strategies developed for water use sectors	<b>Annual milestone not met</b> Draft inception report
		3.2	Water resource mix diversified	N/A
			a) Surface water	10 228 million m <sup>3</sup> per annum
			b) Ground water	2 785 million m <sup>3</sup> per annum
			c) Return flows/re-use	1 431 million m <sup>3</sup> per annum
	d) Desalination	150 million m <sup>3</sup> per annum		



Outcomes		Outcome indicators		2021/22 progress	
		3.3	Gauging stations developed, maintained and refurbished to improve management decisions on water quantity and quality	<b>Annual milestone partially met</b>	
		a)	Additional gauging stations developed	Lindley gauging station at 90% completion	
		b)	Existing gauging station maintained and refurbished	N/A	
4	Water and sanitation services managed effectively	4.1	Annual Municipal Strategic Self-Assessment (MuSSA) reports on water service authorities' performance in providing water and sanitation services	<b>Annual milestone met</b> 2020/21 MuSSA report developed	
5	Enhanced regulation of the water and sanitation sector	5.1	Green Drop report on wastewater systems' compliance with regulatory requirements	<b>Annual milestone met</b> 2020/21 Green Drop report developed	
		5.2	Blue Drop report on water supply systems' compliance with regulatory requirements	<b>Annual milestone met</b> 2020/21 Blue Drop progress report developed	
		5.3	Timeframe for processing water use license application reduced	<b>Annual milestone met</b> 63% of water use license application finalised within regulated period	
		5.4	Percentage level of compliance of water users in various sectors monitored for compliance with water use licenses	<b>Annual milestone partially met</b> 58% compliance	
6	Water redistributed for transformation	6.1	Indication water availability for land reform projects	N/A	
		6.2	Effective and efficient institutions established	<b>Annual milestone not met</b>	
			a)	Catchment Management Agencies	<b>Annual milestone partially met</b> 1 new operation area gazetted (Phongola-Mzimkhulu)
			b)	Regional Water Utilities	<b>Annual milestone not met</b> Draft due diligence report for 2 regional water utilities
c)	Water User Associations	<b>Annual milestone not met</b> 1 water user association			

## 4 PROGRAMME PERFORMANCE INFORMATION REPORT

### 4.1 Programme 1: Administration

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

#### 4.1.1 Sub-programmes

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

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

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

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

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

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

## 4.1.2 Outcomes, outputs, performance indicators and targets

### 4.1.2.1 Departmental Management sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
1 Efficient, effective and development orientated department	1.1 Compliance with corporate governance regulatory prescripts	1.1.1 Percentage compliance with approved audit plan	38% (8 of 21)	100%	80%	107%	<b>Target exceeded</b> Over by 27%	The concluded ad-hoc cases of irregular expenditure and forensic cases received during the financial year contributed to the over-achievement.
		1.1.2 Percentage compliance with the implementation of risk management plan	38% (8 of 21)	100%	100%	96% (24 of 25)	<b>Target partially met</b> Under by 4%	The risk maturity not conducted as improvement plan activities were not fully achieved.

## 4.1.2.2 Corporate Services sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
1 Efficient, effective and development orientated department	1.1 Compliance with corporate governance regulatory prescripts	1.1.3 Percentage vacancy rate for engineers and scientists	112% (742 of 662 posts)	An average of 120%	≤10%	115% (845 of 733 posts)	<b>Target exceeded</b> Over by 25%	Targeted recruitment and selection processes based on priority given to critical and core positions
		1.1.4 Percentage of training interventions implemented in the department	New indicator	1 coaching and mentorship programme	50%	24% (1843 of 7681)	<b>Target not met</b> Under by 26%	Poor attendance of officials because of compliance with COVID-19 protocols. Online training courses were introduced however the intake of visual training is slow and below expectations.
	1.1.5 Number of safety and security assessments for facilities and installations conducted	New indicator	64	64	91	<b>Target exceeded</b> Over by 27	The July 2021 unrest and looting in the country necessitated the intensification of assessments in various departmental infrastructure sites to ensure the security of water resources.	

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
		1.1.6 Percentage of information technology systems availability	New indicator	90%	90%	99%	<b>Target exceeded</b> Over by 9%	Each server was available for an average of more than 95%
	1.2 Annual Communication, Stakeholder Management and Partnership Programme	1.2.1 Percentage implementation of the 2021/2022 Annual Communications, Stakeholder Management and Partnership Programme	133%	172% (1455 of 845)	97%	163% (1602 of 965)	<b>Target exceeded</b> Over by 66%	More media products, media briefings, marketing & advertising campaigns were conducted.

## 4.1.2.3 Financial Management sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations		
			2019/20	2020/21						
<b>Main Account</b>										
1 Efficient, effective and development orientated department	1.3 Targeted procurement supporting SMMEs	1.3.1.1	Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	32%	8%	15%	29.65%	<b>Target exceeded</b> Over by 14.65%	More QSE owned companies were awarded contracts	
			a) Women	-	-	40%	66%			
			b) Youth	-	-	30%	19%			
				c) People with disabilities	-	-	7%	0.45%		
			1.3.2.1	Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	50%	37%	15%	24%	<b>Target exceeded</b> Over by 9%	More EME owned companies were awarded contracts
				a) Women	-	-	40%	66%		
				a) Youth	-	-	30%	19%		
				a) People with disabilities	-	-	7%	0.45%		
		1.4 Financial recovery and turnaround plan implemented	1.4.1	Percentage implementation of the financial recovery and turnaround plan	New indicator	69%	90%	88%	<b>Target partially met</b> Under by 2%	The outstanding accruals and payables could not be cleared or paid due to pending processes of resolving disputes and invoices from historical unfunded projects.

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
		1.4.2 Percentage expenditure on annual budget	92%	85%	100%	85%	<p><b>Target partially met</b></p> <p>Under by 15%</p>	<p>Underspending on:</p> <p><b>Compensation of employees</b> is mainly due to vacant posts across all programmes and budget reductions by the National Treasury over the MTEF</p> <p><b>Capital payments:</b> includes commitments awaiting to be billed and invoices pending certification, verification and approval for payment of work done on the indirect (DoRA Schedule 6B) Regional Bulk Infrastructure Grant and Water Services Infrastructure Grant.</p>

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
								<p><b>Other</b> include stagnant infrastructure projects commitments; unresolved disputed invoices and contractual disputes/litigation; delays in the approval of the Implementation Readiness Studies (IRS) and the appointment of Implementing Agents which delay the appointment of service providers on the projects; no and delayed provision of co-funding by the municipalities; project-level delays such as community unrests/protests by business forums demanding business opportunities and community members demanding jobs in projects under implementation; and slow progress in the rollout and completion of the remaining bucket eradication projects.</p>



Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations	
			2019/20	2020/21					
<b>Water Trading Entity</b>									
1 Efficient, effective and development orientated department	1.3 Targeted procurement supporting SMMEs	1.3.1.2 Percentage of targeted procurement budget spent on qualifying small enterprises (QSE) a) Women a) Youth a) People with disabilities	17%	9%	15%	14%	<b>Target partially met</b> Under by 1%	The temporary suspension of procurement in infrastructure development impacted the appointment of QSEs.	
			-	-	40%	66%			
			-	-	30%	19%			
			-	-	7%	0.45%			
	1.4 Financial recovery and turnaround plan implemented	1.4.3 Number of debtor days	1.3.2.2 Percentage of targeted procurement budget spent on exempted micro enterprises (EME) a) Women a) Youth a) People with disabilities	34%	43%	15%	36%	<b>Target exceeded</b> Over by 21%	A concerted effort was taken to procure from SMMEs
				-	-	40%	66%		
				-	-	30%	19%		
				-	-	7%	0.45%		
				207	227	120	105		
<b>Target exceeded</b> Debtor days reduced by 15 days									
The implementation of the Revenue Incentive Scheme, revenue enhancement strategy, continuous revenue oversight at the Regional Offices/ Clusters, Revenue Forums, continuous engagement with customers on outstanding accounts and participation in the National Treasury Transversal contract on debt collection yielded positive results.									

## 4.1.2.4 Provincial and International Coordination sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations			
			2019/20	2020/21							
1	Efficient, effective and development orientated department	1.5	Annual International Relations Programme implemented	1.5.1	Percentage implementation of 2020/21 annual international relations programme	61%	2020/21	75%	119% (25 of 21)	<b>Target exceeded</b> Over by 44%	There were additional agreements and obligations in quarter 4.

#### 4.1.2.5 Strategy to overcome areas of under performance

##### Departmental Management sub-programme

**Percentage compliance with the implementation of risk management plan:** the risk management maturity assessment will be conducted during the 2022/23 financial year.

##### Corporate Services sub-programme

**Percentage of training interventions implemented in the department:** The Human Resources Development Forum (HRD) will be consulted to encourage training in the regions. Also, a communication will be sent to provincial offices to prioritise training in respective areas of operation. A hybrid system of online and face-to-face training will be explored as the COVID-19 restrictions have been relaxed.

##### Financial Management sub-programme

**Percentage implementation of the financial recovery and turnaround plan:** The verification process will be urgently finalised and the invoices will be paid.

**Percentage expenditure on annual budget:** The department is instituting initiatives to improve project management, infrastructure procurement and delivery management, and expenditure management systems and processes to address this issue.

**Percentage of targeted procurement budget spent on qualifying small enterprises (QSE):** The procurement suspension has been lifted and the planned construction of infrastructure projects will continue during the 2022/23 financial year.

#### 4.1.3 Sub-programme expenditure

Sub- programme name	2021/22			2020/21		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	84 934	63 842	21 092	48 931	43 772	5 159
Departmental Management	159 330	124 747	34 583	150 804	138 392	12 412
Corporate Services	826 762	717 880	108 882	685 801	636 416	49 385
Financial Management	263 510	237 753	25 757	240 464	215 796	24 668
Office Accommodation	514 446	490 188	24 258	503 228	503 228	-
Provincial and International Coordination	111 035	82 089	28 946	83 878	80 952	2 926
<b>Total</b>	<b>1 960 017</b>	<b>1 716 499</b>	<b>243 518</b>	<b>1 713 106</b>	<b>1 618 556</b>	<b>94 550</b>

## 4.2 Programme 2: Water Resource Management

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

### 4.2.1 Sub-programmes

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

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

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

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

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

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

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

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

## 4.2.2 Outcomes, outputs, performance indicators and targets

### 4.2.2.1 Integrated Water Resource Planning sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
3 Water demand reduced and water supply increased	3.1 Integrated water resource plans/measures developed	3.1.1. National Water and Sanitation master plan (NWSMP) updated	Updated National Water and Sanitation Master Plan	Updated National Water and Sanitation Master Plan (NW&SMP)	Annual update of the Water and Sanitation Master Plan (NW&SMP)	Annual update of the Water and Sanitation Master Plan (NW&SMP)	<b>Target met</b>	-
		3.1.2. Number of reconciliation strategies completed for various systems (WSS)	1	2	2	2	<b>Target met</b>	-
		3.1.3. Number of operating rules and specialist strategy studies completed annually for various water supply systems	8	8	8	8	<b>Target met</b>	-
		3.1.4. Number of updates climate change for Risk and Vulnerability Assessments completed annually for various water supply systems	2	2	2	2	<b>Target met</b>	-

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
		3.1.5 Number of completed Record of Implementation Decisions (RID) for bulk raw water planning projects	-	0 (Annual status report on progress for Xhariep pipeline)	0 (Annual monitoring and evaluation report for Xhariep Pipeline, Clanwilliam Bulk Conveyance Infrastructure and Lower Coerney Balancing Dam)	0 (Annual monitoring and evaluation report for Xhariep Pipeline, Clanwilliam Bulk Conveyance Infrastructure and Lower Coerney Balancing Dam)	<b>Target met</b>	-

## 4.2.2.2 Water Ecosystems Management sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
2 Ecological infrastructure protected and restored	2.1 Water resource classes and resource quality objectives determined and monitored	2.1.1 Number of river systems with water resources classes and determined resource quality objectives	-	0 (Final Water Resource Classes report finalised (Thukela))	0 (Implementation plan for the Water Resource Classes and the RQOS (Thukela))	0 (Implementation plan for the Water Resource Classes and the RQOS (Thukela))	<b>Target met</b>	-

## 4.2.2.3 Water Resource Information and Management sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
3 Water demand reduced and water supply increased	3.2 7 water resources monitoring programmes and 6 information systems reviewed and maintained by 2026	3.2.1 Number of water resources monitoring programmes reviewed and maintained	3	4	4	4	<b>Target met</b>	-
		3.2.2 Number of water and sanitation information systems maintained	6	6	6	6	<b>Target met</b>	-
		3.2.3 National Digitised Integrated Water and Sanitation Monitoring System Implemented	-	New indicator	Solution architecture of a National Digitised Integrated Water and Sanitation Monitoring System	Framework for digitised integrated water & sanitation monitoring system completed	<b>Target not met</b> Solution architecture of a National Digitised Integrated Water and Sanitation Monitoring System not developed	Challenges at SITA with the appointment of the PSP to provide solution architecture of the national digitised integrated water and sanitation monitoring system
3	3.3 Gauging stations refurbished to improve management decisions	3.3.1 Number of water resource gauging stations/weirs constructed	New indicator	1 (Liverpool gauging station)	1 (Lindley gauging station)	0 (Lindley gauging station at 90% completion)	<b>Target partially met</b> (Lindley gauging station is under by 10% completion)	The brief SAP system failure resulted in contractor non-payment and delays in material delivery.

## 4.2.2.4 Water Resource Infrastructure Management sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned	Reasons for deviations
			2019/20	2020/21				
3 Water demand reduced and water supply increased	3.4 Strategic water resources infrastructure projects implemented	3.4.1 Number of bulk raw water projects in preparation for implementation	0	0	5	1	<b>Target not met</b> Under by 4	<b>See details below</b>  The projects are being re-sequenced to allow for private sector participation – this means that they will be done at a later stage jointly with the private sector
			-	ORWRDP 2D: Engineering: The design work to take the design to tender stage is complete and the work packages have been prepared.	ORWRDP-2D	<b>ORWRDP 2D:</b> The project has been deferred	<b>Milestone not met</b> <b>Social:</b> The resettlement action plan assessment was not undertaken	
			-	-	ORWRDP-2E	<b>ORWRDP 2E:</b> The project has been deferred	<b>Milestone not met</b> <b>Engineering:</b> The plan to have the designs at 82% completion was not achieved.	



Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned	Reasons for deviations
			2019/20	2020/21				
			-	Nwamitwa Dam: Engaged with LNW to request the submission of the signed off dam boundary line drawings	Nwamitwa Dam	<b>Nwamitwa Dam:</b> <b>Procurement:</b> The terms of reference for the appointment of the PSP to provide services of an archaeologist have been developed.	<b>Milestone not met</b> <b>Engineering:</b> The plan to have the quarry development at 3% completion was not met.	The development of the quarry has no longer to be used to activate the Environmental Authorisation (EA) as the EA has already been activated through the RBIG project. This resulted in discontinuing with the implementation of the quarry development.
			-	Lusikisiki Regional Water Supply Scheme: Zalu Dam: Engineering: Tender design 20% complete	<b>Lusikisiki Regional Water Supply Scheme:</b> <b>Zalu Dam</b>	<b>Lusikisiki Regional Water Supply Scheme:</b> <b>Zalu Dam</b> <b>Engineering:</b> The overall design progress is 47% complete.	Milestone met	-

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned	Reasons for deviations
			2019/20	2020/21				
			-	-	Coerney Dam	<p><b>Coerney Dam:</b></p> <p>Procurement: the draft terms of reference for the appointment of a PSP to provide geotechnical engineering and engineering geological services were compiled.</p>	<p><b>Milestone not met</b></p> <p><b>Engineering:</b> The plan to have the design at 5% completion was not met.</p>	The procurement process could not be finalised due to limited supporting documentation.
		3.4.2 Number of bulk raw water projects under construction	0	1	4	2	<p><b>Target partially met</b></p> <p>Under by 2</p>	
			-	-	Tzaneen Dam	<p><b>Tzaneen Dam:</b></p> <p><b>Procurement:</b> the appointment of the DBSA as an implementing agent</p>	<p><b>Milestone not met</b></p> <p>The site establishment was not achieved.</p>	Delay in the finalisation of the appointment of DBSA as the Implementing Agent for the project.

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned	Reasons for deviations
			2019/20	2020/21				
			-	<p><b>Hazelmere Dam</b></p> <p>Procurement: The request to increase the deviation amount per the priced Bill of Quantities is awaiting approval.</p>	Hazelmere Dam	<p><b>Hazelmere Dam:</b></p> <ul style="list-style-type: none"> <li>The assessment of prior works completed</li> <li>Site establishment completed</li> </ul>	<b>Milestone met</b>	-
			-	<p><b>Clanwilliam Dam:</b></p> <p>Construction is at 12% completion</p>	Clanwilliam Dam	<p><b>Clanwilliam Dam:</b></p> <p>Construction is at 12% completion</p>	<p><b>Milestone partially met</b></p> <p><b>Construction:</b> The planned 3% of construction was not completed.</p>	Construction was affected by the inability of the contractor to procure critical goods and services.
			-	<p>Mzimvubu Water Project (Stage 1: Advance Works):</p> <p>Preparatory work for the widening of access roads undertaken (10% complete)</p>	Mzimvubu Water Project (Stage 1: Advance Works)	<p>Mzimvubu Water Project (Stage 1: Advance Works):</p> <p>Construction of access roads is at 36%</p>	Milestone met	-

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned	Reasons for deviations
			2019/20	2020/21				
		3.4.3.1	148	114	90	37	<b>Target not met</b> Under by 53	Delays in the implementation of augmentation projects impacted job creation.
		3.5.1	39% (428 of 1 105)	39% (474 of 1 203)	50%	44% (351 of 795)	<b>Target partially met</b> Under by 6%	Lack of term contract to accelerate the implementation of projects.
	3.5 Maintenance Plans implemented as scheduled and unscheduled maintenance minimised	3.5.2	25% (285 of 1 105)	26% (307 of 1 203)	≤30%	39% (312 of 795)	<b>Target partially met</b> Unscheduled maintenance increased by 9%	Lack of term contract for several years has led to inadequate maintenance of infrastructure.

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned	Reasons for deviations
			2019/20	2020/21				
		3.5.3 Number of dam safety evaluations completed	47	25	20	18	<b>Target partially met</b> Under by 2	Travelling limitations to conduct the evaluations and the backlog in the completion and receipt of mechanical reports for the 2021/22 financial year affected the achievement.
		3.5.4 Number of dam safety rehabilitation projects completed	0	0	2	1	<b>Target not met</b> Under by 2	<b>Mthatha Dam:</b> construction is currently at 52% completion. Inclement weather delayed the project completion. <b>Bloemhof Dam:</b> is currently at 5% completion. Construction was delayed due to lack of availability of key required materials.
					Mthatha Dam			
					Bloemhof Dam			

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned	Reasons for deviations
			2019/20	2020/21				
		3.5.5 Number of kilometres of conveyance systems rehabilitated per annum	2.202km	1.9518km	4km	4.771km	<b>Target exceeded</b> Over by 0.771km	Additional resources were recruited which accelerated implementation.
	3.6 Adherence to Water Supply Agreements/ Authorisations and Operating Rules (Water Resource Operations)	3.6.1 Percentage adherence to Water Supply Agreements/ Authorisations and Operating Rules (Water Resource Operations)	92%	102%	80%	103.25%	<b>Target exceeded</b> Over by 23.25%	No water restrictions were applied due to sufficient rain fall
		3.6.1.1 Number of job opportunities created through implementing operations of water resources infrastructure projects	395	363	50	311	<b>Target exceeded</b> Over by 261	The relaxation of COVID-19 restrictions allowed projects to operate at full capacity as a result more labour was hired.

## 4.2.2.5 Water Resource Policy and Strategy sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual	Reasons for deviations
			2019/20	2020/21				
5 Enhanced regulation of the water and sanitation sector	5.1 Water resource regulatory prescripts developed and implemented	5.1.1 National Water Act Amendment Bill developed	Internal stakeholder consultation on the Draft Bill	Approval granted to deviate from the development of one Water and Sanitation Bill to the amendment of the two existing Acts for implementation in the next financial 2021/22 as outlined in the new APP.	Draft National Water Act Amendment Bill submitted to Cabinet for approval for public consultation	National Water Amendment Bill was submitted to the Office of Chief State Law Advisor for initial certification	<b>Target not met</b> National Water Amendment Bill was not submitted to Cabinet.	The process of receiving the preliminary certificate from OCSLA took longer than anticipated and therefore delayed the rest of the milestones.
			Version 2.3 of the NWRS-3	Draft NWRS-3 and supporting documents were submitted to Cabinet secretariat for tabling for approval to gazette for public consultation	Final draft NWRS-3 submitted for public consultation and cabinet approval.	The final draft NWRS-3 submitted to Cabinet for the approval.	Target met	-
		5.1.2 National Water Resources Strategy Edition 3 (NWRS-3) developed						

## 4.2.2.6 Water Resource Regulation sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations	
			2019/20	2020/21					
2 Ecological infrastructure protected and restored	2.1 Water resource classes and resource quality objectives determined and monitored	2.1.2 Number of river systems monitored for the implementation of resource directed measures	-	New indicator	2	2	Target met	-	
		2.1.3 Number of rivers in which the River Eco-status Monitoring Programme is implemented	76	77	81	81	Target met	-	
	2.2 Wastewater management plans developed and implemented	2.2.1 Number of catchment strategies and plans developed for mine water and wastewater treatment works	-	New indicator	2	2	Target met	-	
		2.2.2 Number of catchment plans implemented for mine water and wastewater management	-	New indicator	1	1	Target met	-	
	2.2.3 Waste Discharge Charge System (WDCS) pilot country wide	Review of existing gap analysis on WDCS	Methodology and management approach to implement the WDCS	WDCS piloted in 3 WMAs			Pilot WDCS in 3 WMAs		
				WDCS piloted in 3 WMAs			Pilot WDCS in 3 WMAs		



Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
5 Enhanced regulation of the water and sanitation sector	5.1 Water resource regulatory prescripts developed and implemented	5.1.3 Raw water charges developed	-	New indicator	2022/23 raw water charges developed	2022/23 raw water charges developed	Target met	-
		5.1.4 Percentage of applications for water use authorisation finalised within regulated period	Average of 88%	63% (417 of 661)	80%	63% (612 of 968)	<b>Target partially met</b> Under by 17%	Inadequate number of human resources to process applications including specialists to provide comments within the reduced turnaround time of 90 days.
	5.1.5 Number of water users monitored for compliance	317	337	324	338	<b>Target exceeded</b> Over by 14	Additional monitoring was conducted by provincial offices.	
	5.1.6 Percentage of reported non-compliant cases investigated	84% (336 of 435)	101% (284 of 281)	80%	88% (324 of 367)	<b>Target exceeded</b> Over by 8%	The target was exceeded because of high number of pollution related cases reported which required urgent investigations to be conducted.	
	5.1.7 Water Research Commission (WRC) levy approved	-	New indicator	2021/22 Water Research Commission (WRC) levy approved	2021/22 Water Research Commission (WRC) levy approved	Target met	-	

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
6 Water redistributed for transformation		5.1.8 Number of wastewater systems assessed for compliance with the Green Drop Regulatory requirements	0	Professional services provider (PSP) has been appointed and Services Level agreement drafted	963	992	<b>Target exceeded</b> Over by 29	Additional systems were found during assessments
		5.1.9 Number of wastewater systems monitored against the Regulatory Requirements	383	428	366	462	<b>Target exceeded</b> Over by 96	Additional systems were inspected because of reported quality problems and others due proximity to other plants
	6.1	6.1.1 Advance Water Allocation Reform by 2026	-	New indicator	Draft regulation for water allocation reform	Second draft Water allocations Regulations developed	<b>Target not met</b> Draft regulation for water allocation reform not finalised	The National Water Act does not prescribe promulgations of regulations for water allocation reform
	6.2	6.2.5 Streamlined water resource management institutional arrangements	-	New indicator	Develop second draft business case for independent economic regulator	Second draft business case updated but not finalised.	<b>Target not met</b> Second draft business case for independent economic regulator was not finalised	Delays in obtaining information to update the business case.

## 4.2.2.7 Water Resource Institutional Oversight sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
6 Water redistributed for transformation	6.2 Streamlined water resource management institutional arrangements	6.2.1 Performance of water resource institutions evaluated against their performance plans	-	13	4	4	Target met	-
				TCTA	TCTA	TCTA		
				WRC	WRC	WRC		
			2CMAs		2CMAs			
			9WBs					
		6.2.2 Number of Catchment Management Agencies gazetted for establishment	0	2	2	1	Target partially met	
							Under by 1	
			(Proposal for the establishment of six CMA and roadmap)	Breede-Gouritz	Phongola-Mzimkhulu	Phongola-Mzimkhulu	-	-
				Vaal	Limpopo-North West	Limpopo-North West	new operation area not gazetted	Limpopo-North West new operation area requires further stakeholder engagements
		6.2.3 National Water Resources Infrastructure Agency gazetted for establishment	Final concept note for establishment of the Authority	Final business case finalised	Draft legislation for establishment of the Agency	Draft legislation for establishment of the Agency	Target met	-

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
		6.2.4 Number of irrigation boards transformed into Water User Associations	-	New indicator	Transformation status report of the 5 irrigation boards into Water User Associations	1	<b>Target not met</b> Under by 4	
						Upington Island report	-	-
							Loskop	Due to unforeseen incidents
							Ixopo	consultation
							Brandweg	meetings could not be held
							Gamtoos	to finalise the status reports

#### 4.2.2.8 Strategy to overcome areas of under performance

##### Water Resource Information Management sub-programme

**National Digitised Integrated Water and Sanitation Monitoring System Implemented:** The annual target could not be achieved due to SITA's delayed response to procure a PSP. Furthermore, bidders were non-responsive to the technical specification. However, an internal review allowed for the development of an inward-looking draft solution architecture which will serve as input to a final outward looking solution architecture to be developed by a prospective PSP.

**Number of water resource gauging stations/weirs constructed:** The works activities programme and expenditure are being reviewed due to delays from unforeseen rainfall and high flows. Without further delays the items/activities related to the civil works and instrumentation house will be finished mid May 2022, and site de-establishment and rehabilitation towards the end of May 2022. Additional resources are temporarily being mobilised from the Bavaria site to the Lindley site to expedite activities to be performed.

##### Water Resource Infrastructure Management sub-programme

###### Number of bulk raw water projects in preparation for implementation:

- **Olifants River Water Resource Development 2D and 2E:** As the projects are being re-sequenced to allow for private sector participation; they will be done at a later stage jointly with the private sector. Further discussions with the current PSP on the close-out and contractual aspects will need to be convened.
- **Nwamitwa Dam:** The quarry development will longer to be used to activate the environmental authorisation. Also, a solution is being explored on how to address the delays on the finalisation of the dam boundary line.
- **Coerney Dam:** As the procurement process could not be finalised due to limited supporting documentation, the supply chain management process will be expedited to appoint the design engineer.

###### Number of bulk raw water projects under construction:

- **Tzaneen Dam:** As the DBSA has been appointed as an implementing agent, they will commence with resources mobilisation in preparation for the planned construction.
- **Clanwilliam Dam:** The supply chain process will be expedited for the procurement of critical goods and services.

**Number of job opportunities created through implementing augmentation infrastructure projects:** the planned acceleration of bulk raw water augmentation projects will result in the creation of more job opportunities.

**Percentage scheduled maintenance and unscheduled maintenance projects completed:** The newly appointed maintenance term contract will address the underperformance by dealing with the maintenance backlog.

**Number of dam safety evaluations completed:** the completion of mechanical and electrical inspection reports particularly for category III dams is being prioritised. The completion of mechanical and electrical inspection reports for category II dams would be undertaken based on a site-specific requirement for certain dams which may have larger mechanical and electrical installations. Visual inspections are also scheduled to allow for the completion of as many inspections as possible.

**Number of dam safety rehabilitation projects completed:** A two-pronged strategy on the short term and long-term measures will be used as follows

**Short-term:** Convene bi-weekly progress meetings on supply chain management to address delays and project implementation obstacles. Convene bi-weekly project meetings with project managers of delayed projects to track progress. Monitor community unrest and refine the adopted community participation strategy.

**Long-term:** Rebuild the Department's soil testing laboratory and strengthen the hydraulics laboratory. Exploring the introduction of incentivisation with the confines of the law. Enhance the programme management through developing a documented strategy, categorising projects into developmental and mainstream projects.

### Water Resource Policy and Strategy sub-programme

*National Water Act Amendment Bill developed:* the plan is to finalise this during the 2022/23 financial year.

### Water Resource Regulation sub-programme

*Percentage of applications for water use authorisation finalised within regulated period:* The department has developed a comprehensive improvement plan for water use licencing, which is currently under implementation. The plan includes reengineering of the water-use licencing processes, hiring and training of staff, and further roll-out and improvement of the electronic e-WULAAS system for managing water-use license applications. It will take some time for it to impact on turnaround times.

*Regulation for advancement of water allocation reform finalised:* As the National Water Act does not prescribe promulgation of water allocation reform regulations, a provision to amend section 26 of the Act to address issues of redress is underway.

*Water economic regulator gazetted for establishment:* Additional support from operation Vulindlela secured to assist with finalizing the business case.

### Water Resource Institutional Oversight sub-programme

Number of Catchment Management Agencies gazetted for establishment: the business case for the reconfiguration and realignment of Limpopo and Olifants Catchment Management Agencies to Limpopo-Olifants Catchment Management Agency was completed but further consultations are ongoing.

Number of irrigation boards transformed into Water User Association: Discussions are underway to develop an implementation plan for transformation of Irrigation Board to Water User Associations and the revision of transformation tools is in progress.

## 4.2.3 Sub-programme expenditure

Sub-programme name	2021/22			2020/21		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Water Resources Management Support	6 931	5 447	1 484	32 562	28 564	3 998
Integrated Water Resources Planning	95 466	74 819	20 647	63 846	62 144	1 702
Water Ecosystems Management	53 393	51 719	1 674	39 751	38 907	884
Water Resources Information and Management	562 352	505 972	56 380	526 454	448 198	78 256
Water Resources Infrastructure Management	2 613 439	2 613 439	-	2 612 053	2 612 053	-
Water Resources Policy and Strategy	8 496	2 274	6 222	-	-	-
Water Resources Regulation	203 335	197 748	5 587	185 452	173 140	12 312
Water Resources Institutional Oversight	73 188	48 443	24 745	43 720	26 195	17 525
<b>Total</b>	<b>3 616 600</b>	<b>3 499 861</b>	<b>116 739</b>	<b>3 503 838</b>	<b>3 389 201</b>	<b>114 637</b>

## 4.3 Programme 3: Water Services Management

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

### 4.3.1 Sub-programmes

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

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

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

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

**Water Services Policy and Strategy** develops water services policies, procedures, and reviews the implementation thereof. This entails the revision of the Strategic Framework for Water Services, and Sanitation Strategy and develop the Water Services and Sanitation Services Framework.

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

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

## 4.3.2 Outcomes, outputs, performance indicators and targets

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

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual	Reasons for deviations
			2019/20	2020/21				
3 Water demand reduced and water supply increased	3.7 Water conservation and water demand management strategies developed for water sectors	3.7.1 Number of water conservation and water demand management strategies updated	-	New indicator	4 frameworks water conservation and water demand management strategies	Draft inception report	<b>Target not met</b> 4 frameworks water conservation and water demand management strategies not developed	Delays in procurement process
	3.8 8 large water supply systems assessed for water losses by 2026	3.8.1 Number of large water supply systems assessed for water losses	8	8	8	8	<b>Target met</b>	-
	3.9 Regional bulk infrastructure project implemented	3.9.1 Number of feasibility studies for water and wastewater services projects (RBIG) completed	0	0	5	0	<b>Target not met</b> 5 feasibility studies not completed	The procurement process was not finalised for the appointment of PSPs to undertake the planning studies.
		3.9.2 Number of implementation readiness studies for water and wastewater services projects (RBIG) completed	3	(inception reports for implementation readiness studies)	0	0	<b>Target not met</b> Draft IRS report was not developed	The delay in the procurement process of the feasibility studies, affected the delivery of the IRS draft report as a feasibility report is a required to finalise an IRS.



Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual	Reasons for deviations			
			2019/20	2020/21							
4	Water and sanitation services managed effectively	4.1 District municipalities' five-year reliability plans developed	4.1.1	Number of district municipalities (DMs) with developed 5-year water and sanitation reliability plans	0	0	5	0	The procurement process was not finalised for the appointment of PSPs.		
			4.2	WSAs assessed for water services performance	108 MuSSAs finalised	1 national MuSSA report	1 report on national MuSSA	1 report on national MuSSA	Target met	The five 5-year water and sanitation reliability plans were not developed.	
5	Enhanced regulation of the water and sanitation sector	4.2	4.2.1	Annual MuSSA reports on water services authorities' performance in providing water and sanitation services	1 national MuSSA report	1 national MuSSA report	1 report on national MuSSA	1 report on national MuSSA	Target met	-	
			4.2.2	Annual Municipal Priority Action Plan (MPAP) developed	-	New indicator	1 national MPAP report developed	1 national MPAP report developed	1 national MPAP report developed	Target met	-
			5.2	Water services regulatory prescripts developed	Conceptual Framework for National Sanitation Integrated Plan	National Sanitation Situational Analysis Report finalised	Draft National Sanitation Integrated Plan	Draft National Sanitation Integrated Plan	Draft National Sanitation Integrated Plan	Target met	-
			5.2.3	National Faecal Sludge Management Strategy for on-site sanitation developed	Conceptual Framework for National Faecal Sludge Management Strategy for on-site sanitation developed	Draft National Faecal Sludge Management Strategy for on-site sanitation developed	Draft National Faecal Sludge Management Strategy for on-site sanitation developed	Draft National Faecal Sludge Management Strategy for on-site sanitation developed	Target met	-	

## 4.3.2.2 Regional Bulk Infrastructure Grant sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
3 Water demand reduced and water supply increased	3.9 Regional bulk infrastructure project implemented	3.9.3.1 Number of mega regional bulk infrastructure project phases under construction	9	8	10	7	<b>Target partially met</b> Under by 3	<ul style="list-style-type: none"> <li>uMshwathi BWS Phase 4 of 5: Delays to complete phase 3 is delaying the commencement of Phase 4.</li> <li>Sebokeng WWTW Phase 2 of 2: Delays in completion of Phase 2A-contractor off-site due to cashflow challenges. The IA is in the process of terminating the non-performing contractor.</li> </ul>
			55	68	72	73	<b>Target exceeded</b> Over by 1	The additional project is a recovery from the previous financial year.
	3.9.3.2	27	35	31	48	<b>Target exceeded</b> Over by 17	The additional projects were implemented as COVID-19 interventions to provide access to water in respective areas.	
	3.9.3.3	3	1	1	1	<b>Target met</b>	-	
		3.9.4.1 Number of mega regional bulk infrastructure project phases completed						

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
		3.9.4.2 Number of large regional bulk infrastructure project phases completed	6	2	9	4	<b>Target not met</b>  Under by 5	<ul style="list-style-type: none"> <li>Greater Mamusa BWS Phase 3 of 4: Delays in procurement of contractors</li> <li>Mt Ayliff Peri Urban BWS Phase of 2 (upgrade of WTW): Eskom delayed by community to provide the quotation work required at the raw water intake works</li> <li>3 project phases of Driekoppies: There were community unrests and amendments in reservoir designs which delayed the completion of the project.</li> </ul>
		3.9.4.3 Number of small regional bulk infrastructure project phases completed	7	8	8	10	<b>Target exceeded</b>  Over by 2	The additional projects are a recovery from the previous financial year.

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
		3.9.4.3.1 Number of job opportunities created through implementing RBIP infrastructure projects	623	560	500	831	<b>Target exceeded</b> Over by 331	More jobs were created due to the relaxation of the COVID-19 regulations which allowed contractors to employ more labour in the projects.

#### 4.3.2.3 Water Services Regulation sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned	2021/22 actual achievement	Deviation from planned	Reasons for deviations
			2019/20	2020/21				
5 Enhanced regulation of the water and sanitation sector	5.2 Water services regulatory prescripts developed	5.2.4 Bulk water tariffs developed	2020/21 raw water charges and bulk tariffs approved	2021/22 raw water charges and bulk tariffs approved	2022/23 bulk water tariffs developed	2022/23 bulk water tariffs developed	<b>Target met</b>	-
	5.3 Water supply systems monitored for compliance	5.3.1 Number of water supply systems assessed for compliance with Blue Drop regulatory requirements	0	0	0	1186 assessed for Blue Drop risk rating	<b>Target exceeded</b> Over by 1186 systems	The Blue Drop progress report developed as a preliminary assessment of the water supply systems risk rating.

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned	2021/22 actual achievement	Deviation from planned	Reasons for deviations
			2019/20	2020/21				
		5.3.2 Number of identified non-compliant water supply systems monitored against the regulatory requirements	389	366	326	459	<b>Target exceeded</b> Over by 133	Additional plants were inspected as part of information verification for the Blue Drop PAT and others due to proximity to other plants

## 4.3.2.4 Water Services Policy and Strategy sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
5 Enhanced regulation of the water and sanitation sector	5.2 Water services regulatory prescripts developed	5.2.1 Water Services Amendment Bill developed	Internal stakeholder consultation on draft Bill	Approval granted to deviate from the development of one Water and Sanitation Bill to the amendment of the two existing Acts for implementation in the next financial 2021/22 as outlined in the new APP.	Draft Water Services Amendment Bill developed	Draft WSA Bill and are ready to be sent to OCSLA for preliminary certification	<b>Target not met</b> Draft Water Services Amendment Bill not developed	The process of receiving the preliminary certificate from OCSLA took longer than anticipated and therefore delayed the rest of the milestones.

## 4.3.2.5 Water Services Infrastructure Grant sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
3 Water demand reduced and water supply increased	3.10 Water services Infrastructure Grant Projects implemented	3.10.1	263	382	173	331	<b>Target exceeded</b> Over by 158	Projects carried over from the previous municipal financial year.
		3.10.2	117	112	46	72	<b>Target exceeded</b> Over by 26	
		3.10.3	New indicator	1	1	1	<b>Target met</b>	

## 4.3.2.6 Water Services Institutional Oversight sub-programme

Outcome	Output	Output indicator	Audited actual performance		2021/22 planned annual target	2021/22 actual achievement	Deviation from planned to actual achievement	Reasons for deviations
			2019/20	2020/21				
6 Water redistributed for transformation	6.3 Streamlined water services management institutional arrangements	6.3.1 Performance of water boards evaluated against their performance plans	-	9 water boards	Shareholder compacts, business plans and quarterly reports for 9 WBs	Shareholder compacts, business plans and quarterly reports for 9 WBs	<b>Target met</b>	-
		6.3.2 Number of regional water utilities gazetted for establishment	0 (Draft roadmap for the establishment of proto-RWU developed)	0	0 (Draft Due diligence reports for 2 regional water utilities)	0 (Draft Due diligence reports for 2 regional water utilities)	<b>Target met</b>	-

#### 4.3.2.7 Strategy to overcome areas of under performance

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

**Number of water conservation and water demand management strategies updated:** The Professional Service Provider was appointed in January 2022 for this project and hence the draft inception report delivered in financial year. The Department will continuously monitor the progress of this project to ensure deliverables as per the 2022/23 APP targets.

**Number of feasibility studies for water and wastewater services projects (RBIG) completed:** The procurement process for the completion of the five RBIG feasibility studies were not finalised by the end of the 2021/22 financial year and are now at advanced stage. The affected targets were included in the 2022/23 APP for completion.

**Number of implementation readiness studies for water and wastewater services projects (RBIG) completed:** The procurement process for the completion of the one RBIG draft implementation readiness study was not finalised by the end of the 2021/22 financial year and is now at advanced stage. The affected target is included in the 2022/23 APP for completion.

**Number of district municipalities (DMs) with developed 5-year water and sanitation reliability plans:** The procurement processes for the outsourcing of the five-year water and sanitation reliability plans in ten district municipalities were not finalised by the end of the 2021/22 financial year and are now at advanced stage. The affected targets were included in the 2022/23 APP for completion.

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

**Number of mega regional bulk infrastructure project phases under construction:**

- **uMshwathi BWS Phase 4 of 5:** Delays to complete phase 3 is delaying the commencement of Phase 4. Phase 3 will be completed during the 2022/23 FY.
- **Sebokeng WWTW Phase 2 of 2:** Delays in completion of Phase 2A- contractor off-site due to cashflow challenges. The IA is in the process of terminating the non-performing contractor.

**Number of large regional bulk infrastructure project phases completed:**

- **Greater Mamusa BWS phase 3 of 4:** The Department is currently resolving the delays in procurement and exploring the acceleration of the project.
- **Mt Ayliff Peri Urban BWS Phase of 2 (upgrade of WTW):** Eskom delayed by community to provide the quotation work required at the raw water intake works. The Department is engaging with the relevant department to prioritise the electricity connection of the project
- **Three (3) project phases of Driekoppies:** There were community unrests and amendments in reservoir designs which delayed the completion of the project. The Department is continuously monitoring and engaging relevant stakeholders to unlock challenges and fast track the resumption of construction.

##### **Water Services Policy and Strategy sub-programme**

**Water Services Amendment Bill developed:** the plan is to finalise this during the 2022/23 financial year.



### 4.3.3 Sub-programme expenditure

Sub- programme name	2021/22			2020/21		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under
	R'000	R'000	R'000	R'000	R'000	R'000
Water Services Management Support	34 859	27 633	7 226	7 202	6 091	1 111
Water Services and Local Management	402 541	223 785	178 756	365 667	330 311	35 356
Regional Bulk Infrastructure Grant	7 064 295	5 444 553	1 619 742	7 049 407	5 124 235	1 925 172
Water Services Regulation	45 615	38 080	7 535	47 978	27 204	20 774
Water Services Policy and Strategy	12 349	12 349	-	14 468	13 814	654
Water Services Infrastructure Grant	4 585 931	4 233 134	352 797	4 272 571	3 973 147	299 424
Water Services Institutional Oversight	12 850	7 620	5 230	20 054	20 054	-
<b>Total</b>	<b>12 158 440</b>	<b>9 987 154</b>	<b>2 171 286</b>	<b>11 777 347</b>	<b>9 494 856</b>	<b>2 282 491</b>

## 5 Transfer payments

### 5.1 Transfer payments to public entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		(R'000)	(R'000)	
Magalies Water Board	Implementation of the Pilanesberg South Bulk Water Supply (BWS) Scheme Phase 2 project – Mafenya to Phokeng/Tlhabane Pipeline	103 390	103 390	Implementation of the Pilanesberg South Bulk Water Supply (BWS) Scheme Phase 2 project – Mafenya to Phokeng/Tlhabane Pipeline
Sedibeng Water Board	Replacement of Namakwa Bulk Water Supply and implementation of Vaal Gamagara Groundwater Resource Development	569 388	569 388	<b>Vaal Gamagara</b> - 93% complete for phase 1 of the Vaal Gamagara pipeline. There has been an involvement of chamber of mines to assist the Sedibeng Water with project implementation. <b>Namakwa Bulk Water Supply</b> (BWS) – phase 2 of the project is 69% complete.
Umgeni Water Board	Implementation of Greater Mpofana, Umshwathi Bulk Water Supply System and Maphumulo Bulk Water Supply	230 191	230 191	<b>Greater Mpofana BWS</b> - the overall progress is at 93% complete. <b>Umshwathi Regional Bulk Scheme Phase 4</b> - the detailed project designs have been completed with the appointment of contractors is expected before the end of June. <b>Maphumulo BWS</b> – the overall progress for the project is at 99%. There has been a request of additional funds that is being considered.

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

The table below reflects the transfer payments made for the period 1 April 2021 to 31 March 2022.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)		Reasons for the funds unspent by the entity
Regional Bulk Infrastructure Grant (RBIG)	Municipalities	To develop new, refurbish, upgrade, and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality.  To pilot regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements.	Yes	2,237,370	2,237,370	-	-
Water Services Infrastructure Grant (WSIG)	Municipalities	Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities.  Provide interim, intermediate water and sanitation supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing, and equipping of boreholes.  Provide on-site sanitation solutions.  Support the existing bucket eradication programme intervention in formal residential areas.  Support drought relief projects in affected municipalities.	Yes	3,620,327	3,620,327	-	-
Energy Water Sector Education and Training Authority (EWSETA)	Departmental agencies and accounts	Payment of the skills levy in terms of the Skills Development Levy Act to the Energy and Water Sector Education Training Authority	Yes	3 190	3 190	-	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)		Reasons for the funds unspent by the entity
Water Trading Entity Account: Augmentation (Capital)	Departmental Entity	Funds the social portion of new infrastructure development and improvement of infrastructure, two-thirds of the acid mine drainage costs, and it also covers the head office support function.	Yes	2,372,665	2,372,665	-	-
Communication licences (radio and TV)	Municipalities	Boats and vehicles licencing	Yes	2	2	-	-
Komati River Basin Water Authority (KOBWA)	Foreign government/ international organisation	The repayment of outstanding loans to various financial institutions for Driekoppies and Maguga dams; and operational overheads.  Driekoppies Dam was funded 100% by South Africa while the Maguga Dam was funded on a 60:40 ratio by South Africa and Swaziland. The loan capital was the main source of funding for the project.  All loans were raised by KOBWA. The loans for Driekoppies were guaranteed by the Government of South Africa alone, whereas loans for the Maguga Dam were guaranteed by South Africa with a back-to-back guarantee from Swaziland. The balance of the funds for the Project was provided directly by the Governments.	Yes	240 774	240 774	-	-
Limpopo Watercourse Commission (LIMCOM)	Foreign government/ international organisation	The Limpopo Watercourse Commission (LIMCOM) Secretariat's operational costs.  To fully discharge its mandate, the LIMCOM took a decision on 30 of November 2011 to establish a Secretariat as provided for in Article 4.2 of the LIMCOM agreement, to assist in the implementation of the Council decisions. Once established, the Secretariat should act as a focal point for the Commission's activities and to provide administrative and secretarial support.  The LIMCOM current interim Secretariat is hosted by the Republic of Mozambique, Maputo. The 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	926	926	-	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)		Reasons for the funds unspent by the entity
Orange-Senqu River Basin Commission (ORASECOM)	Foreign government/ international organisation	<p>The Orange-Senqu River Basin Commission (ORASECOM) Secretariat's operational costs.</p> <p>The ORASECOM was established in the year 2000 through an agreement amongst the Republic of Botswana, the Kingdom of Lesotho, the Republic of Namibia, and the Republic of South Africa. The Commission established the Permanent Secretariat in the year 2007 and is based in Centurion, Republic of South Africa.</p>	Yes	1 404	1 404	-	-
African Ministers' Council on Water (AMCOW) Trust Fund	Foreign government/ international organisation	<p>The African Ministers' Council on Water (AMCOW) Secretariat's operational costs.</p> <p>The African Ministers' Council on Water (AMCOW) was formed in 2002 in Abuja Nigeria, primarily to promote cooperation, security, social and economic development, and poverty eradication among member states through the management of water resources and provision of water supply services.</p>	Yes	220	220	-	-
Various institution: 2020 Vision	Water and Sanitation Education Programme	The 2020 Vision for Water and Sanitation Education Programme hosted 2019 National Adjudication which is a culmination of 2020 Vision for Water and Sanitation Education Programme (VFWSEP) provincial activities as per different Action Projects of the Programme.	Yes	803	803	-	-
NEPAD Business Foundation	Foreign government/ international organisation	<p>AU/NEPAD Southern African Network of Water Centre of Excellence (AU/NEPAD SANWATCE) – a network of universities and research institutions in Southern Africa Region.</p> <p>Funds were used for water related research agendas and initiatives which will in turn be beneficial to the Sector. The University of Stellenbosch and DWS collaborated and combined their respective expertise for mutual interests in the development, research, innovation, education and training in the Southern African Development Community (SADC) region. It provided for support of on-going activities through the AU/NEPAD SANWATCE Secretariat, within the water and related sectors through the conclusion of appropriate agreements on a project-by-project basis.</p>	Yes	500	500	-	-

## 6 CONDITIONAL GRANTS

### 6.1 Conditional grants and earmarked funds paid

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

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

Municipality to which the grant has been transferred	Various municipalities appointed as implementing agents by the Department
Purpose of the grant	<ul style="list-style-type: none"> <li>To develop new, refurbish, upgrade, and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality</li> <li>Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>44 regional bulk project phases initiated</li> <li>4 project phase phases completed</li> <li>120 501 households benefitting from completed project phases</li> <li>8 district municipalities benefitting from completed project phases</li> <li>500 of job opportunities created</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>56 bulk project phases initiated</li> <li>9 project phase phases completed</li> <li>70 054 households benefitting from completed project phases</li> <li>4 district municipalities benefitting from completed project phases</li> <li>831 of job opportunities created</li> </ul>
Amount per amended DORA (R'000)	2 237 370
Amount transferred (R'000)	2 237 370
Reasons if amount as per DORA not transferred	Allocation fully transferred
Amount spent by the municipalities (R'000)	2 237 370
Reasons for the funds unspent by the municipalities	N/A
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports. Department try all the time to resolve the risks that have negative impact on implementation of projects

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

Municipality to which the grant has been transferred	Various municipalities appointed as implementing agents by the Department
Purpose of the grant	<ul style="list-style-type: none"> <li>• To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities</li> <li>• Provide interim, intermediate water supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing, and equipping of boreholes</li> <li>• Provide on-site sanitation solutions</li> <li>• To support drought relief projects in affected municipalities</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Implement 163 water supply projects in 107 municipalities</li> <li>• Complete 46 water supply projects in 40 municipalities</li> <li>• 90 561 households provided with water through reticulated water supply or source identification;</li> <li>• 8 985 households benefitted from sanitation projects.</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>• Implemented 328 water supply projects in 106 municipalities</li> <li>• Completed 72 water supply projects in 37 municipalities</li> <li>• Completed rural on-site sanitation in 810 households</li> <li>• 99 757 households provided with water through reticulated water supply or source identification.</li> </ul>
Amount per amended DORA (R'000)	3 620 327
Amount transferred (R'000)	3 620 327
Reasons if amount as per DORA not transferred	Allocation fully transferred
Amount spent by the municipalities (R'000)	3 620 327
Reasons for the funds unspent by the municipalities	N/A
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports.

## 6.2 Conditional grants and earmarked funds received

The tables below detail the conditional grants and ear marked funds received during for the period 1 April 2020 to 31 March 2021.

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

Purpose of the grant	<ul style="list-style-type: none"> <li>To develop new, refurbish, upgrade, and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality</li> <li>Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>70 regional bulk project phases initiated</li> <li>6 project phase phases completed</li> <li>136 654 households benefitting from completed project phases</li> <li>10 district municipalities benefitting from completed project phases</li> <li>537 of job opportunities created</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>72 regional bulk project phases initiated</li> <li>6 project phase phases completed</li> <li>10 635 households benefitting from completed project phases</li> <li>5 district municipalities benefitting from completed project phases</li> <li>302 job opportunities created</li> </ul>
Amount per amended DORA (R'000)	3 274 930
Amount received (R'000)	3 274 930
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	2 045 400
Reasons for the funds unspent by the Department	Delays by implementing agents in implementing projects, which mainly caused by slow SCM processes, litigations process due to SCM processes. Community unrest also delays progress on site.
Reasons for deviations on performance	Delays by implementing agents in implementing projects, which mainly caused by slow SCM processes, litigations process due to SCM processes. Community unrest also delays progress on site.
Measures taken to improve performance	Implementing agents to report urgently on risks that will have negative effect on the implementation of projects. Where possible reallocate budget to avoid under spending.
Monitoring mechanism by the receiving department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports. The Department tries all the time to resolve the risks that have negative impact on implementation of projects.



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

Purpose of the grant	<ul style="list-style-type: none"> <li>• To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities</li> <li>• Provide interim, intermediate water supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes</li> <li>• Provide on-site sanitation solutions</li> <li>• To support drought relief projects in affected municipalities</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Implement 10 water supply projects in 7 municipalities</li> <li>• Complete 0 water supply projects</li> <li>• 1 801 households provided with water through reticulated water supply or source identification;</li> <li>• 0 households benefitted from sanitation projects.</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>• Implemented 3 water supply projects in 2 municipalities</li> <li>• Completed 0 water supply projects</li> <li>• 1 801 households provided with water through reticulated water supply or source identification;</li> <li>• 0 households benefitted from sanitation projects.</li> </ul>
Amount per amended DORA (R'000)	729 692
Amount received (R'000)	729 692
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	404 784
Reasons for the funds unspent by the Department	Delay in the finalisation of service level agreements as well as non-availability locally of some of the materials
Reasons for deviations on performance	Delay in the finalisation of service level agreements
Measures taken to improve performance	Departmental Bid Adjudication Committee meetings to be held regularly to deal with service level agreement
Monitoring mechanism by the receiving department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports

## 7 DONOR FUNDS

None.

## 8 CAPITAL INVESTMENT

### Capital investment, maintenance and asset management plan

Infrastructure projects	2020/21			2021/22		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	2 984 970	1 879 014	1 105 956	3 762 736	2 328 453	1 434 283
Existing infrastructure assets	1 155 765	205 350	950 415	427 587	295 970	131 617
Upgrades and additions	178 726	164 513	14 213	140 637	127 493	13 144
Rehabilitation, renovations, and refurbishments	953 536	19 844	933 692	142 148	23 633	118 515
Maintenance and repairs	23 503	20 993	2 510	144 802	144 844	-42
Infrastructure transfer	8 794 527	8 794 527	-	9 374 210	9 374 210	-
Current	437 008	437 008	-	541 469	541 469	-
Capital	8 357 519	8 357 519	-	8,832 741	8 832 741	-
<b>Total</b>	<b>12 935 262</b>	<b>10 878 891</b>	<b>2 056 371</b>	<b>13 564 533</b>	<b>11 998 633</b>	<b>1 565 900</b>



# PART C: GOVERNANCE

## 1 INTRODUCTION

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

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

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

## 2 RISK MANAGEMENT

During the reporting period the department reviewed its risk management governance documentation and new policies, and strategies were developed as follows:

- (a) Business Continuity Management Policy and Procedures were developed and approved by the Accounting Officer with the purpose of guiding the development of a business continuity management capability and plan to enable the continuation of business activities in the event of an emergency and ensuring the safety of all employees.
- (b) Risk Management Policy was reviewed and approved by the Accounting Officer with the purpose to emphasize and articulate the department's risk management philosophy and commitment to effective risk management as well as to communicate broad risk management principles to guide the department and its employees.
- (c) Risk Management Strategy was reviewed and approved by the Accounting Officer with the purpose of adopting best practices in the identification, evaluation and cost-effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also maximize opportunities to achieve the Department's objectives and deliver core service provisions.
- (d) Risk Management Framework was reviewed and approved by the Accounting Officer with the purpose to provide guidance to the Minister, Director-General, Senior Managers and staff as a whole when overseeing or implementing the development of processes, systems and techniques for managing risk, which are appropriate to the context of the Department and to contribute to building a risk-smart workforce and environment that allows for innovation and responsible risk-taking while ensuring legitimate precautions are taken to protect the public interest, maintain public trust, and ensure due diligence.
- (e) Combined Assurance Framework was reviewed and approved by the Accounting Officer with the purpose to outline a high-level long-term plan on how the Department of Water and Sanitation will provide assurance on its significant risks.
- (f) Risk Appetite and Tolerance Framework was reviewed and approved by the Accounting Officer with the purpose of setting and communicating the risk appetite and tolerance level of the department and ensure it is applied in decision making regarding the effective management of risks from a portfolio view and holistic perspective.

For the period under review, the department conducted risk assessments that covered the following areas:

- (a) Strategic and Operational risks with specific focus on the risks relating to Projects, Fraud and Corruption, Information and Communication Technology, Compliance and Ethics.
- (b) New and emerging risks were identified during the operational risk committee meetings for escalation to the executive risk committee to determine the effectiveness of the risk management mitigation strategies being implemented.
- (c) During the reporting period, the department had two types of Risk Management Committees in place, these are:

**Executive Risk Management Committee** that is chaired by an independent non-executive member. This committee's focus was on the following:

- (i) Assisting the Accounting Officer in addressing its oversight requirements in relation to the enterprise risk management mandate (risk management, combined assurance, anti-corruption and fraud, business continuity management and compliance), including evaluating and monitoring the department's performance with regards to risk management. Over and above the aforementioned oversight role, this Committee was formally appointed by the Accounting Officer to promote and review the department's Enterprise Risk Management objectives, policy, framework and strategy as well as to monitor the process at strategic management and operational levels.
- (ii) The Committee met quarterly to review the overall system of risk management, especially the mitigation of unacceptable levels of Strategic risk profile of the department.
- (iii) The Committee in executing its mandate has highlighted the following areas of concern for the attention of the respective risk owners and the Accounting Officer:
  - Improving the accountability to ensure timeous implementation of risk mitigation strategies.
  - The lack of movement in the residual risk ratings associated with strategic risks, despite the implementation of risk mitigation strategies.
  - Ineffective project governance and the management of project risks.
  - Lack of a compliance function and effective compliance monitoring to ensure areas of non-compliance are addressed.
  - Requirement for an end-to-end review of the ICT function given the risks that have materialised.
  - Prioritising the implementation of effective business continuity management.
  - Addressing financial risks in terms of debt collection as well as procurement and contract management.
  - Continue to enhance the risk culture within the Department.

**Operational Risk Management Committee** that is chaired by a Deputy Director-General and its purpose is to assist the Executive Risk Management Committee in discharging its governance responsibilities by:

- (i) overseeing the matters pertaining to departmental operational risks and ensuring that critical operational risks are escalated to the executive risk management committee.
- (ii) evaluating the extent and effectiveness of integration of risk management within the branches, regional offices, clusters and units and the effectiveness of the mitigating strategies implemented to address the material operational risks of the department.

The Committees convened meetings in line with their Charters which required meetings to be held quarterly as follows.

No	Nature of meeting	Date
<b>Executive Risk Management Committee Meetings</b>		
1	Regular Meeting	15 June 2021
2	Regular Meeting	20 September 2021
3	Regular Meeting	18 November 2021
4	Regular Meeting	23 March 2022
<b>Operational Risk Management Committee Meetings</b>		
1	Regular Meeting	05 May 2021
2	Regular Meeting	05 August 2021
3	Regular Meeting	04 November 2021
4	Regular Meeting	10 February 2022

### 3 FRAUD AND CORRUPTION

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

The Department has adopted a zero-tolerance stance towards fraud and corruption and has approved a fraud policy as well as an anti-corruption and fraud prevention plan. In its fraud policy, the Department subscribes to the Protected Disclosures Amendment Act 5 of 2017. This means employees who have reported incidents of fraud and corruption are protected from any form of occupational detriment. The anti-corruption and fraud prevention plan is an overall plan that sets out how the Department will reduce fraud and corruption. It sets out the activities that the Department will carry out to limit or eliminate the exposure of corruption and fraud. This was implemented during the financial year and is reviewed annually.

The Department's Forensic Audit & Quality Assurance (FAQA) unit investigated 50 cases utilising internal resources and one (1) case was investigated using external resources. The finalised cases were referred to:

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

As part of the Department's pro-active fraud prevention measures, the work performed by the Internal Audit Unit also averted irregular expenditure to the amount of R25 million. The unit also held 30 fraud awareness sessions (both physical and virtual) to various directorates within the Department and 502 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 provincial offices and operations clusters). These workshops are aimed at increasing vigilance of the officials.

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

The internal source is mainly through the officials reporting the incidents of fraud and corruption to the Office of the Director-General (ODG). After the DG's approval, the Department's Forensic Investigation Unit, investigates and issues reports to the DG to implement the recommendations as well as the DWS Audit Committee for noting and subsequent monitoring. The Department's Forensic Investigations Unit remains independent, free of bias and aspires to remain free of any kind of influence. Furthermore, all managers and employees are responsible for the detection and prevention of fraud and corruption within their area of responsibility.

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

### 4 MINIMISING CONFLICT OF INTEREST

The Department has implemented employee ethics and integrity advocacy interventions in the workplace by conducting three (3) virtual workshops on ethics and integrity matters that dealt with the following aspects: -

- (a) employee ethical conduct in the workplace.
- (b) Building an ethical department of water and sanitation.
- (c) Questions and answers with SMS and OSD equivalent on Disclosure of Financial Interests 2022 and RWOPS

**Publication of an Opinion Piece: *Building an Ethical Public Service and the implications of doing business with the state*:** The communication article was published in DWS Speaks: Department of Water and Sanitation Quarterly Newsletter, September 2021

### Disclosure of financial interests

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

For the period under review, the Department had 189 SMS employees and 1 539 non-SMS employees that were required to declare their financial interests. From the non-SMS employees, 425 did not declare their financial interests by the closing date as required. Disciplinary action was therefore instituted against the non-compliant employees.

Category	Submitted	Not submitted	Total	Percentage compliance
	#	#	#	%
Senior management service	189	0	189	100
Employees equivalent to level 12 and above the OSD	413	12	425	97.17
Employees on level 12				
Employees on salary level 11 and OSD equivalent	701	413	1114	62.92
Branch finance (Main) and Water Trading Entity required to submit				

## 5 CODE OF CONDUCT

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

To further institutionalise good ethical behaviour in the Department, a department Specific Code of Conduct is being developed and will be implemented during the 2022/23 financial year. To further strengthen the management of professional and ethical conduct, the department has established an Ethics Management Committee that is Chaired by an Ethics Champion who is at the Deputy Director General level. So far, the Committee convened its meetings five (5) times during the financial year as follows:

No	Meeting	Date
1	Special DWSEC meeting: inaugural meeting and induction by the DPSA	14/10/2021
2	Special DWSEC meeting: special meeting	02/12/2021
3	Special DWSEC meeting: special meeting	06/12/2021
4	Special DWSEC meeting: special meeting	04/02/2022
5	Special DWSEC meeting: special meeting	02/03/2022

The focus of the committee was on the following: -

- Providing a strategic direction and to perform oversight role on ethics management in the department.
- referring incidents of unethical behaviour to Internal Audit and/or Employee Relations for further investigation.
- submitting reports to the Accounting Officer, Executive Risk Management Committee as well as the Audit Committee periodically and when it is required to do so.

## 6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The year 2021/2022, has been challenging for the Department as the country was still under regulated lockdown to curb the rising Covid-19 infections. Equally, staff experienced major challenges, as some were infected with the virus or lost loved ones to the virus. The department also lost thirty (30), officials to Covid-19, this from more than 500 infections. In this challenging climate

the Department's National Covid-19 Steering Committee together with National Occupational Health and Safety and Employee Health and wellness, managed and ensured the safety of officials in the Department.

Due the lockdown regulations that were in place for a considerable number of weeks, the Department was not able to perform at 100% capacity as a rotation system was implemented to reduce the risk of infection amongst staff whilst ensuring service delivery. In this restrictive environment, Occupational Health and Safety (OHS), carried out 233 risk assessments, 745 training and awareness and 73 audits (external and internal). Two health and safety related policies: OHS policy and PPE policy were reviewed and submitted to Labour Relations for presentation to the Chamber.

In terms of Employee Health and Wellness the Department acknowledged the impact of Covid-19 on the emotional wellbeing of staff and appointed a professional service provider to render Psycho-social services for a period of six (06) months. There was a very high utilisation rate, five times above average, due to the impact of the virus on officials. The highest utilisation rate was in KZN and Gauteng respectively, with the lowest reported for the Western Cape. Consistent with the catastrophic effects of Covid-19, top on the list of cases attended to were bereavement (mental health/stress) and finance-related challenges. Over and above the psychosocial services offered to officials, the team also managed to convene (under strict Covid-19 protocols) some activities, albeit the restrictive Covid-19 environment. Activities such as Blood Donation Drives, health information sharing articles distributed via the Department's Commsflash, GEMS Wellness Sessions as well as financial management information sessions were conducted in the Department.

## 7 PORTFOLIO COMMITTEES

Parliament comprises of the National Assembly (NA) as well as the National Council of Provinces (NCOP) which are mandated with the responsibility for law-making, oversight, public participation and facilitation of co-operative government within all spheres of government. It is through the NCOP that the interests of provinces are represented in law making and oversight. The National Assembly and the NCOP are vested with legislative authority as well as overseeing delivery of services to all South Africans.

Parliament also appropriates funding on behalf of government following scrutiny of government performance plans for implementation of service delivery programmes. Parliament ensures that government remains accountable to the people through the work of its multi-party committees in the National Assembly and the National Council of Provinces. The Committees hold government accountable by monitoring the expenditure of funds and implementation of programmes in line with the priorities that government commits to in terms of their Annual Performance Plans.

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

During the year under review, the department had a total of twenty-two (22) interactions with Parliament Committees. These interactions are as follows:

- There were twenty-nine (19) meetings with the Portfolio Committee Water and Sanitation
- There was one (1) engagement with the Select Committee on COGTA

There were two (2) oversight visits conducted by the Committee during the as follows:

- One (1) oversight visit to the Lesotho Highlands Water Project sites
- Two oversight visits to the Lesotho Highlands Water Project sites in Lesotho and the Eastern Cape

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

- 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 responses on some of the issues raised by the committees are tabulated below:**

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
Department's performance 11 May 2021	Briefing of the committee on the 2021/22 Annual Performance Plan of the DWS	Implementation of the DDM – presentation silent on the plans to the development of District plans in relation to the Master Plan Allocations for projects from RBIG & WSIG in the Western Cape	District master plans are supposed to feed into the National Master Plan and inform project plans and prioritisation in terms of allocations of resources
		Department requested to brief the committee on progress made regarding the implementation of the Financial Turnaround Plan and steps taken to address accruals, Irregular expenditure and fruitless expenditure	Demand for grant funding for WSIG determined by business plan from WSAs and the demand has been low – thus determining allocations by DWS for grant funding Same applies with regard to RBIG funding although DWS is investing in the Voelwei System
		Steps taken by the department towards improving the water mix	The department reported that it had ensured that there are cost reductions where this was possible Some accruals and commitments would be cleared over time due to limited resources available to the DWS due to budget cuts Control measures had been put in place to ensure compliance with the PFMA and procurement prescripts
			The department reported that strides were being made towards increasing the use of groundwater. At a local government level, municipalities based in coastal areas were also incorporating desalination as part of measures to provide water in water scarce areas

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
01 June 2021	Briefing of the Committee on Water Board Tariffs	Establishment of the Economic Regulator and the intended purpose thereof	<p>The department indicated that the Water Pricing Strategy had not been finalised.</p> <p>The primary aim of the revision of the raw water pricing strategy and norms and standards for tariffs, was to provide an enabling framework for the provision of financial assistance and the use of water pricing to ensure and foster predictability and stability within the water and sanitation sector.</p>
		Members enquired about the extent of the debt owed to Water Boards by Municipalities and the impact thereof	<p>As at 31 March 2021, municipalities owed water boards over R12.6 billion of which R2.4 billion is under current account.</p> <p>The department also indicated that four water boards are facing a financial crisis due to the extent of debt owed by municipalities in areas of operation. The effected Water Boards included Amatola Water, Bloem Water, Lepelle Northern Water, and Sedibeng Water. These entities were in need of urgent financial support to keep afloat between March and June 2021 for operations, maintenance and payment of salaries.</p>
			<p>Water boards were reported to be in dire stress due to the zero tariffs increases in the 2020/21 financial year, debt and governance issues which in turn had serious implications on their credit ratings and borrowing capability</p>
13-14 July 2021	<p>Briefings to Portfolio Committee on the 2019/20 Annual Reports of the Water Boards</p> <ul style="list-style-type: none"> <li>• Umngeni</li> <li>• Rand Water</li> <li>• Magalies</li> <li>• Lepelle</li> <li>• Mhlathuze</li> <li>• Overberg</li> <li>• Sedibeng</li> <li>• Bloem</li> <li>• Amatola</li> </ul>	<p>Rand Water to submit a report on lessons learnt with regard to the management of the COVID19 Intervention</p>	<p>Rand Water's report submitted to the Committee in line with resolution</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<p>Members enquired whether consequence management had been implemented by the Boards for irregular expenditure?</p> <p>Committee concerned about the risk to the sustainability of Water Boards due to the outstanding debt; also expressed concerns about the indirect impact on communities when restrictions are instituted by Water Boards against municipalities due to non-payment</p> <p>Committee enquired on the steps taken by the Water Boards to address audit findings for the period under review</p> <p>Committee enquired on progress made with the Institutional Reform and Realignment (IRR) project, the reconfiguration and regionalisation of the Water Boards</p>	<p>Consequence management had been applied against officials responsible for incurring irregular expenditure.</p> <p>Officials reported that corrective measures had been put in place to curb irregular expenditure.</p> <p>Water Boards have submitted to NT for condonations relating to Irregular Expenditure for wasteful, fruitless expenditure</p> <p>DWS has been engaging with different stakeholders on matters relating to municipal debt. One of the measures taken by Water Boards to collect on the debt included water restrictions, but municipalities pay just enough to avoid the restrictions and then default again</p> <p>Inter-governmental processes have been exhausted and payment agreements are being monitored and if municipalities renege, the department would consider taking legal steps against defaulting municipalities as the impact of non-payment on the sustainability of the Water Boards was dire</p> <p>Department committed to assisting Water Boards to address recurring matters in the Audit findings; stabilise governance and management of the entities through filling of vacancies and appointment of permanent Boards</p> <p>Investigations and consequence management actions have been instituted in relation to all the irregular, wasteful, fruitless expenditure and control measures were reviewed to ensure recurrence of findings in the future. Where investigations have been finalised applications for condonation have been submitted to National Treasury</p> <p>The Institutional Reform and Realignment (IRR) process aims to create a harmony of water systems, align institutions throughout the water value chain, promote good governance, improve service delivery. This process will include reviewing of the geographic footprint, roles and responsibilities of water boards to enhance the financial viability and enable water boards to provide stronger support to Water Services Authorities (municipalities)</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
23 November 2021	Briefing of the Committee on the 1st and 2nd Quarterly Performance Reports of the Department of Water Supply	<p>When will the department appoint senior managers where there are vacancy posts</p> <p>Compliance of the department to the 30-day timeframe for payment of service providers</p> <p>Concerns about the amount of time it has taken to resolve sewer spillages in the Emfuleni Local Municipality which are also contributing to the pollution of the Vaal River</p>	<p>A total of 23 Senior Management posts had been filled since the start of the 2021/2022 financial year, including that of the Director General, the Chief Financial Officer, and a further 17 Senior Management posts have been advertised and were filled during the course of the 2021/22 financial year</p> <p>Compliance with the 30-day payment of suppliers was reported to be part of the Financial Recovery Plan being implemented by the department.</p> <p>The department informed the committee that the reasons for the delays was scoping that was initially done for the project was not exhaustive – and was mainly initially intended to upgrade the network of wastewater treatment works in the area</p> <p>In terms of progress that had been made to resolve the challenges, Cabinet approved the Vaal River System Intervention in the Emfuleni Local Municipality through Section 63 (2) of the Water Services Act, 1997 (Act No. 108 of 1997) on 26 May 2021. The main intention is to curb the overflow of sewer into the settlements/ households</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
Department's conformance			
09 November 2021	Workshop on Governance, Budgetary and Legislative Protocols governing Treaty between RSA and Lesotho in respect of Lesotho Highlands Water Project	Members enquired on the roles of the role players involved in the implementation of the Lesotho Highlands Water Project (LHWP)	The Lesotho Highlands Development Authority is responsible for all project activities within Lesotho
		Compensation of the communities that have been/ will be displaced because of the implementation of Phase 2, including the construction of the Polihali Dam and the compensation	The Trans-Caledon Tunnel Authority has responsibility over project funding strategy and other related activities in South Africa and The Lesotho Highlands Water Commission is accountable to the two countries for the successful implementation and operations of the project and has approval, monitoring and advisory powers in terms of the Treaty
			The following was reported: The construction of the Dam affected 17 villages and 534 Households that will have to be resettled. Compensation will be made to individuals or communities, depending on the ownership of assets. It will be paid in the form of a lump sum or annual payments over 50 years.
11 May 2021	Briefing to the Committee on the 2021/22 Annual Performance Plan	Committee requested that details be provided regarding the cost of Phase II and timeframes for completion of the project	In 2021, it was reported that about 60% of the environmental, social and public health programmes are complete in accordance with the compensation policy that was developed and approved by the government of RSA and Lesotho.
08 March 2022	Investigations by the SIU and disciplinary processes by the Department of Water and Sanitation	Members enquired about the delays in the issuing of work permits and the permits for blasting and quarrying by the Lesotho government	The cost of the project is estimated to be R32.562 billion and although progress was hampered by COVID 19 and delays in the issuing of permits, it was anticipated that the project would be completed in 2027
01 March 2022	Department of Water and Sanitation on projects that are currently being implemented across all provinces		Delays in the issuing of work permits, blasting licenses and other permits by the Government of Lesotho is a matter reported to PS and DG meeting as well as the Ministers' meeting held in Tshwane on 27, 28 Oct 2021. This matter is receiving attention at the highest level of the project governance. Progress on resolving the delays is also dealt with at the fortnightly LHWC meetings.

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department																																										
		<p>The Department should provide a brief on the implications of climate change on the Lesotho Highlands Water Project with respect to various climate change scenarios?</p> <p>A progress report on the number of water users contravening the National Water Act and action taken must be submitted to the Portfolio Committee</p>	<p>A tender to assess the effects of Climate change on the LHWP is currently out on tender. An expert/s will be appointed to undertake Climate change modeling and vulnerability assessment.</p> <table border="1" data-bbox="411 206 702 994"> <caption>Suspected Unlawful and Non-Compliant Dams Reported *since April 2019 to date</caption> <thead> <tr> <th>Sector</th> <th>Dam Safety Cases</th> <th>NWA Notices Issued</th> <th>NWA Directives Issued</th> <th>Active Cases</th> <th>Closed Cases</th> </tr> </thead> <tbody> <tr> <td>Agriculture</td> <td>78</td> <td>27</td> <td>5</td> <td>71</td> <td>7</td> </tr> <tr> <td>Commercial</td> <td>4</td> <td>3</td> <td>0</td> <td>4</td> <td>0</td> </tr> <tr> <td>Government (National/Prov)</td> <td>2</td> <td>1</td> <td>0</td> <td>2</td> <td>0</td> </tr> <tr> <td>Local Government</td> <td>8</td> <td>3</td> <td>0</td> <td>8</td> <td>0</td> </tr> <tr> <td>Other</td> <td>5</td> <td>0</td> <td>0</td> <td>5</td> <td>0</td> </tr> <tr> <td><b>Total</b></td> <td><b>97</b></td> <td><b>34</b></td> <td><b>5</b></td> <td><b>90</b></td> <td><b>7</b></td> </tr> </tbody> </table> <p>The Department is currently in a process of reviewing and amending the Water Services Act and the National Water Act. This approach will be the fastest and effective way of addressing the most pertinent gaps and legislative challenges.</p> <p>The amendment to the National Water Act, 1998 (Act 36 of 1998) aims to address amongst others:</p> <ul style="list-style-type: none"> <li>• Equitable water allocation and optimize the use of water in support of the guiding principles of National Water Act,</li> <li>• To prohibit undesirable consequences of private water trading,</li> <li>• To ensure redress of the past discrimination and to transform water management Institutions.</li> <li>• The amendment to the Water Services Act, 1997 (Act 108 of 1997), aims to:             <ul style="list-style-type: none"> <li>• Improve and ensure sustainable water supply</li> <li>• Improve the provision of water supply and sanitation services</li> <li>• To develop regulations relating to the provisions of water and quality of drinking water</li> <li>• Regulate the standards for developing tariffs and to improve on governance relating to water boards.</li> </ul> </li> </ul>	Sector	Dam Safety Cases	NWA Notices Issued	NWA Directives Issued	Active Cases	Closed Cases	Agriculture	78	27	5	71	7	Commercial	4	3	0	4	0	Government (National/Prov)	2	1	0	2	0	Local Government	8	3	0	8	0	Other	5	0	0	5	0	<b>Total</b>	<b>97</b>	<b>34</b>	<b>5</b>	<b>90</b>	<b>7</b>
Sector	Dam Safety Cases	NWA Notices Issued	NWA Directives Issued	Active Cases	Closed Cases																																								
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Other	5	0	0	5	0																																								
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		<p>The department was requested to identify the areas/sections in the water legislation that need to be reviewed, analyse the effects of the intended/proposed review and formulate a policy document that will stipulate what the Department intends to achieve by reviewing the legislation</p>																																											

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<p>The Portfolio Committee recommends that the Minister provide progress reports every quarter on systems to fast-track the processing of licenses</p> <p>The Committee welcomed the level of detail and called on the Department to keep the Members informed of developments in ongoing investigations including the War on Leaks Project, the Giyani Water Supply Project and the SAP contract</p> <p>DWS must ensure Audit Committee is functional at all times to prevent incidents of fraud and wrong doing in the department</p> <p>Members of the committee posed questions on the following matters:</p> <ul style="list-style-type: none"> <li>• Incomplete projects that are due to non-performance of service providers</li> <li>• Non-payment of service providers funding</li> <li>• Poor project management</li> <li>• Payment of service providers within 30 days of receipt of valid invoices</li> </ul>	<p>Processes were being put in place to enable the department to adhere to the 90 days' turnaround times for processing of water use applications</p> <p>The department committed to finalising water use licensing backlogs by the 2<sup>nd</sup> quarter of the 2022/23 financial year and setting an 80% annual performance target to adhere to 90-day Water Use License finalisation requirement for the next financial year.</p> <p>It was envisaged that the appointments of the Director General and the Chief Financial Officer would address concerns of fruitless and irregular expenditure, programme performance and challenges of accountability in all the projects, including analysing what the department needed to do regarding the bucket toilet programme</p> <p>On the System Application and Products (SAP) contract, the Department had not complied with supply chain and budget management prescripts. Civil litigation was launched in the special tribunal by the SIU, with the DWS as a co-applicant. The SIU sought an order to set aside the contract between the DWS and SAP. A court order required SAP to pay the department an amount of R263 million</p> <p>The department was in the process of exiting the War on Leaks project and no further funding would be allocated</p> <p>Unauthorised expenditure was related to the prior year's overspending of the main division of the War-on-Leaks Project and the Bucket Eradication Programme (BEP)</p> <p>The department indicated there was focused attention on addressing systematic challenges within the entire value chain in collaboration with implementing agents, which included water boards and municipalities.</p> <p>The Department provided details on measures that have been put in place to prevent late payment of invoices; build capacity to improve capacity; boost partnerships with the private sector; and address issues of vandalism</p> <p>The Minister acknowledged that in the past, the department battled issues of poor project management and unplanned projects that had not been properly planned, nor budgeted for and did not deliver water to the unserved as intended</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
			<p>The priority projects to be presented that day were categorised as priority projects because of their strategic nature in terms of the present and future water needs</p> <p>Regarding payment of invoices, the Department put in place various measures to ensure that invoices were paid on time through an invoice tracking system. Consequence management had also been put in place to prevent non-compliance within the 30 days.</p>
<b>Matters of community interest</b>			
04-08 May 2021	Oversight Visit to the Lesotho Highlands Water Project sites	<p>The Department and the Trans-Caledon Tunnel Authority (TCTA) should provide a detailed briefing on the Treaty between South Africa and the Government of Lesotho on the Lesotho Highlands Water Project</p> <p>Committee requested a briefing on the implications of the inability by the Government of Lesotho to fund its portion of the Lesotho Highlands Water Project for the 2021/22 financial year</p>	<p>Detailed presentations were tabled to the Portfolio Committee by the TCTA and the Lesotho Highlands Water Commission wherein responses were also provided to questions posed.</p> <p>Details of the Treaty, Phase II Agreement, the Operational arrangements, benefit sharing, payment of royalties and other related matters are covered in the presentation</p> <p>After consultations with the Government of Lesotho (GOL) and the Lesotho Highlands Water Commission (LHWC), regarding the maintenance plans for the Muela Hydropower Station, scheduled for the 2021/22 financial year, the Lesotho Highlands Development Agency (LHDA) undertook a process of re-prioritization to fit their budget into available funds and some of the work was shifted to the 2022/23 financial year.</p> <p>The GOL made another R 40 million available in the current 2021/22 financial year which is sufficient to fund the Hydropower activities for the financial year ending 31 March 2022.</p>
24 to 27 January 2022	Oversight visit to the Eastern Cape	<p>Members of the Committee visited the following projects and raised various matters of concern including the funding shortfalls for projects, delays to complete or commence with major projects such as the:</p> <ul style="list-style-type: none"> <li>• Mzimvubu Catchment Water Project in the Joe Gqabi District Municipality</li> <li>• King Sabata Dalindyebo Presidential Intervention Water Project in the OR Tambo District Municipality</li> </ul>	<p>The Mzimvubu Water Project is aimed at providing water to 750 000 people at a cost of R25 billion. The first-round of fund raising began in January 2022 through a Request for Information, which is currently being evaluated.</p>



Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<ul style="list-style-type: none"> <li>• Ndlambe Bulk Water Supply Project in the Sarah Baartman District Municipality</li> <li>• James Kleynhans Bulk Water Project- Sarah Baartman District Municipality</li> <li>• Nootgedacht Phase 3 Bulk Water Supply in the Nelson Mandela Bay Municipality</li> </ul>	<p>The delay was due to shortages of funds, piecemeal allocations over the years and poor performance of contractors, leading to cost escalations. To fast-track and resolve the financial aspect of this project, the department will invoke section 216 of the Constitution.</p> <p>The root causes of risks identified by the Department on this project relate to grant allocations being withheld by National Treasury, prolonged procurement processes and COVID-19 restrictions</p> <p>The challenges for this project related to the increased costs of the project due to</p> <ul style="list-style-type: none"> <li>• Delays in payment of PSPs and contractors</li> <li>• Termination of contractors due to poor performance</li> <li>• Pipelines not meeting specifications</li> <li>• Slow procurement processes, reduced flows of effluent due to leaks hampering pressure testing of pipelines</li> </ul> <p>Management actions implemented by the DWS and Amatola Water to resolve the challenges were:</p> <ul style="list-style-type: none"> <li>• Early submission of procurement documents by the departmental construction unit to Amatola Water Board</li> </ul> <p>Amatola Water to fast-track the procurement processes and submit a clear procurement plan that will be monitored by the Department of Water and Sanitation</p> <p>The Nootgedagt Coega Low Level Scheme (CLLS) project, which will deliver water to Nelson Mandela Bay Municipality (NMBM) is nearing completion. The expected date of completion is end July 2022.</p> <p>Upon completion of the project, an additional amount of 70MI/day will be delivered to NMBM which will take the total amount to 210 MI/day. It is anticipated that the delivery of water will commence around end of March. The total cost to completion is estimated at R 534 million. The plant was designed to deliver an additional 70MI/day if required. However, the current allocation is 210MI/day which is the maximum water that can be supplied by the plant.</p>

## 8 SCOPA RESOLUTIONS

There were no resolutions for the period under review.

## 9 PRIOR MODIFICATIONS TO AUDIT REPORTS

The matters that were raised in previous audit reports were resolved during the 2020/21 financial year.

## 10 INTERNAL CONTROL UNIT

The key function of the Internal Control unit is to assist management through monitoring and conducting an on-going evaluation to ascertain adequate and effective internal control systems are in place and that the department complies with the financial management prescripts in its pursuit to achieve the strategic objectives. The Unit performed activities that were in its Annual Operation Plan for the financial year end 31 March 2021. The activities during the period under review are summarised below:

### **Assurance services facilitation**

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

### **Internal control systems**

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

## 11 INTERNAL AUDIT AND AUDIT COMMITTEES

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

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

Key activities of the Internal Audit Activity included:

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

For the reporting period under review, no work performed by the Internal Audit Unit was outsourced for the 2021/2022 financial year.

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

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

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

- safeguarding of assets;
- operation of adequate procedures and controls;
- financial reporting processes;
- systems of internal control over financial reporting;
- management of risks;
- review of financial statement; and
- oversight in respect of monitoring compliance with laws and regulations and the code of conduct.

The Audit Committee does not relieve management of any of its responsibilities. The implementation of the foregoing activities still remains the sole responsibility of management.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	Number of meetings attended
Dr. Charles Motau	Doctor of Technology: Computer Science and Data Processing, Master's Degree in Business Leadership, Master's Degree in Information Technology, Bachelor of Commerce, Higher Diploma in Computer Auditing, Certificate in Information Technology Project Management, Certificate in Executive Leadership, Certificate in Human Resource Management.	External	N/A	1 July 2020	N/A	8 of 8
Ms Nontlaza Sizani	Bachelor of Commerce Honors, Certificate in Accounting Theory (CTA), Post Graduate Diploma in Management, Bachelor of Commerce, Senior Secondary Teachers Diploma,	External	N/A	1 July 2020	N/A	8 of 8
Mr Sindile Faku	Master of Science Degree; Bachelor of Education (Hons); Bachelor of Arts; Senior Teachers Diploma; Human Resource Programme; Graduate Diploma in Company Direction; Housing Finance Course; Real Estate Qualification, Leadership in Local Government Certification	External	N/A	1 July 2020	N/A	8 of 8
Mr Japie du Plessis	National Diploma in State Accounts and Finance, Registered Government Auditor	External	N/A	April 2016 - March 2020 Reappointed: 1 April 2020	31 March 2022	8 of 8



# PART D: HUMAN RESOURCES

## 1 INTRODUCTION

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

## 2 OVERVIEW OF HUMAN RESOURCES

During the period under review, the Department implemented the functional macro-organisational structure (Senior Management level) and SMS Members were matched and placed against posts on the revised structure with effect from 1 April 2021. It was initially planned to embark on the finalisation of the microstructure during the 2021/2022 financial year. With the assumption of Office of the current Ministry, a decision was taken to refine the structure in its totality (both at macro and micro level). Specific emphasis is being placed on strengthening the core functions of the Department. As at the end of the period under review, the final consultation processes were underway, and it is envisaged that the complete structure will be finalised and implemented during the second quarter of the 2022/2023 financial year.

Since the revised structure was under development during the 2021/2022 financial year, the Persal establishment was not aligned to the macro revised structure that was implemented with effect from 1 April 2021. This transition created a lack of alignment between the budget programmes reported in the financial statements (i.e., three programmes) with the Persal establishment (i.e., four programmes). A case in point is table 3.1.3 below reflecting the four programmes in the Persal establishment. Also, the vacancy rate in this HR oversight report, is not a true reflection of the actual number of funded posts on the new structure. Once the new structure has been finalised, only approved, funded posts will be loaded on Persal. The next report will provide a much more accurate picture of the actual vacancies.

The Department has made significant progress during the period under review pertaining to the filling of especially Senior Management posts. The Director-General post as well as all Deputy Director-General posts are now filled. Except for the Chief Director: Financial Management Services (Main Account), all Chief Director posts are filled. 6 posts of Director are in various stages of being filled. As of 31 March 2022, the vacancy rate for all posts as per Persal stood at 19.6%. It should, however, be noted that this includes a significant number of unfunded posts, and the figures are based on the pre-revised structure.

The COVID-19 pandemic had a significant impact on the Department's ability to successfully implement some of its planned HR interventions. Although the recruitment and selection processes were placed on hold during most of the lockdown levels, such processes were fast-tracked later in the financial year when the lock down levels eased. Despite the COVID-19 impact in the country, the Department continued with the intake of new graduate trainees with the aim of closing the skills gap in the water sector and to continue filling critical vacant positions. The Department has, however, been less successful with the implementation of training interventions in line with the departmental workplace skills plan whereby only 2303 employees benefitted from training and development interventions during the period under review (as opposed to the 5696 interventions that were planned). The focus has now moved to utilising online and virtual training courses which will see an improvement in the number of training interventions in the coming financial years.

Since the outbreak of the COVID-19 pandemic in March 2020 until 31 March 2022, a total of 30 employees lost their lives because of the pandemic and a total of 718 infections were recorded. As of 1 March 2022, all employees were expected to be back at the office on a full-time basis.

The female representation at senior management level improved slightly from the 42% recorded in the previous year, to 44% as of 31 March 2022. The structure review and the filling of new vacancies has provided the Department with an opportunity to increase female representation at SMS level. The employment of persons with disabilities currently stands at 1.48%.

In conclusion, despite having had to adapt to the impact of the COVID-19 pandemic, the Department managed to improve on some of its targets pertaining to the management of HR; a significant improvement in the number of filled posts at SMS levels as well as alignment of the organisational structure to the mandate and strategic objectives of the Department.

### 3 HUMAN RESOURCES OVERSIGHT STATISTICS

#### 3.1 Personnel related expenditure

**Table 3.1.1 Personnel expenditure by programme for the period 1 April 2021 to 31 March 2022**

Programme	Total expenditure	Personnel expenditure	Training expenditure	Professional and special services expenditure	Personnel expenditure as a % of total expenditure	No of employees	Average personnel cost per employee
	(R'000)	(R'000)	(R'000)	(R'000)	%	#	(R'000)
Administration	1,716,499	791,547	3,465	-	46%	1,505	525
Water Resource Management	3,499,861	611,665	447	-	17%	1,026	596
Water Services Management	9,987,154	339,024	57,467	-	3%	527	643
<b>Total</b>	<b>15,203,514</b>	<b>1,742,236</b>	<b>61,379</b>	<b>-</b>	<b>11%</b>	<b>3,058</b>	<b>569</b>

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2021 to 31 March 2022**

Salary band	Personnel expenditure	% of total personnel cost	No. of employees	Average personnel cost per employee
	(R'000)	%	#	(R'000)
Lower skilled (Levels 1-2)	18 342.00	1.00	99.00	185 273.00
Skilled (Levels 3-5)	152 713.00	8.50	567.00	269 335.00
Highly skilled production (Levels 6-8)	459 207.00	25.60	1 035.00	443 678.00
Highly skilled supervision (Levels 9-12)	823 068.00	46.00	999.00	823 892.00
Senior and top management (Levels 13-16)	188 181.00	10.50	148.00	1 271 493.00
Contract (Levels 1-2)	738.00	0.00	0.00	0.00
Contract (Levels 3-5)	2 089.00	0.10	12.00	174 083.00
Contract (Levels 6-8)	29 619.00	1.70	85.00	348 459.00
Contract (Levels 9-12)	55 542.00	3.10	93.00	597 226.00
Contract (Levels >= 13)	19 485.00	1.10	14.00	1 391 786.00
Contract other	1 777.00	0.10	6.00	296 167.00
<b>Total</b>	<b>1 750 760.00</b>	<b>97.70</b>	<b>3 058.00</b>	<b>572 518.00</b>

Table 3.1.3 Salaries, overtime, homeowners' allowance, and medical aid by programme for the period 1 April 2021 to 31 March 2022

Programme	Salaries		Overtime		Homeowners' allowance		Medical aid		Total personnel cost per programme (R'000)
	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	662 678.00	82.60	2 697.00	0.30	21 104.00	2.60	37 973.00	4.70	801 858.00
Water Planning and Information Management	404 458.00	81.70	317.00	0.10	12 185.00	2.50	19 961.00	4.00	495 039.00
Water Infrastructure Development	188 718.00	78.70	412.00	0.20	5 322.00	2.20	8 584.00	3.60	239 743.00
Water Sector Regulation	210 667.00	82.80	23.00	0.00	5 278.00	2.10	9 139.00	3.60	254 526.00
<b>Total</b>	<b>1 466 520.00</b>	<b>81.90</b>	<b>3 448.00</b>	<b>0.20</b>	<b>43 888.00</b>	<b>2.50</b>	<b>75 657.00</b>	<b>4.20</b>	<b>1 791 166.00</b>



Table 3.1.4 Salaries, overtime, homeowners' allowance and medical aid by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Salaries		Overtime		Homeowners' allowance		Medical aid		Total personnel cost per salary band (R'000)
	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	
		%		%		%		%	
Skilled (Levels 1-2)	13 117.00	68.10	247.00	1.30	1 351.00	7.00	2 118.00	11.00	19 273.00
Skilled (Levels 3-5)	111 518.00	71.90	825.00	0.50	9 180.00	5.90	15 641.00	10.10	155 071.00
Highly skilled production (Levels 6-8)	360 577.00	77.70	1 390.00	0.30	17 406.00	3.80	33 828.00	7.30	464 104.00
Highly skilled supervision (Levels 9-12)	706 699.00	83.30	965.00	0.10	12 878.00	1.50	22 169.00	2.60	848 095.00
Senior management (Levels 13-16)	167 029.00	85.80	0.00	0.00	3 058.00	1.60	1 841.00	0.90	194 658.00
Contract (Levels 1-2)	700.00	94.50	0.00	0.00	0.00	0.00	0.00	0.00	741.00
Contract (Levels 3-5)	2 007.00	96.10	0.00	0.00	11.00	0.50	25.00	1.20	2 089.00
Contract (Levels 6-8)	29 513.00	99.00	20.00	0.10	0.00	0.00	8.00	0.00	29 826.00
Contract (Levels 9-12)	55 091.00	98.60	0.00	0.00	0.00	0.00	10.00	0.00	55 887.00
Contract (Levels >= 13)	18 603.00	94.70	0.00	0.00	6.00	0.00	17.00	0.10	19 639.00
Contract other	1 667.00	93.50	0.00	0.00	0.00	0.00	0.00	0.00	1 783.00
<b>Total</b>	<b>1 466 520.00</b>	<b>81.90</b>	<b>3 448.00</b>	<b>0.20</b>	<b>43 888.00</b>	<b>2.50</b>	<b>75 657.00</b>	<b>4.20</b>	<b>1 791 166.00</b>

## 3.2 Employment and vacancies

**Table 3.2.1 Employment and vacancies by programme as on 31 March 2022**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate <sup>1</sup>	Number of employees additional to the establishment
			%	
Administration	2016	1526	24.30	129
Water Planning and Information Management	1046	838	19.90	27
Water Infrastructure Development	488	355	27.30	11
Water Sector Regulation	431	360	16.50	17
Water Resource Management <sup>2</sup>	4090	3412	16.60	697
<b>Total</b>	<b>8071</b>	<b>6491</b>	<b>19.60</b>	<b>881</b>

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2022**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate <sup>3</sup>	Number of employees additional to the establishment
			%	
Skilled (Levels 1-2)	813	632	22.30	0
Skilled (Levels 3-5)	1957	1440	26.40	85
Highly skilled production (Levels 6-8)	2666	2157	19.10	299
Highly skilled supervision (Levels 9-12)	2085	1776	14.80	230
Senior management (Levels 13-16)	250	186	25.60	0
Other	7	7	0.00	6
Contract (Levels 3-5)	17	17	0.00	9
Contract (Levels 6-8)	115	115	0.00	109
Contract (Levels 9-12)	146	146	0.00	139
Contract (Levels >= 13)	15	15	0.00	4
<b>Total</b>	<b>8071</b>	<b>6491</b>	<b>19.60</b>	<b>881</b>

<sup>1</sup> The vacancy rate includes frozen post

<sup>2</sup> Water resource management is linked to the objective code allocated to the Water Trading Entity

<sup>3</sup> The vacancy rate includes frozen post

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2022**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
			%	
Administrative related	567	451	20.50	17
Agriculture animal oceanography forestry & other sciences	3	3	0.00	0
Agriculture related	2	2	0.00	0
All artisans in the building metal machinery etc.	153	128	16.30	0
Appraisers-valuers and related professionals	1	1	0.00	0
Artisan project and related superintendents	15	7	53.30	0
Auxiliary and related workers	449	329	26.70	1
Biologists, botanists, zoologists & related professional	2	1	50.00	0
Building and other property caretakers	53	34	35.80	0
Bus and heavy vehicle drivers	12	7	41.70	0
Cartographers and surveyors	27	25	7.40	7
Cartographic surveying and related technicians	20	20	0.00	5
Chemical and physical science technicians	11	10	9.10	0
Civil engineering technicians	113	92	18.60	2
Cleaners in offices workshops hospitals etc., permanent	131	112	14.50	0
Client information clerks (switchboard reception information clerks)	10	7	30.00	0
Communication and information related	33	29	12.10	0
Community development workers	97	79	18.60	0
Computer programmers	1	1	0.00	0
Computer system designers and analysts	1	1	0.00	0
Economists	1	1	0.00	0
Electrical and electronics engineering technicians	1	1	0.00	0
Engineering sciences related	545	293	46.20	103
Engineers and related professionals	201	162	19.40	69
Farm hands and labourers	11	10	9.10	0
Finance and economics related	232	193	16.80	0
Financial and related professionals	29	24	17.20	0
Financial clerks and credit controllers	435	357	17.90	1
Food services aids and waiters	19	13	31.60	0
Food services workers	1	1	0.00	0
Forestry labourers	2	1	50.00	0
General legal administration & related professionals	17	15	11.80	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
			%	
Geologists, geophysicists, hydrologists & related professionals	185	161	13.00	1
Head of department/ chief executive officer	1	1	0.00	0
Health sciences related	1	1	0.00	0
Horticulturists, foresters, agriculture & forestry technicians	1	1	0.00	0
Household and laundry workers	6	6	0.00	0
Household food and laundry services related	8	7	12.50	0
Housekeepers, laundry, and related workers	1	1	0.00	0
Human resources & organisational development & related professionals	37	29	21.60	0
Human resources clerks	143	129	9.80	0
Human resources related	126	108	14.30	0
Information technology related	32	29	9.40	0
Language practitioners, interpreters & other communicators	26	23	11.50	0
Librarians and related professionals	3	2	33.30	0
Library mail and related clerks	38	32	15.80	0
Life sciences related	1	1	0.00	1
Light vehicle drivers	79	63	20.30	0
Logistical support personnel	108	84	22.20	0
Material-recording and transport clerks	156	130	16.70	0
Mechanical engineering technicians	9	7	22.20	5
Messengers, porters, and deliverers	71	50	29.60	0
Meteorologists statistical & related technicians	1	1	0.00	0
Mining geology & geophysical & related technicians	31	27	12.90	4
Motor vehicle drivers	16	5	68.80	0
Motorised farm and forestry plant operators	11	10	9.10	0
Natural sciences related, permanent	477	411	13.80	46
Operational planning	2	0	100.00	0
Other administrators & related clerks and organisers	463	379	18.10	0
Other administrative policy and related officers	83	71	14.50	0
Other information technology personnel	5	4	20.00	0
Other machine operators	7	4	42.90	0
Other occupations	825	811	1.70	610
Photographic lithographic and related workers	1	0	100.00	0
Physicists	1	1	0.00	0
Quantity surveyors & related professions not class elsewhere	3	2	33.30	1

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
			%	
Regulatory inspectors	35	28	20.00	0
Risk management and security services	85	74	12.90	0
Road workers	1	1	0.00	0
Safety health and quality inspectors	10	10	0.00	0
Secretaries & other keyboard operating clerks	172	144	16.30	0
Security guards	14	11	21.40	0
Security officers	106	95	10.40	4
Senior managers	218	158	27.50	4
Social sciences related	63	55	12.70	0
Social work and related professionals	9	7	22.20	0
Statisticians and related professionals	1	1	0.00	0
Trade labourers	963	743	22.80	0
Trade related	18	5	72.20	0
Trade / industry advisers & other related professions	8	8	0.00	0
Water plant and related operators	215	150	30.20	0
<b>Total</b>	<b>8071</b>	<b>6491</b>	<b>19.60</b>	<b>881</b>

### 3.3 Filling of SMS posts

**Table 3.3.1 SMS post information as on 31 March 2022**

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
			%		%
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	13	8	61.54	5	38.46
Salary Level 14	51	35	68.63	16	31.37
Salary Level 13	186	144	77.42	42	22.58
Total	251	188	74.9	63	25.1

**Table 3.3.2 SMS post information as on 30 September 2021**

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	6	50	6	50
Salary Level 14	51	35	68.63	16	31.37
Salary Level 13	184	143	77.72	41	22.28
Total	248	184	74.19	64	25.81

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2020 to 31 March 2022**

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
			%		%
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	4	1	25	5	38.46
Salary Level 14	1	6	600	16	31.37
Salary Level 13	11	6	54.54	42	22.58
Total	17	14	82.35	63	25.1

**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 2021 to 31 March 2022**

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

Not all posts on the establishment (Persal) are funded. Due to significant cuts on the Compensation of Employees budget from the 2021/2022 financial year and over the MTEF allocation, the Department had to reconsider the priority posts. Senior Management posts as well as technical and professional posts were prioritised.

Once the new structure has been implemented and employees have been matched and placed, only funded vacancies will be loaded onto Persal. All vacant posts will then be advertised within a period of six months

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

Despite the efforts made to fill the vacant posts within the period, delays due to non-availability of panel members and continuous postponements impact the turnaround times of filling posts.

Once the new structure has been implemented and employees have been matched and placed, only funded vacancies will be loaded onto Persal. All vacant posts will then be filled within a period of six months

**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 2021 to 31 March 2022**

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

The managers responsible for the filling of posts are held accountable for any delays in the shortlisting and interviewing process and reports for such are submitted to top management weekly.

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

The managers responsible for the filling of posts are held accountable for any delays in the shortlisting and interviewing process and reports for such are submitted to top management weekly.

## 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 2021 to 31 March 2022**

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)	813	0	0	0	0	0	0
Skilled (Levels 3-5)	1957	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	2666	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	2085	0	0	0	0	0	0
Senior Management Service Band A	177	0	0	0	0	0	0
Senior Management Service Band B	60	0	0	0	0	0	0
Senior Management Service Band C	10	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
Other	7	0	0	0	0	0	0
Contract (Levels 3-5)	17	0	0	0	0	0	0
Contract (Levels 6-8)	115	0	0	0	0	0	0
Contract (Levels 9-12)	146	0	0	0	0	0	0
Contract Band A	7	0	0	0	0	0	0
Contract Band B	3	0	0	0	0	0	0
Contract Band C	2	0	0	0	0	0	0
Contract Band D	3	0	0	0	0	0	0
<b>Total</b>	<b>8071</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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



**Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2021 to 31 March 2022**

Gender	African	Asian	Coloured	White	Total
Female	3	0	1	0	4
Male	3	0	0	0	3
<b>Total</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>7</b>
<b>Employees with a disability</b>					<b>0</b>

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 2021 to 31 March 2022**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	0	-	-	-
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>0</b>
<b>Percentage of total employed</b>				<b>0</b>

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 2021 to 31 March 2022**

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Employees with a disability</b>					<b>0</b>

### 3.5 Employment changes

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

**Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2021 to 31 March 2022**

Salary band	Number of employees at beginning of 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
				%
Lower skilled (Levels 1-2)	583	105	13	2.20
Skilled (Levels 3-5)	1463	102	84	5.70
Highly skilled production (Levels 6-8)	2206	88	98	4.40
Highly skilled supervision (Levels 9-12)	1687	53	61	3.60
Senior Management Service Bands A	133	2	0	0.00
Senior Management Service Bands B	39	2	4	10.30
Senior Management Service Bands C	6	0	2	33.30
Senior Management Service Bands D	1	0	0	0.00
Other	18	17	3	16.70
Contract (Levels 1-2)	22	2	23	104.50
Contract (Levels 3-5)	10	31	24	240.00
Contract (Levels 6-8)	131	102	94	71.80
Contract (Levels 9-12)	138	74	57	41.30
Contract Band A	5	4	1	20.00
Contract Band B	4	3	4	100.00
Contract Band C	2	2	2	100.00
Contract Band D	1	2	0	0.00
<b>Total</b>	<b>6449</b>	<b>589</b>	<b>470</b>	<b>7.30</b>

**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2021 to 31 March 2022**

Critical occupation	Number of employees at beginning of 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
				%
Administrative related	460	77	68	14.80
Agricultural animal oceanography forestry & other sciences	3	0	0	0.00
Agriculture related	2	0	0	0.00
All artisans in the building metal machinery etc.	132	1	5	3.80
Appraisers-valuers and related professionals	1	0	0	0.00
Architects, town, and traffic planners	0	0	1	0.00
Artisan project and related superintendents	7	0	0	0.00
Auxiliary and related workers	325	35	25	7.70
Biologists, botanists, zoologists & related professionals	1	0	0	0.00
Building and other property caretakers	39	0	4	10.30
Bus and heavy vehicle drivers	8	0	1	12.50
Cartographers and surveyors	19	9	1	5.30
Cartographic surveying and related technicians	20	1	1	5.00
Chemical and physical science technicians	11	0	1	9.10
Civil engineering technicians	98	3	6	6.10
Cleaners in offices workshops hospitals etc.	106	9	2	1.90
Client information clerks (switchboard reception information clerks)	7	0	0	0.00
Communication and information related	29	2	4	13.80
Community development workers	71	5	1	1.40
Computer programmers	1	0	0	0.00
Computer system designers and analysts	1	0	0	0.00
Economists permanent	1	0	0	0.00
Electrical and electronics engineering technicians	4	0	3	75.00
Engineering sciences related	294	72	60	20.40
Engineers and related professionals	138	60	22	15.90
Farm hands and labourers	10	0	0	0.00
Finance and economics related	187	7	11	5.90
Financial and related professionals	20	1	0	0.00
Financial clerks and credit controllers	343	28	11	3.20
Food services aids and waiters	13	1	2	15.40
Food services workers	1	0	0	0.00
Forestry labourers	1	0	0	0.00
General legal administration & related professionals	14	1	0	0.00
Geologists, geophysicists, hydrologists & related professionals	162	14	6	3.70
Head of Department / Chief Executive Officer	0	1	0	0.00
Health sciences related	1	0	0	0.00

Critical occupation	Number of employees at beginning of 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
				%
Horticulturists, foresters, agricultural & forestry technicians	1	0	0	0.00
Household and laundry workers	6	0	0	0.00
Household food and laundry services related	4	5	2	50.00
Housekeepers, laundry, and related workers	1	0	0	0.00
Human resources & organisational development & related professionals	26	1	0	0.00
Human resources clerks	127	9	3	2.40
Human resources related	108	5	6	5.60
Information technology related	31	3	4	12.90
Language practitioners, interpreters & other communicators	20	2	1	5.00
Legal related	2	0	0	0.00
Librarians and related professionals	34	1	0	0.00
Library mail and related clerks	1	1	0	0.00
Light vehicle drivers	61	3	3	4.90
Logistical support personnel	85	5	5	5.90
Material-recording and transport clerks permanent	132	7	6	4.50
Mechanical engineering technicians	9	1	3	33.30
Messengers, porters, and deliverers	52	1	4	7.70
Meteorologists statistical & related technicians	1	0	0	0.00
Mining geology & geophysical & related technicians	25	5	1	4.00
Motor vehicle drivers	6	0	2	33.30
Motorised farm and forestry plant operators	10	0	0	0.00
Natural sciences related permanent	388	56	32	8.20
Nature conservation and oceanographical related technicians	1	0	0	0.00
Operational planning	1	0	1	100.00
Other administrators & related clerks and organisers	388	30	32	8.20
Other administrative policy and related officers	74	0	2	2.70
Other information technology personnel	8	0	4	50.00
Other machine operators	4	0	0	0.00
Other occupations	849	3	42	4.90
Physicists	1	0	0	0.00
Quantity surveyors & related professional not classified elsewhere	2	0	0	0.00
Regulatory inspectors	26	2	1	3.80
Risk management and security services	78	1	5	6.40
Road workers	1	0	0	0.00
Safety health and quality inspectors	10	0	0	0.00
Secretaries & other keyboard operating clerks	150	4	7	4.70
Security guards	11	1	1	9.10

Critical occupation	Number of employees at beginning of 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
				%
Security officers	84	14	5	6.00
Senior managers	159	9	14	8.80
Social sciences related	53	2	1	1.90
Social work and related professionals	7	0	0	0.00
Statisticians and related professionals	1	0	0	0.00
Trade labourers	717	83	41	5.70
Trade related	4	0	1	25.00
Trade/ industry advisers & other related professions	6	2	0	0.00
Water plant and related operators	154	6	6	3.90
<b>Total</b>	<b>6449</b>	<b>589</b>	<b>470</b>	<b>7.30</b>

#### Notes

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

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

**Table 3.5.3 Reasons why staff left the department for the period 1 April 2021 to 31 March 2022**

Termination type	Number	% of total resignations	% of total employment
		%	%
Death	57	12.10	0.90
Resignation	100	21.30	1.50
Expiry of contract	173	36.80	2.70
Dismissal – operational changes	1	0.20	0.00
Dismissal – misconduct	4	0.90	0.10
Discharged due to ill-health	2	0.40	0.00
Retirement	133	28.30	2.00
<b>Total</b>	<b>470</b>	<b>100.00</b>	<b>7.20</b>

**Table 3.5.4 Promotions by critical occupation for the period 1 April 2021 to 31 March 2022**

Occupation	Employees on 1 April 2021	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	460	27	5.90	446	97.00
Agricultural animal oceanography forestry & other sciences	3	0	0.00	3	100.00
Agriculture related	2	0	0.00	2	100.00
All artisans in the building metal machinery etc.	132	0	0.00	142	107.60
Appraisers-valuers and related professionals	1	0	0.00	1	100.00
Artisan project and related superintendents	7	0	0.00	7	100.00
Auxiliary and related workers	325	6	1.80	326	100.30
Biologists, botanists, zoologists & related professionals	1	0	0.00	1	100.00
Building and other property caretakers	39	0	0.00	35	89.70
Bus and heavy vehicle drivers	8	0	0.00	7	87.50
Cartographers and surveyors	19	0	0.00	22	115.80
Cartographic surveying and related technicians	20	0	0.00	20	100.00
Chemical and physical science technicians	11	0	0.00	11	100.00
Civil engineering technicians	98	1	1.00	95	96.90
Cleaners in offices workshops hospitals etc.	106	0	0.00	114	107.50
Client information clerks (switchboard reception information clerks)	7	0	0.00	7	100.00
Communication and information related	29	2	6.90	29	100.00
Community development workers	71	7	9.90	79	111.30
Computer programmers.	1	0	0.00	1	100.00
Computer system designers and analysts.	1	0	0.00	1	100.00
Economists	1	0	0.00	1	100.00
Electrical and electronics engineering technicians	4	0	0.00	2	50.00
Engineering sciences related	294	9	3.10	307	104.40
Engineers and related professionals	138	5	3.60	171	123.90
Farm hands and labourers	10	0	0.00	10	100.00
Finance and economics related	187	10	5.30	189	101.10
Financial and related professionals	20	3	15.00	25	125.00

Occupation	Employees on 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
			%		%
Financial clerks and credit controllers	343	18	5.20	347	101.20
Food services aids and waiters	13	0	0.00	14	107.70
Food services workers	1	0	0.00	1	100.00
Forestry labourers	1	0	0.00	1	100.00
General legal administration & related professionals	14	1	7.10	17	121.40
Geologists, geophysicists, hydrologists & related professionals	162	2	1.20	166	102.50
Head of Department / Chief Executive Officer	0	0	0.00	1	0.00
Health sciences related	1	0	0.00	1	100.00
Horticulturists, foresters, agriculture & forestry technicians	1	0	0.00	2	200.00
Household and laundry workers	6	0	0.00	6	100.00
Household food and laundry services related	4	0	0.00	8	200.00
Housekeepers, laundry, and related workers	1	0	0.00	1	100.00
Human resources & organisational development & related professions	26	3	11.50	28	107.70
Human resources clerks	127	3	2.40	124	97.60
Human resources related	108	3	2.80	109	100.90
Information technology related	31	0	0.00	30	96.80
Language practitioners, interpreters & other communicators	20	1	5.00	22	110.00
Legal related	2	0	0.00	2	100.00
Librarians and related professionals	34	0	0.00	33	97.10
Library mail and related clerks	1	0	0.00	1	100.00
Light vehicle drivers	61	1	1.60	63	103.30
Logistical support personnel	85	4	4.70	82	96.50
Material-recording and transport clerks	132	3	2.30	131	99.20
Mechanical engineering technicians	9	0	0.00	8	88.90
Messengers, porters, and deliverers	52	0	0.00	51	98.10
Meteorologists statistical & related technicians	1	0	0.00	1	100.00
Mining geology & geophysical & related technicians	25	1	4.00	26	104.00
Motor vehicle drivers	6	0	0.00	6	100.00
Motorised farm and forestry plant operators	10	0	0.00	10	100.00

Occupation	Employees on 1 April 2021	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
			%		%
Natural sciences related	388	21	5.40	417	107.50
Nature conservation and oceanographical related technicians	1	0	0.00	0	0.00
Operational planning	1	0	0.00	0	0.00
Other administrators & related clerks and organisers	388	6	1.50	380	97.90
Other administrative policy and related officers	74	2	2.70	72	97.30
Other information technology personnel.	8	0	0.00	4	50.00
Other machine operators	4	0	0.00	4	100.00
Other occupations	849	0	0.00	819	96.50
Physicists	1	0	0.00	1	100.00
Quantity surveyors & related professions not class elsewhere	2	0	0.00	2	100.00
Regulatory inspectors	26	5	19.20	26	100.00
Risk management and security services	78	1	1.30	76	97.40
Road workers	1	0	0.00	1	100.00
Safety health and quality inspectors	10	0	0.00	10	100.00
Secretaries & other keyboard operating clerks	150	0	0.00	149	99.30
Security guards	11	0	0.00	11	100.00
Security officers	84	2	2.40	95	113.10
Senior managers	159	9	5.70	164	103.10
Social sciences related	53	1	1.90	55	103.80
Social work and related professionals	7	0	0.00	7	100.00
Statisticians and related professionals	1	0	0.00	1	100.00
Trade labourers	717	2	0.30	700	97.60
Trade related	4	2	50.00	6	150.00
Trade/ industry advisers & other related profession	6	0	0.00	6	100.00
Water plant and related operators	154	7	4.50	161	104.50
<b>Total</b>	<b>6449</b>	<b>168</b>	<b>2.60</b>	<b>6513</b>	<b>101.00</b>



**Table 3.5.5 Promotions by salary band for the period 1 April 2021 to 31 March 2022**

Salary band	Employees on 1 April 2021	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)	583	0	0.00	565	96.90
Skilled (Levels 3-5)	1463	9	0.60	1440	98.40
Highly skilled production (Levels 6-8)	2206	74	3.40	2202	99.80
Highly skilled supervision (Levels 9-12)	1687	71	4.20	1808	107.20
Senior management (Level 13-16)	179	14	7.80	185	103.40
Other	18	0	0.00	0	0.00
Contract (Levels 1-2)	22	0	0.00	0	0.00
Contract (Levels 3-5)	10	0	0.00	17	170.00
Contract (Levels 6-8)	131	0	0.00	122	93.10
Contract (Levels 9-12)	138	0	0.00	158	114.50
Contract (Levels 13-16)	12	0	0.00	16	133.30
<b>Total</b>	<b>6449</b>	<b>168</b>	<b>2.60</b>	<b>6513</b>	<b>101.00</b>

### 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 2022**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	74	4	6	11	56	1	3	7	162
Professionals	515	28	26	120	493	27	19	33	1261
Technicians and associate professionals	633	53	18	60	652	25	21	54	1516
Clerks	329	17	5	11	669	51	14	82	1178
Service shop and market sales workers	143	2	1	4	64	2	0	1	217
Craft and related trades workers	107	3	1	14	15	0	0	0	140
Plant and machine operators and assemblers	684	56	4	86	152	18	3	41	1044
Labourers and related workers	628	50	0	4	276	15	0	0	973
<b>Total</b>	<b>3113</b>	<b>213</b>	<b>61</b>	<b>310</b>	<b>2377</b>	<b>139</b>	<b>60</b>	<b>218</b>	<b>6491</b>
<b>Employees with disabilities</b>	<b>26</b>	<b>3</b>	<b>0</b>	<b>9</b>	<b>28</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>73</b>

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2022**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	3	0	0	0	5	0	0	0	8
Senior management	83	4	8	8	62	1	3	9	178
Professionally qualified and experienced specialists and mid-management	798	49	30	199	577	27	25	71	1776
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	856	53	12	56	961	71	23	125	2157
Semi-skilled and discretionary decision making	865	75	4	9	453	22	5	7	1440
Unskilled and defined decision making	400	18	0	1	208	12	0	0	639
Contract (top management)	2	0	0	2	1	0	0	0	5
Contract (senior management)	5	0	0	1	4	0	0	0	10
Contract (professionally qualified)	43	9	6	26	49	5	3	5	146
Contract (skilled technical)	52	5	1	8	46	1	1	1	115
Contract (semi-skilled)	6	0	0	0	11	0	0	0	17
<b>Total</b>	<b>3113</b>	<b>213</b>	<b>61</b>	<b>310</b>	<b>2377</b>	<b>139</b>	<b>60</b>	<b>218</b>	<b>0</b>

**Table 3.6.3 Recruitment for the period 1 April 2021 to 31 March 2022**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	2	1	0	0	1	0	0	0	4
Professionally qualified and experienced specialists and mid-management	30	0	0	4	18	0	1	0	53
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	46	2	2	2	34	2	0	0	88
Semi-skilled and discretionary decision making	51	0	0	0	45	4	0	2	102
Unskilled and defined decision making	69	4	0	1	45	3	0	0	122
Contract (top management)	1	0	1	1	1	0	0	0	4
Contract (senior management)	3	0	0	0	4	0	0	0	7
Contract (professionally qualified)	25	5	4	4	33	1	1	1	74
Contract (skilled technical)	46	4	1	5	43	1	1	1	102
Contract (semi-skilled)	11	0	0	0	20	0	0	0	31
Contract (unskilled)	0	0	0	0	2	0	0	0	2
<b>Total</b>	<b>284</b>	<b>16</b>	<b>8</b>	<b>17</b>	<b>246</b>	<b>11</b>	<b>3</b>	<b>4</b>	<b>589</b>
<b>Employees with disabilities</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>

**Table 3.6.4 Promotions for the period 1 April 2021 to 31 March 2022**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	4	0	0	0	5
Senior management	92	4	9	8	66	2	3	10	194
Professionally qualified and experienced specialists and mid-management	845	53	33	214	604	28	27	75	1879
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	902	56	12	61	1023	72	23	127	2276
Semi-skilled and discretionary decision making	877	78	4	9	452	19	5	5	1449
Unskilled and defined decision making	356	19	0	0	178	12	0	0	565
Contract (top management)	1	0	0	2	0	0	0	0	3
Contract (senior management)	7	0	0	1	4	0	0	1	13
Contract (professionally qualified)	51	10	6	28	50	5	3	5	158
Contract (skilled technical)	56	6	1	10	46	1	1	1	122
Contract (semi-skilled)	6	0	0	0	11	0	0	0	17
<b>Total</b>	<b>3194</b>	<b>226</b>	<b>65</b>	<b>333</b>	<b>2438</b>	<b>139</b>	<b>62</b>	<b>224</b>	<b>6681</b>
<b>Employees with disabilities</b>	<b>26</b>	<b>3</b>	<b>0</b>	<b>9</b>	<b>30</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>75</b>

**Table 3.6.5 Terminations for the period 1 April 2021 to 31 March 2022**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	1	0	0	0	0	0	2
Senior management	1	0	1	0	0	1	0	1	4
Professionally qualified and experienced specialists and mid-management	22	7	0	16	10	1	0	5	61
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	52	4	1	5	25	4	0	7	98
Semi-skilled and discretionary decision making	59	8	0	1	15	1	0	0	84
Unskilled and defined decision making	8	2	0	0	3	0	0	0	13
Not available	0	0	0	0	2	1	0	0	3
Contract (top management)	0	0	2	0	0	0	0	0	2
Contract (senior management)	3	0	0	0	1	0	0	1	5
Contract (professionally qualified)	25	2	2	3	24	0	1	0	57
Contract (skilled technical)	47	2	1	6	37	1	0	0	94
Contract (semi-skilled)	6	0	0	0	18	0	0	0	24
Contract (unskilled)	12	0	0	0	11	0	0	0	23
<b>Total</b>	<b>236</b>	<b>25</b>	<b>8</b>	<b>31</b>	<b>146</b>	<b>9</b>	<b>1</b>	<b>14</b>	<b>470</b>
<b>Employees with Disabilities</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>

**Table 3.6.6 Disciplinary action for the period 1 April 2021 to 31 March 2022**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	7	0	0	1	1	0	0	1	9
<b>Total</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>9</b>

**Table 3.6.7 Skills development for the period 1 April 2021 to 31 March 2022**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials, and managers	28	1	3	4	22	0	0	1	59
Professionals	137	2	7	8	109	0	0	5	268
Technicians and associate professionals	141	1	3	11	83	1	0	18	258
Clerks	173	0	1	3	204	1	2	14	398
Service and sales workers	2	0	0	0	0	0	0	0	2
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	412	2	1	10	155	1	0	0	581
Plant and machine operators and assemblers	112	1	0	0	4	0	0	0	117
Elementary occupations	439	1	0	1	178	1	0	0	620
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1444</b>	<b>8</b>	<b>15</b>	<b>37</b>	<b>755</b>	<b>4</b>	<b>2</b>	<b>38</b>	<b>2303</b>

### 3.7 Signing of performance agreements by SMS members

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

**Table 3.7.1 Signing of performance agreements by SMS members as on 31 May 2021**

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
				%
Director-General/Head of Department	1	1	0	0%
Salary Level 16	4	4	0	0%
Salary Level 15	7	7	2	29%
Salary Level 14	44	44	23	52%
Salary Level 13	153	153	96	63%
<b>Total</b>				

**Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 May 2021**

Reasons
Non-compliance due to failure to submit by SMS members

#### Notes

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

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 May 2021**

Reasons
<ul style="list-style-type: none"> <li>• Non-compliance issues are escalated to the Branch heads to act in terms of labour relations.</li> <li>• Not considered for any merit rewards as prescribed by chapter 4 SMS handbook</li> </ul>

#### Notes

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



### 3.8 Performance rewards

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

**Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2021 to 31 March 2022**

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost	Average cost per employee
			%	(R'000)	(R)
<b>African</b>	<b>1451</b>	<b>5436</b>	<b>26.69</b>	<b>30509</b>	<b>21026</b>
Male	526	2349	22.40	10392	19757
Female	925	3087	30.00	20117	21748
<b>Asian</b>	<b>38</b>	<b>119</b>	<b>31.93</b>	<b>1060</b>	<b>27894</b>
Male	22	58	37.90	497	22599
Female	16	61	26.20	563	35177
<b>Coloured</b>	<b>115</b>	<b>348</b>	<b>33.04</b>	<b>2615</b>	<b>22739</b>
Male	37	138	26.80	870	23510
Female	78	210	37.10	1745	22377
<b>White</b>	<b>214</b>	<b>515</b>	<b>41.55</b>	<b>6681</b>	<b>31219</b>
Male	89	214	41.60	2281	25635
Female	125	301	41.50	4400	35196
<b>Employees with disabilities</b>	<b>13</b>	<b>73</b>	<b>17.80</b>	<b>261</b>	<b>20067</b>
<b>Total</b>	<b>1831</b>	<b>6491</b>	<b>28.20</b>	<b>41127</b>	<b>22461</b>

**Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2021 to 31 March 2022**

Salary band	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost	Average cost per employee
			%	(R'000)	(R)
Lower skilled (Levels 1-2)	71	632	11.20	390	5489
Skilled (Levels 3-5)	312	1440	21.70	3114	9981
Highly skilled production (Levels 6-8)	744	2157	34.50	13372	17973
Highly skilled supervision (Levels 9-12)	657	1776	37.00	21626	32916
Other	0	7	0.00	0	0
Contract (Levels 3-5)	1	17	5.90	2	1980
Contract (Levels 6-8)	3	115	2.60	40	13399
Contract (Levels 9-12)	9	146	6.20	183	20366
<b>Total</b>	<b>1797</b>	<b>6290</b>	<b>28.60</b>	<b>38727</b>	<b>21551</b>

**Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2021 to 31 March 2022**

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost	Average cost per employee
			%	(R'000)	(R)
Administrative related	97	452	21.50	2300	23713
Agricultural animal oceanography forestry & other sciences	0	3	0.00	0	0
Agriculture related	0	2	0.00	0	0
All artisans in the building metal machinery etc.	37	128	28.90	504	13617
Appraisers-valuers and related professionals	0	1	0.00	0	0
Artisan project and related superintendents	1	7	14.30	9	8990
Auxiliary and related workers	33	329	10.00	338	10233
Biologists, botanists, zoologists & related professionals	0	1	0.00	0	0
Building and other property caretakers	8	34	23.50	42	5265
Bus and heavy vehicle drivers	2	7	28.60	16	7843
Cartographers and surveyors	0	25	0.00	0	0
Cartographic surveying and related technicians	1	20	5.00	20	19719
Chemical and physical science technicians	1	10	10.00	25	24959
Civil engineering technicians	13	92	14.10	389	29922
Cleaners in offices workshops hospitals etc.	19	112	17.00	104	5471
Client information clerks (switchboard reception information clerks)	0	7	0.00	0	0
Communication and information related	4	29	13.80	119	29831
Community development workers	9	79	11.40	203	22526
Computer programmers.	0	1	0.00	0	0
Computer system designers and analysts.	1	1	100.00	29	28918
Economists	0	1	0.00	0	0
Electrical and electronics engineering technicians	0	1	0.00	0	0
Engineering sciences related	35	293	11.90	982	28045
Engineers and related professionals	14	162	8.60	474	33825
Farm hands and labourers	0	10	0.00	0	0
Finance and economics related	64	193	33.20	1664	26001
Financial and related professionals	4	24	16.70	208	51988
Financial clerks and credit controllers	91	357	25.50	1342	14751
Food services aids and waiters	2	13	15.40	16	8098
Food services workers	0	1	0.00	0	0
Forestry labourers	0	1	0.00	0	0

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost	Average cost per employee
			%	(R'000)	(R)
General legal administration & related professionals	3	15	20.00	84	27935
Geologists, geophysicists, hydrologists & related professions	23	161	14.30	499	21679
Head of Department / Chief Executive Officer	0	1	0.00	0	0
Health sciences related	0	1	0.00	0	0
Horticulturists, foresters, agriculture & forestry technicians	0	1	0.00	0	0
Household and laundry workers	2	6	33.30	10	4905
Household food and laundry services related	0	7	0.00	0	0
Housekeepers, laundry, and related workers	0	1	0.00	0	0
Human resources & organisational development & related professions	11	29	37.90	224	20383
Human resources clerks	34	129	26.40	440	12943
Human resources related	31	108	28.70	744	24007
Information technology related	7	29	24.10	148	21190
Language practitioners, interpreters & other communicators	4	23	17.40	94	23473
Librarians and related professionals	0	2	0.00	0	0
Library mail and related clerks	9	32	28.10	100	11056
Life sciences related	0	1	0.00	0	0
Light vehicle drivers	12	63	19.00	82	6871
Logistical support personnel	29	84	34.50	505	17416
Material-recording and transport clerks	27	130	20.80	364	13465
Mechanical engineering technicians	1	7	14.30	29	28563
Messengers, porters, and deliverers	5	50	10.00	34	6739
Meteorologists statistical & related technicians	0	1	0.00	0	0
Mining geology & geophysical & related technicians	3	27	11.10	61	20335
Motor vehicle drivers	1	5	20.00	7	7492
Motorised farm and forestry plant operators	6	10	60.00	39	6446
Natural sciences related	54	410	13.20	1355	25086
Other administration & related clerks and organisers	73	379	19.30	913	12503
Other administrative policy and related officers	12	71	16.90	198	16510
Other information technology personnel.	0	4	0.00	0	0

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost	Average cost per employee
			%	(R'000)	(R)
Other machine operators	1	4	25.00	5	5132
Other occupations	827	811	102.00	22189	26831
Physicists	1	1	100.00	34	34479
Quantity surveyors & related professions not classified elsewhere	1	2	50.00	42	42318
Regulatory inspectors	5	28	17.90	97	19437
Risk management and security services	13	74	17.60	186	14299
Road workers	0	1	0.00	0	0
Safety health and quality inspectors	2	10	20.00	33	16253
Secretaries & other keyboard operating clerks	37	144	25.70	475	12841
Security guards	4	11	36.40	30	7583
Security officers	17	95	17.90	184	10839
Senior managers	29	158	18.40	2108	72706
Social sciences related	10	55	18.20	242	24166
Social work and related professionals	3	7	42.90	68	22680
Statisticians and related professionals	0	1	0.00	0	0
Trade labourers	62	743	8.30	386	6228
Trade related	2	5	40.00	28	14238
Trade/industry advisers & other related professions	1	8	12.50	32	32058
Water plant and related operators	33	150	22.00	274	8316
<b>Total</b>	<b>1831</b>	<b>6491</b>	<b>28.20</b>	<b>41127</b>	<b>22461</b>

#### Notes

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

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2021 to 31 March 2022**

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure	Personnel cost SMS
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost	Average cost per		
			%	(R'000)	(R)	%	(R'000)
Band A	27	141	19.10	1918	71030	1.10	175 208
Band B	7	47	14.90	482	68817	0.70	68 708
Band C	0	7	0.00	0	0	0.00	12 937
Band D	0	6	0.00	0	0	0.00	8 370
<b>Total</b>	<b>34</b>	<b>201</b>	<b>16.90</b>	<b>2132</b>	<b>62719</b>	<b>0.80</b>	<b>265 223</b>

### 3.9 Foreign workers

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

**Table 3.9.1 Foreign workers by salary band for the period 1 April 2020 to 31 March 2021**

Salary band	01 April 2021		31 March 2022		Change		Total employment		
	Number	% of total	Number	% of total	Number	% Change	On 01 April 2021	On 31 March 2022	Change
Highly skilled production (Levels 6-8)	2	4.00	3	5.40	1	16.70	50	56	6
Highly skilled supervision (Levels 9-12)	42	84.00	47	83.90	5	83.30	50	56	6
Senior management (Levels 13 – 16)	6	12.00	6	10.70	0	0.00	50	56	6
<b>Total</b>	<b>50</b>	<b>100.00</b>	<b>56</b>	<b>100.00</b>	<b>6</b>	<b>100.00</b>	<b>50</b>	<b>56</b>	<b>6</b>

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2021 to 31 March 2022**

Major occupation	01 April 2021		31 March 2022		Change			Total employment		
	Number	% of total	Number	On 01 April 2021	On 31 March 2022	Change	On 01 April 2021	On 31 March 2022	Change	
Administrative office workers	6	12.00	6	10.70	0.00	0.00	50	56	6	
Information technology personnel	1	2.00	1	1.80	0.00	0.00	50	56	6	
Professionals and managers	41	82.00	48	85.70	7.00	116.70	50	56	6	
Technicians and associated professionals	2	4.00	1	1.80	- 1.00	- 16.70	50	56	6	
<b>Total</b>	<b>50</b>	<b>100.00</b>	<b>56</b>	<b>100.00</b>	<b>6.00</b>	<b>100.00</b>	<b>50</b>	<b>56</b>	<b>6</b>	

### 3.10 Leave utilisation

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

**Table 3.10.1 Sick leave for the period 1 January 2021 to 31 December 2021**

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost	Total number of employees using sick leave	Total number of days with medical
		%		%		(R'000)		
Lower skilled (Levels 1-2)	2103	88.00	273	10.00	8	1 256.00	2727	1851
Skilled (Levels 3-5)	4645	87.40	646	23.70	7	3 728.00	2727	4062
Highly skilled production (Levels 6-8)	8798	91.50	956	35.10	9	9 946.00	2727	8051
Highly skilled supervision (Levels 9-12)	7254	93.90	717	26.30	10	14 724.00	2727	6809
Senior management (Levels 13-16)	340	90.30	55	2.00	6	1 496.00	2727	307
Contract (Level 1-2)	8	37.50	3	0.10	3	5.00	2727	3
Contract (Levels 3-5)	3	100.00	1	0.00	3	3.00	2727	3
Contract (Levels 6-8)	167	66.50	40	1.50	4	225.00	2727	111
Contract (Levels 9-12)	182	89.00	34	1.20	5	484.00	2727	162
Contract (Levels 13-16)	22	100.00	1	0.00	22	172.00	2727	22
Contract other	5	60.00	1	0.00	5	21.00	2727	3
<b>Total</b>	<b>23527</b>	<b>24.30</b>	<b>2727</b>	<b>100.00</b>	<b>9</b>	<b>32 060.00</b>	<b>2727</b>	<b>5719</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2021 to 31 December 2021**

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)	Total number of employees using sick leave	Total number of days with medical certification
		%		%				
Lower skilled ( Levels 1-2)	132	100.00	7	10.40	19	77.00	132	67
Skilled (Levels 3-5)	349	100.00	18	26.90	19	284.00	349	67
Highly skilled production (Levels 6-8)	478	96.70	26	38.80	18	730.00	462	67
Highly skilled supervision (Levels 9-12)	837	100.00	15	22.40	56	2 388.00	837	67
Senior management (Levels 13-16)	2	100.00	1	1.50	2	8.00	2	67
<b>Total</b>	<b>1798</b>	<b>99.10</b>	<b>67</b>	<b>100.00</b>	<b>27</b>	<b>3 487.00</b>	<b>1782</b>	<b>67</b>

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

**Table 3.10.3 Annual leave for the period 1 January 2021 to 31 December 2021**

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skills (Level 1-2)	13527	24.00	575
Skilled (Levels 3-5)	32075	21.00	1512
Highly skilled production (Levels 6-8)	49676	22.00	2299
Highly skilled supervision (Levels 9 -12)	40202	22.00	1807
Senior management (Levels 13-16)	3885	21.00	186
Contract (Level 1-2)	144	8.00	19
Contract (Levels 3-5)	79	5.00	17
Contract (Levels 6-8)	1949	13.00	151
Contract (Levels 9 -12)	2100	13.00	167
Contract (Levels 13-16)	112	7.00	15
Contract other	94	5.00	19
<b>Total</b>	<b>143843</b>	<b>21.00</b>	<b>6767</b>



**Table 3.10.4 Capped leave for the period 1 January 2021 to 31 December 2021**

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 2022	Total number of capped leave available as on 31 March 2022	Number of employees as on 31 March 2022
Lower skills (Level 1-2)	0	0.00	42	0	251.00	6
Skilled (Levels 3-5)	37	3.00	61	12	18 319.04	300
Highly skilled production (Levels 6-8)	81	10.00	69	8	27 988.86	407
Highly skilled supervision (Levels 9-12)	41	8.00	55	5	13 883.06	253
Senior management (Levels 13-16)	14	7.00	56	2	3 079.29	55
Contract (Levels 3-5)	0	0.00	0	0	0.00	0
Contract (Levels 6-8)	0	0.00	0	0	0.00	0
Contract (Levels 9-12)	0	0.00	0	0	0.00	0
Contract (Levels 13-16)	0	0.00	0	0	0.00	0
Contract other	0	0.00	0	0	0.00	0
<b>Total</b>	<b>173</b>	<b>6.00</b>	<b>62</b>	<b>27</b>	<b>63 521.25</b>	<b>1021</b>

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

**Table 3.10.5 Leave pay-outs for the period 1 April 2021 to 31 March 2022**

Reason	Total amount	Number of employees	Average per employee
	(R'000)		(R)
Annual - discounting with resignation (workdays)	1 682.00	67	25 104.00
Annual - discounting: contract expiry (workdays)	26.00	3	8 667.00
Annual - discounting: unused vacation credits (workdays)	1 059.00	9	117 667.00
Annual - gratuity: death/ retirement/ medical retirement (workdays)	3 331.00	96	34 698.00
Capped - gratuity: death/retirement/ medical retirement (workdays)	8 155.00	74	110 203.00
Other - discounting Water & Sanitation construct with served term	1 483.00	22	67 409.00
Other - discounting Water & Sanitation construct with transfer	1 903.00	44	43 250.00
Other - discounting: Water & Sanitation: =>55 year (calendar day)	504.00	6	84 000.00
Other - gratuity (general) (calendar days)	2 801.00	19	147 421.00
<b>Total</b>	<b>20 944</b>	<b>344</b>	<b>61 600.00</b>

### 3.11 HIV/AIDS & health promotion programmes

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

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

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

Question	Yes	No	Details, if yes
1 Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/ his name and position.	X		O Manyana - Director responsible for Employee Health and Wellness
2 Does the Department have a dedicated unit, or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		2 EH&W professionals in national Office, and 1 EH&W coordinator for some regional offices.
3 Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		<ul style="list-style-type: none"> <li>• HIV, TB &amp; AIDS management;</li> <li>• Health and Productivity management;</li> <li>• Wellness management;</li> <li>• Safety, Health, Environment and Risk Management (Health Risk Assessments,</li> <li>• Health Promotion and Education: Chronic Disease Management;</li> <li>• Psycho-Social Support Services (inclusive of trauma debriefing and diffusion) and Referral;</li> <li>• Policy development; EH&amp;W marketing, promotion and capacity building; M&amp;E services).</li> </ul>
4 Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		The Committee is in place however it has to be reconstituted as some members have since left the Department
5 Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		The approved HIV&AIDS and TB Management policy addresses issues of stigma and non-discrimination of HIV positive employees. It goes further to mention steps to be taken if there is transgression on these policy elements.
6 Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		The Policy protects HIV+ employees from discrimination. Disciplinary action to be taken against those who disregard this section of the policy

	Question	Yes	No	Details, if yes
7	Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		HIV Counselling & Testing (HCT) is provided through GEMS wellness days which are hosted on DWS premises. Due to Covid restrictions, this service was suspended for the reporting period
8	Has the Department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	X		Feedback sessions are held, and questionnaires completed after wellness days, campaigns and health talks.

### 3.12 Labour relations

**Table 3.12.1 Collective agreements for the period 1 April 2021 to 31 March 2022**

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

**Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2021 to 31 March 2022**

Outcomes of disciplinary hearings	Number	% of total
Dismissal	2	0.67
Final written warning and suspension without pay	1	0.33
Final written warning	0	0
Written warning	0	0
Demotion	0	0
<b>Total</b>	<b>3</b>	<b>100.00</b>

**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2021 to 31 March 2022**

Type of misconduct	Number	% of total
Misuse of state vehicle	1	6.25
Dishonesty	1	6.25
Insubordination	3	18.75
Fraud	1	6.25
Financial mismanagement/ unauthorised expenditure	0	0
Fighting	0	0
Possession of dangerous weapon	0	0
Theft	2	12.5
Negligence	0	0
Absenteeism	6	37.5
Bringing the name of the Department into disrepute	2	12.5
<b>Total</b>	<b>16</b>	<b>100</b>

**Table 3.12.4 Grievances logged for the period 1 April 2021 to 31 March 2022**

Grievances	Number	% of total
Number of grievances resolved	98	45.16
Number of grievances not resolved	119	54.84
<b>Total number of grievances lodged</b>	<b>217</b>	<b>100.00</b>

**Table 3.12.5 Disputes logged with Councils for the period 1 April 2021 to 31 March 2022**

Disputes	Number	% of total
Number of disputes resolved	31	48.43
Number of disputes not resolved	33	51.87
<b>Total number of disputes lodged</b>	<b>64</b>	<b>100.00</b>

**Table 3.12.6 Strike actions for the period 1 April 2021 to 31 March 2022**

Strike actions	None
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**Table 3.12.7 Precautionary suspensions for the period 1 April 2021 to 31 March 2022**

Number of people suspended	6
Number of people whose suspension exceeded 30 days	6
Average number of days suspended	203.3
<b>Cost of suspension (R)</b>	<b>4 063 332.02</b>

### 3.13 Skills development

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

**Table 3.13.1 Training needs identified for the period 1 April 2021 to 31 March 2022**

Occupational category	Gender	Number of employees as of 1 April 2021	Training needs identified on 01 April 2021			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials, and managers	Female	67	0.00	1	0.00	1
	Male	95	0.00	1	0.00	1
Professionals	Female	572	0.00	249	0.00	249
	Male	689	0.00	407	0.00	407
Technicians and associate professionals	Female	752	0.00	614	0.00	614
	Male	764	0.00	620	0.00	620
Clerks	Female	816	0.00	1098	0.00	1098
	Male	362	0.00	731	0.00	731
Service and sales workers	Female	67	0.00	25	0.00	25
	Male	150	0.00	119	0.00	119
Skilled agriculture and fishery workers	Female	0	0.00	0	0.00	0
	Male	0	0.00	0	0.00	0
Craft and related trades workers	Female	15	0.00	390	0.00	390
	Male	125	0.00	486	0.00	486
Plant and machine operators and assemblers	Female	214	0.00	0	0.00	0
	Male	830	0.00	64	0.00	64
Elementary occupations	Female	291	0.00	668	0.00	668
	Male	682	0.00	223	0.00	223
Gender sub-totals	Female	2794	0.00	3045	0.00	3045
	Male	3697	0.00	2651	0.00	2651
<b>Total</b>		<b>6491</b>	<b>0.00</b>	<b>5696</b>	<b>0.00</b>	<b>5696</b>

**Table 3.13.2 Training provided for the period 1 April 2021 to 31 March 2022**

Occupational category	Gender	Number of employees as of 1 April 2021	Training provided within the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials, and managers	Female	67	0.00	23	0.00	23
	Male	95	0.00	36	0.00	36
Professionals	Female	572	0.00	114	0.00	114
	Male	689	0.00	154	0.00	154
Technicians and associate professionals	Female	752	0.00	101	0.00	101
	Male	764	0.00	156	0.00	156
Clerks	Female	816	0.00	221	0.00	221
	Male	362	0.00	177	0.00	177
Service and sales workers	Female	67	0.00	0	0.00	0
	Male	150	0.00	2	0.00	2
Skilled agriculture and fishery workers	Female	0	0.00	0	0.00	0
	Male	0	0.00	0	0.00	0
Craft and related trades workers	Female	15	0.00	156	0.00	156
	Male	125	0.00	425	0.00	425
Plant and machine operators and assemblers	Female	214	0.00	4	0.00	4
	Male	830	0.00	113	0.00	113
Elementary occupations	Female	291	0.00	179	0.00	179
	Male	682	0.00	441	0.00	441
Gender sub-totals	Female	2794	0.00	798	0.00	798
	Male	3697	0.00	1504	0.00	1504
<b>Total</b>		<b>6491</b>	<b>0.00</b>	<b>2303</b>	<b>0.00</b>	<b>2303</b>

### 3.14 Injury on duty

The following tables provide basic information on injury on duty.

**Table 3.14.1 Injury on duty for the period 1 April 2021 to 31 March 2022**

Nature of injury on duty	Number	% of total
Required basic medical attention only	33	100.00
Temporary total disablement	0	0.00
Permanent disablement	0	0.00
Fatal	0	0.00
<b>Total</b>	<b>33</b>	<b>100.00</b>

### 3.15 Utilisation of consultants

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

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

**Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2021 to 31 March 2022**

	Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
1	The determination of Water Resource classes, reserve and resource quality objectives study for secondary catchments A5-A9 within the Limpopo Water Management Area (WMA1) and secondary catchment B9 in the Olifants Water Management Area (WMA2) for a period of 36 months	20	36 Months	R20 559 913.00
2	Feasibility bridging study for Breede-Berg (Michell's Pass) water transfer scheme for a period of 30 months	57	30 Months	R23 349 804.00
3	To undertake the determination of water resource classes, reserve and resource quality objectives in the Keiskamma and fish to Tsitsikamma catchments within the Mzimvubu-Tsitsikamma management area for a period of 36 months	29	36 Months	R17 668 296.40
4	To conduct a high confidence reserve determination study for surface water ground water and wetlands in the upper orange catchment for a period of 24 months	21	24 Months	R6 560 802.60
5	Algoa water supply system: environmental impact assessment of the proposed Coerney Balancing Dam	6	24 Months	R919 474.45
6	Render support for the study development updating and review of strategies to reconcile water availability and requirement in planning area central comprising Mangaung, Orange, Integrated Vaal river water supply systems, and all other town and clusters of villages to be undertaken in Directorate National Water Resource Planning	15	36 Months	R12 702 957.50
7	Classification of significant water resources and determination of resources quality objectives for water resource in the Usutu to Mhlathuze catchments	25	30 Months	R8 876 884.50
8	To investigate groundwater and surface interaction for protection of the water resource in the Lower Vaal Catchment	6	24 Months	R2 618 665.00
9	The Crocodile (East) Water Project: Module 2: Environmental impact assessment	12	36 Months	R 2,139,438.00
10	The Crocodile (East) Water Project: Module 1: Technical Feasibility study	40	36 Months	R 14,634,347.00
11	To develop the National Sanitation Integrated Plan	18	36 Months	R 6,682,321.35
12	To conduct a high confidence groundwater reserve determination study in the Berg Catchment	13	24 Months	R3 244 909.24
13	For update of water conversation and water demand management strategies	11	18 Months	R4 274 428.68

	Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
14	Development of five-year reliable water and sanitation service delivery implementation plans for Capricorn DM	13	12 Months	R1,675,821.00
15	Development of five-year reliable water and sanitation service delivery implementation plans for Dr Ruth Segomotsi Mompati DM	11	12 Months	R1,628,207.00
16	Development of five-year reliable water and sanitation services delivery implementation plans for Mopani DM	13	12 Months	R1,829,921.40
17	Development of five-year reliable water and sanitation services delivery implementation plans for Ngaka Modiri Molema DM	11	12 Months	R1,497,944.00
18	The finalisation of a business case and establishment of the water regulator	11	36 Months	R6,105,925.00
19	The compilation of the preliminary design report, implementation readiness study for upgrading of Masilonyana (Winburg) wastewater treatment works and pumpstation in the Masilonyana Local Municipality in the Free State Province	9	12 Months	R298,137.50
20	Development of feasibility study, preliminary design report, implementation readiness study for the Petrusburg bulk water supply in Letsemeng Local Municipality in the Free State Province	9	12 Months	R298,137.50

Total number of projects	Total individual consultants	Total duration workdays	Total contract value in Rand
11	266		



**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 to 31 March 2022**

	Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
		%	%	
1	The determination of Water Resource classes, reserve and resource quality objectives study for secondary catchments A5-A9 within the Limpopo Water Management Area (WMA1) and secondary catchment B9 in the Olifants Water Management Area (WMA2) for a period of 36 months	0	1	12
2	Feasibility bridging study for Breede-Berg (Michell's Pass) water transfer scheme for a period of 30 months	0	2	25
3	To undertake the determination of water resource classes, reserve and resource quality objectives in the Keiskamma and fish to Tsitsikamma catchments within the Mzimvubu-Tsitsikamma management area for a period of 36 months	0	2	15
4	To conduct a high confidence reserve determination study for surface water ground water and wetlands in the upper orange catchment for a period of 24 months	0	0	12
5	Algoa water supply system: environmental impact assessment of the proposed Coerney Balancing Dam	100	0	2
6	Render support for the study development updating and review of strategies to reconcile water availability and requirement in planning area central comprising Mangaung, Orange, Integrated Vaal river water supply systems, and all other town and clusters of villages to be undertaken in Directorate National Water Resource Planning	100	1	9
7	Classification of significant water resources and determination of resources quality objectives for water resource in the Usutu to Mhlathuze catchments	47.54	4	13
8	To investigate groundwater and surface interaction for protection of the water resource in the Lower Vaal Catchment	55	0	4
9	The Crocodile (East) Water Project: Module 2: Environmental impact assessment	100	0	5
10	The Crocodile (East) Water Project: Module 1: Technical Feasibility study	51.03	3	18
11	To develop the National Sanitation Integrated Plan	24.77	1	14
12	To conduct a high confidence groundwater reserve determination study in the Berg Catchment	60	0	6
13	For update of water conversation and water demand management strategies	51	1	5
14	Development of five-year reliable water and sanitation service delivery implementation plans for Capricorn DM	24.77	1	8
15	Development of five-year reliable water and sanitation service delivery implementation plans for Dr Ruth Segomotsi Mompati DM	51.03	0	3

	Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
		%	%	
16	Development of five-year reliable water and sanitation services delivery implementation plans for Mopani DM	24.77	1	8
17	Development of five-year reliable water and sanitation services delivery implementation plans for Ngaka Modiri Molema DM	100	1	9
18	The finalisation of a business case and establishment of the water regulator	75	2	9
19	The compilation of the preliminary design report, implementation readiness study for upgrading of Masilonyana (Winburg) wastewater treatment works and pumpstation in the Masilonyana Local Municipality in the Free State Province	49.5	0	0
20	Development of feasibility study, preliminary design report, implementation readiness study for the Petrusburg bulk water supply in Letsemeng Local Municipality in the Free State Province	49.5	0	0

### 3.16 Severance packages

**Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2021 to 31 March 2022**

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



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

# 1 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

## **Audit Committee Responsibility**

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

## **The Effectiveness of Internal Control**

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

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

## **Resolution of Internal Control Findings**

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

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

## **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. The Plan was reviewed and implemented during the 2021/22 financial year. Feedback on the implementation of the Combined Assurance Plan is provided during the Quarterly Risk Management Meetings and reported to the Audit Committee quarterly by an Independent Chairperson of the Risk Management Committee.

## **Internal Audit Effectiveness**

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 adequate and effective. This is achieved by means of an appropriate quarterly reporting process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

Internal Audit (IA) forms part of the third line of defence as set out in the Combined Assurance Strategy and engages with the first and second lines of defence to facilitate the escalation of key control weaknesses. The IA unit has a functional reporting line to the Audit Committee and an administrative reporting line to the 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, reviews and approves the IA annual coverage and Three-Year Rolling 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 functions, IA Annual Coverage and Three-Year Rolling Plans were approved by the Audit Committee.

The Audit Committee monitored and challenged, where appropriate, actions taken by Management regarding 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.

The Audit Committee is concerned with current vacancies in senior management for the year 2021-2022 and the impact it had on the business of the Department. However, the Audit Committee has noted corrective measures instituted by the DG to address this concern and related internal audit reported matters. The Department implemented certain recommendations made by the Audit Committee. The areas of concern to the Audit Committee that require urgent management interventions are:

- Low achievements of Annual Performance Targets.
- Internal Control Weakness around Budget and financial management resulting in irregular, fruitless and wasteful expenditure.
- Consequences Management.

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

### **Performance Information**

The performance information was presented to the Audit Committee during the meeting of 28 May 2022. 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 regard.

A major concern is the annual performance achievement of only 65% of the set targets, while the Department spent 86% of the approved budget for 2021/22 financial year.

### **Risk Management**

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

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

### **Governance and Ethics**

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

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

### **Information and Communication Technology (ICT) Governance**

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

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

The issue of ICT Security continues to be a high risk for the Department due to data breaches that were experienced in the past.

### **Audit Committee Responsibility**

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

For the financial year ended 31 March 2022, the Audit Committee reviewed:

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

### **In-Year Management and Monthly/Quarterly Report**

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

### **Evaluation of Financial Statements**

The Audit Committee reviewed the annual financial statements prepared by the Department and was satisfied with the content and quality of certain of the financial and non-financial quarterly reports prepared and submitted by the DG during the financial year under review and confirm that the reports were mostly in compliance with the statutory reporting framework. The Audit Committee had the opportunity to review the Annual Financial Statements and discussed it with Management during the meeting that was held on 28 May 2022.

The AGSA presented the Audit Report and the Management reports to the management of the Department and the Audit Committee at a meeting that was held on 29 July 2022.

The Audit Committee has the following comments:

- The Audit Committee appreciates the fact that the Department has improved its audit outcomes to an unqualified audit opinion with material findings on compliance with legislation from a qualification in the prior year. However, management needs to implement the actions plans to ensure that the Internal Control Environment is improved and increase the likelihood of further improvement in the audit outcomes.
- The Audit Committee is concerned about:
  - (a) the internal control weaknesses that were noted over the reconciling and recording of accruals, capital assets as well as irregular expenditure which resulted in material corrections being made to financial statements. In this regard, management needs to implement the action plans to address the internal control weaknesses.
  - (b) The payables that exceeded the payment period of 30 days. However, the internal controls have improved from the prior year which resulted in the payment period improving from 82 days to 42 days. This will require further attention from management to bring this payment period to 30 days or less.
  - (c) Consequence management which was not fully implemented. This will require renewed effort from Management to ensure that the cases are investigated timeously, and speedy action is taken to resolve the disciplinary cases.

(d) The internal controls around finance and performance management as the AGSA reported that:

- (i) Management did not adequately implement review and monitoring controls to prevent non-compliance with applicable laws and regulations relating to supply chain management.
- (ii) Management did not properly implement internal control procedures designed to identify and record accruals at year end, resulting in material corrections to the financial statements.
- (iii) The Accounting Officer did not implement adequate and timely consequence management processes for irregularities identified and for allegations against staff members due to delays in the completion of investigations.

- The AGSA did not report any new Material irregularity. They were only following up on a material irregularity that was identified in the prior financial year and progress was noted in addressing the concerns raised by the AGSA.

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

### Conclusion

The Audit Committee is happy that the Department improved its audit outcomes to achieve an unqualified audit opinion with material findings on compliance with legislation and recommends that management implement the actions plans in the coming year to ensure that the Internal Control Environment is improved. This will result likely result in a further improvement in the audit outcomes.

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

The Audit Committee noted non-compliance with prescribed policies and procedures up to 31 March 2022.

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 DG, Management of the Department, the AGSA and IA who assisted the Audit Committee in performing its functions effectively.



**Dr Charles Motau (AMBCI)**  
**Chairperson of the Audit Committee**  
**Department of the Water & Sanitation**

**Date: 4 August 2022**

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

### Report on the audit of the financial statements

#### Opinion

- 1 I have audited the financial statements of the Department of Water and Sanitation set out on pages 173 to 246, which comprise the appropriation statement, statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Water and Sanitation as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 4 of 2020 (Dora).

#### Basis for opinion

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

#### Emphasis of matters

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

#### Restatement of corresponding figures

- 7 As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2022.

#### Underspending of the vote

- 8 As disclosed in the appropriation statement, the department materially underspent the budget by R2 531 million; which included R243 million on programme 1, R117 million on programme 2 and R2 171 million on programme 3.

#### Irregular expenditure

- 9 As disclosed in note 25 to the financial statements, the department incurred irregular expenditure of R221 million due to non-compliance with procurement processes.

#### Other matter

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

#### Unaudited supplementary schedules

- 11 The supplementary information set out on pages 247 to 278 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

- 12 The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



- 13 In preparing the financial statements, the accounting officer is responsible for assessing the 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**

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

### Report on the audit of the annual performance report

#### **Introduction and scope**

- 16 In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
- 17 My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
- 18 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 programme presented in the department's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 3 – Water Service Management	75 to 85

- 19 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.
- 20 I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme 3 – Water Service Management

#### **Other matters**

- 21 I draw attention to the matters below.

#### **Achievement of planned targets**

- 22 Refer to the annual performance report on pages 46 to 85 for information on the achievement of planned targets for the year and management's explanations provided for the under of targets.

**Adjustment of material misstatement**

- 23 I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information of water service management. As management subsequently corrected the misstatement, 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**

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

**Annual financial statements**

- 26 The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statement were subsequently corrected resulting in the financial statements receiving an unqualified opinion.

**Expenditure management**

- 27 Effective and appropriate steps were not taken to prevent irregular expenditure of R221 million 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. The majority of the irregular expenditure was caused by deviations from normal procurement processes that were not justifiable and extensions of contracts after expiry without prior approval by the delegated official. Of the total irregular expenditure, R61 million related to upgrading Rotherden pump stations.

**Consequence management**

- 28 I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA. This was because various investigations were still in progress at the end of the financial year.
- 29 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.

**Other information**

- 30 The accounting officer is responsible for the other information. 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.
- 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 on it.
- 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 programmes 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. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

**Internal control deficiencies**

- 34 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
- 35 Management did not adequately implement the review and monitoring controls that would prevent non-compliance with applicable laws and regulations relating to supply chain management.
- 36 Management did not properly implement internal control procedures designed to identify and record accruals at year end, resulting in material corrections to the financial statements.
- 37 The accounting officer did not implement adequate and timely consequence management processes for irregularities identified and for allegations against staff members due to delays in completing investigations.

**Material irregularities**

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

**Status of previously reported material irregularities****Payment made to a consulting firm without evidence of work performed**

- 39 In 2018-19, a consulting firm appointed for financial management services was paid R17 900 594 without the required progress report supporting that the work had been performed.
- 40 The payment for services that had not been delivered was a result of ineffective internal controls in approving and processing payments, as required by treasury regulation 8.1.1.
- 41 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 20.2 to the financial statements.
- 42 The accounting officer was notified of the material irregularity on 17 July 2019. The following actions have been taken to resolve the material irregularity:
- The department's internal audit unit investigated the matter and concluded its report on 18 July 2018. Based on the outcome of the investigation, the accounting officer initiated disciplinary proceedings against officials involved on 9 October 2018 and, subsequently, all the officials resigned from the department.
  - One official joined another department and, on 9 June 2020 that department was requested to continue with the disciplinary process. The disciplinary process included disciplinary hearings held on 19 – 21 July 2022 and was still in progress at the date of this audit report.
  - A criminal case opened on 17 July 2018 with the South African Police Service was still in progress at the date of this audit report.
  - The accounting officer implemented strengthened internal controls to efficiently and effectively monitor the performance of service providers against set deliverables and review appropriate verifiable supporting documents.
  - The accounting officer filed a combined summons with the high court on 22 November 2018 to declare the contract invalid and recover the amount paid. On 22 January 2020, the court granted an order by agreement between the parties that the review application to declare the contract invalid had become academic, and it was therefore withdrawn. The appropriate action to be taken by the accounting officer is dependent on the outcome of the court case to recover the possible overpayment, which was still ongoing at the date of this report.
- 43 I will follow up on the implementation of the above actions during my next audit.

**Other reports**

- 44 In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties, which had, or could have, an impact on the matters reported in the 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.
- 45 The special investigation unit (SIU) conducted numerous forensic investigations, as per the relevant proclamations issued, at the Department of Water and Sanitation or relevant water boards and the entity linked to the department. Most of these investigations were still in progress at the date of this auditor's report.
- 46 At the request of the accounting officer, the audit committee and/or the executive authority, the internal audit unit conducted, or was in the process of conducting, several other investigations arising from allegations of financial misconduct against officials of the department and other entities within the water portfolio. The completed investigations resulted in recommendations for disciplinary and/or criminal proceedings against the officials concerned, while others were still in progress at year end.

*Auditor-General*

**Pretoria**

**31 July 2022**



## 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 relating to events or conditions that may cast significant doubt on the ability of the Department of Water and Sanitation to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a department to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

- 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

## Appropriation per programme

Programme R'000	2021/22					2020/21		
	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	Actual expenditure R'000
1 Administration	1 960 017	-	-	1 960 017	1 716 499	243 518	87,6%	1 713 106
2 Water Resources Management	3 616 600	-	-	3 616 600	3 499 861	116 739	96,8%	3 389 201
3 Water Services Management	12 158 440	-	-	12 158 440	9 987 154	2 171 286	82,1%	9 494 856
<b>Total</b>	<b>17 735 057</b>	<b>-</b>	<b>-</b>	<b>17 735 057</b>	<b>15 203 514</b>	<b>2 531 543</b>	<b>85,7%</b>	<b>14 502 613</b>
<b>Total (brought forward)</b>				<b>17 735 057</b>				<b>16 994 291</b>
<b>Reconciliation with statement of financial performance</b>								
<b>ADD</b>								
Departmental receipts				5 775				22 790
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>17 740 832</b>				<b>17 017 081</b>
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>15 203 514</b>			<b>14 502 613</b>

## Statutory appropriation per economic classification

Economic classification	2021/22							2020/21	
	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
<b>Current payments</b>	<b>4 119 243</b>	<b>(5 903)</b>	-	<b>4 113 340</b>	<b>3 215 615</b>	<b>897 725</b>	<b>78,2%</b>	<b>3 874 660</b>	<b>3 459 270</b>
Compensation of employees	1 854 657	-	-	1 854 657	1 742 236	112 421	93,9%	1 867 701	1 638 330
Goods and services	2 264 364	(5 903)	-	2 258 461	1 473 158	785 303	65,2%	2 006 942	1 820 923
Interest and rent on land	222	-	-	222	221	1	99,5%	17	17
<b>Transfers and subsidies</b>	<b>9 409 751</b>	<b>5 725</b>	-	<b>9 415 476</b>	<b>9 414 311</b>	<b>1 165</b>	<b>100,0%</b>	<b>8 851 778</b>	<b>8 850 347</b>
Provinces and municipalities	5 858 379	105	-	5 858 484	5 858 274	210	100,0%	5 373 826	5 373 695
Departmental agencies and accounts	2 375 855	2	-	2 375 857	2 375 855	2	100,0%	2 382 048	2 382 047
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	243 324	-	-	243 324	243 116	208	99,9%	237 664	237 458
Public corporations and private enterprises	902 969	-	-	902 969	902 969	-	100,0%	809 312	809 312
Non-profit institutions	1 322	-	-	1 322	577	745	43,6%	1 630	834
Households	27 902	5 618	-	33 520	33 520	-	100,0%	47 298	47 001
<b>Payments for capital assets</b>	<b>4 206 063</b>	-	-	<b>4 206 063</b>	<b>2 573 410</b>	<b>1 632 653</b>	<b>61,2%</b>	<b>4 267 853</b>	<b>2 192 996</b>
Buildings and other fixed structures	4 045 522	-	-	4 045 522	2 479 579	1 565 943	61,3%	4 113 850	2 063 571
Machinery and equipment	117 294	-	-	117 294	52 451	64 843	44,7%	115 631	91 672
Intangible assets	43 247	-	-	43 247	41 380	1 867	95,7%	38 372	37 753
<b>Payments for financial assets</b>	-	<b>178</b>	-	<b>178</b>	<b>178</b>	-	<b>100,0%</b>	-	-
<b>Total</b>	<b>17 735 057</b>	-	-	<b>17 735 057</b>	<b>15 203 514</b>	<b>2 531 543</b>	<b>85,7%</b>	<b>16 994 291</b>	<b>14 502 613</b>

## Programme 1: Administration per sub-programme

Sub-programme R'000	2021/22						2020/21		
	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 Ministry	85 030	(96)	-	84 934	63 842	21 092	75,2%	48 931	43 772
2 Departmental Management	159 234	96	-	159 330	124 747	34 583	78,3%	150 804	138 392
3 Corporate Services	832 612	(5 850)	-	826 762	717 880	108 882	86,8%	685 801	636 416
4 Financial Management	263 510	-	-	263 510	237 753	25 757	90,2%	240 464	215 796
5 Office Accommodation	514 446	-	-	514 446	490 188	24 258	95,3%	503 228	503 228
6 International Water Support	105 185	5 850	-	111 035	82 089	28 946	73,9%	83 878	80 952
<b>Total</b>	<b>1 960 017</b>	-	-	<b>1 960 017</b>	<b>1 716 499</b>	<b>243 518</b>	<b>87,6%</b>	<b>1 713 106</b>	<b>1 618 556</b>

## Programme 1: Administration per economic classification

Economic classification	2021/22						2020/21		
	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
<b>Current payments</b>	<b>1 831 969</b>	<b>(1 178)</b>	-	<b>1 830 791</b>	<b>1 623 691</b>	<b>207 100</b>	<b>88,7%</b>	<b>1 614 556</b>	<b>1 520 333</b>
Compensation of employees	830 824	-	-	830 824	791 547	39 277	95,3%	831 889	737 666
Goods and services	1 001 099	(1 178)	-	999 921	832 099	167 822	83,2%	782 663	782 663
Interest and rent on land	46	-	-	46	45	1	97,8%	4	4
<b>Transfers and subsidies</b>	<b>30 899</b>	<b>1 172</b>	-	<b>32 071</b>	<b>31 734</b>	<b>337</b>	<b>98,9%</b>	<b>48 652</b>	<b>48 325</b>
Provinces and municipalities	129	-	-	129	2	127	1,6%	126	6
Departmental agencies and accounts	3 190	-	-	3 190	3 188	2	99,9%	3 087	3 086
Foreign governments and international organisations	2 550	-	-	2 550	2 342	208	91,8%	4 571	4 365
Non-profit institutions	500	-	-	500	500	-	100,0%	500	500
Households	24 530	1 172	-	25 702	25 702	-	100,0%	40 368	40 368
<b>Payments for capital assets</b>	<b>97 149</b>	-	-	<b>97 149</b>	<b>61 068</b>	<b>36 081</b>	<b>62,9%</b>	<b>49 898</b>	<b>49 898</b>
Machinery and equipment	54 522	-	-	54 522	19 688	34 834	36,1%	12 145	12 145
Intangible assets	42 627	-	-	42 627	41 380	1 247	97,1%	37 753	37 753
<b>Payments for financial assets</b>	-	<b>6</b>	-	<b>6</b>	<b>6</b>	-	<b>100%</b>	-	-
Total	<b>1 960 017</b>	-	-	<b>1 960 017</b>	<b>1 716 499</b>	<b>243 518</b>	<b>87,6%</b>	<b>1 713 106</b>	<b>1 618 556</b>

## Programme 2: Water Resources Management per sub-programme

Sub-programme R'000	2021/22						2020/21		
	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
1	6 931	-	-	6 931	5 447	1 484	78,6%	32 562	28 564
2	97 786	(2 320)	-	95 466	74 819	20 647	78,4%	63 846	62 144
3	51 328	2 065	-	53 393	51 719	1 674	96,9%	39 751	38 907
4	562 261	91	-	562 352	505 972	56 380	90,0%	526 454	448 198
5	2 613 439	-	-	2 613 439	2 613 439	-	100,0%	2 612 053	2 612 053
6	9 609	(1 113)	-	8 496	2 274	6 222	26,8%	-	-
7	202 057	1 278	-	203 335	197 748	5 587	97,3%	185 452	173 140
8	73 189	(1)	-	73 188	48 443	24 745	66,2%	43 720	26 195
<b>Total</b>	<b>3 616 600</b>	<b>-</b>	<b>-</b>	<b>3 616 600</b>	<b>3 499 861</b>	<b>116 739</b>	<b>96,8%</b>	<b>3 503 838</b>	<b>3 389 201</b>

## Programme 2: Water Resources Management per economic classification

Economic classification	2021/22						2020/21		
	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
<b>Current payments</b>	<b>919 373</b>	<b>(3 645)</b>	-	<b>915 728</b>	<b>825 686</b>	<b>90 042</b>	<b>90,2%</b>	<b>813 272</b>	<b>721 895</b>
Compensation of employees	648 710	-	-	648 710	611 665	37 045	94,3%	674 126	582 749
Goods and services	270 663	(3 645)	-	267 018	214 021	52 997	80,2%	139 146	139 146
<b>Transfers and subsidies</b>	<b>2 615 880</b>	<b>3 533</b>	-	<b>2 619 413</b>	<b>2 619 330</b>	<b>83</b>	<b>100,0%</b>	<b>2 617 716</b>	<b>2 617 705</b>
Provinces and municipalities	553	-	-	553	470	83	85,0%	538	527
Departmental agencies and accounts	2 372 665	2	-	2 372 667	2 372 667	-	100,0%	2 378 961	2 378 961
Foreign governments and international organisations	240 774	-	-	240 774	240 774	-	100,0%	233 093	233 093
Households	1 888	3 531	-	5 419	5 419	-	100,0%	5 124	5 124
<b>Payments for capital assets</b>	<b>81 347</b>	<b>-</b>	<b>-</b>	<b>81 347</b>	<b>54 733</b>	<b>26 614</b>	<b>67,3%</b>	<b>72 850</b>	<b>49 601</b>
Buildings and other fixed structures	30 900	-	-	30 900	29 395	1 505	95,1%	34 835	34 835
Machinery and equipment	49 827	-	-	49 827	25 338	24 489	50,9%	37 396	14 766
Intangible assets	620	-	-	620	-	620	-	619	-
<b>Payments for financial assets</b>	<b>-</b>	<b>112</b>	<b>-</b>	<b>112</b>	<b>112</b>	<b>-</b>	<b>100%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3 616 600</b>	<b>-</b>	<b>-</b>	<b>3 616 600</b>	<b>3 499 861</b>	<b>116 739</b>	<b>96,8%</b>	<b>3 503 838</b>	<b>3 389 201</b>

## Programme 3: Water Services Management per sub-programme

Sub-programme R'000	2021/22										2020/21	
	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	R'000		
1	40 638	(5 779)	-	34 859	27 633	7 226	79,3%	7 202	6 091			
2	419 993	(17 452)	-	402 541	223 785	178 756	55,6%	365 667	330 311			
3	7 105 114	(40 819)	-	7 064 295	5 444 553	1 619 742	77,1%	7 049 407	5 124 235			
4	30 339	15 276	-	45 615	38 080	7 535	83,5%	47 978	27 204			
5	10 039	2 310	-	12 349	12 349	-	100,0%	14 468	13 814			
6	4 533 913	52 018	-	4 585 931	4 233 134	352 797	92,3%	4 272 571	3 973 147			
7	18 404	(5 554)	-	12 850	7 620	5 230	59,3%	20 054	20 054			
<b>Total</b>	<b>12 158 440</b>	<b>-</b>	<b>-</b>	<b>12 158 440</b>	<b>9 987 154</b>	<b>2 171 286</b>	<b>82,1%</b>	<b>11 777 347</b>	<b>9 494 856</b>			

## Programme 3: Water Services Management per economic classification

Economic classification	2021/22					2020/21			
	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
<b>Current payments</b>	<b>1 367 901</b>	<b>(1 080)</b>	-	<b>1 366 821</b>	<b>766 238</b>	<b>600 583</b>	<b>56,1%</b>	<b>1 446 832</b>	<b>1 217 042</b>
Compensation of employees	375 123	-	-	375 123	339 024	36 099	90,4%	361 686	317 915
Goods and services	992 602	(1 080)	-	991 522	427 038	564 484	43,1%	1 085 133	899 114
Interest and rent on land	176	-	-	176	176	-	100,0%	13	13
<b>Transfers and subsidies</b>	<b>6 762 972</b>	<b>1 020</b>	-	<b>6 763 992</b>	<b>6 763 247</b>	<b>745</b>	<b>100,0%</b>	<b>6 185 410</b>	<b>6 184 317</b>
Provinces and municipalities	5 857 697	105	-	5 857 802	5 857 802	-	100,0%	5 373 162	5 373 162
Public corporations and private enterprises	902 969	-	-	902 969	902 969	-	100,0%	809 312	809 312
Non-profit institutions	822	-	-	822	77	745	9,4%	1 130	334
Households	1 484	915	-	2 399	2 399	-	100,0%	1 806	1 509
<b>Payments for capital assets</b>	<b>4 027 567</b>	-	-	<b>4 027 567</b>	<b>2 457 609</b>	<b>1 569 958</b>	<b>61,0%</b>	<b>4 145 105</b>	<b>2 093 497</b>
Buildings and other fixed structures	4 014 622	-	-	4 014 622	2 450 184	1 564 438	61,0%	4 079 015	2 028 736
Machinery and equipment	12 945	-	-	12 945	7 425	5 520	57,4%	66 090	64 761
<b>Payments for financial assets</b>	-	<b>60</b>	-	<b>60</b>	<b>60</b>	-	<b>100%</b>	-	-
<b>Total</b>	<b>12 158 440</b>	-	-	<b>12 158 440</b>	<b>9 987 154</b>	<b>2 171 286</b>	<b>82,1%</b>	<b>11 777 347</b>	<b>9 494 856</b>



## NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

**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	%
	<b>Administration</b>	<b>1 960 017</b>	<b>1 716 499</b>	<b>243 518</b>	<b>12%</b>

The programme under-spending of R243.518million was largely due to the following factors:

**Compensation of employees:** The reduced rate of filling vacancies to remain within the medium-term expenditure framework budget limits, the process of filling all funded critical posts is being expedited. The accelerated recruitment plan and organisational structure alignment initiatives are being implemented to ensure optimal human resources capacity including filling of critical funded post.

**Goods and services:** The saving realised on amounts budgeted for accommodation, consultants (projects), information technology related services and reduced international travelling due to government enforced Covid-19 lock down restrictions.

	<b>Water Resources Management</b>	<b>3 616 600</b>	<b>3 499 861</b>	<b>116 739</b>	<b>3%</b>
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The programme under-spending of R116.739million was largely due to the following factors:

**Compensation of employees:** The reduced rate of filling vacancies to remain within the medium-term expenditure framework budget limits, the process of filling all funded critical posts is being expedited. The accelerated recruitment plan and organisational structure alignment initiatives are being implemented to ensure optimal human resources capacity including filling of critical funded post.

**Goods and services:** There are various planned projects/activities, namely, appointment of Professional Service Provider (PSP) for design of a National Digitised Integrated Water and Sanitation Monitoring System; appointment PSP for the national water balance perspectives for South Africa (WP11335) (National water balancing perspective, Kromme, Kouga, Gamtoos Reconciliation strategy, Reconciliations for the central, eastern, northern and southern planning areas); development of the National Water Resource Strategy third edition (NWR5-3) and term contract for the development of disaster management level two (2) plan, which were at various procurement stages at year-end.

**Payments for capital assets:** The under-spending is mainly attributable to delayed spending of office furniture, equipment and desktops/laptops which was mostly at various procurement stages at year-end.

	<b>Water Services Management</b>	<b>12 158 440</b>	<b>9 987 154</b>	<b>2 171 286</b>	<b>18%</b>
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4.1	Per programme	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%

The programme under-spending of R2.171 billion was largely due to the following factors:

**Compensation of employees:** The reduced rate of filling vacancies to remain within the medium-term expenditure framework budget limits, the process of filling all funded critical posts is being expedited. The accelerated recruitment plan and organisational structure alignment initiatives are being implemented to ensure optimal human resources capacity including filling of critical funded post.

**Goods and services:** The integrated Vaal River System (VRS) pollution remediation intervention project has not proceeded as quickly as intended (operational expenditure related to labour, purification, security, transportation and management of bio-solids, operations and maintenance of infrastructure and consumables), in Emfuleni Local Municipality – the project is currently being accelerated. The department has approached the National Treasury requesting R104.558million unspent budget to be roll-oved to the 2022/23 financial year.

**Payments for capital assets:** The under-spending is mainly attributable to the unresolved disputed invoices, community related challenges and contractual disputes, outstanding work certification and verification at year-end and contractual and funding arrangements have been finalised.

4.2	Per economic classification	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%
	<b>Current payments</b>	<b>4 113 340</b>	<b>3 215 615</b>	<b>897 725</b>	<b>22%</b>
	Compensation of employees	1 854 657	1 742 236	112 421	6%
	Goods and services	2 258 461	1 473 158	785 303	35%
	Interest and rent on land	222	221	1	0%
	<b>Transfers and subsidies</b>	<b>9 415 476</b>	<b>9 414 311</b>	<b>1 165</b>	<b>0%</b>
	Provinces and municipalities	5 858 484	5 858 274	210	0%
	Departmental agencies and accounts	2 375 857	2 375 855	2	0%
	Public corporations and private enterprises	902 969	902 969	-	0%
	Foreign governments and international organisations	243 324	243 116	208	0%
	Non-profit institutions	1 322	577	745	56%
	Households	33 520	33 520	-	0%
	<b>Payments for capital assets</b>	<b>4 206 063</b>	<b>2 573 410</b>	<b>1 632 653</b>	<b>39%</b>
	Buildings and other fixed structures	4 045 522	2 479 579	1 565 943	39%
	Machinery and equipment	117 294	52 451	64 843	55%
	Intangible assets	43 247	41 380	1 867	4%
	<b>Payments for financial assets</b>	<b>178</b>	<b>178</b>	<b>-</b>	<b>0%</b>

**Current expenditure:** The underspending of R112.421 million in compensation of employees is largely due to the reduced rate of filling vacancies to remain within the medium-term expenditure framework budget limits, the process of filling all funded critical posts is being expedited. The accelerated recruitment plan and organisational structure alignment initiatives are being implemented to ensure optimal human resources capacity including filling of critical funded posts. The underspending of R785.311 million in goods and services owing to delays in the implementation of planned activities/projects of which procurement was at various procurement stages at year-end. The integrated Vaal River System (VRS) pollution remediation intervention project has not proceeded as quickly as intended (operational expenditure related to labour, purification, security, transportation and management of bio-solids, operations and maintenance of infrastructure and consumables), in Emfuleni Local Municipality – the project is currently being accelerated. The department has approached the National Treasury requesting R104.558 million unspent budget to be roll-oved to the 2022/23 financial year.

**Transfers and subsidies:** The variance of R1.165 million is mainly due to the saving realised on funds budgeted for the annual renewal of boat and motor vehicle licence discs fees paid to various Driving Licence Testing Centres (DLTCs), related foreign exchange gain during the conversion of the foreign currency (USD) to the local currency, which is dependent on the prevailing exchange rate on the payment date, i.e Limpopo Watercourse Commission (LIMCOM) and African Ministers Council on Water Trust Fund (AMCOW). The 2020 Vision-Water Educational Programme activities delayed due government enforced Covid-19 lock down restrictions.

Payments for capital assets: The under-spending of R1.633 billion is mainly attributable to the unresolved disputed invoices, community related challenges and contractual disputes, outstanding work certification and verification at year-end and contractual and funding arrangements have been finalised.

The delayed spending of office furniture, equipment and desktops/laptops which was mostly at various procurement stages also contributed to the under-spending.

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): Direct Grant	3 620 327	3 620 327	-	0%
	Regional Bulk Infrastructure Grant (RBIG): Direct Grant	2 237 370	2 237 370	-	0%
	Regional Bulk Infrastructure Grant (RBIG): Indirect Grant - Payments for capital assets	3 274 930	2 045 400	1 229 530	38%
	Regional Bulk Infrastructure Grant (RBIG): Vaal River Pollution Remediation Project (Goods and Services)	582 200	200 721	381 479	66%
	Water Services Infrastructure Grant (WSIG): Indirect Grant	729 692	404 784	324 908	45%

*Transfers to benefitting municipalities under Schedule 5B and payments to appointed Implementing Agents under Schedule 6B are made in terms of the approved Division of Revenue (DoRA) payment schedule.*

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2022

	Note	2021/22 R'000	2020/21 R'000
<b>REVENUE</b>			
Annual appropriation	1	17 735 057	16 994 291
Departmental revenue	2	5 775	22 790
<b>TOTAL REVENUE</b>		<b>17 740 832</b>	<b>17 017 081</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	1 742 236	1 638 330
Goods and services	4	1 473 158	1 820 923
Interest and rent on land	5	221	17
<b>Total current expenditure</b>		<b>3 215 615</b>	<b>3 459 270</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	9 414 312	8 850 347
<b>Total transfers and subsidies</b>		<b>9 414 312</b>	<b>8 850 347</b>
<b>Expenditure for capital assets</b>			
Tangible assets	7	2 532 029	2 155 243
Intangible assets	7	41 380	37 753
<b>Total expenditure for capital assets</b>		<b>2 573 409</b>	<b>2 192 996</b>
Unauthorised expenditure approved without funding	8		
<b>Payments for financial assets</b>	9	178	-
<b>TOTAL EXPENDITURE</b>		<b>15 203 514</b>	<b>14 502 613</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>2 537 318</b>	<b>2 514 468</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		2 531 543	2 491 678
Annual appropriation		2 531 543	2 491 678
Departmental revenue and NRF Receipts	15	5 775	22 790
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>2 537 318</b>	<b>2 514 468</b>

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2022

	<i>Note</i>	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>2 580 761</b>	<b>2 566 083</b>
Unauthorised expenditure	8	641 109	641 109
Cash and cash equivalents	10	1 748 050	1 712 559
Prepayments and advances	11	138 027	156 965
Receivables	12	52 694	54 569
Loans	13	881	881
<b>Non-current assets</b>		<b>595</b>	<b>954</b>
Receivables	12	29	58
Loans	13	566	896
<b>TOTAL ASSETS</b>		<b>2 581 356</b>	<b>2 567 037</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>2 532 989</b>	<b>2 516 193</b>
Voted funds to be surrendered to the Revenue Fund	14	2 531 543	2 491 678
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	308	18 497
Bank overdraft	16	7	4
Payables	17	1 131	6 014
<b>Non-current liabilities</b>			
Payables	17	-	-
<b>TOTAL LIABILITIES</b>		<b>2 532 989</b>	<b>2 516 193</b>
<b>NET ASSETS</b>		<b>48 367</b>	<b>50 844</b>
<b>Represented by:</b>			
Recoverable revenue		48 367	50 844
<b>TOTAL</b>		<b>48 367</b>	<b>50 844</b>

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2022

	<i>Note</i>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
<b>Recoverable revenue</b>			
Opening balance		50 844	50 671
Transfers:		<b>(2 477)</b>	<b>173</b>
Irrecoverable amounts written off		-	-
Debts revised		(1 867)	762
Debts recovered (included in departmental receipts)		(2 226)	(6 230)
Debts raised		1 617	5 641
Closing balance		<b>48 367</b>	<b>50 844</b>
<b>Total</b>		<b>48 367</b>	<b>50 844</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	<i>Note</i>	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>17 740 590</b>	<b>17 017 046</b>
Annual appropriated funds received	1.1	17 735 057	16 994 291
Departmental revenue received	2	5 407	21 699
Interest received	2.2	126	1 056
Net (increase)/decrease in working capital		15 930	201 737
Surrendered to Revenue Fund		(2 515 642)	(1 254 387)
Current payments		(3 215 570)	(3 459 253)
Interest paid	5	(45)	(17)
Payments for financial assets		(178)	-
Transfers and subsidies paid		(9 414 312)	(8 850 347)
<b>Net cash flow available from operating activities</b>	<b>18</b>	<b>2 610 773</b>	<b>3 654 779</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(2 573 409)	(2 192 996)
Proceeds from sale of capital assets	2.3	242	35
(Increase)/decrease in loans		330	272
(Increase)/decrease in non-current receivables	12	29	26
<b>Net cash flows from investing activities</b>		<b>(2 572 808)</b>	<b>(2 192 663)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(2 477)	173
<b>Net cash flows from financing activities</b>		<b>(2 477)</b>	<b>173</b>
Net increase/(decrease) in cash and cash equivalents		35 488	1 462 289
Cash and cash equivalents at beginning of period		1 712 555	250 266
<b>Cash and cash equivalents at end of period</b>	<b>19</b>	<b>1 748 043</b>	<b>1 712 555</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

## A Accounting policies

**Summary of significant accounting policies**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

<b>1</b>	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
<b>2</b>	<b>Going concern</b> The financial statements have been prepared on a going concern basis. The department have reported a favourable bank balance as at 31 March 2022. The reported accruals and payables as at 31 March 2022 will be absorbed in the 2022/2023 financial year.  The department have provided water takers to household in a bit to alleviate water shortages throughout the country in a fight against COVID-19. Funding has been set aside to cater for the COVID-19 related expenditure in the 2021/22 financial year.  There are no 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..
<b>3</b>	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
<b>4</b>	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5</b>	<b>Foreign currency translation</b> 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.
<b>6</b>	<b>Comparative information</b>
<b>6.1</b>	<b>Prior period comparative information</b> 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.

<b>6.2</b>	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b> Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).  Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.  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.
<b>7.2</b>	<b>Departmental revenue</b> Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.  Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
<b>7.3</b>	<b>Accrued departmental revenue</b> Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:  <input type="checkbox"/> it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and  <input type="checkbox"/> the amount of revenue can be measured reliably.  The accrued revenue is measured at the fair value of the consideration receivable.  Accrued tax revenue (and related interest and/penalties) is measured at amounts receivable from collecting agents.  Write-offs are made according to the department's debt write-off policy
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<b>Salaries and wages</b> Salaries and wages are recognised in the statement of financial performance on the date of payment.
<b>8.1.2</b>	<b>Social contributions</b> Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.  Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
<b>8.2</b>	<b>Other expenditure</b> 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.

<b>8.3</b>	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
<b>8.4</b>	<p><b>Leases</b></p>
<b>8.4.1</b>	<p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p> <p>Operating lease payments received are recognised as departmental revenue.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> cost, being the fair value of the asset; or</li> <li><input type="checkbox"/> the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9</b>	<p><b>Aid Assistance</b></p>
<b>9.1</b>	<p><b>Aid assistance received</b></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>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>
<b>9.2</b>	<p><b>Aid assistance paid</b></p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
<b>10</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
<b>11</b>	<p><b>Prepayments and advances</b></p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments and advances may be recognised in the statement of financial performance in accordance with MCS on expenditure if the prepayment was budgeted for as an expense in the year in which the actual prepayment was made. The department discloses in its notes for prepayments and advances a reconciliation of the opening balance and the closing balance at the end of the reporting period where goods and services were partially received.</p>

<b>12</b>	<b>Loans and receivables</b> 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.
<b>13</b>	<b>Investments</b> Investments are recognised in the statement of financial position at cost.
<b>14</b>	<b>Financial assets</b>
<b>14.1</b>	<b>Financial assets (not covered elsewhere)</b> A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
<b>14.2</b>	<b>Impairment of financial assets</b> 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.
<b>15</b>	<b>Payables</b> Payables recognised in the statement of financial position are recognised at cost.
<b>16</b>	<b>Capital Assets</b>
<b>16.1</b>	<b>Immovable capital assets</b> Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
<b>16.2</b>	<b>Movable capital assets</b> Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

<b>16.3</b>	<p><b>Intangible assets</b></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. 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>
<b>16.4</b>	<p><b>Project Costs: Work-in-progress</b></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>
<b>17</b>	<p><b>Provisions and Contingents</b></p>
<b>17.1</b>	<p><b>Provisions</b></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>
<b>17.2</b>	<p><b>Contingent liabilities</b></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>
<b>17.3</b>	<p><b>Contingent assets</b></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>
<b>17.4</b>	<p><b>Capital commitments</b></p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
<b>18</b>	<p><b>Unauthorised expenditure</b></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"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>

<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></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 or written off.</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>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. 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 reduced from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.</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>
<b>21</b>	<p><b>Changes in accounting estimates and errors</b></p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
<b>22</b>	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
<b>23</b>	<p><b>Principal-Agent arrangements</b></p> <p>The department is party to a principal-agent arrangement for water related projects. In terms of the arrangement the department is the principal and is responsible for provide funding and ensuring that all completed projects are transferred to their rightful owners. 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>
<b>24</b>	<p><b>Departures from the MCS requirements</b></p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information; department complied with the Standard of MCS and that it has not departed from any particular requirement to achieve fair presentation.</p>
<b>25</b>	<p><b>Capitalisation reserve</b></p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/ Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
<b>26</b>	<p><b>Recoverable revenue</b></p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>

<b>27</b>	<p><b>Related party transactions</b></p> <p>Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.</p>
<b>28</b>	<p><b>Inventories (Effective from date determined in a Treasury Instruction)</b></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or 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>
<b>29</b>	<p><b>Public-Private Partnerships</b></p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
<b>30</b>	<p><b>Employee benefits</b></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>
<b>31</b>	<p><b>Transfers of functions</b></p> <p>Transfers of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.</p> <p>Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.</p>
<b>32</b>	<p><b>Mergers</b></p> <p>Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.</p> <p>Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.</p>

## B Explanatory notes

### 1 Annual appropriation

#### 1.1 Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds):

	2021/20			2020/21		
	Final appropriation	Actual funds received	Funds not requested/ not received	Final appropriation	Appropriation received	Funds not requested/ not received
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 960 017	1 960 017	-	1 713 106	1 713 106	-
Water Resources Management	3 616 600	3 616 600	-	3 503 838	3 503 838	-
Water Services Management	12 158 440	12 158 440	-	11 777 347	11 777 347	-
<b>Total</b>	<b>17 735 057</b>	<b>17 735 057</b>	<b>-</b>	<b>16 994 291</b>	<b>16 994 291</b>	<b>-</b>

#### 1.2 Conditional grants

	Note	2021/20 R'000	2020/21 R'000
<b>Total grants received</b>	33	10 444 519	9 452 177

### 2 Departmental revenue

	Note	2021/20 R'000	2020/21 R'000
Sales of goods and services other than capital assets	2.1	1 735	1 767
Interest, dividends and rent on land	2.2	126	1 056
Sales of capital assets	2.3	242	35
Transactions in financial assets and liabilities	2.4	3 672	19 932
<b>Total revenue collected</b>		<b>5 775</b>	<b>22 790</b>
Less: Own revenue included in appropriation		-	-
<b>Departmental revenue collected</b>		<b>5 775</b>	<b>22 790</b>



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

	2021/20	2020/21
<i>Note</i>	R'000	R'000
	2	
Sales of goods and services produced by the department	<b>1 727</b>	<b>1 766</b>
Sales by market establishment	650	731
Other sales	1 077	1 035
Sales of scrap, waste and other used current goods	8	1
<b>Total</b>	<b>1 735</b>	<b>1 767</b>

## 2.2 Interest, dividends and rent on land

	2021/20	2020/21
<i>Note</i>	R'000	R'000
	2	
Interest	126	1 056
<b>Total</b>	<b>126</b>	<b>1 056</b>

## 2.3 Sale of capital assets

	2021/20	2020/21
<i>Note</i>	R'000	R'000
	2	
Machinery and equipment	242	35
<b>Total</b>	<b>242</b>	<b>35</b>

## 2.4 Transactions in financial assets and liabilities

	2021/20	2020/21
<i>Note</i>	R'000	R'000
	2	
Receivables	2 099	5 935
Other Receipts including Recoverable Revenue	1 573	13 997
<b>Total</b>	<b>3 672</b>	<b>19 932</b>

## 2.5 Transactions in financial assets and liabilities

	2021/20	2020/21
<i>Note</i>	R'000	R'000
	1H	
Faecal Sludge Management Alliance (Sponsored virtual conference (Faecal Sludge Management Conference))	34	-
Lazmin Computers (Camera)	1	-
<b>Total</b>	<b>35</b>	<b>-</b>

### 3 Compensation of employees

#### 3.1 Salaries and wages

	<i>Note</i>	<b>2021/20</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Basic salary		1 185 476	1 156 926
Performance award		12 586	14 341
Service based		3 898	2 543
Compensative/circumstantial		9 264	10 194
Other non-pensionable allowances		305 307	238 441
<b>Total</b>		<b>1 516 531</b>	<b>1 422 445</b>

#### 3.2 Social contribution

	<i>Note</i>	<b>2021/20</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
<b>Employer contributions</b>			
Pension		146 548	142 255
Medical		77 223	73 100
UIF		-	17
Bargaining council		315	110
Insurance		1 619	403
<b>Total</b>		<b>225 705</b>	<b>215 885</b>
<b>Total compensation of employees</b>		<b>1 742 236</b>	<b>1 638 330</b>
Average number of employees		3 086	3 043

## 4 Goods and services

		2021/20	2020/21
	Note	R'000	R'000
Administrative fees		7 816	2 292
Advertising		26 321	20 682
Minor assets	4.1	2 889	1 509
Bursaries (employees)		4 634	2 443
Catering		1 255	317
Communication		28 274	30 342
Computer services	4.2	122 109	120 050
Consultants: Business and advisory services	4.9	141 477	281 405
Infrastructure and planning services		87 193	29 629
Laboratory services		5 463	3 978
Scientific and technological services		-	-
Legal services		25 100	6 799
Contractors		159 136	201 406
Agency and support/outsourced services		1 908	1 041
Entertainment		88	24
Audit cost – external	4.3	36 944	24 113
Fleet services		1 703	5 505
Inventory	4.4	4 267	235 499
Consumables	4.5	32 737	25 846
Housing		-	-
Operating leases		437 427	457 941
Property payments	4.6	117 249	98 626
Rental and hiring		1 418	413
Transport provided as part of the departmental activities		12	-
Travel and subsistence	4.7	153 153	91 020
Venues and facilities		5 959	283
Training and development		61 379	173 510
Other operating expenditure	4.8	7 247	6 250
<b>Total</b>		<b>1 473 158</b>	<b>1 820 923</b>

## 4.1 Minor assets

		2021/20	2020/21
	Note	R'000	R'000
	4		
<b>Tangible assets</b>			
Machinery and equipment		2 880	1 497
Transport assets		9	12
<b>Total</b>		<b>2 889</b>	<b>1 509</b>

## 4.2 Computer services

	2021/20	2020/21
Note	R'000	R'000
4		
SITA computer services	28 045	24 559
External computer service providers	94 064	95 491
<b>Total</b>	<b>122 109</b>	<b>120 050</b>

## 4.3 Audit cost – External

	2021/20	2020/21
Note	R'000	R'000
4		
Regularity audits	33 042	21 064
Investigations	2 908	2 658
Computer audits	994	391
<b>Total</b>	<b>36 944</b>	<b>24 113</b>

## 4.4 Inventory

	2021/20	2020/21
Note	R'000	R'000
4		
Other supplies	4 267	235 499
<b>Total</b>	<b>4 267</b>	<b>235 499</b>

## 4.4.1 Other supplies

	2021/20	2020/21
Note	R'000	R'000
4.4		
Ammunition and security supplies		
Assets for distribution		
Other assets for distribution	4 267	235 499
<b>Total</b>	<b>4 267</b>	<b>235 499</b>

## 4.5 Consumables

	2021/20	2020/21
Note	R'000	R'000
4		
Consumable supplies	19 862	17 332
Uniform and clothing	3 306	2 716
Household supplies	5 859	6 817
Building material and supplies	2 584	1 265
IT consumables	1 237	366
Other consumables	6 876	6 168
Stationery, printing and office supplies	12 875	8 514
<b>Total</b>	<b>32 737</b>	<b>25 846</b>

## 4.6 Property payments

	<b>Note</b>	<b>2021/20</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
	4		
Municipal services		65 869	51 650
Property maintenance and repairs		21 414	18 112
Other		29 966	28 864
<b>Total</b>		<b>117 249</b>	<b>98 626</b>

## 4.7 Travel and subsistence

	<b>Note</b>	<b>2021/20</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
	4		
Local		151 565	90 475
Foreign		1 588	545
<b>Total</b>		<b>153 153</b>	<b>91 020</b>

## 4.8 Other operating expenditure

	<b>Note</b>	<b>2021/20</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
	4		
Professional bodies, membership and subscription fees		1 819	1 654
Resettlement costs		2 048	865
Other		3 380	3 731
<b>Total</b>		<b>7 247</b>	<b>6 250</b>

## 5 Other operating expenditure

	<b>Note</b>	<b>2021/20</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
Interest paid		45	17
Rent on land		176	-
<b>Total</b>		<b>221</b>	<b>17</b>

## 6 Transfers and subsidies

	<i>Note</i>	2021/20 R'000	R'000
Provinces and municipalities	37	5 858 275	5 373 695
Departmental agencies and accounts	<i>Annexure 1B</i>	2 375 855	2 382 047
Foreign governments and international organisations	<i>Annexure 1E</i>	243 116	237 458
Public corporations and private enterprises	<i>Annexure 1D</i>	902 969	809 312
Non-profit institutions	<i>Annexure 1F</i>	577	834
Households	<i>Annexure 1G</i>	33 520	47 001
<b>Total</b>		<b>9 414 312</b>	<b>8 850 347</b>

## 7 Expenditure for capital assets

	<i>Note</i>	2021/20 R'000	2020/21 R'000
<b>Tangible assets</b>		<b>2 532 029</b>	<b>2 155 243</b>
Buildings and other fixed structures	32	2 479 579	2 063 571
Machinery and equipment	30	52 450	91 672
<b>Intangible assets</b>		<b>41 380</b>	<b>37 753</b>
Software	31	41 380	37 753
<b>Total</b>		<b>2 573 409</b>	<b>2 192 996</b>

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

Compensation of employees			
Goods and services			
<b>Total</b>		<b>-</b>	<b>-</b>

### 7.1 Analysis of funds utilised to acquire capital assets – 2021/22

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>2 532 029</b>	<b>-</b>	<b>2 532 029</b>
Buildings and other fixed structures	2 479 579	-	2 479 579
Machinery and equipment	52 450	-	52 450
<b>Intangible assets</b>	<b>41 380</b>	<b>-</b>	<b>41 380</b>
Software	41 380	-	41 380
<b>Total</b>	<b>2 573 409</b>	<b>-</b>	<b>2 573 409</b>

## 7.2 Analysis of funds utilised to acquire capital assets – 2020/21

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>2 155 243</b>		<b>2 155 243</b>
Buildings and other fixed structures	2 063 571	-	2 063 571
Machinery and equipment	91 672	-	91 672
<b>Intangible assets</b>	<b>37 753</b>	-	<b>37 753</b>
Software	37 753	-	37 753
<b>Total</b>	<b>2 192 996</b>	-	<b>2 192 996</b>

## 7.3 Finance lease expenditure included in expenditure for capital assets

	Note	2021/20 R'000	2020/21 R'000
<b>Tangible assets</b>			
Machinery and equipment		4 792	4 692
<b>Total</b>		<b>4 792</b>	<b>4 692</b>

## 8 Unauthorised expenditure

## 8.1 Reconciliation of unauthorised expenditure

	Note	2021/20 R'000	2020/21 R'000
Opening balance		641 109	641 109
Prior period error		-	-
As restated		641 109	641 109
<b>Closing balance</b>		<b>641 109</b>	<b>641 109</b>
Analysis of closing balance			
Unauthorised expenditure awaiting authorisation		641 109	641 109
<b>Total</b>		<b>641 109</b>	<b>641 109</b>

## 8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	Note	2021/20 R'000	2020/21 R'000
Capital		348 840	348 840
Current		292 269	292 269
<b>Total</b>		<b>641 109</b>	<b>641 109</b>

## 8.3 Analysis of unauthorised expenditure awaiting authorisation per type

	<i>Note</i>	<b>2021/20</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		641 109	641 109
<b>Total</b>		<b>641 109</b>	<b>641 109</b>

## 9 Payments for financial assets

	<i>Note</i>	<b>2021/20</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Debts written off	9.1	178	-
<b>Total</b>		<b>178</b>	<b>-</b>

## 9.1 Debts written off (other debt written off)

	<i>Note</i>	<b>2021/20</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Debts written off	9	178	-
<b>Total</b>		<b>178</b>	<b>-</b>

## 10 Cash and cash equivalents

	<i>Note</i>	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Consolidated Paymaster General Account		1 756 287	1 712 412
Disbursements		(8 328)	-
Cash on hand		70	70
Investments (Domestic)		21	77
Investments (Foreign)		-	-
<b>Total</b>		<b>1 748 050</b>	<b>1 712 559</b>

Cash and cash equivalent comprises of Paymaster General Account (PMG), petty cash on hand and money in the commercial bank account available for use. Money in the commercial bank represent cash receipts deposited on/before the end of March 2021 but not yet interphase on BAS.

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



## 11 Prepayments and advances

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Travel and subsistence		125	39
Advances paid (Not expensed)	11.1	137 902	156 926
<b>Total</b>		<b>138 027</b>	<b>156 965</b>

## 11.1 Advances paid (not expensed)

	<i>Note</i>	Balance as at 1 April 2021 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 2022 R'000
	11					
National departments		-	(193)	-	1 010	817
Public entities		156 926	(283 270)	-	263 429	137 085
<b>Total</b>		<b>156 926</b>	<b>(283 463)</b>	<b>-</b>	<b>264 439</b>	<b>137 902</b>

	<i>Note</i>	Balance as at 1 April 2020 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 2021 R'000
	11					
National departments		1 000	(1 000)	-	-	-
Public entities		346 400	(851 008)	-	661 534	156 926
<b>Total</b>		<b>347 400</b>	<b>(852 008)</b>	<b>-</b>	<b>661 534</b>	<b>156 926</b>

## 11.2 Prepayments (not expensed)

	Balance as at 1 April 2021	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2022
Note	R'000	R'000	R'000	R'000	R'000
Transfers and subsidies	-	-	-	-	-
Capital assets	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Balance as at 1 April 2020	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2021
Note	R'000	R'000	R'000	R'000	R'000
Transfers and subsidies	9 809	(30 417)	-	20 608	-
Capital assets	-	(22 489)	-	22 489	-
<b>Total</b>	<b>9 809</b>	<b>(52 906)</b>	<b>-</b>	<b>43 097</b>	<b>-</b>

## 11.3 Prepayments (Expensed)

	Balance as at 1 April 2021	Less: received in the current year	Add or Less: Other	Add: Year pre-payments	Balance as at 31 March 2022
Note	R'000	R'000	R'000	R'000	R'000
Goods and services	250	-	-	-	250
<b>Total</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>

	Balance as at 1 April 2020	Less: received in the current year	Add or Less: Other	Add: Year pre-payments	Balance as at 31 March 2021
Note	R'000	R'000	R'000	R'000	R'000
Goods and services	-	-	-	250	250
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>250</b>

**11.4 Advances paid (Expensed)**

	Balance as at 1 April 2021	Less: received in the current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2022
<i>Note</i>	R'000	R'000	R'000	R'000	R'000
National departments	50	(18)	-	1 331	<b>1 363</b>
Public entities	18 156	-	-	-	<b>18 156</b>
<b>Total</b>	<b>18 206</b>	<b>(18)</b>	<b>-</b>	<b>1 331</b>	<b>19 519</b>

	Balance as at 1 April 2020	Less: received in the current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2021
<i>Note</i>	R'000	R'000	R'000	R'000	R'000
National departments	-	-	-	50	<b>50</b>
Public entities	306 534	(488 378)	-	200 000	<b>18 156</b>
<b>Total</b>	<b>306 534</b>	<b>(488 378)</b>	<b>-</b>	<b>200 050</b>	<b>18 206</b>

**12 Receivables**

	<i>Note</i>	2021/22			2020/21		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	12.1	805	-	805	446	-	<b>446</b>
Recoverable expenditure	12.2	1 070	-	1 070	1 189	-	1 189
Staff debt	12.3	8 555	29	8 584	8 283	58	8 341
Fruitless and wasteful expenditure	12.5	12 960	-	12 960	12 960	-	12 960
Other receivables	12.4	29 304	-	29 304	31 691	-	31 691
<b>Total</b>		<b>52 694</b>	<b>29</b>	<b>52 723</b>	<b>54 569</b>	<b>58</b>	<b>54 627</b>

**12.1 Claims recoverable**

	<i>Note</i>	2021/22 R'000	2020/21 R'000
National departments	12	377	155
Provincial departments		240	268
Public entities		188	23
Private enterprises		-	-
<b>Total</b>		<b>805</b>	<b>446</b>

## 12.2 Recoverable expenditure (disallowance accounts)

	<b>Note</b>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
	12		
Sal: Tax Debt		2	43
Sal: Deduction Disallowance Account: CA		-	6
Sal: Garnishee		3	1
Disallowance Miscellaneous: CA		4	4
Sal GEHS Refund		1 061	1 135
<b>Total</b>		<b>1 070</b>	<b>1 189</b>

## 12.3 Staff debt

	<b>Note</b>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
	12		
Salary overpayment & leave without pay		5 116	4 953
Tax Debt		104	1
Bursary (breach of contract)		1 230	1 216
Petty cash		7	8
T & S Advance Dom		358	342
GG accidents		-	(1)
Telephone/cell phone Debt		418	416
Subsidies transport		926	932
Departmental debt/employee/ex-employee/traffic fines/ erroneous on house rent		59	107
Loss and damages		367	367
<b>Total</b>		<b>8 584</b>	<b>8 341</b>

## 12.4 Other receivables

	<b>Note</b>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
	12		
Statutory receivables			
Municipal & Supplier Debt		18 269	20 922
External debt		11 035	10 769
<b>Total</b>		<b>29 304</b>	<b>31 691</b>

## 12.5 Fruitless and wasteful expenditure

	<b>Note</b>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
	15		
Opening balance		12 960	12 960
Less amounts recovered		(1)	-
Transfers from note 26 fruitless and wasteful expenditure		1	-
<b>Total</b>		<b>12 960</b>	<b>12 960</b>

## 12.6 Impairment of receivables

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Estimate of impairment of receivables		5 245	5 104
<b>Total</b>		<b>5 245</b>	<b>5 104</b>

## 13 Loans

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Public corporations		1 447	1 777
<b>Total</b>		<b>1 447</b>	<b>1 777</b>

**Analysis of Balance**

Opening balance		1 777	2 049
New Issues		53	72
Repayments		(383)	(344)
<b>Closing balance</b>		<b>1 447</b>	<b>1 777</b>

## 13.1 Impairment of loans

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Estimate of impairment of loans		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

## 14 Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Opening balance		2 491 678	1 249 693
Prior period error		-	-
As restated		2 491 678	1 249 693
Transfer from statement of financial performance (as restated)		2 531 543	2 491 678
Voted funds not requested / not received	1.1	-	-
Paid during the year		(2 491 678)	(1 249 693)
<b>Closing balance</b>		<b>2 531 543</b>	<b>2 491 678</b>

## 15 Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

		2021/22	2020/21
	Note	R'000	R'000
Opening balance		18 497	401
Prior period error		-	-
As restated		18 497	401
Transfer from Statement of Financial Performance (as restated)		5 775	22 790
Paid during the year		(23 964)	(4 694)
<b>Closing balance</b>		<b>308</b>	<b>18 497</b>

## 16 Bank overdraft

		2021/22	2020/21
	Note	R'000	R'000
Overdraft with commercial banks (local)		7	4
<b>Total</b>		<b>7</b>	<b>4</b>

The overdraft from FNB and Standard bank charges will be paid in the following month.

## 17 Payables - current

		2021/22	2020/21
	Note	R'000	R'000
Clearing accounts	17.1	1 131	6 007
Other payables	17.2	-	7
<b>Total</b>		<b>1 131</b>	<b>6 014</b>

## 17.1 Clearing accounts

		2021/22	2020/21
	Note	R'000	R'000
	17		
Sal: Income tax		531	4 972
Sal: Pension fund		44	486
Sal: ACB recalls		5	-
Sal: Reversal control		537	439
Sal: Medical		14	82
Sal: Financial institution study loan		-	28
<b>Total</b>		<b>1 131</b>	<b>6 007</b>

## 17.2 Other payables

		2021/22	2020/21
	Note	R'000	R'000
	17		
Water Trading Entity		-	7
<b>Total</b>		<b>-</b>	<b>7</b>

**18 Net cash flow available from operating activities**

	<b>Note</b>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
Net surplus/(deficit) as per Statement of Financial Performance		2 537 318	2 514 468
Add back non-cash/cash movements not deemed operating activities		73 455	1 140 311
(Increase)/decrease in receivables		1 875	(1 566)
(Increase)/decrease in prepayments and advances		18 938	200 290
Increase/(decrease) in payables – current		(4 883)	3 013
Proceeds from sale of capital assets		(242)	(35)
Expenditure on capital assets		2 573 409	2 192 996
Surrenders to Revenue Fund		(2 515 642)	(1 254 387)
<b>Net cash flow generated by operating activities</b>		<b>2 610 773</b>	<b>3 654 779</b>

**19 Reconciliation of cash and cash equivalents for cash flow purposes**

	<b>Note</b>	2021/22	2020/21
		R'000	R'000
Consolidated Paymaster General account		1 756 287	1 712 412
Disbursements		(8 328)	-
Cash on hand		70	70
Cash with commercial banks (Local)		14	73
<b>Total</b>		<b>1 748 043</b>	<b>1 712 555</b>

**20 Contingent liabilities and contingent assets****20.1 Contingent liabilities**

		2021/22	2020/21
	<b>Note</b>	R'000	R'000
<b>Liable to</b>	<b>Nature</b>		
Housing loan guarantees	<i>Annex 3A</i>	110	110
Other guarantees	<i>Annex 3A</i>	9 987 955	13 699 453
Claims against the department	<i>Annex 3B</i>	1 209 575	1 105 417
Intergovernmental payables (unconfirmed balances)	<i>Annex 5</i>	-	22 622
<b>Total</b>		<b>11 197 640</b>	<b>14 827 602</b>

**Prior year error:** The opening balance Housing loan guarantees was omitted and thereby adjusted; the net effect is an increase of R110 thousand.

**Prior year error:** The opening balance other guarantees was overstated and thereby adjusted, the net effect is decrease of R16,106million, from R13.715billion to R13.699billion.

**Prior year error:** The opening balance Claims Against the Department was understated and thereby adjusted, the net effect is an increase of R366 thousand.

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.

Department has issued a tender for Mopani Water & Wastewater Emergency Intervention and the appointment for the Refurbishment & Repair of the Giyani Water & Wastewater Schemes. The project(s) was ceased, and SIU filled court papers sought relieve and an order declaring the appointment of the contractor(s) to be unconstitutional, unlawful, invalid and void ab initio.

The department is being sued for not implementing the salary scale for some of level 10 and 12 officials who were not upgraded as per the job evaluation score after DPSA has issued an instruction not to upgrade those affected employees.

**Contingent liabilities:** Other Guarantees relates to Guarantees issued by the Department on behalf of Public Entities (Trans -Caledon Tunnel Authority (TCTA), Komati Basin Water Authority (KOBWA), Land bank) as financial support in the execution of their borrowing plans. Note: In terms of section 70 of the PFMA, Act 1 of 1999 (as amended by Act 29 of 1999) the Department is responsible for reporting on all guarantees that were issued to Public Entities under its control. Any payment under a guarantee will be a direct charge against the National Revenue fund via the Department.

## 20.2 Contingent assets

	2021/22	2020/21
<b>Note</b>	R'000	R'000
S J Dube	2 108	2 108
J S Nkuna	1 930	1 671
Fumile Advisor	17 900	17 900
Giyani Project	3 520 498	3 185 971
<b>Total</b>	<b>3 542 437</b>	<b>3 207 651</b>

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

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

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

## 21 Capital commitments

	2021/22	2020/21
<b>Note</b>	R'000	R'000
Buildings and other fixed structures	6 017 433	5 954 552
Machinery and equipment	7 204	8 430
<b>Total</b>	<b>6 024 637</b>	<b>5 962 982</b>

**Prior year error:** The opening balance for Capital Commitment - Other fixed structures (infrastructure projects) was misstated and thereby adjusted from R5.692billion to R5.945billion. The net effect is an increase of R261.913million.



## 22 Accruals and payables not recognised

### 22.1 Accruals

			2021/22 R'000	2020/21 R'000
<b>Listed by economic classification</b>	<b>30 days</b>	<b>30+ days</b>	<b>Total</b>	<b>Total</b>
Goods and services	20 071	66 489	86 560	118 652
Capital assets	178 028	147 269	325 297	265 007
<b>Total</b>	<b>198 099</b>	<b>213 758</b>	<b>411 857</b>	<b>383 659</b>
			<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Listed by programme level</b>		<i>Note</i>		
Administration			81 653	91 186
Water Resources Management			3 791	1 846
Water Services Management			326 413	290 627
<b>Total</b>			<b>411 857</b>	<b>383 659</b>

Prior year error: The opening balance was understated and thereby adjusted; the net effect is an increase of R89.224million from R294.435million to R383.659million.

### 22.2 Payables not recognised

			2021/22 R'000	2020/21 R'000
<b>Listed by economic classification</b>	<b>30 days</b>	<b>30+ days</b>	<b>Total</b>	<b>Total</b>
Goods and services	30 430	118 902	149 332	334 569
Transfers and subsidies	135	-	135	18
Capital assets	18 098	-	18 098	180 254
<b>Total</b>	<b>48 663</b>	<b>118 902</b>	<b>167 565</b>	<b>514 841</b>

	<b>Note</b>	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
<b>Listed by programme level</b>			
Administration		8 910	1 638
Water Resources Management		1 656	111 710
Water Services Management		156 999	401 493
<b>Total</b>		<b>167 565</b>	<b>514 841</b>
<b>Included in the above totals are the following:</b>			
Confirmed balances with other departments	<i>Annex 5</i>	7 945	12 710
Confirmed balances with other government entities	<i>Annex 5</i>	98 794	33 509
<b>Total</b>		<b>106 739</b>	<b>46 219</b>

**Prior year error:** The opening balance was understated and thereby adjusted; the net effect is a decrease of R69.306million from R584.147million to R514.841million.

### 23 Employee benefits

	<b>Note</b>	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Leave entitlement		112 008	144 036
Service bonus		45 213	43 104
Performance awards		-	14 341
Capped leave		56 915	63 714
Other (Long service award)		1 737	1 856
<b>Total</b>		<b>215 873</b>	<b>267 051</b>

No provision has been made for Performance awards in line with Circular 1 of 2019.

**Prior year error:** The opening balance for Performance Award was understated and thereby adjusted from R18 thousand to R14.341 million. The net effect is an increase of R14.323 million.

## 24 Lease commitments

### 24.1 Finance leases\*\*

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2021/22	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	3 861	3 861
Later than 1 year and not later than 5 years	-	-	-	1 866	1 866
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	<b>5 727</b>	<b>5 727</b>

### 2020/21

Not later than 1 year	-	-	-	3 637	3 637
Later than 1 year and not later than 5 years	-	-	-	3 841	3 841
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	<b>7 478</b>	<b>7 478</b>

	Note	2021/22 R'000	2020/21 R'000
Rental earned on sub-leased assets		-	-
<b>Total</b>		-	-

## 25 Irregular expenditure

### 25.1 Reconciliation of irregular expenditure

	<i>Note</i>	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Opening balance		9 695 547	9 632 915
Prior period error		-	(208 066)
As restated		9 695 547	9 424 850
Add: Irregular expenditure – relating to prior year		11 685	6 075
Add: Irregular expenditure – relating to current year		209 179	264 622
Less: Prior year amounts condoned		(358 457)	-
Less: Current year amounts condoned		(98 848)	-
<b>Closing balance</b>		<b>9 459 106</b>	<b>9 695 547</b>
<b>Analysis of closing balance</b>			
Current year		110 331	264 622
Prior years		9 348 775	9 430 925
<b>Total</b>		<b>9 459 106</b>	<b>9 695 547</b>

*Prior year error: The opening balance was overstated and thereby adjusted from R9.632billion to R9.424billion. The net effect is a decrease of R208,066million.*

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

Incident	Disciplinary steps taken/criminal proceedings	2021/22
		R'000
<b>Goods and services</b>		
Discrepancies with the Bid Specifications (Limiting the market and contravention of Section 217 of the Constitution)	Case still under investigation	59 079
Bidder inappropriately disqualification of a bidder	Case still under investigation	10 149
Bid awarded not in line with the advertised evaluation criteria/ wrongful award in contravention of Section 217: Security Services	Case still under investigation	57 473
Procurement processes not followed in awarding the contract	Case still under investigation	2 093
SCM processes not followed	Case still under investigation	990
Legal Services	Case still under investigation	4 906
Three quotation was not sourced in appointing the service provider	Case still under investigation	30
Non-compliance with local contents requirements	Case still under investigation	163
<b>Infrastructure</b>		
Laboratory services - Contract expired	Case still under investigation	135
Contract expired (Extension of time not approved)	Case still under investigation	68 179
Refurbishment and upgrading of sewer/wastewater gravity reticulation system - Normal Procurement process for appointment nor followed	Case still under investigation	5 982
<b>Prior Year</b>		
Discrepancies with the Bid Specifications (Limiting the market and contravention of Section 217 of the Constitution)	Case still under investigation	8 355
Contract expired (Extension of time not approved)	Case still under investigation	3 330
<b>Total</b>		<b>220 864</b>

## 25.3 Details of irregular expenditure condoned

Incident	Condoned by relevant authority	2021/22
		R'000
Discrepancies with the Bid Specifications	National Treasury	275 012
Bid awarded not in line with the advertised evaluation criteria/ wrongful award	National Treasury	128 706
Bidder inappropriately disqualification of a bidder	National Treasury	53 587
		<b>457 305</b>

## 25.4 Details of irregular expenditure under assessment (not included in the main note)

Incident	Condoned by relevant authority	2021/22
		R'000
Amount exceeded the contract amount		32
Amount exceeded the contract amount		5 974
Supplier awarded without confirmation of tax compliance		3 605
Procurement process not followed		432 467
<b>Total</b>		<b>442 078</b>

## 25.5 Prior period error

Nature of prior period error	2021/22
	R'000
	<b>(208 066)</b>
Relating to transactions prior to 2019/20 (affecting the opening balance)	(208 066)
Transactions were never Irregular by nature, however they were erroneously reported as such, after the investigations it was detected and confirmed they were not Irregular Expenditure.	
Relating to 2020/21	
	<b>(208 066)</b>

*Prior year error: The opening balance was overstated and thereby adjusted from R9.632billion to R9.424billion. The net effect is a decrease of R208,066million.*

## 26 Fruitless and wasteful expenditure

### 26.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Opening balance		63 540	76 304
Prior period error		-	-
As restated		63 540	76 304
Fruitless and wasteful expenditure – relating to prior year		9 221	-
Fruitless and wasteful expenditure – relating to current year		-	14
Less: Amounts recoverable		(1)	-
Less: Amounts written off		(55 947)	(12 778)
<b>Closing balance</b>		<b>16 813</b>	<b>63 540</b>

### 26.2 Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/ criminal proceedings	2021/22 R'000
Amatola Water (interest and standing time)	Investigation finalised	8 682
Refurbishment of building not belonging to the Department	Investigation finalised	539
<b>Total</b>		<b>9 221</b>

### 26.3 Details of fruitless and wasteful expenditure recoverable

	2021/22 R'000
No show on transportation (R525)	1
<b>Total</b>	<b>1</b>

### 26.4 Details of fruitless and wasteful expenditure written off

Incident	2021/22 R'000
Interest on Overdue account (R786,84; R142,96)	1
Amatola Water	648
Lepelle Northern Water	46 616
Amatola Water (interest and standing time)	8 682
<b>Total</b>	<b>55 947</b>

**26.5 Prior period error**

Nature of prior period error	2020/21 R'000
Relating to 2020/21	
Relating to amounts written off during 2020/21	12
<b>Total</b>	<b>12</b>

*Prior year error: The opening balance was misstated and thereby adjusted; the net effect is a decrease of R12 thousand.*

**27 Related party transactions**

*All departments and public entities in the national sphere of government are related parties. Below is the listing of entities reporting directly to the Minister of Human Settlements, Water and Sanitation:-*

*Water and Sanitation:- Amatola Water; Bloem Water; Lepelle Northern; Magalies Water; Mhlathuze Water; Overberg Water; Rand Water; Sedibeng Water; Umgeni Water; Breede-Gouritz Management Agency; Inkomati-Usuthu Catchment Management Agency; Komati Basin Water Authority; Trans-Caledon Tunnel Authority; Water Research Commission; Water Trading Entity Account; International Transboundary; Orange-Senqu; 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.*



## 28 Key management personnel

		2021/22	2020/21
	No. of individuals	R'000	R'000
Political office bearers	4	4 528	1 978
<b>Officials:</b>			
Level 15 to 16	12	14 878	18 126
Level 14 (incl CFO if at a lower level)	47	50 187	55 386
Family members of key management personnel	1	562	506
<b>Total</b>		<b>70 155</b>	<b>75 996</b>

		2021/22	2020/21
		R'000	R'000
<b>National Rapid Response Task Team:</b>			
Xolile Burns Ncamashe		-	805
Suliwe Ancedile Sihlwayi		288	663
Chumani Maxwele		371	453
Mogomotsi Mogodiri		-	10
Ms Noli Qunta		290	712
Likhaya Nqgezana		708	1 256
Carla Motau		288	665
Mahle Khuzani		333	602
Gado Dichoetlise		-	7
Raphuti DD		321	567
Manana DP		367	631
Masoeu MJ		282	518
Samuel T		109	571
<b>Sub total</b>		<b>3 357</b>	<b>7 460</b>

**Water Advisory Committee**

T Balzer		-	477
AM Muller		874	949
B Scheiner		217	573
MA Diedricks		-	188
M Sirenya		112	1 518
TL Mlangeni		726	64
N Mabaya		991	1 541
J Kogl		1 183	2 639
<b>Sub total</b>		<b>4 103</b>	<b>7 949</b>

	2021/22 R'000	2020/21 R'000
<b>Disciplinary Advisory Committee</b>		
Ms S Shabangu	792	572
Adv J de Lange	684	81
Ms W Dukuza	568	522
Mr D Mgaga	674	627
Mr S Mbatsha	632	418
Ms M Mokwena	639	408
Mr R Sibiyi	639	512
Mogaadile L	423	-
Mr Konar D	346	247
Mr R Sibiyi	535	512
<b>Sub total</b>	<b>5 932</b>	<b>3 899</b>
<b>Total</b>	<b>21 772</b>	<b>38 709</b>

The amount disclosed of the Committee member have adjusted from R35 892 million to R38 709 as a result of omission of other committee members in the prior year, with an increase of R2,817 million.

## 29 Movable tangible capital assets

### Movement in movable tangible capital assets per asset register for the year ended 31 March 2022

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>Machinery and equipment</b>					
Transport assets	78 563		806	1 776	77 594
Computer equipment	163 862		29 975	2 696	191 141
Furniture and office equipment	58 665		2 344	99	60 910
Other machinery and equipment	243 131		15 650	1 094	257 688
<b>Total movable tangible capital assets</b>	<b>544 221</b>		<b>48 776</b>	<b>5 664</b>	<b>587 333</b>

Movable tangible capital assets under investigation

	Number	Value R'000
<b>Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:</b>		
Machinery and equipment	100	2 491

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

**29.1 Movement for 2020/21****Movement in tangible capital assets per asset register for the year ended 31 March 2021**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>					
Transport assets	17 500	(1)	61 064	-	78 563
Computer equipment	152 241	52	15 257	3 688	163 862
Furniture and office equipment	56 782	4	1 978	99	58 665
Other machinery and equipment	241 565	15	8 256	6 705	243 131
<b>Total movable tangible capital assets</b>	<b>468 088</b>	<b>70</b>	<b>86 555</b>	<b>10 492</b>	<b>544 221</b>

**29.1.1 Prior period error****Note**2020/21  
R'000**Nature of prior period error**

Relating to 2019/20 [affecting the opening balance]

Relates to value adjustment

Rounding differences (Incl. negative in transport, positive  
in computer and furniture)

Total prior period errors

	68
	2
	<b>70</b>

Prior year error: The opening balance was misstated and thereby adjusted; the net effect is an increase of R70 thousand.

**29.2 Minor assets****Movement in minor assets per the asset register for the year ended as at 31 March 2022**

	Specialised military assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	58	-	82 415	82 473
Value adjustments					
Additions	-	-	-	2 995	2 995
Disposals	-	(18)	-	369	387
<b>Total minor assets</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>85 041</b>	<b>85 081</b>
Number of R1 minor assets	-	-	-	28 883	28 883
Number of minor assets at cost	-	-	-	48 809	48 809
<b>Total number of minor assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77 692</b>	<b>77 692</b>

**Minor capital assets under investigation**

	<b>Number</b>	<b>Value R'000</b>
<b>Included in the above total of the minor capital assets per the asset register are assets that are under investigation:</b>		
Machinery and equipment	99	318

*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 2021**

	<b>Specialised military assets</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and equipment</b>	<b>Biological assets</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Opening balance	-	58	-	82 250	-	82 308
Value adjustments	-	-	-	(164)	-	(164)
Additions	-	-	-	1 635	-	1 635
Disposals	-	-	-	1 306	-	1 306
<b>Total minor assets</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>82 415</b>	<b>-</b>	<b>82 473</b>
Number of R1 minor assets	-	-	-	28 883	-	28 883
Number of minor assets at cost	-	-	-	48 131	-	48 131
<b>Total number of minor assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77 014</b>	<b>-</b>	<b>77 014</b>

**29.2.1 Prior period error**

	<b>Note</b>	<b>2020/21 R'000</b>
Nature of prior period error		
Relating to 2019/20 [affecting the opening balance]		
Relates to value adjustment		(164)
Total prior period errors		<b>(164)</b>

*Prior year error: The opening balance was misstated and thereby adjusted; the net effect is a decrease of R164 thousand.*

**29.3 Movable assets written off****Movable assets written off for the year ended as at 31 March 2022**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
		R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	-	-	-
<b>Total movable assets written off</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Movable assets written off for the year ended as at 31 March 2021**

Assets written off	-	-	-	9 369	-	9 369
<b>Total movable assets written off</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 369</b>	<b>-</b>	<b>9 369</b>

**30 Intangible capital assets**

	Opening balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
Software	244 391	41 380	(176 287)	109 484
Patents, licences, copyright, brand names, trademarks	5 468	-	-	5 468
<b>Total intangible capital assets</b>	<b>249 859</b>	<b>41 380</b>	<b>(176 287)</b>	<b>114 952</b>

**Intangible 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:**

Software

Patents, licences, copyright, brand names, trademarks

**30.1 Movements for 2020/21****Movement in intangible capital assets per asset register for the year ended 31 March 2021**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	206 638	-	37 753	-	244 391
Patents, licences, copyright, brand names, trademarks	5 468	-	-	-	5 468
<b>Total intangible capital assets</b>	<b>212 106</b>	<b>-</b>	<b>37 753</b>	<b>-</b>	<b>249 859</b>

**30.1.1 Prior period error**

	<i>Note</i>	<b>2020/21</b>
		<b>R'000</b>
Nature of prior period error		
Relating to 2019/20 <i>[affecting the opening balance]</i>		-
Total prior period errors		-

**31 Immovable tangible capital assets**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing Balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Buildings and other fixed structures</b>	9 924 879	478 679	116 037	10 287 521
Dwellings	3 000	-	-	3 000
Non-residential buildings	6 923	-	-	6 923
Other fixed structures	9 914 956	478 679	116 037	10 277 598
<b>Land and subsoil assets</b>	11 503	-	-	11 503
Land	11 503	-	-	11 503
<b>Total immovable tangible capital assets</b>	<b>9 936 382</b>	<b>478 679</b>	<b>116 037</b>	<b>10 299 024</b>

**Immovable tangible capital assets under investigation**

	<b>Number</b>	<b>Value</b>
		<b>R'000</b>
<b>Included in the above total of the immovable tangible capital assets per the asset register are assets that are under investigation:</b>		
Buildings and other fixed structures	-	
Land and subsoil assets	-	

**31.1 Movement for 2020/21****Movement in immovable tangible capital assets per asset register for the year ended 31 March 2021**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>Buildings and other fixed structures</b>	8 363 288	1 501 825	293 715	233 949	9 924 879
Dwellings	3 001	(1)	-	-	3 000
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	8 353 364	1 501 826	293 715	233 949	9 914 956
<b>Land and subsoil assets</b>	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
<b>Total immovable tangible capital assets</b>	<b>8 374 791</b>	<b>1 501 825</b>	<b>293 715</b>	<b>233 949</b>	<b>9 936 382</b>

**31.1.1 Prior period error***Note*

2019/20

**Nature of prior period error**

R'000

Relating to 2019/20 [affecting the opening balance]

Disposal relating to 2019/20

1 501 827

Rounding

(1)

Total prior period errors

1 501 825

Prior year error: The opening balance was misstated and thereby adjusted, the net effect is an decrease of R1.501 billion.

**31.2 Capital work-in-progress****Capital work-in-progress as at 31 March 2022**

	Opening balance	Current year capital WIP	Ready for use (Asset register)/ contract terminated	Closing balance
	1 April 2021			
Note	R'000	R'000	R'000	R'000
<i>Annexure 7</i>				
Buildings and other fixed structures	22 271 143	2 479 579	478 679	24 272 043
<b>Total</b>	<b>22 271 143</b>	<b>2 479 579</b>	<b>478 679</b>	<b>24 272 043</b>

**Payables not recognised relating to capital WIP**

	<b>Note</b>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
<i>[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]</i>		17 723	137 384
<b>Total</b>		<b>17 723</b>	<b>137 384</b>

**Capital work-in-progress as at 31 March 2021**

	<b>Opening balance</b>	<b>Prior period error</b>	<b>Current year capital WIP</b>	<b>Ready for use (Asset register) / contract terminated</b>	<b>Closing balance</b>
	<b>1 April 2020</b>				
<b>Note</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Annexure 7					
Buildings and other fixed structures	22 008 225	(1 506 939)	2 063 572	293 715	22 271 143
<b>Total</b>	<b>22 008 225</b>	<b>(1 506 939)</b>	<b>2 063 572</b>	<b>293 715</b>	<b>22 271 143</b>

*Prior year error: The opening balance was misstated and thereby adjusted; the net effect is a decrease of R1.506billion.*

**31.3 Immovable assets written off****Immovable assets written off for the year ended as at 31 March 2022**

	<b>Buildings and other fixed structures</b>	<b>Heritage assets</b>	<b>Land and subsoil assets</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Assets written off	-	-	-	-
<b>Total immovable assets written off</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Immovable assets written off for the year ended as at 31 March 2021**

	<b>Buildings and other fixed structures</b>	<b>Heritage assets</b>	<b>Land and subsoil assets</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Assets written off	-	-	-	-
<b>Total immovable assets written off</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## 32 Prior period errors

## 32.1 Correction of prior period errors

	Note	Amount before error correction	Prior period error	Restated amount
		2020/21	2020/21	2020/21
		R'000	R'000	R'000
<b>Revenue:</b>				
Conditional grants received – DORA	36	9 452 177	-	9 452 177
Conditional grants received - amount spent by Department	36	(7 401 898)	(883)	(7 402 781)
<b>Net effect</b>		<b>2 050 279</b>	<b>(883)</b>	<b>2 049 396</b>

Prior year error: The opening balance of Conditional Grants Received - Amount Spent by Department was misstated and thereby adjusted, the net effect is increase of R883 thousand from R7,401 to R7,402.

	Note	Amount before error correction	Prior period error	Restated amount
		2020/21	2020/21	2020/21
		R'000	R'000	R'000
<b>Assets:</b>				
Movable Tangible Capital Assets (Machinery and Equipment)	30.1	544 153	68	544 221
Minor assets - Machinery and equipment	30.2	82 579	(164)	82 415
Minor assets - Intangible Assets	30.2			
Immovable Tangible Capital Assets	32.1	8 413 130	(279 943)	8 133 187
Capital Work-in-Progress	32.2	23 778 082	(1 506 939)	22 271 143
<b>Net effect</b>		<b>32 817 944</b>	<b>(1 786 978)</b>	<b>31 030 966</b>

Prior year error: The opening balance of Movable Tangible Capital Assets (Machinery and Equipment) was misstated and thereby adjusted; the net effect is an increase of R68thousand.

Prior year error: The opening balance of Minor Assets (Machinery and Equipment) was misstated and thereby adjusted; the net effect is a decrease of R164thousand.

Prior year error: The opening balance of Immovable Tangible Assets was misstated and thereby adjusted; the net effect is a decrease of R279.943billion.

Prior year error: The opening balance of Capital Work-in-Progress was misstated and thereby adjusted; the net effect is a decrease of R1.506billion.

	<b>Note</b>	<b>Amount before error correction</b>	<b>Prior period error</b>	<b>Restated amount</b>
		<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Liabilities:</b>				
Contingent Liabilities - Housing loan guarantees	20.1	-	110	110
Contingent Liabilities - Other Guarantees	20.1	13 715 559	(16 106)	13 699 453
Contingent Liabilities - Claims against the department	20.1	1 105 051	366	1 105 417
Capital Commitment - Other fixed structures (infrastructure projects)	21	5 692 639	261 913	5 954 552
Accruals	22.1	294 435	89 224	383 659
Payables	22.2	584 147	(69 306)	514 841
Employee Benefits (Performance Award)	23	18	14 323	14 341
<b>Net effect</b>		<b>21 391 849</b>	<b>280 524</b>	<b>21 672 373</b>

*Prior year error: The opening balance Housing loan guarantees was misstated and thereby adjusted; the net effect is an increase of R110thousand.*

*Prior year error: The opening balance Other Guarantees was misstated and thereby adjusted; the net effect is a decrease of R16.106million.*

*Prior year error: The opening balance Claims Against the Department was misstated and thereby adjusted, the net effect is an increase of R366 thousand.*

*Prior year error: The opening balance for Capital Commitment - Other fixed structures (infrastructure projects) was misstated and thereby adjusted from R5.692billion to R5.954billion. The net effect is an increase of R261.913million.*

*Prior year error: The opening balance for Accruals was misstated and thereby adjusted from R294.435million to R383.659million. The net effect is an increase of R89.224million.*

*Prior year error: The opening balance for Payables was misstated and thereby adjusted from R584.147million to R514.841million. The net effect is a decrease of R69.306million.*

*Prior year error: The opening balance for Performance Award was misstated and thereby adjusted from R18 thousand to R14.341million. The net effect is an increase of R14.323million.*

	<i>Note</i>	<b>Amount before error correction</b>	<b>Prior period error</b>	<b>Restated amount</b>
		<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Other:</b>				
Irregular expenditure	25	9 632 915	(208 065)	9 424 850
Fruitless expenditure	26	63 552	(12)	63 540
<b>Net effect</b>		<b>9 696 467</b>	<b>(208 077)</b>	<b>9 488 390</b>

*Prior year error: The opening balance was overstated and thereby adjusted from R9.632billion to R9.424billion. The net effect is a decrease of R208,066million.*

*Prior year error: The opening balance of fruitless expenditure was misstated and thereby adjusted; the net effect is a decrease of R12 thousand.*

## 33 Statement of conditional grants received

Name of grant	Grant allocation					Spent				2020/21	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under/(Over-spending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Water Services Infrastructure Grant (WSIG): Schedule 5B	3 620 327	-	-	-	3 620 327	3 620 327	3 620 327	-	100%	3 367 557	3 367 557
Regional Bulk Infrastructure Grant (RBIG): Schedule 5B	2 237 370	-	-	-	2 237 370	2 237 370	2 237 370	-	100%	2 005 605	2 005 605
Regional Bulk Infrastructure Grant (RBIG): Schedule 6B	3 274 930	-	-	-	3 274 930	3 274 930	2 045 400	1 229 530	62%	3 487 951	1 724 173
Regional Bulk Infrastructure Grant (RBIG): Schedule 6B - Vaal River Pollution Remediation Project (Goods and services)	-	582 200	-	-	582 200	582 200	200 721	381 479	34%	-	-
Water Services Infrastructure Grant (WSIG): Schedule 6B	729 692	-	-	-	729 692	729 692	404 784	324 908	55%	591 064	304 563
<b>Total</b>	<b>9 862 319</b>	<b>582 200</b>	<b>-</b>	<b>-</b>	<b>10 444 519</b>	<b>10 444 519</b>	<b>8 508 602</b>	<b>1 935 917</b>		<b>9 452 177</b>	<b>7 401 898</b>

**Prior year error:** The total expenditure for prior year misstated and thereby adjusted from R7.402billion to R7.401billion, the net effect is a decrease of R883thousand.

## 34 Statement of conditional grants and other transfers paid to municipalities

Name of municipality	2021/22						2020/21		
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	DORA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Water Services Infrastructure Grant (WSIG)</b>	<b>3 620 327</b>	-	-	<b>3 620 327</b>	<b>3 620 327</b>	-	-	<b>3 367 557</b>	<b>3 367 557</b>
<b>Eastern Cape Province</b>	<b>527 000</b>	-	<b>65 000</b>	<b>592 000</b>	<b>527 000</b>	-	-	<b>453 950</b>	<b>453 950</b>
EC101 Dr Beyers Naude Local Municipality	12 000	-	-	12 000	12 000	-	-	7 000	7 000
EC102 Blue Crane Route Local Municipality	18 000	-	-	18 000	18 000	-	-	20 499	20 499
EC104 Makana Local Municipality	25 000	-	<b>10 000</b>	35 000	25 000	-	-	26 000	26 000
EC105 Ndlambe Local Municipality	20 000	-	-	20 000	20 000	-	-	15 000	15 000
EC106 Sundays River Valley Local Municipality	15 000	-	-	15 000	15 000	-	-	10 000	10 000
DC12 Amathole District Municipality	75 000	-	-	75 000	75 000	-	-	92 101	92 101
DC13 Chris Hani District Municipality	83 000	-	<b>20 000</b>	103 000	83 000	-	-	70 000	70 000
DC14 Joe Gqabi District Municipality	73 000	-	-	73 000	73 000	-	-	70 000	70 000
DC15 O.R Tambo District Municipality	96 000	-	-	96 000	96 000	-	-	48 400	48 400
DC44 Alfred Nzo District Municipality	110 000	-	<b>35 000</b>	145 000	110 000	-	-	94 950	94 950

Name of municipality	2021/22						2020/21		
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Free State Province</b>	<b>374 617</b>	-	<b>(23 750)</b>	<b>350 867</b>	<b>374 617</b>	-	-	<b>409 386</b>	<b>409 386</b>
FS161 Letsemeng Local Municipality	25 532	-	5 000	30 532	25 532	-	-	24 201	24 201
FS162 Kopanong Local Municipality	32 000	-	(12 000)	20 000	32 000	-	-	30 000	30 000
FS163 Mokhare Local Municipality	31 000	-	-	31 000	31 000	-	-	28 025	28 025
FS181 Masiyanya Local Municipality	12 000	-	-	12 000	12 000	-	-	31 000	31 000
FS182 Tokologo Local Municipality	15 000	-	-	15 000	15 000	-	-	7 000	7 000
FS183 Tswelopele Local Municipality	12 000	-	-	12 000	12 000	-	-	11 000	11 000
FS184 Matjhabeng Local Municipality	25 000	-	(10 000)	15 000	25 000	-	-	35 000	35 000
FS185 Nala Local Municipality	11 000	-	-	11 000	11 000	-	-	10 000	10 000
FS191 Setsoto Local Municipality	27 825	-	10 000	37 825	27 825	-	-	19 375	19 375
FS192 Dihlabeng Local Municipality	16 000	-	-	16 000	16 000	-	-	15 110	15 110
FS193 Nketoana Local Municipality	25 000	-	(13 750)	11 250	25 000	-	-	10 000	10 000
FS194 Maluti-a-phofung Local Municipality	25 000	-	-	25 000	5 000	-	-	70 000	70 000
FS195 Phumelela Local Municipality	22 260	-	-	22 260	22 260	-	-	21 100	21 100

Name of municipality	2021/22						2020/21		
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
FS196 Mantsopa Local Municipality	15 000	-	-	15 000	15 000	-	-	30 000	30 000
FS201 Mqohaka Local Municipality	16 500	-	(3 000)	13 500	16 500	-	-	15 825	15 825
FS203 Ngwathe Local Municipality	26 500	-	-	26 500	26 500	-	-	25 000	25 000
FS204 Metsimaholo Local Municipality	17 000	-	-	17 000	17 000	-	-	11 750	11 750
FS205 Mafube Local Municipality	20 000	-	-	20 000	20 000	-	-	15 000	15 000
<b>Gauteng Province</b>	<b>172 000</b>	<b>-</b>	<b>43 000</b>	<b>215 000</b>	<b>172 000</b>	<b>-</b>	<b>-</b>	<b>165 060</b>	<b>165 060</b>
GT422 Midvaal Local Municipality	18 000	-	-	18 000	18 000	-	-	15 825	15 825
GT423 Lesedi Local Municipality	19 000	-	8 000	27 000	19 000	-	-	10 000	10 000
GT481 Mogale City Local Municipality	45 000	-	10 000	55 000	45 000	-	-	42 200	42 200
GT484 Meratong City Local Municipality	40 000	-	15 000	55 000	40 000	-	-	58 575	58 575
GT485 Westonaria/Randfontein Local Municipality	50 000	-	10 000	60 000	50 000	-	-	38 460	38 460
<b>Kwa-Zulu Natal Province</b>	<b>897 050</b>	<b>-</b>	<b>35 000</b>	<b>932 050</b>	<b>897 050</b>	<b>-</b>	<b>-</b>	<b>811 061</b>	<b>811 061</b>
DC21 Ugu District Municipality	72 350	-	-	72 350	72 350	-	-	50 000	50 000
KZN225 Msunduzi Local Municipality	40 000	-	-	40 000	40 000	-	-	44 556	44 556

Name of municipality	2021/22						2020/21		
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
DC22 uMgungundlovu District Municipality	85 000	-	40 000	125 000	85 000	-	-	80 000	80 000
DC23 uThukela District Municipality	80 000	-	15 000	95 000	80 000	-	-	90 000	90 000
DC24 uMzinyathi District Municipality	89 000	-	(15 000)	74 000	89 000	-	-	78 235	78 235
KZN252 Newcastle Local Municipality	40 000	-	-	40 000	40 000	-	-	35 000	35 000
DC25 aMajuba District Municipality	60 000	-	-	60 000	60 000	-	-	50 000	50 000
DC26 Zululand District Municipality	110 000	-	-	110 000	110 000	-	-	105 500	105 500
DC27 uMkhanyakude District Municipality	75 000	-	(40 000)	35 000	75 000	-	-	67 770	67 770
KZN 282 uMhlatuze Local Municipality	30 000	-	10 000	40 000	30 000	-	-	25 000	25 000
DC28 King Cetshwayo District Municipality	70 000	-	-	70 000	70 000	-	-	60 000	60 000
DC29 iLembe District Municipality	55 000	-	-	55 000	55 000	-	-	65 000	65 000
DC43 Harry Gwala District Municipality	90 700	-	25 000	115 700	90 700	-	-	60 000	60 000
<b>Limpopo Province</b>	<b>315 449</b>	<b>-</b>	<b>(10 000)</b>	<b>305 449</b>	<b>315 449</b>	<b>-</b>	<b>-</b>	<b>357 746</b>	<b>357 746</b>
DC33 Mopani District Municipality	42 363	-	(10 000)	32 363	42 363	-	-	45 000	45 000
DC34 Vhembe District Municipality	44 000	-	-	44 000	44 000	-	-	12 750	12 750



Name of municipality	2021/22						2020/21		
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
LIM354 Polokwane Local Municipality	65 000	-	(15 000)	50 000	65 000	-	-	50 000	50 000
DC35 Capricorn District Municipality	95 000	-	25 000	120 000	95 000	-	-	80 000	80 000
LIM 362 Lephalele Local Municipality	-	-	-	-	-	-	-	25 200	25 200
LIM 366 Bela Bela Local Municipality	32 086	-	-	32 086	32 086	-	-	47 475	47 475
LIM 367 Mogalakwena Local Municipality	37 000	-	(10 000)	27 000	37 000	-	-	43 850	43 850
DC47 Greater Sekhukhune District Municipality	-	-	-	-	-	-	-	53 471	53 471
<b>Mpumalanga Province</b>	<b>571 000</b>	<b>-</b>	<b>(36 000)</b>	<b>535 000</b>	<b>571 000</b>	<b>-</b>	<b>-</b>	<b>402 375</b>	<b>402 375</b>
MP301 Albert Luthuli Local Municipality	64 000	-	-	64 000	64 000	-	-	26 375	26 375
MP302 Msukaligwa Local Municipality	50 000	-	(10 000)	40 000	50 000	-	-	20 000	20 000
MP303 Mkhondo Local Municipality	70 000	-	15 000	85 000	70 000	-	-	56 000	56 000
MP304 Pixley Ka Seme Local Municipality	85 000	-	(50 000)	35 000	85 000	-	-	30 000	30 000
MP307 Govan Mbeki Local Municipality	16 000	-	10 000	26 000	16 000	-	-	30 000	30 000
MP313 Steve Tshwete Local Municipality	45 000	-	-	45 000	45 000	-	-	25 000	25 000
MP314 Emakhazeni Local Municipality	20 000	-	-	20 000	20 000	-	-	30 000	30 000

Name of municipality	2021/22						2020/21		
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
MP315 Thembisile Local Municipality	51 000	-	4 000	55 000	51 000	-	-	50 000	50 000
MP321 Thaba Chweu Local Municipality	25 000	-	10 000	35 000	25 000	-	-	15 000	15 000
MP324 Nkomazi Local Municipality	55 000	-	-	55 000	55 000	-	-	40 000	40 000
MP325 Bushbuckridge Local Municipality	60 000	-	-	60 000	60 000	-	-	80 000	80 000
MP326 Mbombela/Umjindi Local Municipality	30 000	-	(15 000)	15 000	30 000	-	-	-	-
<b>Northern Cape Province</b>	<b>284 138</b>	<b>-</b>	<b>9 413</b>	<b>293 551</b>	<b>284 138</b>	<b>-</b>	<b>-</b>	<b>333 692</b>	<b>333 692</b>
NC451 Joe Morolong Local Municipality	47 200	-	12 000	59 200	47 200	-	-	56 000	56 000
NC452 Gasegonyana Local Municipality	30 000	-	10 382	40 382	30 000	-	-	40 000	40 000
NC453 Gamagara Local Municipality	15 938	-	(7 969)	7 969	15 938	-	-	9 700	9 700
NC061 Richtersveld Local Municipality	10 000	-	10 000	20 000	10 000	-	-	10 000	10 000
NC062 Nama Khoi Local Municipality	5 000	-	7 000	12 000	5 000	-	-	26 700	26 700
NC064 Kamiesberg Local Municipality	5 000	-	-	5 000	5 000	-	-	12 000	12 000
NC065 Hantam Local Municipality	10 000	-	-	10 000	10 000	-	-	33 000	33 000
NC066 Karoo Hoogland Local Municipality	10 000	-	-	10 000	10 000	-	-	-	-

Name of municipality	2021/22						2020/21	
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NC067 Khai Ma Local Municipality	10 000	-	(5 000)	5 000	10 000	-	-	-
NC071 Ubuntu Local Municipality	4 000	-	-	4 000	4 000	-	10 500	10 500
NC072 Umsobomvu Local Municipality	7 000	-	-	7 000	7 000	-	3 300	3 300
NC073 Emthanjani Local Municipality	8 000	-	(4 000)	4 000	8 000	-	-	-
NC074 Kareeberg Local Municipality	5 000	-	9 000	14 000	5 000	-	10 000	10 000
NC075 Renosterberg Local Municipality	5 000	-	(2 500)	2 500	5 000	-	-	-
NC076 Thembelihle Local Municipality	7 000	-	-	7 000	7 000	-	-	-
NC077 Siyathemba Local Municipality	10 000	-	-	10 000	10 000	-	30 271	30 271
NC078 Siyancuma Local Municipality	5 000	-	-	5 000	5 000	-	21 749	21 749
NC082 IKai! Garib Local Municipality	4 000	-	(2 000)	2 000	4 000	-	2 000	2 000
NC084 IKheis Local Municipality	5 000	-	(2 500)	2 500	5 000	-	-	-
NC085 Tsantsabane Local Municipality	6 000	-	-	6 000	6 000	-	-	-
NC086 Kgatelopele Local Municipality	5 000	-	(1 000)	4 000	5 000	-	23 000	23 000

Name of municipality	2021/22						2020/21		
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
NC087//Khara Hais/Mier Local Municipality	10 000	-	(4 000)	6 000	10 000	-	-	15 000	15 000
NC091 Sol Plaatjie Local Municipality	25 000	-	(5 000)	20 000	25 000	-	-	12 972	12 972
NC092 Dikgatlong Local Municipality	10 000	-	(1 000)	9 000	10 000	-	-	7 000	7 000
NC093 Magareng Local Municipality	5 000	-	(4 000)	1 000	5 000	-	-	-	-
NC094 Phokwane Local Municipality	20 000	-	-	20 000	20 000	-	-	10 500	10 500
<b>North West Province</b>	<b>350 073</b>	<b>-</b>	<b>(79 163)</b>	<b>270 910</b>	<b>350 073</b>	<b>-</b>	<b>-</b>	<b>318 265</b>	<b>318 265</b>
NW371 Moretele Local Municipality	79 042	-	-	79 042	79 042	-	-	84 400	84 400
NW373 Rustenburg Local Municipality	77 947	-	(42 947)	35 000	77 947	-	-	72 840	72 840
NW375 Moses Kotane Local Municipality	71 216	-	(26 216)	45 000	71 216	-	-	58 025	58 025
DC39 Dr Ruth Segomotsi Mompoti District Municipality	66 868	-	(10 000)	56 868	66 868	-	-	32 000	32 000
NW403 City of Matlosana Local Municipality	10 000	-	-	10 000	10 000	-	-	21 000	21 000
NW404 Maquassi Hills Local Municipality	30 000	-	-	30 000	30 000	-	-	30 000	30 000
NW405 JB Marks Local Municipality	15 000	-	-	15 000	15 000	-	-	20 000	20 000

Name of municipality	2021/22						2020/21		
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			R'000
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Western Cape Province</b>	<b>129 000</b>	<b>-</b>	<b>(3 500)</b>	<b>125 500</b>	<b>129 000</b>	<b>-</b>	<b>-</b>	<b>116 022</b>	<b>116 022</b>
WC011 Matzikama Local Municipality	41 935	-	-	41 935	41 935	-	-	30 000	30 000
WC012 Cederberg Local Municipality	4 600	-	-	4 600	4 600	-	-	-	-
WC013 Bergrivier Local Municipality	6 596	-	-	6 596	6 596	-	-	6 596	6 596
WC023 Drakenstein Local Municipality	4 095	-	-	4 095	4 095	-	-	4 095	4 095
WC026 Langeberg Local Municipality	20 000	-	-	20 000	20 000	-	-	21 093	21 093
WC031 Theewaterskloof Local Municipality	2 500	-	-	2 500	2 500	-	-	2 500	2 500
WC032 Overstrand Local Municipality	5 182	-	-	5 182	5 182	-	-	-	-
WC033 Cape Agulhus Local Municipality	7 700	-	-	7 700	7 700	-	-	7 700	7 700
WC034 Swellendam Local Municipality	10 707	-	<b>(3 500)</b>	7 207	10 707	-	-	10 707	10 707
WC041 Kannaland Local Municipality	10 000	-	-	10 000	10 000	-	-	10 000	10 000
WC044 George Local Municipality	3 082	-	-	3 082	3 082	-	-	-	-
WC045 Oudtshoorn Local Municipality	-	-	-	-	-	-	-	10 000	10 000
WC048 Knysna Local Municipality	5 107	-	-	5 107	5 107	-	-	5 835	5 835

Name of municipality	2021/22						2020/21		
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
WC051 Laingsburg Local Municipality	7 496	-	-	7 496	7 496	-	-	7 496	7 496
<b>Regional Bulk Infrastructure Grant (RBIG)</b>	<b>2 237 370</b>	-	-	<b>2 237 370</b>	<b>2 237 370</b>	-	-	<b>2 005 605</b>	<b>2 005 605</b>
<b>Eastern Cape Province</b>	<b>481 329</b>	-	(139 727)	<b>341 602</b>	<b>481 329</b>	-	-	<b>419 263</b>	<b>419 263</b>
DC13 Chris Hani District Municipality	241 811	-	(21 543)	220 268	241 811	-	-	307 318	307 318
DC14 Joe Gqabi District Municipality	-	-	-	-	-	-	-	11 945	11 945
DC15 O.R. Tambo District Municipality	239 518	-	(118 184)	121 334	239 518	-	-	100 000	100 000
<b>Free State Province</b>	<b>213 921</b>	-	-	<b>213 921</b>	<b>213 921</b>	-	-	<b>249 608</b>	<b>249 608</b>
FS163 Mokhele Local Municipality	20 000	-	-	20 000	20 000	-	-	40 000	40 000
FS191 Setsoto Local Municipality	110 000	-	-	110 000	110 000	-	-	133 399	133 399
FS195 Phumelela Local Municipality	5 000	-	-	5 000	5 000	-	-	28 709	28 709
FS203 Ngwathe Local Municipality	78 921	-	-	78 921	78 921	-	-	47 500	47 500
<b>Kwa-Zulu Natal Province</b>	<b>238 621</b>	-	<b>3 910</b>	<b>242 531</b>	<b>238 621</b>	-	-	<b>219 725</b>	<b>219 725</b>
DC23 uThukela District Municipality	6 090	-	(6 090)	-	6 090	-	-	39 399	39 399
DC24 uMzinyathi District Municipality	-	-	-	-	-	-	-	16 738	16 738

Name of municipality	2021/22						2020/21		
	Grant allocation			Transfer			Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
DC25 aMajuba District Municipality	112 531	-	-	112 531	112 531	-	-	-	-
DC26 Zululand District Municipality	110 000	-	-	110 000	110 000	-	-	113 798	113 798
DC28 King Cetshwayo District Municipality	10 000	-	10 000	20 000	10 000	-	-	27 409	27 409
DC43 Harry Gwala District Municipality	-	-	-	-	-	-	-	22 381	22 381
<b>Limpopo Province</b>	<b>218 806</b>	<b>-</b>	<b>-</b>	<b>218 806</b>	<b>218 806</b>	<b>-</b>	<b>-</b>	<b>328 223</b>	<b>328 223</b>
DC33 Mopani District Municipality	-	-	-	-	-	-	-	36 090	36 090
LIM354 Polokwane Local Municipality	218 806	-	-	218 806	218 806	-	-	292 133	292 133
<b>Mpumalanga Province</b>	<b>411 080</b>	<b>-</b>	<b>150 000</b>	<b>561 080</b>	<b>411 080</b>	<b>-</b>	<b>-</b>	<b>494 407</b>	<b>494 407</b>
MP301 Chief Albert Luthuli Local Municipality	145 000	-	103 000	248 000	145 000	-	-	219 568	219 568
MP302 Msukaligwa Local Municipality	86 080	-	115 000	201 080	86 080	-	-	75 000	75 000
MP303 Mkhondo Local Municipality	-	-	-	-	-	-	-	20 000	20 000
MP306 Dipaleseng Local Municipality	-	-	-	-	-	-	-	61 000	61 000
MP307 Govan Mbeki Local Municipality	40 000	-	(40 000)	-	40 000	-	-	60 000	60 000
MP313 Steve Tshwete Local Municipality	45 000	-	-	45 000	45 000	-	-	35 839	35 839

Name of municipality	2021/22						2020/21	
	Grant allocation			Transfer			Division of Revenue Act	R'000
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld		
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
MP324 Nkomazi Local Municipality	85 000	-	(20 000)	65 000	85 000	-	-	-
MP325 Bushbuckridge Local Municipality	-	-	-	-	-	-	23 000	23 000
MP326 Mbombela/Umjindi Local Municipality	10 000	-	(8 000)	2 000	10 000	-	-	-
<b>Northern Cape Province</b>	<b>106 289</b>	<b>-</b>	<b>40 000</b>	<b>146 289</b>	<b>106 289</b>	<b>-</b>	<b>93 651</b>	<b>93 651</b>
NC065 Hantam Local Municipality	-	-	-	-	-	-	31 100	31 100
NC074 Kareeberg Local Municipality	43 922	-	40 000	83 922	43 922	-	62 551	62 551
NC086 Kgatelopele Local Municipality	62 367	-	-	62 367	62 367	-	-	-
<b>North West Province</b>	<b>458 318</b>	<b>-</b>	<b>(54 183)</b>	<b>404 135</b>	<b>458 318</b>	<b>-</b>	<b>190 728</b>	<b>190 728</b>
DC39 Dr Ruth Segomotsi Mompoti District Municipality	458 318	-	(54 183)	404 135	458 318	-	190 728	190 728
<b>Western Cape Province</b>	<b>109 006</b>	<b>-</b>	<b>-</b>	<b>109 006</b>	<b>109 006</b>	<b>-</b>	<b>10 000</b>	<b>10 000</b>
WC011 Matzikama Local Municipality	7 661	-	-	7 661	7 661	-	-	-
WC022 Witzenberg Local Municipality	20 000	-	-	20 000	20 000	-	10 000	10 000
WC044 George Local Municipality	-	-	81 345	81 345	81 345	-	-	-
<b>Unconditional transfers</b>	<b>682</b>	<b>-</b>	<b>105</b>	<b>787</b>	<b>577</b>	<b>-</b>	<b>664</b>	<b>533</b>
Mun B/Acc: Vehicle Licences Mun	682	-	-	682	375	-	664	525



Name of municipality	2021/22					2020/21		
	Grant allocation			Transfer		Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Mun B/Acc: Fines & Penalties	-	-	-	-	97	-	-	8
Mun B/Acc: Conditional Grant (Moses Kotane Local Municipality - Servitude)	-	-	105	105	105	-	-	
<b>Total</b>	<b>5 777 034</b>	<b>-</b>	<b>81 450</b>	<b>5 858 484</b>	<b>5 858 274</b>	<b>-</b>	<b>5 373 826</b>	<b>5 373 695</b>

National Departments are reminded of the DORA requirements to indicate any re-allocations by the National Treasury or the transferring department, certify that all transfers in terms of this Act were deposited into the primary bank account of a province or, where appropriate, into the CPD account of a province as well as indicate the funds utilised for the administration of the receiving officer.

Departments are required to include a summary of expenditure per conditional grant to aid in the identification of under-/overspending of such funds and to allow the department to provide an explanation for the variance

### 35 Broad-based Black Economic Empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

### 36 COVID-19 response expenditure

	<b>Note</b>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
	<i>Annexure 11</i>		
Compensation of employees		380	-
Goods and services		2 371	175 312
Transfers and subsidies		-	-
Expenditure for capital assets		-	53 882
Other		-	-
<b>Total</b>		<b>2 751</b>	<b>229 194</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

Name of municipality	Grant allocation			Transfer		Spent			2020/21				
	DoRA and other transfers R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	Unspent funds R'000	% of available funds spent by municipality %	Division of Revenue Act R'000	Actual transfer R'000
<b>Water Services Infrastructure Grant (WSIG)</b>	<b>3 620 327</b>	-	-	<b>3 620 327</b>	<b>3 620 327</b>	-	-	<b>3 620 327</b>	<b>3 620 327</b>	-	<b>100%</b>	<b>3 367 557</b>	<b>3 367 557</b>
<b>Eastern Cape Province</b>	<b>527 000</b>	-	<b>65 000</b>	<b>592 000</b>	<b>527 000</b>	-	-	<b>527 000</b>	<b>527 000</b>	-	<b>100%</b>	<b>453 950</b>	<b>453 950</b>
EC101 Dr Beyers Naude Local Municipality	12 000			12 000	12 000			12 000	12 000		100%	7 000	7 000
EC102 Blue Crane Route Local Municipality	18 000			18 000	18 000			18 000	18 000		100%	20 499	20 499
EC104 Makana Local Municipality	25 000		10 000	35 000	25 000			25 000	25 000		100%	26 000	26 000
EC105 Ndlambe Local Municipality	20 000			20 000	20 000			20 000	20 000		100%	15 000	15 000
EC106 Sundays River Valley Local Municipality	15 000			15 000	15 000			15 000	15 000		100%	10 000	10 000
DC12 Amathole District Municipality	75 000			75 000	75 000			75 000	75 000		100%	92 101	92 101
DC13 Chris Hani District Municipality	83 000		20 000	103 000	83 000			83 000	83 000		100%	70 000	70 000
DC14 Joe Gqabi District Municipality	73 000			73 000	73 000			73 000	73 000		100%	70 000	70 000

Name of municipality	Grant allocation				Transfer			Spent			2020/21		
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of 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
DC15 O.R	96 000			96 000	96 000			96 000	96 000	-	100%	48 400	48 400
Tambo District Municipality													
DC44 Alfred Nzo District Municipality	110 000		35 000	145 000	110 000			110 000	110 000	-	100%	94 950	94 950
<b>Free State Province</b>	<b>374 617</b>	<b>-</b>	<b>(23 750)</b>	<b>350 867</b>	<b>374 617</b>	<b>-</b>	<b>-</b>	<b>374 617</b>	<b>374 617</b>	<b>-</b>	<b>0%</b>	<b>409 386</b>	<b>409 386</b>
FS161 Letsemeng Local Municipality	25 532		5 000	30 532	25 532			25 532	25 532	-	100%	24 201	24 201
FS162 Kopanong Local Municipality	32 000		(12 000)	20 000	32 000			32 000	32 000	-	0%	30 000	30 000
FS163 Mohokare Local Municipality	31 000			31 000	31 000			31 000	31 000	-	100%	28 025	28 025
FS181 Masilonyana Local Municipality	12 000			12 000	12 000			12 000	12 000	-	100%	31 000	31 000
FS182 Tokologo Local Municipality	15 000			15 000	15 000			15 000	15 000	-	100%	7 000	7 000
FS183 Tswelopele Local Municipality	12 000			12 000	12 000			12 000	12 000	-	100%	11 000	11 000
FS184 Matjhabeng Local Municipality	25 000		(10 000)	15 000	25 000			25 000	25 000	-	0%	35 000	35 000
FS185 Nala Local Municipality	11 000			11 000	11 000			11 000	11 000	-	100%	10 000	10 000

Name of municipality	Grant allocation				Transfer			Spent			2020/21		
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
FS191 Setso Local Municipality	27 825		10 000	37 825	27 825			27 825	27 825	-	100%	19 375	19 375
FS192 Dihlabeng Local Municipality	16 000			16 000	16 000			16 000	16 000	-	100%	15 110	15 110
FS193 Nketoana Local Municipality	25 000		(13 750)	11 250	25 000			25 000	25 000	-	0%	10 000	10 000
FS194 Maluti-a-phofung Local Municipality	25 000			25 000	25 000			25 000	25 000	-	100%	70 000	70 000
FS195 Phumelela Local Municipality	22 260			22 260	22 260			22 260	22 260	-	100%	21 100	21 100
FS196 Mantsope Local Municipality	15 000			15 000	15 000			15 000	15 000	-	100%	30 000	30 000
FS201 Moqhaka Local Municipality	16 500		(3 000)	13 500	16 500			16 500	16 500	-	0%	15 825	15 825
FS203 Ngwathe Local Municipality	26 500			26 500	26 500			26 500	26 500	-	100%	25 000	25 000
FS204 Metsimaholo Local Municipality	17 000			17 000	17 000			17 000	17 000	-	100%	11 750	11 750
FS205 Mafube Local Municipality	20 000			20 000	20 000			20 000	20 000	-	100%	15 000	15 000
<b>Gauteng Province</b>	<b>172 000</b>	<b>-</b>	<b>43 000</b>	<b>215 000</b>	<b>172 000</b>	<b>-</b>	<b>-</b>	<b>172 000</b>	<b>172 000</b>	<b>-</b>	<b>100%</b>	<b>165 060</b>	<b>165 060</b>

Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
GT422	18 000			18 000	18 000			18 000	18 000	-	100%	15 825	15 825
Midvaal Local Municipality													
GT423	19 000		8 000	27 000	19 000			19 000	19 000	-	100%	10 000	10 000
Lesedi Local Municipality													
GT481 Mogale City Local Municipality	45 000		10 000	55 000	45 000			45 000	45 000	-	100%	42 200	42 200
GT484 Merafong City Local Municipality	40 000		15 000	55 000	40 000			40 000	40 000	-	100%	58 575	58 575
GT485	50 000		10 000	60 000	50 000			50 000	50 000	-	100%	38 460	38 460
Westonaria/Randfontein Local Municipality													
<b>Kwa-Zulu Natal Province</b>	<b>897 050</b>	<b>-</b>	<b>35 000</b>	<b>932 050</b>	<b>897 050</b>	<b>-</b>	<b>-</b>	<b>897 050</b>	<b>897 050</b>	<b>-</b>	<b>100%</b>	<b>811 061</b>	<b>811 061</b>
DC21 Ugu District Municipality	72 350			72 350	72 350			72 350	72 350	-	100%	50 000	50 000
KZN225	40 000			40 000	40 000			40 000	40 000	-	100%	44 556	44 556
DC22	85 000		40 000	125 000	85 000			85 000	85 000	-	100%	80 000	80 000
uMgungundlovu District Municipality													
DC23 uThukela District Municipality	80 000		15 000	95 000	80 000			80 000	80 000	-	100%	90 000	90 000

Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of 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
DC24 uMzinyathi District	89 000		(15 000)	74 000	89 000			89 000	89 000	-	0%	78 235	78 235
Municipality KZN252 Newcastle Local Municipality	40 000			40 000	40 000			40 000	40 000	-	100%	35 000	35 000
DC25 aMajuba District	60 000			60 000	60 000			60 000	60 000	-	100%	50 000	50 000
Municipality DC26 Zululand District	110 000			110 000	110 000			110 000	110 000	-	100%	105 500	105 500
Municipality DC27 uMkhanyakude District	75 000		(40 000)	35 000	75 000			75 000	75 000	-	0%	67 770	67 770
Municipality KZN 282 uMhlathuze Local Municipality	30 000		10 000	40 000	30 000			30 000	30 000	-	100%	25 000	25 000
DC28 King Cetshwayo District	70 000			70 000	70 000			70 000	70 000	-	100%	60 000	60 000
Municipality DC29 Ilembe District	55 000	--		55 000	55 000	--	--	55 000	55 000	--	100%	65 000	65 000
Municipality DC43 Harry Gwala District	90 700	-	25 000	115 700	90 700	-	-	90 700	90 700	-	100%	60 000	60 000

Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of 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
<b>Limpopo Province</b>	<b>315 449</b>	-	<b>(10 000)</b>	<b>305 449</b>	<b>315 449</b>	-	-	<b>315 449</b>	<b>315 449</b>	-	<b>0%</b>	<b>357 746</b>	<b>357 746</b>
DC33 Mopani District	42 363	-	(10 000)	32 363	42 363	-	-	42 363	42 363	-	0%	45 000	45 000
Municipality DC34 Vhembe District	44 000	-	-	44 000	44 000	-	-	44 000	44 000	-	100%	12 750	12 750
Municipality LIM354 Polokwane Local Municipality	65 000	--	(15 000)	50 000	65 000	--	--	65 000	65 000	--	0%	50 000	50 000
Municipality DC35 Capricorn District	95 000	-	25 000	120 000	95 000	-	-	95 000	95 000	-	100%	80 000	80 000
Municipality LIM 362 Lephalale Local Municipality	-	-	-	-	-	-	-	-	-	-	-	25 200	25 200
Municipality LIM 366 Bela Bela Local Municipality	32 086	-	-	32 086	32 086	-	-	32 086	32 086	-	100%	47 475	47 475
Municipality LIM 367 Mogalakwena Local Municipality	37 000	-	(10 000)	27 000	37 000	-	-	37 000	37 000	-	0%	43 850	43 850
Municipality DC47 Greater Sekhukhune District	-	--	-	-	-	--	--	-	-	--	-	53 471	53 471
Municipality <b>Mpumalanga Province</b>	<b>571 000</b>	-	<b>(36 000)</b>	<b>535 000</b>	<b>571 000</b>	-	-	<b>571 000</b>	<b>571 000</b>	-	<b>0%</b>	<b>402 375</b>	<b>402 375</b>
MP301 Albert Luthuli Local Municipality	64 000	-	-	64 000	64 000	-	-	64 000	64 000	-	100%	26 375	26 375



Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
MP302	50 000	-	(10 000)	40 000	50 000	-	-	50 000	50 000	-	0%	20 000	20 000
Msukaligwa Local Municipality													
MP303	70 000	-	15 000	85 000	70 000	-	-	70 000	70 000	-	100%	56 000	56 000
Mkhondo Local Municipality													
MP304 Pixley Ka Seme Local Municipality	85 000	--	(50 000)	35 000	85 000	--	--	85 000	85 000	--	0%	30 000	30 000
MP307 Govan Mbeki Local Municipality	16 000	-	10 000	26 000	16 000	-	-	16 000	16 000	-	100%	30 000	30 000
MP313 Steve Tshwete Local Municipality	45 000	-	-	45 000	45 000	-	-	45 000	45 000	-	100%	25 000	25 000
MP314	20 000	-	-	20 000	20 000	-	-	20 000	20 000	-	100%	30 000	30 000
Emakhazeni Local Municipality													
MP315	51 000	-	4 000	55 000	51 000	-	-	51 000	51 000	-	100%	50 000	50 000
Thembisile Local Municipality													
MP321 Thaba Chweu Local Municipality	25 000	--	10 000	35 000	25 000	--	--	25 000	25 000	--	100%	15 000	15 000
MP324	55 000	-	-	55 000	55 000	-	-	55 000	55 000	-	100%	40 000	40 000
Nkomazi Local Municipality													
MP325	60 000	-	-	60 000	60 000	-	-	60 000	60 000	-	100%	80 000	80 000
Bushbuckridge Local Municipality													

Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
MP326 Mbombela/Umjindi Local Municipality	30 000	-	(15 000)	15 000	30 000	-	-	30 000	30 000	-	0%		
<b>Northern Cape Province</b>	<b>284 138</b>	-	<b>9 413</b>	<b>293 551</b>	<b>284 138</b>	-	-	<b>284 138</b>	<b>284 138</b>	-	<b>100%</b>	<b>333 692</b>	<b>333 692</b>
NC451 Joe Morolong Local Municipality	47 200	--	12 000	59 200	47 200	--	--	47 200	47 200	--	100%	56 000	56 000
NC452 Gasegonyana Local Municipality	30 000	-	10 382	40 382	30 000	-	-	30 000	30 000	-	100%	40 000	40 000
NC453 Gamagara Local Municipality	15 938	-	(7 969)	7 969	15 938	-	-	15 938	15 938	-	0%	9 700	9 700
NC061 Richtersveld Local Municipality	10 000	-	10 000	20 000	10 000	-	-	10 000	10 000	-	100%	10 000	10 000
NC062 Nama Khoi Local Municipality	5 000	-	7 000	12 000	5 000	-	-	5 000	5 000	-	100%	26 700	26 700
NC064 Kamiesberg Local Municipality	5 000	--		5 000	5 000	--	--	5 000	5 000	--	100%	12 000	12 000
NC065 Hantam Local Municipality	10 000	-		10 000	10 000	-	-	10 000	10 000	-	100%	33 000	33 000
NC066 Karoo Hoogland Local Municipality	10 000	-		10 000	10 000	-	-	10 000	10 000	-	100%	-	-

Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
NC067 Khai Ma Local Municipality	5 000	-	(5 000)	5 000	10 000	-	-	10 000	10 000	-	0%	-	-
NC071 Ubuntu Local Municipality	4 000	-	-	4 000	4 000	-	-	4 000	4 000	-	100%	10 500	10 500
NC072 Umsobomvu Local Municipality	7 000	-	-	7 000	7 000	-	-	7 000	7 000	-	100%	3 300	3 300
NC073 Emthanjeni Local Municipality	8 000	-	(4 000)	4 000	8 000	-	-	8 000	8 000	-	0%	-	-
NC074 Kareeberg Local Municipality	5 000	-	9 000	14 000	5 000	-	-	5 000	5 000	-	100%	10 000	10 000
NC075 Renosterberg Local Municipality	5 000	-	(2 500)	2 500	5 000	-	-	5 000	5 000	-	0%	-	-
NC076 Thembelihle Local Municipality	7 000	-	-	7 000	7 000	-	-	7 000	7 000	-	100%	-	-
NC077 Siyathemba Local Municipality	10 000	-	-	10 000	10 000	-	-	10 000	10 000	-	100%	30 271	30 271
NC078 Siyancuma Local Municipality	5 000	-	-	5 000	5 000	-	-	5 000	5 000	-	100%	21 749	21 749
NC082 IKailash Local Municipality	4 000	-	(2 000)	2 000	4 000	-	-	4 000	4 000	-	0%	2 000	2 000

Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of 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
NC084 iKheis Local Municipality	5 000	5 000	(2 500)	2 500	5 000	-	-	5 000	5 000	-	0%	-	-
NC085 Tsantsabane Local Municipality	6 000	--	-	6 000	6 000	-	-	6 000	6 000	-	100%	-	-
NC086 Kgatelopele Local Municipality	5 000	-	(1 000)	4 000	5 000	-	-	5 000	5 000	-	0%	23 000	23 000
NC087//Khara Hais/Mier Local Municipality	10 000	-	(4 000)	6 000	10 000	-	-	10 000	10 000	-	0%	15 000	15 000
NC091 Sol Plaatjie Local Municipality	25 000	-	(5 000)	20 000	25 000	-	-	25 000	25 000	-	0%	12 972	12 972
NC092 Dikgatlong Local Municipality	10 000	-	(1 000)	9 000	10 000	--	--	10 000	10 000	-	0%	7 000	7 000
NC093 Magareng Local Municipality	5 000	-	(4 000)	1 000	5 000	-	-	5 000	5 000	-	0%	-	-
NC094 Phokwane Local Municipality	20 000	-	-	20 000	20 000	-	-	20 000	20 000	-	100%	10 500	10 500
<b>North West Province</b>	<b>350 073</b>	-	<b>(79 163)</b>	<b>270 910</b>	<b>350 073</b>	-	-	<b>350 073</b>	<b>350 073</b>	<b>--</b>	<b>0%</b>	<b>318 265</b>	<b>318 265</b>
NW371 Moretele Local Municipality	79 042	-	-	79 042	79 042	-	-	79 042	79 042	-	100%	84 400	84 400
NW373 Rustenburg Local Municipality	77 947	--	(42 947)	35 000	77 947	--	--	77 947	77 947	-	0%	72 840	72 840

Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
NW375 Moses Kotane Local Municipality	71 216	-	(26 216)	45 000	71 216	-	-	71 216	71 216	-	0%	58 025	58 025
DC39 Dr Ruth Segomotsi Mompati District Municipality	66 868	-	(10 000)	56 868	66 868	-	-	66 868	66 868	-	0%	32 000	32 000
NW403 City of Matlosana Local Municipality	10 000	-	-	10 000	10 000	-	-	10 000	10 000	-	100%	21 000	21 000
NW404 Maquassi Hills Local Municipality	30 000	-	-	30 000	30 000	-	-	30 000	30 000	-	100%	30 000	30 000
NW405 Ventersdorp/Tlokwe Local Municipality	15 000	-	-	15 000	15 000	-	-	15 000	15 000	-	100%	20 000	20 000
<b>Western Cape Province</b>	<b>129 000</b>	<b>-</b>	<b>(3 500)</b>	<b>125 500</b>	<b>129 000</b>	<b>-</b>	<b>-</b>	<b>129 000</b>	<b>129 000</b>	<b>-</b>	<b>0%</b>	<b>116 022</b>	<b>116 022</b>
WC011 Matzikama Local Municipality	41 935	--	--	41 935	41 935	--	--	41 935	41 935	--	100%	30 000	30 000
WC012 Cederberg Local Municipality	4 600	-	-	4 600	4 600	-	-	4 600	4 600	-	100%	-	-
WC013 Bergrivier Local Municipality	6 596	-	-	6 596	6 596	-	-	6 596	6 596	-	100%	6 596	6 596
WC023 Drakenstein Local Municipality	4 095	-	-	4 095	4 095	-	-	4 095	4 095	-	100%	4 095	4 095

Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of 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
WC026 Langeberg Local Municipality	20 000	-	-	20 000	20 000	-	-	20 000	20 000	-	100%	21 093	21 093
WC031 Theewaterskloof Local Municipality	2 500	-	-	2 500	2 500	-	-	2 500	2 500	-	100%	2 500	2 500
WC032 Overstrand Local Municipality	5 182	-	-	5 182	5 182	-	-	5 182	5 182	-	100%	-	-
WC033 Cape Agulhus Local Municipality	7 700	-	-	7 700	7 700	-	-	7 700	7 700	-	100%	7 700	7 700
WC034 Swellendam Local Municipality	10 707	-	(3 500)	10 707	10 707	-	-	10 707	10 707	-	0%	10 707	10 707
WC041 Kannaland Local Municipality	10 000	-	-	10 000	10 000	-	-	10 000	10 000	-	100%	10 000	10 000
WC044 George Local Municipality	3 082	-	-	3 082	3 082	-	-	3 082	3 082	-	100%	-	-
WC045 Oudtshoorn Local Municipality	-	-	-	-	-	-	-	-	-	-	-	10 000	10 000
WC048 Knysna Local Municipality	5 107	-	-	5 107	5 107	-	-	5 107	5 107	-	100%	5 835	5 835
WC051 Laingsburg Local Municipality	7 496	-	-	7 496	7 496	-	-	7 496	7 496	-	100%	7 496	7 496

Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
<b>Regional Bulk Infrastructure Grant (RBIG)</b>	<b>2 237 370</b>	-	-	<b>2 237 370</b>	<b>2 237 370</b>	-	-	<b>2 237 370</b>	<b>2 237 370</b>	-	<b>100%</b>	<b>2 005 605</b>	<b>2 005 605</b>
<b>Eastern Cape Province</b>	<b>481 329</b>	--	<b>(139 727)</b>	<b>341 602</b>	<b>481 329</b>	--	-	<b>481 329</b>	<b>481 329</b>	-	<b>0%</b>	<b>419 263</b>	<b>419 263</b>
DC13 Chris Hani District Municipality	241 811	-	(21 543)	220 268	241 811	-	-	241 811	241 811	-	0%	307 318	307 318
DC14 Joe Gqabi District Municipality	-	-	-	-	-	-	-	-	-	-	-	11 945	11 945
DC15 O.R. Tambo District Municipality	239 518	-	(118 184)	121 334	239 518	-	-	239 518	239 518	-	0%	100 000	100 000
<b>Free State Province</b>	<b>213 921</b>	-	-	<b>213 921</b>	<b>213 921</b>	-	-	<b>213 921</b>	<b>213 921</b>	-	<b>100%</b>	<b>249 608</b>	<b>249 608</b>
FS163 Mohokare Local Municipality	20 000	-	-	20 000	20 000	-	-	20 000	20 000	-	100%	40 000	40 000
FS191 Setsoto Local Municipality	110 000	-	-	110 000	110 000	-	-	110 000	110 000	-	100%	133 399	133 399
FS195 Phumelela Local Municipality	5 000	-	-	5 000	5 000	-	-	5 000	5 000	-	100%	28 709	28 709
FS203 Ngwathe Local Municipality	78 921	-	-	78 921	78 921	-	-	78 921	78 921	-	100%	47 500	47 500
<b>Kwa-Zulu Natal Province</b>	<b>238 621</b>	-	<b>3 910</b>	<b>242 531</b>	<b>238 621</b>	-	-	<b>238 621</b>	<b>238 621</b>	-	<b>100%</b>	<b>219 725</b>	<b>219 725</b>
DC23 uThukela District Municipality	6 090	-	(6 090)	-	6 090	-	-	6 090	6 090	-	0%	39 399	39 399

Name of municipality	Grant allocation				Transfer			Spent			2020/21		
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of 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
DC24 uMzinyathi District Municipality	112 531	-	-	112 531	112 531	-	-	112 531	112 531	-	100%	16 738	16 738
DC25 aMajuba District Municipality	110 000	-	-	110 000	110 000	-	-	110 000	110 000	-	100%	113 798	113 798
DC26 Zululand District Municipality	10 000	-	10 000	20 000	10 000	-	-	10 000	10 000	-	100%	27 409	27 409
DC28 King Cetshwayo District Municipality	-	-	-	-	-	-	-	-	-	-	-	22 381	22 381
Gwala District Municipality	<b>218 806</b>	-	-	<b>218 806</b>	<b>218 806</b>	-	-	<b>218 806</b>	<b>218 806</b>	-	<b>100%</b>	<b>328 223</b>	<b>328 223</b>
DC33 Mopani District Municipality	218 806	-	-	218 806	218 806	-	-	218 806	218 806	-	100%	292 133	292 133
Polokwane Local Municipality	<b>411 080</b>	-	<b>150 000</b>	<b>561 080</b>	<b>411 080</b>	-	-	<b>411 080</b>	<b>411 080</b>	-	<b>100%</b>	<b>494 407</b>	<b>494 407</b>
MP301 Chief Albert Luthuli Local Municipality	145 000	-	103 000	248 000	145 000	-	-	145 000	145 000	-	100%	219 568	219 568
MP302 Msukaligwa Local Municipality	86 080	-	115 000	201 080	86 080	-	-	86 080	86 080	-	100%	75 000	75 000



Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of 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
MP303	-	-	-	-	-	-	-	-	-	-	-	20 000	20 000
Mkhondo Local Municipality	-	-	-	-	-	-	-	-	-	-	-	61 000	61 000
MP306	-	-	-	-	-	-	-	-	-	-	-	60 000	60 000
Dipaleseng Local Municipality	40 000	-	(40 000)	-	40 000	-	-	40 000	40 000	-	0%	60 000	60 000
MP307 Govan Mbeki Local Municipality	45 000	-	-	45 000	45 000	-	-	45 000	45 000	-	100%	35 839	35 839
MP313 Steve Tshwete Local Municipality	85 000	-	(20 000)	65 000	85 000	-	-	85 000	85 000	-	0%	-	-
MP324 Nkomazi Local Municipality	-	-	-	-	-	-	-	-	-	-	-	23 000	23 000
MP325 Bushbuckridge Local Municipality	10 000	-	(8 000)	2 000	10 000	-	-	10 000	10 000	-	0%	-	-
MP326 Mboombela/Umjindi Local Municipality	106 289	-	40 000	146 289	106 289	-	-	106 289	106 289	-	100%	93 651	93 651
<b>Northern Cape Province</b>													
NC065 Hantam Local Municipality	43 922	-	40 000	83 922	43 922	-	-	43 922	43 922	-	100%	62 551	62 551
NC074 Kareeberg Local Municipality	-	-	-	-	-	-	-	-	-	-	-	31 100	31 100

Name of municipality	Grant allocation				Transfer			Spent				2020/21	
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
NC086	62 367	-	-	62 367	62 367	-	-	62 367	62 367	-	100%	-	R'000
Kgatelopele Local Municipality													
<b>North West Province</b>	<b>458 318</b>	-	<b>(54 183)</b>	<b>404 135</b>	<b>458 318</b>	-	-	<b>458 318</b>	<b>458 318</b>	-	<b>0%</b>	<b>190 728</b>	<b>190 728</b>
DC39 Dr Ruth Segomotsi Mompoti District Municipality	458 318	-	(54 183)	404 135	458 318	-	-	458 318	458 318	-	0%	190 728	190 728
<b>Western Cape Province</b>	<b>109 006</b>	-	-	<b>109 006</b>	<b>109 006</b>	-	-	<b>109 006</b>	<b>109 006</b>	-	<b>100%</b>	<b>10 000</b>	<b>10 000</b>
WC011 Matzikama Local Municipality	7 661	-	-	7 661	7 661	-	-	7 661	7 661	-	100%	-	-
WC022 Witzenberg Local Municipality	20 000	-	-	20 000	20 000	-	-	20 000	20 000	-	100%	10 000	10 000
WC044 George Local Municipality	-	-	81 345	81 345	81 345	-	-	81 345	81 345	-	100%	-	-
<b>Total</b>	<b>5 776 352</b>	<b>--</b>	<b>81 345-</b>	<b>5 857 697</b>	<b>5 857 697</b>	<b>--</b>	<b>-</b>	<b>5 857 697</b>	<b>5 857 697</b>	<b>--</b>	<b>100%</b>	<b>5 373 162</b>	<b>5 373 162</b>

## Annexure 1B: Statement of transfers to departmental agencies and accounts

Departmental agency/ account	Transfer allocation				Transfer		2020/21 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)	3 190	-	-	3 190	3 188	100%	3 087
Water Trading Entity Account: Augmentation (Capital)	2 372 665	-	-	2 372 665	2 372 665	100%	2 378 960
Com: Licences (Radio and TV)	-	-	2	2	2	100%	1
<b>Total</b>	<b>2 375 855</b>	<b>-</b>	<b>2</b>	<b>2 375 857</b>	<b>2 375 855</b>		<b>2 382 048</b>

## Annexure 1D: Statement of transfers/subsidies to public corporations and private enterprises

Name of public corporation/private enterprise	Transfer allocation				Expenditure			2020/21 Final appropriation R'000
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	% of available funds transferred	Capital	Current	
	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>Public Corporations</b>								
<b>Transfers</b>								
Amatola Water Board	103 390	-	-	103 390	100,0%	103 390	-	98 000
Magalies Water	136 721	-	432 667	569 388	100,0%	569 388	-	271 306
Sedibeng Water	550 858	-	(320 667)	230 191	100,0%	230 191	-	440 006
Umgeni Water	790 969	-	112 000	902 969	100,0%	902 969	-	809 312
<b>Total</b>	<b>103 390</b>	<b>-</b>	<b>-</b>	<b>103 390</b>	<b>100,0%</b>	<b>103 390</b>	<b>-</b>	<b>98 000</b>

## Annexure 1E: Statement of transfers to foreign government and international organisations

Foreign government/ international organisation	Transfer allocation				Expenditure		2020/21 Final appropriation R'000
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>Transfers</b>							
Komati River Basin Water Authority (KOBWA)	240 774	-	-	240 774	240 774	100%	233 093
Limpopo Watercourse Commission (LIMCOM)	926	-	-	926	790	85%	907
Orange-Seque River Basin Commission (ORASECOM)	1 404	-	-	1 404	1 404	100%	3 464
African Ministers' Council on Water (AMCOW) Trust Fund	220	-	-	220	148	67%	200
<b>Total</b>	<b>243 324</b>	<b>-</b>	<b>-</b>	<b>243 324</b>	<b>243 116</b>		<b>237 664</b>

## Annexure 1F: Statement of transfers to non-profit institutions

Non-profit institutions	Transfer allocation				Expenditure		2020/21 Final appropriation R'000
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>Transfers</b>							
South African Youth Water Prize	19	-	-	19	-	0%	17
VAR Inst:2020 Vision-Water ED PR	803	-	-	803	77	10%	1 113
NEPAD Business Foundation	500	-	-	500	500	100%	500
<b>Total</b>	<b>1 322</b>	<b>-</b>	<b>-</b>	<b>1 322</b>	<b>577</b>		<b>1 630</b>

## Annexure 1G: Statement of transfers to households

Households	Transfer allocation				Expenditure		2020/21 Final appropriation R'000
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>Transfers</b>							
H/H: Bursaries (Non-Employees)	21 125	-	(123)	21 002	21 002	100%	30 628
H/H: Claim Against the State (Cash)	-	-	-	-	-	-	4 996
Farmer Support Household (Cash)	-	-	22	22	22	100%	183
H/H Empl S/Ben: Leave Gratuity	6 777	-	5 502	12 279	12 279	100%	11 398
H/H Empl S/Ben: PST Retirement Benefit	-	-	-	-	-	-	-
H/H: Donation & Gifts (Cash)	-	-	217	217	217	100%	-
<b>Total</b>	<b>27 902</b>	<b>-</b>	<b>5 618</b>	<b>33 520</b>	<b>33 520</b>	<b>100%</b>	<b>47 298</b>

## Annexure 1H: Statement of gifts, donations and sponsorships received

Nature of gift, donation or sponsorship	Nature of gift, donation or sponsorship	2021/22	2020/21
		R'000	R'000
<b>Made in kind</b>			
Faecal Sludge Management Alliance	Sponsored virtual conference (Faecal Sludge Management Conference)	34	-
Lazmin Computers	Camera	1	-
<b>Total</b>		<b>35</b>	<b>-</b>

## Annexure 1J: Statement of gifts, donations and sponsorships made

Nature of gift, donation or sponsorship	2020/21	2019/20
	R'000	R'000
<b>Made in kind</b>		
Fruit basket/Flowers	7	2
Hungary gifts - Interdepartmental claim - Human Settlement	-	10
Lesotho gifts - Interdepartmental claim - Human Settlement	-	5
Rand water and FS Premier Flowers gift - Interdepartmental claim - Human Settlement	-	1
Village Crafts - Large Plate	4	-
Zim granite and engraving	1	-
Corporate gifts - Inkomati and Maputo	2	-
Doll and Blanket - RSA Cuban Steercom	2	-
<b>Total</b>	<b>16</b>	<b>18</b>

## Annexure 1L: Statement of indirect grants between national departments and municipalities

Name of grant	Grant allocation				Spent
	Division of Revenue Act	Roll overs	Adjustments	Total available	Amount
	R'000	R'000	R'000	R'000	R'000
Regional Bulk Infrastructure Grant (RBIG): Indirect Grant	3 274 930	-	-	3 274 930	2 045 400
Water Services Infrastructure Grant (WSIG): Indirect Grant	729 692	-	-	729 692	404 784
Regional Bulk Infrastructure Grant (RBIG): Vaal River Pollution Remediation Project (Goods and Services)	-	582 200	-	582 200	200 721
<b>Total</b>	<b>4 004 622</b>	<b>582 200</b>	<b>-</b>	<b>4 586 822</b>	<b>2 650 905</b>

## Annexure 2B: Statement of investments in and amounts owing by/to entities

Name of public entity	Nature of business	Cost of investment			Net Asset value of Investment	Amounts owing to Entities		Amounts owing by Entities	
		R'000				R'000		R'000	
		2021/22	2020/21	2021/22		2021/22	2020/21	2021/22	2020/21
<b>Controlled entities</b>									
<i>Irrigation Boards</i>									
Haarlem	Dam and Pipelines	-	-	-	-	-	-	-	-
Manchester Noordwyk	For irrigation	-	-	-	-	-	-	525	525
Noord Agter Paarl	For irrigation	-	-	-	-	-	-	799	1 050
<b>Total</b>		-	-	-	-	-	-	1 23	202
		-	-	-	-	-	-	<b>1 447</b>	<b>1 777</b>



## Annexure 3A: Statement of financial guarantees issued as of 31 March 2022 – local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2021	Guarantees drawdowns during the year	Guarantees repaid/cancelled/reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2022	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2022
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Housing</b>									
NP Dev. Corp.	Loans	310	110	-	-	-	110	-	-
		<b>310</b>	<b>110</b>	-	-	-	<b>110</b>	-	-
<b>Other</b>									
KOBWA (21)	Hambros Maguga Dam	380 000	367 296	-	-	-	367 296	-	1 169
Land Bank (30)	Water Projts by WUA's	150 000	34 818	-	115	-	34 703	-	2
TCTA (24)	Holders of L H W Projects	21 000 000	9 432 577	-	9 432 577	-	-	-	-
TCTA	Investec Long-term Loan	1 000 000	1 000 000	-	49 180	-	950 820	-	-
TCTA	Investec RCF	500 000	-	500 000	-	-	-	-	-
TCTA	Std Bank Long-term Loan	3 000 000	2 500 000	-	200 000	-	2 300 000	-	25 311
TCTA	Std Bank RCF	1 000 000	-	1 000 000	-	-	-	-	-
TCTA	Standard Bank long term loan 2021	600 000	-	600 000	75 000	-	525 000	-	5 311
TCTA	Standard Bank long term loan 2021	900 000	-	900 000	96 429	-	803 571	-	8 778
TCTA	Absa long term loan 2021	1 000 000	-	1 000 000	-	-	1 000 000	-	-
TCTA	Investec long term loan 2021	1 650 000	-	1 650 000	82 500	-	1 567 500	-	8 557

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2021 R'000	Guarantees drawdowns during the year R'000	Guarantees repayments/ cancelled/ reduced during the year R'000	Revaluation due to foreign currency movements R'000	Closing balance 31 March 2022 R'000	Revaluations due to inflation rate movements R'000	Accrued guaranteed interest for year ended 31 March 2022 R'000
TCTA	RMB long term loan 2021	3 800 000		2 389 937	-	-	2 389 937	-	-
TCTA	DBSA long term loan 2021	5 500 000		-	-	-	-	-	-
TCTA	Nedbank long term loan 2021	2 000 000		-	-	-	-	-	-
TCTA (13)	Call bills & Capital Bills	4 000 000	-	-	-	-	-	-	-
TCTA (13)	Unutilised guarantee facility	50 000		-	-	-	-	-	-
	<b>Subtotal</b>	<b>46 530 000</b>	<b>13 334 691</b>	<b>8 039 937</b>	<b>11 435 801</b>	<b>-</b>	<b>9 938 827</b>	<b>-</b>	<b>49 128</b>
	<b>Total</b>	<b>46 530 000</b>	<b>13 334 691</b>	<b>8 039 937</b>	<b>11 435 801</b>	<b>-</b>	<b>9 938 827</b>	<b>-</b>	<b>49 128</b>

## Annexure 3B: Statement of contingent liabilities as of 31 March 2022

Nature of liability	Opening balance 1 April 2021	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (details provided hereunder)	Closing balance 31 March 2022
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Stephan Mogohlwane & Others	248	38	-	-	287
Freddy Aphane	43	7	-	-	49
Black Child Productions	10 000	-	-	-	10 000
Nkondo GM	555	-	-	-	555
Ntsumi Communications	796	72	-	-	867
JJ Jordaan	37 691	5 842	-	-	43 533
Mariam Mangera	27	4	-	-	31
PSA OBO Surita Kiesling	238	37	-	-	275
Ibrahim Mahomed and Others	9 625	1 492	-	-	11 116
Geldenhuis	1 887	170	-	-	2 057
Tuscan Mood 2001(Pty)ltd	4 497	-	-	-	4 497
Minister of DWS/Thembi J Shongwe	290	-	-	-	290
Metsa Kekana	623	-	623	-	-
L Sishuba//DWS	1 592	-	-	-	1 592
SA Satar/DWS and Mokgadi Hellen Maloba	47	5	-	-	52
Jan Hendrik George Blignault/DWS	13	1	-	-	15
University of Limpopo v DG DWS	4 503	405	-	-	4 908
Kahlon Sylvia and 5 Others v DWS	46 269	4 743	-	-	51 011
Mulangaphuma HL VS DWS	3 878	368	-	-	4 247
Teffo Mashala/DWS	1 592	-	-	-	1 592
Nevondo Azwihangwisi Andries	2 840	440	-	-	3 280
ADI Investment (PTY)LTD	866 374	134 288	-	-	1 000 661
Nehawu Obo Tjeko Lischen Maja vs Minister of Water and Sanitation	246	-	-	-	246
EM Lamola/DWS	713	-	-	-	713

Nature of liability	Opening balance 1 April 2021	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (details provided hereunder)	Closing balance 31 March 2022
	R'000	R'000	R'000	R'000	R'000
Minister of Water & Sanitation v Lydia Peter	496	-	496	-	-
M Shexane & M Myantasi vs Amatola Water Board & DWS	6 000	-	-	-	6 000
Manyana Nondidlana vs Amatola Water Board & DWS	3 350	-	-	-	3 350
Nehawu Obo Ivy Maboko vs Department of Water & Sanitation	2	-	-	-	2
Singata Ndikhonam LUC vs Amatola Water Boards & DWS	3 869	600	-	-	4 469
Fumile advisory	44 827	4 483	-	-	49 310
Urban Dynamics	47 883	3 352	51 235	-	-
Blue Raindrops Advertising	3 354	-	-	-	3 354
DWS/SJ Modiba and others	684	-	-	-	684
Evangelical Lutheran Church	-	41	-	-	41
Poti Jerry Sotsaka//Minister of Human Settlement, Water & Sanitation and Lehlohonolo Mofokeng	365	38	-	-	404
Masilo Walter Sapi//DWS	-	86	-	-	86
<b>Subtotal</b>	<b>1 105 417</b>	<b>156 512</b>	<b>52 354</b>	<b>-</b>	<b>1 209 575</b>

## Annexure 4: Claims recoverable

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2021/22*	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Department</b>								
Dept Govern Comm & Info System (21)	-	-	-	83	-	83	-	-
East Cape Sport & Recreation Arts and Culture (E2)	-	-	12	-	12	-	-	-
National Treasury (B3)	-	-	16	32	16	32	-	-
National Dept of Transport (25)	-	-	42	-	42	-	-	-
Department of Employment & Labour (33)	19	-	-	-	19	-	-	-
Gauteng Treasury (4G)	-	-	36	-	36	-	-	-
National Dept of Tourism (5G)	-	-	103	-	103	-	-	-
Department of Higher Education	-	-	63	-	63	-	-	-
Office of the Chief Justice (82)	-	-	30	30	30	30	-	-
National Dept of Public Service & Admin (94)	-	-	7	-	7	-	-	-
National Department of Correctional Services (95)	-	-	18	-	18	-	-	-
East Cape Rural Development & Agrarian Reform (D7)	-	-	39	39	39	39	-	-
Western cape	-	-	-	47	-	47	-	-
Gauteng Health (G9)	-	-	21	155	21	155	-	-
Gauteng Social Development(5G)	-	-	27	27	27	27	-	-
Kwa-Zulu Natal Transport (7K)	-	-	22	-	22	-	-	-
Limpopo Education (P8)	-	-	40	-	40	-	-	-
North West Office of the Premier (1Y)	-	-	91	-	91	-	-	-
	<b>19</b>	<b>-</b>	<b>567</b>	<b>413</b>	<b>586</b>	<b>413</b>	<b>-</b>	<b>-</b>
<b>Other Government Entities</b>								
Water Trading Entity	188	-	-	23	188	23	07 April 2022	188
Property Management Trading Entity (M5)	-	-	21	-	21	-	-	-
Government Printing (37)	-	-	10	10	10	10	-	-
	<b>188</b>	<b>-</b>	<b>31</b>	<b>33</b>	<b>219</b>	<b>33</b>	<b>-</b>	<b>-</b>
<b>Total claims recoverable</b>	<b>207</b>	<b>-</b>	<b>598</b>	<b>446</b>	<b>805</b>	<b>446</b>	<b>-</b>	<b>-</b>

## Annexure 5: Inter-government payables

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2021/22 *	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>DEPARTMENTS</b>								
<b>Current</b>								
Department of Justice	7 945	12 710	-	-	7 945	12 710	-	-
<b>Subtotal</b>	<b>7 945</b>	<b>12 710</b>	<b>-</b>	<b>-</b>	<b>7 945</b>	<b>12 710</b>	<b>-</b>	<b>-</b>
<b>OTHER GOVERNMENT ENTITY</b>								
<b>Current</b>								
Water & Sanitation Trading Entity	35 811	27 001	-	22 622	35 811	49 623	-	-
Special Investigation Unit (SIU)	342	132	-	-	342	132	-	-
AGSA	3 409	6 376	-	-	3 409	6 376	-	-
Property Management	59 232	-	-	-	59 232	-	-	-
<b>Subtotal</b>	<b>98 794</b>	<b>33 509</b>	<b>-</b>	<b>22 622</b>	<b>98 794</b>	<b>56 131</b>	<b>-</b>	<b>-</b>
<b>Total inter-government payables</b>	<b>106 739</b>	<b>46 219</b>	<b>-</b>	<b>22 622</b>	<b>106 739</b>	<b>68 841</b>	<b>-</b>	<b>-</b>

## Annexure 6: Inventories

Inventories for the year ended 31 March 2022	Water tanks	Other	Other	Other	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-
Add/(Less): Adjustments to prior year balances	-	-	-	-	-
Add: Additions/Purchases – Cash	<b>4 267</b>	-	-	-	<b>4 267</b>
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	<b>(4 267)</b>	-	-	-	<b>(4 267)</b>
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
<b>Closing balance</b>	-	-	-	-	-

Inventories for the year ended 31 March 2021	Water tanks	Other	Other	Other	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-
Add/(Less): Adjustments to prior year balances	-	-	-	-	-
Add: Additions/Purchases – Cash	<b>235 499</b>	-	-	-	<b>235 499</b>
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	<b>(235 499)</b>	-	-	-	<b>(235 499)</b>
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
<b>Closing balance</b>	-	-	-	-	-

## Annexure 7: Movement in capital work in progress

**MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2022**

Opening balance	Current Year Capital WIP	Ready for use (Asset register)/ Contract terminated	Closing balance
R'000	R'000	R'000	R'000

**BUILDINGS AND OTHER FIXED STRUCTURES**

Other fixed structures

24 109 094	2 479 579	2 040 171	24 548 502
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**Total**

<b>24 109 094</b>	<b>2 479 579</b>	<b>2 040 171</b>	<b>24 548 502</b>
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**MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2021**

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

22 008 225	331 012	2 063 572	(293 715)
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**Total**

<b>22 008 225</b>	<b>331 012</b>	<b>2 063 572</b>	<b>(293 715)</b>
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## Annexure 8A: Inter-entity advances paid (note 14)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
Department of International Relations & Co-operations	817	-	-	-	817	-
National School of Government	-	-	-	-	-	-
<b>Subtotal</b>	<b>817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>817</b>	<b>-</b>
<b>PUBLIC ENTITIES</b>						
Bloem Water	-	-	-	4 000	-	4 000
Lepelle Northern Water	34 241	4 593	-	-	34 241	4 593
Amatola Water	-	56 474	-	-	-	56 474
Sedibeng Water	8 098	41 859	-	-	8 098	41 859
Rand Water	74 624	50 000	-	-	74 624	50 000
Housing Development Agency	20 122	-	-	-	20 122	-
<b>Subtotal</b>	<b>137 085</b>	<b>152 926</b>	<b>-</b>	<b>4 000</b>	<b>137 085</b>	<b>156 926</b>
<b>Total</b>	<b>137 902</b>	<b>152 926</b>	<b>-</b>	<b>4 000</b>	<b>137 902</b>	<b>156 926</b>

Annexure 11: COVID-19 response expenditure  
Per quarter and in total

Expenditure per economic classification	2020/21				2019/20 Total R'000
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	R'000	R'000	R'000	R'000	
<b>Compensation of employees</b>	-	95	285	-	<b>380</b>
<b>Goods and services</b>	<b>477</b>	<b>563</b>	<b>794</b>	<b>537</b>	<b>2 371</b>
Advertising	-	-	-	-	142
Contractors	65	66	189	320	3 790
Con: Sta, Print & Off Sup	-	-	-	78	59
Cons Supplies	34	79	332	857	6 191
Property Payment	378	418	273	47	2 727
Minor Assets	-	-	-	-	21
Inventory Other Supply - Water Tanks	-	-	-	-	162 383
<b>Expenditure for capital assets</b>	-	-	-	-	<b>53 882</b>
Machinery and equipment	-	-	-	-	12
Buildings and other fixed structures	-	-	-	-	53 870
<b>Total COVID 19 response expenditure</b>	<b>477</b>	<b>658</b>	<b>1 079</b>	<b>537</b>	<b>2 751</b>
					<b>229 194</b>



**PART F:**  
**ANNUAL FINANCIAL**  
**STATEMENTS**  
**FOR THE WATER**  
**TRADING ENTITY**

## 1 AUDIT COMMITTEE REPORT

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 2022.

### **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 2022, 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 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 same with Management. The Audit Committee has the following comments:

The Entity's maintained an unqualified audit opinion with findings on non-compliance with legislation in the 2021/22 financial years. However, the Committee is concerned that:

- 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 were identified by the auditors in the submitted financial statements and were subsequently corrected and the supporting records were provided.
- Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R239 865 000, as disclosed in note 34 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure related to prior year irregular contracts which were extended in the current year. This is because the entity did not implement adequate preventive internal controls such as effective compliance checklist to prevent non-compliance with legislation, mostly relating to following proper procurement processes for obtaining quotations, competitive bidding process and applying local content procedures.
- Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure amounting to R140 786 000, as disclosed in note 35 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 fruitless and wasteful expenditure disclosed in the financial statements was caused by losses or abnormal costs incurred on internal and external projects .

- Consequence Management was inadequate as investigations into instances of irregular expenditure and allegations against officials were delayed during the year. In some instances, investigations were completed, however recommendations were not implemented.
- Payments are not made within 30 days.
- The vacancy rate at senior management level as at year-end was 29.27% and the Acting incumbents have been rotated on a regular basis resulting in a situation where the incumbent is not always in a position to implement and sustain key decisions impacting on the service delivery objectives of the department and improvements in the internal control environment.
- The entity did not implement adequate internal controls to identify significantly delayed projects and disclose these on the financial statements as required by the accounting standards. The controls were also not adequate to reconcile the asset register to the annual financial statement resulting in material adjustments to the financial statements.
- The status of IT controls was concerning and stagnated compared to the prior year. There were control weaknesses noted in the area of IT service continuity management and IT security management. There has been no improvement in the IT service continuity controls as similar control deficiencies pertaining to the finalization of the implementation of the disaster recovery plan, incomplete data backups for SAP and WARMS reported in the past year were still not addressed. These weaknesses impacted on the unavailability of the SAP system in February 2022.
- A significant number of projects were delayed and halted, due to COVID 19, delays in the appointments of contractors, late/non-payments to contractors, procurement delays, legal disputes with contractors, community unrest, shortage of skills (e.g Insufficient number of Approved Professional Persons) and lack of maintenance contracts. While these projects are delayed unavoidable costs are continued to be incurred by the entity and some result in fruitless and wasteful expenditure. The delayed projects also negatively impact on service delivery.

The AGSA did not report any new Material irregularity. They followed up on previously reported material irregularities which related to site-establishment costs and standing time and interest on payments not made within 30 days. These have not been resolved as yet and will be followed in next year's audit. The entity however demonstrated progress on the implementation of recommendations

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

### **Efficiency and Effectiveness of Internal Control**

Deficiencies in the system of internal control and deviations were reported in the Internal and AGSA Audit Reports. Although some of the drivers of internal controls are maintained, the entity did not implement adequate preventative internal controls to avoid non-compliance with legislation resulting from the annual financial statements, expenditure management, consequence management, procurement and contract management.

The entity did not implement adequate preventive internal controls to prevent non-compliance with legislation, mostly relating to following failure to follow proper procurement and work completed after the expiry of the contract without an approved variation order, which resulted in irregular amounting to R239 865 000 and fruitless and wasteful expenditure, amounting to R140 786 000 in the current year as well as payments not made within 30 days. The Audit Committee also reviewed the progress with respect to the ICT Governance in line with the ICT framework issued.

The Entity did implement certain of the recommendations made by the Audit Committee and acted against employees responsible for contravening the internal control processes, policies, laws and regulations and this requires improvement. However, management still needs to improve the Consequence Management process to ensure that cases are investigated timeously and disciplinary action is taken timeously against the transgressors.

The main concerning areas to the Audit Committee that require urgent interventions are:

- Low performance achievements of strategic goals and indicators (65% achievement).
- Inadequate Budget and financial management processes.
- Payments were not made within 30 days.

- Inadequate implementation of preventive internal controls to prevent non-compliance with legislation, especially those related to supply chain management resulting in significant audit findings on irregular and fruitless and wasteful expenditure.
- 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.

#### **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.

#### **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 business.

The Office of the Chief Risk Officer in consultation with IA also developed the departmental Combined Assurance and Implementation Plan during 2017/18 and implementation is continued in the 2021/22 financial year.

#### **Internal Audit (IA) Effectiveness**

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

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

The Audit Committee monitored and challenged, where appropriate, action taken by Management regarding 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 2021/22 financial year, additional actions were implemented to ensure the IA function is adequately resourced. This included filling the newly created position of Director: Internal Audit (WTE).

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

The Audit Committee wishes to emphasise that 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**

The performance information was presented to the Audit Committee during the meeting of 28 May 2022 and the Audit Committee supported the submission of this information. Quarterly auditing of performance information by the IA unit of all APP targets took place.

### **Risk Management**

The Entity assessed strategic and operational risks that could have an impact on the achievement of its objectives, both strategically at a programme level, on a quarterly basis. Risks were prioritised based on its likelihood and impact (inherent and residual) and additional mitigations were agreed upon to reduce risks to acceptable levels.

New and emerging risks were identified during the quarterly review processes. A separate Risk Management Committee, which is chaired by an Independent Chairperson of the Risk Management Committee, monitors and oversees the control of risk identification throughout the Entity. Feedback is also provided to the Audit Committee on a quarterly basis by the Chairperson of the Risk Management Committee.

Internal audit also performs their own assessment of the risk environment of the organisation and this includes both the strategic and operational risks as part of this assessment.

### **Governance and Ethics**

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

The focus on Ethics within the Entity to imbed further enhancements of awareness and understanding of Ethics at all levels within the Department. Furthermore, the Entity requires that all members of the Senior Management Services (SMS) complete a financial disclosure declaration and a report is provided to the Audit Committee regarding compliance thereof.

### **Information and Communication Technology (ICT) Governance**

The Audit Committee reviewed the progress with respect to the ICT Governance in line with the ICT Framework issued by the Department of Public Service and Administration. Although there was progress on the ICT Internal Control the Audit Committee report its dissatisfaction with minimal progress made with the implementation of Disaster Recovery Plan and the Business Continuity Plan.

The issue of IT Security continues to be a high risk for the Department due to data breaches that were experienced in the past.

### **Conclusion**

The Audit Committee is pleased with the outcome of the audit and somewhat concerned with progress made by the Department in improving and progressing with the areas outlined in this report. Management is positive in their commitment to good governance and a clean administration.

The Audit Committee noted non-compliance with prescribed policies and procedures in the financial year under review. From observations, analysis and reports presented to the Audit Committee by Management and assurance providers, including Internal Audit and the AGSA, as well as the Audit Committee's evaluation of the Risk Management processes, the Audit Committee concludes that the systems of internal control tested were found to be inadequate and ineffective for some of the areas tested. These controls require further improvement and we have received assurance that the matter is being addressed. Attention has also been given in addressing prior years' concerns reported by the AGSA.

The Audit Committee noted the final Management Report and Audit Report from the AGSA and their conclusions. The Audit Committee wishes to express its appreciation to the DG, Management of the Department, the AGSA and IA who assisted the Audit Committee in performing its functions effectively.



**Dr Charles Motau (AMBCI)**  
**Chairperson of the Audit Committee**  
**Department of the Water & Sanitation**

**Date: 4 August 2022**

## 2 REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON THE WATER TRADING ENTITY

### Report on the audit of the financial statements

#### Opinion

- 1 I have audited the financial statements of the Water Trading Entity set out on pages 291 to 354, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion the financial statements present fairly, in all material respects, the financial position of the Water Trading Entity as at 31 March 2022, and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa 1999 (Act No.1 of 1999) (PFMA).

#### Basis for opinion

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

#### Emphasis of matter

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

#### Contingent assets

- 7 As disclosed in note 33 to the annual financial statements, contingent assets have been disclosed to describe the overpayment of royalties emanating from the treaty between the governments of Lesotho and the Republic of South Africa.

#### Material impairments

- 8 As disclosed in note 13 to the financial statements, material impairments to the amount of R12 006 781 000 were provided for trade receivables and are potentially irrecoverable.

#### Responsibilities of the accounting officer for the financial statements

- 9 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.
- 10 In preparing the financial statements, the accounting officer is responsible for assessing the trading entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the 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**

- 11 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.
- 12 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**

- 13 In terms of section 40(3)(a) of the PFMA, the entity is required to prepare an annual performance report. The performance information of the entity was reported in the annual performance report of the Department of Water and Sanitation. The usefulness and reliability of the reported performance information were tested as part of the audit of the Department of Water and Sanitation and any audit findings are included in the management and auditor's reports of Department of Water and Sanitation.

**Report on the audit of compliance with legislation****Introduction and scope**

- 14 In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the trading entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 15 The material findings on compliance with specific matters in key legislation are as follows:

**Annual financial statements**

- 16 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.
- 17 Material misstatements of non-current assets identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

**Expenditure Management**

- 18 Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R239 865 000, as disclosed in note 34 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure related to payments made on prior year irregular contracts.
- 19 Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure amounting to R140 786 000, as disclosed in note 35 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 fruitless and wasteful expenditure disclosed in the financial statements was caused by losses or abnormal costs incurred on internal and external projects.

**Procurement and Contract Management**

- 20 In some instances, goods and services of a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by Treasury Regulation 16A6.1 and paragraph 3.4.1 of Practice Note 8 of 2007/2008. Similar non-compliance was also reported in the prior year.
- 21 Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.

**Consequence Management**

- 22 I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against the officials who had incurred and permitted fruitless and wasteful expenditure in prior years, as required by section 38(1)(h)(iii) of the PFMA. This was because determinations/investigations into fruitless and wasteful expenditure were not conducted.
- 23 I was unable to obtain sufficient appropriate audit evidence that disciplinary steps/hearing were taken against the officials who had incurred and permitted financial misconduct in prior years, as required by treasury regulation 4.1.1.

**Other information**

- 24 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.
- 25 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.
- 26 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.
- 27 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**

- 28 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
- 29 Management did not adequately review the annual financial statements to ensure that they are prepared in accordance with the requirements of GRAP accounting standard and the PFMA.
- 30 Management did not adequately implement review and monitoring controls to prevent non-compliance with laws and regulations relating to supply chain management.
- 31 Management did not apply appropriate project management processes to prevent incurrence of fruitless and wasteful expenditure relating to internal and external projects.
- 32 The accounting officer did not implement adequate consequence management processes for transgressions against applicable policies, laws and regulations.

**Material irregularities**

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

## Status of previously reported material irregularities

### Payment not made within 30 days resulting in additional interest

- 34 Treasury regulation 8.2.3 requires the accounting officer of an entity to settle payments within 30 days from receipt of an invoice or, in the case of civil claims, from date of settlement or court judgement.
- 35 The entity entered into a contract valued at R154 million (including VAT) with a service provider which required a 10% advance payment of the contract value. The entity did not make the advance payment as per the contract provisions. This resulted in the service provider issuing a letter of demand and, consequently, court proceedings. The court ordered the entity to pay the service provider interest of R2,2 million, as well as the applicant's taxed party-party costs. The interest expenses resulted in a financial loss.
- 36 The accounting officer was notified of the material irregularity on the 18th of July 2019. The accounting officer referred the matter to the internal risk management unit of the department to finalise an investigation by 31 August 2019. The investigation was finalised and a report was submitted to the accounting officer on 26 September 2019. The accounting officer required some clarifications on the report which required risk management to submit a revised report. The final approved investigation report was finalised in June 2020. The report identified three (3) former officials responsible for incurring fruitless and wasteful expenditure which would have been avoided had reasonable care been exercised to prevent the financial loss.
- 37 The accounting officer further referred recommendations from the Department of Water and Sanitation's internal risk management unit to its legal services unit on the 29 September 2020 to determine the appropriate steps to be taken to recover the losses suffered. The legal opinion was obtained on the 17th of December 2020 stating that letters must be written to the former officials concerned to make payment within the period of thirty (30) days and that should these officials fail to do so, Legal Services should be instructed by the accounting officer to take this matter to the office of the State Attorney.
- 38 The accounting officer issued claim letters to the former officials on 25 May 2021 requesting settlements and responses within 30 days from date of receipt of the letters. Responses to the claim letters were received, on 26 June 2021 and 07 July 2021, from legal representatives of two of the three former officials, who requested access to information and to be afforded opportunity to make their representations. The accounting officer referred the written responses from the officials to risk and compliance management and legal service unit for further assessment. The accounting officer indicated that the expected date of completion of the assessment is 31 May 2022.
- 39 On 23 February 2022, the entity submitted additional information to the legal representatives of the former employees for their consideration and response, per their request.
- 40 No response was received from the legal representatives, after numerous follow-ups, the accounting officer, on 4 July 2022, instructed the state attorney to issue summons for the recovery of R2 264 737 from the former officials.
- 41 The entity received a response from the state attorney on 26 July 2022, indicating that the state attorney is in the process of appointment of an Advocate to assist in the matter.
- 42 I will follow up on the status of the recovery process during my next audit.

### Amounts paid to a contractor for site re-establishment cost and standing time

- 43 Section 38(1)(b) of the PFMA states that: "The accounting officer for a department, trading entity or constitutional institution is responsible for effective, efficient, economical and transparent use of resources of the department, trading entity and constitutional institution."
- 44 The entity entered into a contract for the construction of Hazelmere Dam for a contract amount of R522 109 661. The contract commenced in February 2015 and the initial end date was July 2019.
- 45 There were delays in the procurement process of permanent load cells required to finalise the project, this resulted in the project being put on hold from 15 January 2018, at this stage the project was 96% complete. The contractor incurred time and cost related charges (standing time and fixed related charges) which the entity was liable to pay. The non-payment of these costs resulted in the contractor terminating the contract on 09 October 2018 and leaving the site with their equipment.
- 46 A settlement agreement was entered into between the entity and contractor in January 2020 to allow the contractor to return on-site and finalise the project. The settlement agreement included a payment of the site re-establishment costs and standing time incurred by the contractor while the project was on hold.

- 47 The non-compliance resulted in a material financial loss comprising of two elements amounting to R28 824 618 for the entity. A financial loss amounting to R5 963 155 relating to payments made for site re-establishment, was disclosed as fruitless and wasteful expenditure in note 35 to the financial statements. Another financial loss amounting to R22 861 463, which related to standing time prior to year-end, was paid after 31 March 2021.
- 48 The accounting officer was notified of the material irregularity on 08 December 2021 and invited to make a written submission of the actions taken and that will be taken to address the matter.
- 49 The accounting officer committed to appoint a professional service provider who will conduct an investigation into the material irregularity. The investigation is expected to be finalised on 30 April 2022. The outcome of the investigation aims to provide the accounting officer with the following:
- (a) The root causes of the circumstances that led to the material irregularity;
  - (b) Determine whether any officials should be held accountable for costs incurred;
  - (c) Whether there was any fraudulent, corrupt or other criminal conduct;
  - (d) Identify any breakdown/weaknesses in internal controls; and
  - (e) Identify remedial actions to be taken, for example: disciplinary actions and civil recoveries.
- 50 The investigation was finalised on 8 July 2022 and the report indicated the following:
- The root cause was determined as misrepresentation by the contractor and delays in procurement processes caused by officials of the entity;
  - The investigation identified three individuals representing the entity who were responsible for weaknesses in procurement processes and recommended that disciplinary process be effected to those employees;
  - No fraudulent, corrupt or other criminal conduct was identified per the investigation report;
  - The report identified instances of weakness in controls within procurement processes and the financial management within the project; and
  - In addition to the financial loss reported above, the investigation identified a further loss amounting to R10 247 486, this brings the total amount of financial loss to R39 072 104.
- 51 The report further recommended below some of the following key actions to be taken. The accounting officer has committed to implement these by the following dates:
- » Implement disciplinary action against officials within the entity as their actions or delayed actions resulted in the financial loss by April 2023.
  - » Appoint a dedicated financial manager, by 01 September 2022, to the Hazelmere Dam Project to ensure that the financial controls are rigorously enforced
- 52 I will follow up on the implementation of the planned actions during my next audit.

### Other reports

- 53 In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the trading entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
- 54 The Special Investigation Unit (SIU) is currently conducting forensic investigations as per relevant proclamations issued at the department of Water and Sanitation. Most of these investigations are still in progress at the date of this report.

*Auditor-General*

Pretoria  
31 July 2022



## 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 relating to events or conditions that may cast significant doubt on the ability of the Department of Water and Sanitation to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a department to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

- 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### 3 ANNUAL FINANCIAL STATEMENTS

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## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022	2021
		R'000	Restated R'000
<b>Revenue</b>		<b>16 967 225</b>	15 631 850
Revenue from exchange transactions	3	14 904 030	13 562 431
Revenue from non-exchange transactions	4	2 063 195	2 069 419
<b>Expenditure</b>		<b>9 738 831</b>	10 409 198
Employee benefit costs	5	1 537 276	1 624 496
Operating expenditure	6	3 909 716	3 736 588
Repairs and Maintenance - <i>Property, plant, and equipment</i>	7	131 739	134 644
Impairment on financial assets	8	420 712	675 526
Finance cost	9	2 385 249	2 126 706
Depreciation, amortisation, and impairment	10	1 345 181	2 109 838
Loss on disposal of fixed assets	11	8 958	1 400
<b>Surplus/(deficit) for the year</b>		<b>7 228 394</b>	5 222 652

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022	2021
		R'000	Restated R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>16 566 070</b>	12 202 940
Cash and cash equivalents	12	2 141 999	1 403 143
Receivables from exchange transactions	13	13 217 581	9 734 752
Advances to public entities	14	796 580	693 092
Inventory	15	129 467	137 328
Construction Work in Progress	16	280 443	234 625
<b>Non-current assets</b>		<b>93 102 648</b>	91 729 445
Property, plant, and equipment	17	69 932 057	70 399 715
Intangible assets	18	23 170 591	21 329 730
<b>Total assets</b>		<b>109 668 718</b>	103 932 385
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>3 194 955</b>	3 255 733
Payables from exchange transactions	19	2 281 500	1 943 384
Employee benefits	20	249 373	290 682
Finance lease liability	22	930	918
Financial liabilities: TCTA	24	663 152	1 020 749
<b>Non-current liabilities</b>		<b>15 921 288</b>	17 352 572
Provisions	21	491 610	447 604
Finance lease liability	22	566	554
Financial liabilities: Income received in advance	23	4 314 680	3 318 518
Financial liabilities: TCTA	24	11 114 432	13 585 896
<b>Total liabilities</b>		<b>19 116 243</b>	20 608 305
<b>Total net assets</b>		<b>90 552 475</b>	83 324 080
<b>NET ASSETS</b>			
<b>Reserves</b>			
Accumulated surplus		88 797 246	82 039 727
Pumping cost reserve		1 755 229	1 284 354
<b>Net assets</b>		<b>90 552 475</b>	83 324 080



## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Accumulated surplus	Pumping Cost Reserve	Net Assets
<b>Balance at 01 April 2020</b>		<b>77 156 470</b>	<b>944 956</b>	<b>78 101 426</b>
As previously stated,	<b>36</b>	<b>78 279 385</b>	<b>944 956</b>	<b>79 224 341</b>
Prior period error		<b>(1 122 915)</b>	<b>-</b>	<b>(1 122 915)</b>
<i>Surplus for the year</i>		<b>5 222 652</b>		<b>5 222 652</b>
As previously stated	<b>36</b>	<b>5 689 278</b>		<b>5 689 278</b>
Prior period error		<b>(466 626)</b>		<b>(466 626)</b>
<i>Net movement in reserves</i>		<b>(339 397)</b>	<b>339 397</b>	<b>-</b>
Transfers between reserves		<b>(339 397)</b>	<b>339 397</b>	<b>-</b>
<b>Balance at 31 March 2021</b>		<b>82 039 727</b>	<b>1 284 354</b>	<b>83 324 080</b>
As previously stated	<b>36</b>	<b>83 629 268</b>	<b>1 284 353</b>	<b>84 913 621</b>
Prior period error		<b>(1 589 541)</b>	<b>-</b>	<b>(1 589 541)</b>
Surplus for the year		<b>7 228 394</b>	<b>-</b>	<b>7 228 394</b>
<i>Net movement in reserves</i>		<b>(470 875)</b>	<b>470 875</b>	<b>-</b>
Transfers between reserves		<b>(470 875)</b>	<b>470 875</b>	<b>-</b>
<b>Balance at 31 March 2022</b>		<b>88 797 246</b>	<b>1 755 229</b>	<b>90 552 475</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 R'000	2021 Restated R'000
<b>Cash flows from operating activities</b>			
<i>Cash receipts</i>		<b>15 997 297</b>	14 641 044
Taxes and transfers		2 063 195	2 068 669
Sale of water services		10 059 651	11 320 025
Income received in advance: LHWP		952 184	758 754
Construction and other revenue		2 851 442	425 327
Water research levies - receipts		69 948	64 381
Commission earned		8	2 885
Lease revenue earned		868	1 003
<i>Cash payments</i>		<b>(9 242 505)</b>	(8 007 311)
Employee benefits		1 459 205	1 592 071
Water Research Commissioner - payments		128 028	130 093
Goods and services		6 139 619	4 528 163
Finance cost paid		1 515 653	1 756 984
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>6 754 792</b>	6 633 732
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(398 113)	(131 826)
<b>Net cash flows used in investing activities</b>		<b>(398 113)</b>	(131 826)
<b>Cash flows from financing activities</b>			
Finance lease payments		(658)	(658)
Repayments of other financial liabilities		(5 617 165)	(6 161 154)
<b>Net cash flows from financing activities</b>		<b>(5 617 823)</b>	(6 161 812)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>738 856</b>	<b>340 095</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>1 403 143</b>	1 063 048
<b>Cash and cash equivalents at end of year</b>		<b>2 141 999</b>	1 403 143

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Approved Budget R'000	Final Budget R'000	Actual Amounts R'000	Variance Amounts R'000
<b>Revenue</b>		17 571 000	17 571 000	17 057 068	513 932
Taxes and transfers		2 372 665	2 372 665	2 063 195	309 470
Sale of water services		14 677 235	14 677 235	13 338 308	1 338 927
Construction revenue		334 800	334 800	290 953	43 847
Commission earned		-	-	916	(916)
Lease revenue earned		21 300	21 300	874	20 426
Interest revenue		-	-	1 062 785	(1 062 785)
Other receipts		165 000	165 000	300 037	(135 037)
<b>Total revenue</b>		17 571 000	17 571 000	17 057 068	513 932
<b>Expenses</b>		(12 858 502)	(13 570 053)	(9 902 810)	3 667 243
Employee benefit costs		1 423 303	1 423 303	1 537 231	(113 928)
Operating expenditure		11 435 199	12 146 750	4 218 721	7 928 029
Impairment on financial assets		-	-	420 712	(420 712)
Finance cost		-	-	2 385 249	(2 385 249)
Depreciation, amortisation and impairment		-	-	1 305 545	(1 305 545)
Loss on disposal of fixed assets		-	-	35 352	(35 352)
<b>Total expenses</b>		(12 858 502)	(13 570 053)	(9 902 810)	3 667 243
<b>Surplus/(deficit) from operating activities</b>	25	4 712 498	4 000 947	7 154 258	(3 153 311)
<b>Projects expenditure</b>	25.1	(2 779 998)	(2 779 998)	(978 754)	(1 801 244)
Allocation from government grants		1 430 766	1 430 766	751 504	679 262
Refurbishment and Rehabilitation and ROCS -Rehabilitation of Conveyance System		1 349 232	1 349 232	227 250	1 121 982
<b>Budget surplus/(deficit)</b>	25.1	1 932 500	1 220 949	6 175 504	(4 954 555)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 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
IGRAP 20	Related Party Disclosures

### 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 18	Recognition and Derecognition of Land
GRAP 19	Liabilities to pay Levies

As a result, there will be no impact on the disclosures of interest in other entities when the Standard becomes effective.

#### 1.3.2 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 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Natural Resources

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 incurred a nett surplus of R7.228 Billion (2020/21 R5.223 Billion surplus) Billion). This has a positive impact on the liquidity ratio and solvency ratios; therefore, the entity will be able to operate as a going concern and be able to honour its current obligations as they become due and payable.

The WTE management has every reason to believe that the business has adequate resources to continue as a going concern in the foreseeable future. The going concern assessment was undertaken taking into consideration the following:

- WTE has adequate sources of income from its business and augmentation grant from government to fund operation and maintenance and to refurbish and rehabilitate existing infrastructure for the foreseeable future.
- The augmentation received from National Treasury is used to build new infrastructure and cover the support functions.
- The current ratio of the entity is 5,19 (2020/21 = 3,75) which indicates that the entity has sufficient liquid assets to meet its short-term financial obligations. The quick ratio is 5,14 (2020/21 = 3.71) which is very healthy.
- The debtors' days after impairment have moved from 247,6 days in 2020/21 to 308,7 days in 2021/22 mainly due to non-payment by various municipalities but steps have been taken to recover the outstanding debt.
- The total TCTA liability has decreased significantly by R2,8 billion from R14,6 billion to R11,8 billion and the total Reserves increased from R83,3 billion to R90,5 billion.
- The bank balance for the current year was R2.142 billion compared to R1.403 in the 2020/21 financial year.

The WTE is part of the Department of Water and Sanitation, and its on-going operations are effectively underwritten by National Treasury. Management is not aware of material uncertainties related to any events or conditions that may cast significant doubt on entity's ability to continue as a going concern. The quoted liquidity ratios point to a favourable outcome and a significant reduction of total liabilities is a positive indicator that the entity is a going concern.

Based on the above WTE management has assessed the entity's ability to continue as a going concern until the envisaged merger of the Water Trading Entity and the Trans-Caledon Tunnel Authority (TCTA) to form a National Water Resources Infrastructure Agency (NWRIA).

**1.7 Off-setting**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

**1.8 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

The effects of restatements are disclosed in note 36.

**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 and Intangibles are as follows:

Land	Infinite life span
------	--------------------

The estimated useful lives of property, plant and equipment and intangibles are as follows:

Buildings	1 - 75 years
Canals	1 - 298 years
Dams and weirs	1 - 496 years
Pipelines	1 - 60 years
Pump stations	1 - 75 years
Reservoirs	1 - 80 years



Treatment works	1 - 50 years
Tunnels	1 - 253 years
Power Supply	1 - 30 years
Roads and Bridges	15 - 71 years
Boreholes	8 - 50 years
Measuring Facilities	1 - 80 years
Telemetry	1 - 30 years
Servitudes	3 - 99 years
<i>Movable assets</i>	
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
<i>Intangible assets</i>	
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 2022.

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 are 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 are 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. Transaction costs on other financial instruments are included in the cost of the instrument.

### *2.12.4 Subsequent measurement*

All non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that has been designated at fair value or are held for trading, are measured at amortised cost. Instruments that do not meet the definition of financial assets or financial liabilities measured at amortised cost are measured at fair value unless fair value cannot be determined. Those instruments, where fair value cannot be measured reliably, is measured at cost.

Amortised cost is calculated based on the effective interest rate method.

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Net gains or losses on the financial instruments at fair value through profit or loss includes transaction costs, interest and foreign exchange gains or losses. A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

#### 2.12.5 *Impairment of financial assets*

At each reporting date the WTE assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments, and default of payments are considered to be indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Impairment losses are recognised in the statement of financial performance as expenses.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed does not exceed the carrying amount that would have been recognised had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue.

Impairment losses are not reversed for financial assets held at cost where fair value was not determinable.

The following items included in the statement of financial position contains financial instruments:

- Cash and cash equivalents;
- Receivables from exchange transactions;
- Other financial assets;
- Payables from exchange transactions; and
- Other financial liabilities (including bank overdraft).

### 2.12.6 *Derecognition*

#### **Financial assets**

The WTE derecognises financial assets using trade date accounting.

The WTE derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the WTE transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the WTE, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the WTE :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred 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.

**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.

**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).

**2.14 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 Advance billing**

The advance billing is recognised at Fair Value. The following criteria were used to determine the fair value valuation: the respective agreements.

The Fair-value valuation is intended to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring the liability or recognising gains and losses on them if the liability was recognised on different bases, as the tariffs billed are pre-agreed.

**2.21 Provisions and accruals**

Provisions and accruals are liabilities where uncertainty exists about the timing or amount of the future expenditure required to settle the liability.

The WTE recognises, in payables, an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but the invoice is outstanding or a formal agreement with the supplier has not been concluded.

Provisions are liabilities, excluding accruals that are recognised where the WTE has a present legal or constructive obligation 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed. Provisions are only used for those expenditures for which the provision was initially recognised.

Other provision relates to compensation payments being made on the Lesotho Highlands Water Project (LHWP) over fifty years. These arose due to the relocation of the recipients during the construction of the LHWP2 which RSA is sharing the benefits of. The recipients have the option to receive compensation as a lump sum, annual payments made in cash or a set amount of maize grain. The LHDA is directly responsible for the management and payment of the underlying contracts. WTE annually receives estimates of the future cash flows payable on these contracts. The annual cash flows are increased by the forecast Lesotho CPI rate. These cash flows are considered managements' best estimate of the obligation payable to the LHDA and are discounted at a market-related discount rate reflective of the appropriate time value of money. The compensation provision raised by WTE relates to the RSA government's obligation. The provision for compensation has been revised to include an additional amount relating to compensation for host communities where households affected by the project have elected to be resettled. This amount is intended to fund infrastructure projects for the benefit of the host communities. The lumpsum provision is calculated by the LHDA based on the area of range land lost and the agreed rate per hectare. The undisbursed lumpsum amount is escalated on an annual basis using the Lesotho CPI rate. WTE has thus adopted the LHDA method of valuation.

**2.22 Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes 29 and 30.

**2.23 Reserves**

The WTE classifies its reserves in two categories namely pumping cost reserve and accumulated reserves. None of these reserves are distributable reserves.

**2.23.1 Pumping cost reserve**

The WTE recovers an additional charge from specific water users in the Vaal River scheme to cover for pumping costs. This additional fee is 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.

**2.23.2 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.

**2.24 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.

**2.25 Related parties**

Related parties are people (or a close member of that person's family) or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum the following are regarded as related parties of WTE, the minister, Department of Water and Sanitation, all other clients departments, all national public entities, Water boards and Water user associations and the management of the WTE.

**2.26 Irregular, fruitless and wasteful expenditure and material losses through criminal conduct**

Irregular, fruitless and wasteful expenditure and material losses through criminal conduct is recognised as expenditure in the statement of financial performance according to the nature of the payment and disclosed separately in notes 34 and 35. 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.

**2.27 Events after reporting date**

Except for the matter reported in note 37, the Accounting Officer 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.

<b>3 Revenue from exchange transactions</b>	<b>2022</b>	2021
	<b>R'000</b>	R'000
	<b>Notes</b>	
Sale of water services	<b>13 274 859</b>	12 216 347
Construction revenue	<b>290 953</b>	270 297
Commission earned	<b>916</b>	897
Short-term deposits and bank accounts	<b>916</b>	897
Interest revenue	<b>1 062 785</b>	997 744
Receivables	<b>1 062 779</b>	997 738
Short-term deposits and bank accounts	<b>6</b>	6
Lease revenue earned	<b>874</b>	1 004
Property	<b>874</b>	1 004
Sale of goods - scrap materials and wastepaper	<b>296</b>	61
Other revenue	<b>273 347</b>	76 081
	<b>14 904 030</b>	13 562 431

The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable, net of any discount and VAT.

<b>4 Revenue from non-exchange transactions</b>	<b>2022</b>	2021
	<b>R'000</b>	R'000
	<b>Notes</b>	
Transfer revenue includes:		
Funds from the Department of Water & Sanitation	<b>2 063 187</b>	2 068 661
Other revenue:		
Assets received/transferred	-	750
Water usage license fees	<b>8</b>	8
	<b>2 063 195</b>	2 069 419

Funds are transferred from the Department of Water & Sanitation as an augmentation to revenue earned to enable the WTE to carry out its operating activities.

<b>5 Employee benefit costs</b>	<b>2022</b>	2021
	<b>R'000</b>	R'000
	<b>Notes</b>	
<i>Employee benefits consists of:</i>		
Short term employee benefits	<b>1 737 092</b>	1 782 116
<i>Less: direct labour capitalised to assets under construction</i>	<b>(78 070)</b>	<b>(46 874)</b>
<i>Less: amounts capitalised to construction costs for third parties</i>	<b>(121 746)</b>	(110 746)
Basic salaries and wages	<b>1 145 281</b>	1 168 350
Car allowances	<b>5 463</b>	3 258
Housing allowances	<b>48 655</b>	44 922
Leave pay - adjustment	<b>8 878</b>	50 714
Long term service awards	<b>3 330</b>	3 231
Medical fund contributions	<b>80 189</b>	75 291
Overtime	<b>35 062</b>	28 939
Pension fund contributions	<b>117 542</b>	113 893
Performance bonuses	<b>2 023</b>	52 185
Service bonus (13th cheque)	<b>78 932</b>	69 753
UIF contributions	<b>1 767</b>	1 606
Other short-term benefits	<b>10 154</b>	12 354
	<b>1 537 276</b>	1 624 496



6	<b>Operating expenditure</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000
	<b>Notes</b>		
	<i>Construction costs incurred</i>	<b>289 896</b>	251 012
	<i>Other operating expenditure</i>		
	Administrative fees	<b>2 435</b>	2 441
	Audit cost	<b>19 490</b>	20 276
	Communication	<b>17 729</b>	21 976
	Computer services	<b>7 545</b>	5 511
	Electricity	<b>403 784</b>	495 383
	Entertainment	<b>24</b>	25
	Administrative costs & LHWP Royalties: TCTA	<b>2 180 308</b>	1 749 708
	Materials consumed	<b>170 249</b>	97 341
	Maintenance, repairs and running costs	<b>2 828</b>	9 245
	Operating leases	<b>123 999</b>	135 454
	Owned and leasehold property expenditure	<b>69 473</b>	220 224
	Professional services: Business and advisory services, contractors, and agency/outsourced services	<b>259 924</b>	274 939
	Professional services: Infrastructure and planning	<b>7 489</b>	93 669
	Printing, posting and stationery	<b>7 124</b>	6 914
	Travel and subsistence	<b>168 249</b>	98 121
	Training and staff development	<b>5 071</b>	3 088
	Venues and facilities	<b>318</b>	44
	Auxiliary	<b>173 781</b>	251 217
		<b>3 909 716</b>	3 736 588
		<b>3 909 716</b>	3 736 588
7	<b>Repairs and maintenance – Property, plant and equipment</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000
	<b>Notes</b>		
	Maintenance, repairs and running costs - Property, plant and equipment	<b>131 739</b>	134 644
		<b>131 739</b>	134 644
		<b>131 739</b>	134 644

<b>8</b>	<b>Impairment on financial assets</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000
		<b>Notes</b>	
	<b>Impairment relating to:</b>		
	Trade receivables	<b>383 533</b>	673 601
	Staff receivables	<b>1 674</b>	529
	Other receivables	<b>35 505</b>	1 397
		<b>420 712</b>	675 526
		<b>420 712</b>	675 526
<b>9</b>	<b>Finance cost</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000
		<b>Notes</b>	
	Finance leases	<b>96</b>	65
	Interest on amortised payables	<b>2 385 153</b>	2 126 641
		<b>2 385 249</b>	2 126 706
		<b>2 385 249</b>	2 126 706

10 Depreciation, amortisation, and impairment	2022	2021
	R'000	R'000
Notes		
<b><i>Depreciation on property, plant, and equipment</i></b>	<b>1 811 419</b>	1 480 717
Computer equipment	6 829	4 079
Equipment	21 693	18 689
Furniture and Fittings	2 451	1 956
Infrastructure	1 780 246	1 453 677
Leased equipment	1 621	1 721
Mobile homes	(1 360)	260
Vehicles	(61)	336
<b><i>Amortisation and Impairment on intangible assets</i></b>	<b>33 121</b>	26 884
Computer software	33 121	26 884
<b><i>Change in estimate - depreciation</i></b>	<b>(96 852)</b>	(23 898)
Computer equipment	(1 986)	(232)
Equipment	(2 283)	(106)
Furniture and Fittings	(1 417)	(162)
Infrastructure	(80 696)	(23 194)
Leased equipment	-	(178)
Mobile homes	539	(26)
Computer software	(11 009)	(1)
<b><i>Impairment and impairment reversals</i></b>	<b>(402 507)</b>	626 135
Equipment	4 335	-
Infrastructure	123 050	626 135
Assets under construction: Infrastructure assets	(529 892)	-
	<b>1 345 181</b>	<b>2 109 838</b>

The remaining useful lives of all assets were assessed during the year. A change in accounting estimate was affected in relation to assets whose Remaining useful life was increased/decreased for assets still in use. The effect of the change in accounting estimate on the current year's results was an decrease in the current year's surplus by R96.852 Million.

<b>11</b>	<b>Loss on disposal of fixed assets</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000
	<b>Notes</b>		
	Loss on disposal of fixed assets	<b>8 958</b>	1 400
		<b>8 958</b>	1 400
<b>12</b>	<b>Cash and cash equivalents</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000
	<b>Notes</b>		
	<i>Cash and cash equivalents at fair value:</i>		
	Current accounts at commercial banks	<b>2 141 797</b>	1 402 972
	Short-term deposits	<b>172</b>	166
	Cash on hand	<b>31</b>	6
		<b>2 141 999</b>	1 403 143

13 Receivables from exchange transactions	2022 R'000	2021 R'000
<b>Notes</b>		
<b>Current</b>		
<i>Financial assets at amortised cost</i>	24 613 875	20 914 717
Trade receivables		
Less: Provision for impairment	(12 006 781)	(11 714 908)
Carrying amount at the beginning of the period	(11 714 908)	(11 176 296)
Trade receivables written off	-	236 028
Current year provision	(291 873)	(774 640)
	<b>12 607 094</b>	<b>9 199 809</b>
<b>Staff related receivables</b>	<b>9 623</b>	<b>8 822</b>
<b>Less: Provision for impairment</b>	<b>(8 341)</b>	<b>(6 667)</b>
Carrying amount at the beginning of the period	(6 667)	(6 137)
Current year provision	(1 674)	(529)
	<b>1 282</b>	<b>2 155</b>
Claims recoverable - Departments	359	390
<b>Other receivables</b>	<b>729 138</b>	<b>615 220</b>
<b>Less: Provision for impairment on other receivables</b>	<b>(120 292)</b>	<b>(82 822)</b>
Carrying amount at the beginning of the period	(82 822)	(81 217)
Trade receivables written off	-	48
Current year provision	(37 470)	(1 653)
	<b>608 846</b>	<b>532 398</b>
	<b>13 217 581</b>	<b>9 734 752</b>

The fair value of the short-term receivables approximates the carrying amount of the balances due to their short-term maturity.

Below is the entity's age analysis as at 31 March 2022. The entity system ages the number of days that the invoices are outstanding from the date of invoice.

Customer category	31 March 2022					
	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days
Bulk Payers (BP)	-	-	-	-	-	-
Company (C)	9 741 958	(9 216 942)	1 493	(16 906)	(149 426)	4 226 921
District Municipalities (DM)	19 146	76 438	64 521	29 711	29 639	2 149 209
Individual (I)	44 006	13 750	3 948	12 874	1 845	1 041 725
Irrigation Boards (IB)	73 688	406	(3 249)	6 867	(18 365)	444 349
Local Municipalities (LM)	(9 485)	204 015	50 173	70 105	61 374	5 511 996
Metropolitan Municipalities (MM)	35 388	38 978	4 455	(1 661)	6 914	112 965
National Government (N)	13 926	4 331	725	3 726	926	285 769
Provincial Government (P)	383	301	313	381	27 608	19 676
Water boards (WB)	1 047 439	834 720	115 659	72 876	86 390	5 504 612
Water User Association (A)	127 549	36 865	19 496	18 672	114 560	1 574 082
<b>Grand Total</b>	<b>11 093 997</b>	<b>(8 007 138)</b>	<b>257 534</b>	<b>196 646</b>	<b>161 464</b>	<b>20 871 304</b>
<b>31 March 2021</b>						
Bulk Payers (BP)			1	-	3	221
Company (C)	655 174	(40 990)	33 422	(185 895)	104 092	2 422 362
District Municipalities (DM)	38 840	(785)	40 524	-	31 908	1 835 722
Individual (I)	45 844	8 184	80 504	(81)	4 478	745 135
Irrigation Boards (IB)	73 956	13 247	5 964	(1 395)	(133)	373 408
Local Municipalities (LM)	61 027	183 630	113 029	-	101 269	4 948 924
Metropolitan Municipalities (MM)	(7 491)	40 703	12 013	(4 506)	16 595	161 209
National Government (N)	13 132	2 671	3 229	-	1 721	246 286
Provincial Government (P)	217	200	228	-	106	17 900
Water Boards (WB)	1 095 054	465 991	161 870	-	90 988	4 999 350
Water User Association (A)	(13 271)	69 691	59 136	-	54 791	1 544 949
<b>Grand Total</b>	<b>1 962 483</b>	<b>742 545</b>	<b>509 920</b>	<b>(191 877)</b>	<b>405 818</b>	<b>17 295 467</b>



## 17 Property, plant and equipment

Summary	31 March 2022			31 March 2021		
	Cost /revaluation R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000	Cost /revaluation R'000	Accumulated depreciation and impairment R'000	Carrying amount - Restated R'000
<b>Owned assets</b>	<b>100 089 508</b>	<b>(30 160 817)</b>	<b>69 928 691</b>	<b>99 326 868</b>	<b>(28 929 175)</b>	<b>70 397 693</b>
Assets under construction: Infrastructure assets***	5 872 021	(589 676)	5 282 345	5 055 338	(1 116 496)	3 938 842
Computer equipment	81 054	(63 161)	17 893	72 032	(60 793)	11 239
Equipment	1 473 120	(909 016)	564 104	1 491 225	(915 349)	575 876
Furniture and fittings	97 890	(72 465)	25 425	96 531	(73 437)	23 094
Infrastructure assets**	84 535 181	(28 053 519)	56 481 662	84 578 070	(26 285 993)	58 292 077
Infrastructure: Land	7 960 110	(409 798)	7 550 312	7 960 110	(409 798)	7 550 312
Mobile homes	63 735	(57 575)	6 160	66 904	(61 381)	5 523
Motor vehicles	6 397	(5 607)	790	6 658	(5 928)	730
<b>Leased assets</b>	<b>5 626</b>	<b>(2 260)</b>	<b>3 366</b>	<b>4 160</b>	<b>(2 139)</b>	<b>2 021</b>
Equipment	5 626	(2 260)	3 366	4 160	(2 139)	2 021
	<b>100 095 134</b>	<b>(30 163 077)</b>	<b>69 932 057</b>	<b>99 331 028</b>	<b>(28 931 314)</b>	<b>70 399 715</b>



**\*\*Infrastructure assets consist of the following categories:**

31 March 2022				31 March 2021		
Asset Class Description	Accumulated Cost 31.03.2022	Accumulated depreciation 31.03.2022	Carrying amount	Accumulated Cost 31.03.2021	Accumulated depreciation 31.03.2021	Carrying amount
Buildings	2 973 880	(1 505 211)	1 468 669	3 039 461	(1 406 237)	1 589 901
Canals	12 183 425	(6 270 190)	5 913 234	12 183 425	(5 562 394)	6 515 506
Dams	40 501 654	(9 870 268)	30 631 387	40 445 586	(8 732 521)	32 253 603
Pipelines	10 881 119	(3 539 143)	7 341 977	10 880 283	(3 191 083)	7 876 130
Pump stations	3 873 614	(1 432 647)	2 440 967	3 868 263	(1 211 614)	2 716 938
Tunnels	8 912 409	(2 984 180)	5 928 229	8 912 409	(2 874 600)	6 116 424
Measuring facilities	3 344 200	(2 036 461)	1 307 739	3 173 472	(2 889 990)	1 819 099
Other	1 864 880	(415 419)	1 449 460	2 039 333	(381 716)	1 651 163
	<b>84 535 181</b>	<b>(28 053 519)</b>	<b>56 481 662</b>	<b>84 542 231</b>	<b>(26 250 154)</b>	<b>58 292 077</b>

**\*\*\*Assets under construction consist of the following categories:**

31 March 2022		31 March 2021	
Asset Class Description	Carrying amount	Asset Class Description	Carrying amount
Buildings	342 297	Buildings	316 704
Canals	1 130 123	Canals	926 323
Dams	3 505 398	Dams	2 442 334
Pipelines	73 395	Pipelines	65 437
Pump stations	128 031	Pump stations	106 287
Tunnels	1 529	Tunnels	
Roads and Bridges	7 011	Roads and Bridges	27 415
Treatment Works	18 464	Treatment Works	12 346
Other	76 097	Other	41 996
	<b>5 282 345</b>		<b>3 938 842</b>

Leased assets are encumbered by finance lease liabilities. Refer Note 22.

Assets under construction were halted either during the current year or previous years mainly due to disputes with contractors and the full amount have been impaired. The total accumulated Impaired to date amount to: R1 116 Billion. In the current year, an impairment amount of R 526 million on Project Hazelmere was reversed as the project is now active. The total accumulated Impairment is R589 million.

Assets under construction – Projects that were significantly delayed amount to R1,755 Billion. The delays is due to Covid-19 challenges, appointment of maintenance term contractor, unrest and delay in appointment on local community.

Movement 2022	31 March 2021							31 March 2022	
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Change in Estimate	Impairment	Impairment reversal	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Owned assets</b>	<b>70 397 694</b>	<b>879 619</b>	<b>(27 173)</b>	-	<b>(1 809 798)</b>	<b>85 843</b>	<b>(127 385)</b>	<b>529 892</b>	<b>69 928 691</b>
Assets under construction: Infrastructure assets	3 938 842	836 529	-	(22 917)	-	-	-	529 892	5 282 345
Computer equipment	11 239	11 730	(234)	-	(6 829)	1 986	-	-	17 893
Equipment	575 876	27 603	(15 631)	-	(21 693)	2 283	(4 335)	-	564 104
Furniture and fittings	23 094	3 756	(392)	-	(2 451)	1 417	-	-	25 425
Infrastructure assets	58 292 077	-	(10 731)	22 917	(1 780 246)	80 696	(123 050)	-	56 481 662
Infrastructure: Land	7 550 312	-	-	-	-	-	-	-	7 550 312
Mobile homes	5 523	-	(184)	-	1 360	(539)	-	-	6 160
Motor vehicles	730	-	(1)	-	61	-	-	-	790
<b>Leased assets</b>	<b>2 021</b>	<b>2 982</b>	<b>(16)</b>	-	<b>(1 621)</b>	-	-	-	<b>3 365</b>
Equipment	2 021	2 982	(16)	-	(1 621)	-	-	-	3 366
<b>Total assets</b>	<b>70 399 715</b>	<b>882 601</b>	<b>(27 189)</b>	-	<b>(1 811 419)</b>	<b>85 843</b>	<b>(127 385)</b>	<b>529 892</b>	<b>69 932 057</b>

Movement 2021	31 March 2020								31 March 2021
	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
<b>Owned assets</b>	<b>72 289 404</b>	<b>267 751</b>	<b>(2 532)</b>	<b>(75 554)</b>	<b>(1 478 471)</b>	<b>23 719</b>	<b>(626 135)</b>	-	<b>70 397 695</b>
Assets under construction:									
Infrastructure assets	3 820 866	251 024	-	(133 048)	-	-	-	-	3 938 842
Computer equipment	10 142	4 987	(42)	-	(3 847)	232	-	-	11 239
Equipment	586 853	9 794	(2 138)	-	(18 583)	106	-	-	575 876
Furniture and fittings	23 517	1 636	(353)	-	(1 794)	162	-	-	23 094
Infrastructure assets	60 291 017	183	-	57 494	(1 453 677)	23 194	(626 135)	-	58 292 077
Infrastructure: Land	7 550 312	-	-	-	-	-	-	-	7 550 312
Mobile homes	5 631	126	-	-	(234)	26	-	-	5 523
Motor vehicles	1 066	-	-	-	(336)	-	-	-	730
<b>Leased assets</b>	<b>1 892</b>	<b>1 672</b>	-	-	<b>(1 721)</b>	<b>178</b>	-	-	<b>2 021</b>
Equipment	1 892	1 672	-	-	(1 721)	178	-	-	2 021
<b>Total assets</b>	<b>72 291 296</b>	<b>269 423</b>	<b>(2 532)</b>	<b>(75 554)</b>	<b>(1 480 192)</b>	<b>23 897</b>	<b>(626 135)</b>	-	<b>70 399 716</b>

18 Intangible assets	2022	2021
	R'000	R'000
<b>Notes</b>		
<b>Summary</b>		
<b>Enduring benefit</b>	<b>23 156 931</b>	21 294 125
Gross carrying amount: Lesotho Highlands	<b>15 844 203</b>	15 844 203
Gross carrying amount: Lesotho Highlands Phase 2 Assets under construction	<b>6 043 005</b>	4 180 199
Gross carrying amount: Komati Basin Water Authority (KOBWA)	<b>1 269 723</b>	1 269 723
	<b>13 660</b>	35 605
Computer software	<b>743 535</b>	743 368
Gross carrying amount	<b>(729 875)</b>	( 707 763)
Accumulated amortisation and impairment		
	<b>23 170 591</b>	21 329 730
<b>Reconciliation</b>		
<b>Enduring benefit</b>	<b>23 157 098</b>	21 294 124
Gross carrying amount at the beginning: Lesotho Highlands	<b>15 844 203</b>	15 844 203
Gross carrying amount at the beginning: Lesotho Highlands Phase 2 assets under construction	<b>4 180 199</b>	<b>3 293 404</b>
Gross carrying amount at the beginning: KOBWA	<b>1 269 723</b>	1 269 723
Additions	<b>1 862 973</b>	<b>886 795</b>
Computer software	<b>13 493</b>	35,605
Gross carrying amount at the beginning	<b>35 605</b>	62 489
Amortisation and impairment	<b>(33 121)</b>	(26 884)
Change in estimate	<b>11 009</b>	1
	<b>23 170 591</b>	21 329 730

In terms of a treaty between South Africa and Eswatini as well as a treaty that of South Africa and Lesotho, South Africa has a right to receive water in perpetuity and this right is capitalised as an enduring benefit. The enduring benefit is then assessed annually for impairment. The assessment is based on any indicators that may impact the delivery of the water in terms of the agreements with these two countries (i.e Eswatini and Lesotho). Based on the assessment performed, no impairment has been identified. The assets under construction relates to Lesotho Highlands Phase 2 in which South Africa will, in terms of the treaty, have the right to receive water once the project has been finalised.

19 Payables from exchange transactions	2022	2021
	R'000	R'000
	<b>Notes</b>	
<b>Current</b>		
<b>Financial liabilities at amortised cost</b>	<b>544 389</b>	892 744
Trade payables	<b>128 727</b>	219 479
Accruals	<b>327 611</b>	506 168
Amounts due to customers: <b>trade debtors</b>	<b>62 224</b>	141 270
Retention creditors	<b>25 827</b>	25 827
VAT payable	<b>1 733 771</b>	1 009 706
Other payables	<b>868</b>	33 180
	<b>2 472</b>	7 754
Unclaimed deposits	<b>2 466</b>	7 748
Advances received	<b>6</b>	6
	<b>2 281 500</b>	1 943 384

20	Employee benefits liability	2022	2021
		R'000	R'000
	Notes		
	<i>Current obligations:</i>		
	<b>Leave benefits due</b>	<b>156 002</b>	163 237
	Carrying amount at the beginning of the period	<b>163 237</b>	133 545
	Current service costs	<b>156 002</b>	163 237
	Less: benefits utilised	<b>(163 237)</b>	(133 545)
	<b>Performance bonuses</b>	<b>21 354</b>	<b>66 346</b>
	Carrying amount at the beginning of the period	<b>66 346</b>	33 735
	Current service costs	<b>21 354</b>	66 346
	Less: benefits utilised	<b>(66 346)</b>	(33 735)
	<b>Service bonuses - 13th Cheque</b>	<b>72 017</b>	61 099
	Carrying amount at the beginning of the period	<b>61 099</b>	54 152
	Current service costs	<b>72 017</b>	61 099
	Less: benefits utilised	<b>(61 099)</b>	(54 152)
		<b>249 373</b>	290 682

21 Provisions	2022 R'000	2021 R'000
Notes		
Non-current obligation	<b>491 610</b>	447 604
Consisting of		
Other provisions		
Carrying amount at the beginning	<b>447 604</b>	364 919
Current year provision	<b>44 006</b>	82 685
<b>Carrying amount at the end</b>	<b>491 610</b>	447 604

Other provision relates to compensation payments being made on the Lesotho Highlands Water Project (LHWP) over fifty years. These arose due to the relocation of the recipients during the construction of the LHWP2 which RSA is sharing the benefits of. The recipients have the option to receive compensation as a lump sum, annual payments made in cash or a set amount of maize grain. The Lesotho Highlands Development Authority (LHDA) is directly responsible for the management and payment of the underlying contracts. WTE annually receives estimates of the future cash flows payable on these contracts. The annual cash flows are increased by the forecast Lesotho CPI rate. These cash flows are considered managements' best estimate of the obligation payable to the LHDA and are discounted at a market-related discount rate reflective of the appropriate time value of money. The compensation provision raised by WTE relates to the RSA government's obligation. The provision for compensation has been revised to include an additional amount relating to compensation for host communities where households affected by the project have elected to be resettled. This amount is intended to fund infrastructure projects for the benefit of the host communities. The lumpsum provision is calculated by the LHDA based on the area of range land lost and the agreed rate per hectare. The undisbursed lumpsum amount is escalated on an annual basis using the Lesotho CPI rate. WTE has thus adopted the LHDA method of valuation.

22 Finance lease liability	2022	2021
	R'000	R'000
	Notes	
Current obligation	930	918
Non-current obligation	566	554
<i>Carrying amount at the end</i>	<b>1 496</b>	1 472
Reconciliation of the carrying amount:		
Future minimum lease payments due:	1 685	1 658
Later than 1 year but less than 5 years	697	683
Less than 1 year	988	975
Less: Future finance charges	(189)	(186)
Present value of minimum lease payments	<b>1 496</b>	1 472

The finance lease obligations consist of various leases. The incremental borrowing rate (effective interest) was determined based on the difference between the fair value of the asset and the future minimum lease payments. Where the fair value of the asset could not be determined, the incremental rate was based on the rate of similar instruments in the market and the fair value is assumed to estimate the present value of the minimum lease payments. The effective interest rates vary between 7% and 15%. The liability is secured by the leased assets disclosed in note 17.

23 Advance billing	2022	2021
	R'000	R'000
<b>Non-current obligation</b>		
Gross amount: <b>advance billing</b>	4 314 680	3 318 518
	-	-
Carrying amount at the beginning	3 318 518	2 559 765
Current year billings	996 162	758 753
Cumulative amount received from customers	4 191 978	3 087 397
Cumulative amount not yet received from customers	122 702	231 121
<b>Carrying amount at the end</b>	<b>4 314 680</b>	3 318 518



24 Financial liabilities: TCTA	2022 R'000	2021 R'000
<b>Notes</b>		
<b>Current obligation</b>	<b>663 152</b>	1 020 749
	-	-
<b>Non-current obligation</b>	<b>11 114 432</b>	13 585 896
	-	-
<i>Reconciliation</i>		
Carrying amount at the beginning of the period	<b>14 606 645</b>	18 799 846
<b>Additions</b>	<b>6 378 645</b>	4 884 209
Construction cost	<b>1 817 161</b>	1 033 457
Interest accrued	<b>2 381 176</b>	2 101 044
Administrative costs & LHWP Royalties: TCTA	<b>2 180 308</b>	1 749 708
Payments specifically allocated to liability	<b>(9 545 539)</b>	(10 875 957)
Other Movements	<b>337 834</b>	1 798 547
<b>Financial liabilities at amortised cost</b>	<b>11 777 584</b>	14 606 645

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.

25	<b>Net cash flows from operating activities</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000
	<b>Notes</b>		
	Surplus for the year	<b>7 228 394</b>	5 222 652
	<b>Adjusted for non-cash items</b>	<b>2 527 788</b>	4 178 889
	Employee benefits liability provisions	<b>249 373</b>	290 681
	Depreciation, amortisation and impairment	<b>1 345 181</b>	2 109 838
	Assets transferred at no cost	-	(750)
	Impairment on financial assets at amortised cost	<b>420 712</b>	675 526
	Interest accrued: TCTA	<b>503 564</b>	701 949
	Administrative costs: TCTA	-	400 245
	Loss on disposal of fixed assets	<b>8 958</b>	1 400
	<b>Additional cash items</b>	<b>(290 682)</b>	(221 431)
	Employee benefits utilised	<b>(290 682)</b>	(221 431)
	<b>Operating cash flows before working capital changes</b>	<b>9 465 500</b>	9 180 109
	<b>Working capital changes:</b>	<b>(2 710 708)</b>	(2 546 377)
	Increase/(increase) in receivables from exchange transactions	<b>(3 903 541)</b>	(3 757 950)
	Increase/(increase) in advances to public entities	<b>(103 488)</b>	(476 286)
	Increase/(increase) in inventories/Construction work in progress	<b>(37 957)</b>	(48 651)
	Increase/(decrease) in payables from exchange transactions	<b>338 116</b>	977 757
	Increase/in deferred revenue	<b>996 162</b>	758 753
	<b>Net cash from operating activities</b>	<b>6 754 792</b>	6 633 732

26 Budget information	2022 R'000	2021 R'000
<b>Notes</b>		
<b>Reconciliation between budget deficit and statement of financial performance</b>		
Budget surplus (deficit)	<b>7 154 258</b>	5 481 164
Project expenditure	<b>(978 754)</b>	(827 158)
Surplus/(deficit) for the year per statement of financial performance	<b>6 175 504</b>	4 654 006

#### 26.1 BASIS OF PREPARATION OF BUDGET COMPARISON STATEMENT

The Basis of preparation of the budget during 2021/22 financial year is not the same with preparation of the statement of financial performance. The project expenditure of R978.954 million funded from augmentation fund, Rehabilitation and Refurbishment and Rehabilitation of Conveyance System are reported on the Statement of Financial Position.

The WTE does not budget for non-cash items which are impairment of financial assets, finance cost on amortized payables (present value of the future finance cost derived from the TCTA finance models) nor depreciation. The final budget has therefore been revised to account for these items.

#### 26.2 REASON ON THE REVENUE VARIANCE

The unfavourable variance on revenue performance can be attributed to the impact of the lockdown that resulted in lower volumes than anticipated as well as yearend adjustments.

#### 26.3 REASON FOR OPERATIONAL EXPENDITURE VARIANCE

The unfavourable variance on employee benefit cost is attributable to Construction unit doing less work due to the lockdown which resulted in salaries not being capitalised to projects and being expensed. The budget adjustments were due to the under spending on projects which can be attributed mainly to delays during the lockdown period and the low spending by operations as a result of the lack of a term contract in place. Finance costs relates to TCTA financial model and reflect interest paid for the repayments of loans.

#### 26.4 REASON ON THE PROJECTS EXPENDITURE VARIANCE

The countrywide lockdown as a result of the COVID-19 Pandemic has resulted in delays in the appointment of service providers. The department could not finalise the appointment of service providers for maintenance of infrastructure.

27 Financial instruments		2022 R'000	2021 R'000
	Notes		
<b>Carrying amounts per category</b>			
The total carrying values of the various categories of financial assets and financial liabilities at the reporting date are as follows:			
<b>Financial assets at fair value</b>			
Cash and cash equivalents	12	2 141 999	1 403 143
Financial assets at amortised cost		13 217 581	9 734 752
Receivables from exchange transactions	13	13 217 581	9 734 752
<b>Total financial assets</b>		15 359 580	11 137 895
<b>Financial liabilities at amortised cost</b>			
Payables from exchange transactions	19	2 281 500	1 943 384
Other financial liabilities	23	11 777 584	14 606 645
<b>Total financial liabilities</b>		14 059 084	16 550 029
<b>Net losses included in the statement of financial performance on amortised receivables</b>		420 712	675 526

Exposure to continuously changing market conditions has highlighted the importance of financial risk management as an element of control for the WTE. The WTE finances its operations primarily from cash receipts from customers and augmentation income received from the government. There are primarily two financial risks that the WTE faces namely credit and interest rate risk.

#### Interest rate risk exposure

The WTE has an obligation to settle the cost incurred by TCTA for the construction of infrastructure on its behalf. Due to the long-term nature of these projects, the WTE is exposed to changes in the interest rates relating to these borrowings as the amounts to settle its obligation to the TCTA is dependent on the interest rates. The effective interest rate for the current period amounted to approximately 15.90% (2021: 23%). Finance leases are discounted at the interest rates implicit in the lease and do not expose the WTE to any further risk as the rates are fixed for the term of the lease. The short-term payables expose the WTE to a very limited risk of losses 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 acceptably low. Short-term deposits are held in the Corporation for Public Deposits (CPD) as required by the Treasury Regulations.

	<b>2022</b>	2021
	<b>R'000</b>	R'000
<b>Notes</b>		
<i>Maximum credit risk exposure</i>	<b>2 142 000</b>	1 403 144
Cash and cash equivalents	<b>13 217 581</b>	9 734 752
Receivables	<b>15 359 581</b>	11 137 896
	<b>100.0%</b>	100.0%
% of total financial assets		

**Liquidity risk**

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

<b>Contractual maturities of non-derivative financial liabilities are:</b>	<b>2022</b>	2021
	<b>R'000</b>	R'000
<b>Notes</b>		
Due within 30 days	<b>2 281 500</b>	2 014 891
Later than one month but not later than 12 months	<b>913 455</b>	1 312 349
Later than one year but not later than 5 years	<b>6 669 225</b>	8 290 591
Later than 5 years	<b>4 445 773</b>	5 526 691

The amounts to be paid within 30 days relate mainly to trade and other payables. Amounts due after 30 days include payments due to TCTA that are measured at amortised cost. These payments may vary for certain projects as they are based on actual water sales and are subject to change due to changes in the interest rates. TCTA has various loans with commercial banks that exposes the WTE to liquidity risk.

<b>28</b>	<b>Related party transactions</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000

### 28.1 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.

### 28.2 Related party transactions and outstanding balances

#### 28.2.1 *Department of Water & Sanitation*

Revenue from non-exchange transactions	<b>2 063 187</b>	2 068 661
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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.

#### 28.2.2 *Water Research Commission*

WRL payment	<b>148 884</b>	130 093
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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).

28.2.3 **Trans-Caledon Tunnel Authority (TCTA)**

The following transactions were carried out with TCTA:

Construction activities	<b>1 817 161</b>	1 033 457
Finance cost	<b>2 381 176</b>	2 101 044
Administrative costs & LHWP Royalties: TCTA	<b>2 180 308</b>	1 749 708
Outstanding balances - amount due to TCTA	<b>11 777 584</b>	14 606 645

TCTA is constructing assets on behalf of the WTE on a full cost recovery basis.

28.2.4 **Eskom**

The following disclosable items were carried out with Eskom:

Revenue from exchange transactions	<b>1 932 183</b>	1 708 562
Outstanding balances - receivables from exchange transactions	<b>559 086</b>	557 469
Payment of electricity	<b>557 218</b>	640 452
Outstanding balances - payables from exchange transactions	<b>18 347</b>	36 532

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.

28.2.5	<b>Rand Water</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000

The following disclosable items were carried out with Rand Water:

**Sale of water services**

Revenue from exchange transactions	<b>6 500 618</b>	5 903 469
Finance revenue (discounting)	<b>(38 369)</b>	(36 374)
Gross amount billed	<b>6 462 249</b>	5 867 095
Outstanding balances - receivables from exchange transactions	<b>1 280 798</b>	1 181 594
Gross amount due	<b>1 288 403</b>	1 188 920
Less: Effect of discounting	<b>(7 605)</b>	(7 326)

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.

28.2.6 **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	<b>102 850</b>	84 375
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Inkomati Usuthu 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.



### 28.2.7 Breede-Gouritz Catchment Management Agency (BGCMA)

The following arm's length disclosable items were carried out with Breede-Gouritz Catchment Management Agency (BGCMA)

Breede-Gouritz CMA: amount paid for the period **45 396** 38 690

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.

### 28.2.8 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	
	2022	2021	2022	2021	2022	2021	2022	2021
Amatola Water Board	<b>105 515</b>	94 639	292 763	-	<b>17 980</b>	13 746	<b>1 557</b>	2 456
Bloem Water Board	<b>33 753</b>	31 244	<b>66 181</b>	-	<b>346</b>	458	<b>56</b>	-
Mhlathuze Water Board	<b>64 278</b>	74 691	<b>184 119</b>	100 914	<b>38 985</b>	78 608	-	3 823
Overberg Water Board	<b>684</b>	459	<b>155</b>	51	-	-	-	-
Sedibeng Water Board	<b>432 652</b>	372 933	<b>4 921 933</b>	4 177 075	-	-	-	-
Lepelle Northern Water Board**	<b>63 179</b>	50 297	<b>414 919</b>	333 058	-	-	-	-
Magalies Water	<b>85 044</b>	79 279	<b>120 284</b>	118 298	-	-	-	-
Umgeni Water Board	<b>1 134 311</b>	1 037 165	<b>335 331</b>	191 090	<b>7 272</b>	4 303	-	500
Uthukela Water	-	40 581	<b>440 280</b>	391 580	-	-	-	-

\*\*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.

**28.2.9 Komati Basin Water Authority (KOBWA)** - Is managed by the treaty between the South African Government and the eSwatini Government. The treaty resulted in KOBWA constructing Maguga and Driekoppies Dam. WTE has the right of use of water supply from Driekoppies dam.

**Water User Associations (WUAs)** - There are 222 WUAs under the common control of the Minister of Water and Sanitation. WTE bills the WUAs under arms' length transactions in order to recover water infrastructure related charges.

## 29 Key management personnel remuneration

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.

31 Mar 2022	Termination Benefits	Post-employment benefits	Post-employment benefits	Total
R'000				
Ms Mathe ZY - Deputy Director General	-	641	124	1 720
Ndhlovu SD - Chief Director	-	209	96	1 046
Mr Swart HJ - Construction Manager	-	21	-	21
Arumugam S - Chief Director	-	299	119	1 333
Ms Maraka MM - Chief Director	-	198	48	617
Mkutukana SD - Chief Director	-	339	77	1 008
Mr Manus LAV - Chief Director	-	642	107	1 570
Chaminuka AM - Chief Director	-	363	136	1 546
Mr Nel P - Chief Director	-	417	123	1 483
Ms Mkhabela GV - Chief Director	-	-	-	-
	-	3 129	830	10 344

	31 Mar 2021	Termination Benefits	Other short term employee benefits	Post-employment benefits	Total
	R'000				
Ms Mathe ZY - Deputy Director General		-	505	122	1 568
Ndhlovu SD - Chief Director		-	-	-	-
Mr Swart HJ-Construction Manager		2 891	312	135	4 377
Arumugam S - Chief Director		-	269	114	1 258
Ms Maraka MM - Chief Director		-	-	-	-
Mkutukana SD - Chief Director		-	-	-	-
Mr Manus LAV - Chief Director		-	482	105	1 396
Chaminuka AM - Chief Director		-	-	-	-
Mr Nel P - Chief Director		-	270	117	1 289
Ms Mkhabela GV - Chief Director		53	23	10	163
		<b>2 944</b>	<b>1 861</b>	<b>604</b>	<b>10 051</b>

**Key management personnel remunerated through Department of Water & Sanitation - Main account**

The following officials are also considered to be key management personnel. These officials are paid by the Department of Water & Sanitation - Main account.

<i>Official</i>	<b>Position</b>
Mr Frans Moatshe	Acting Chief Financial Officer

None of key management officials terminated their services during the current financial year that ended 31 March 2022

<b>30 Capital commitments</b>	<b>2022</b>	2021
	<b>R'000</b>	R'000
Capital commitments (Including TCTA)	<b>1 441 545</b>	1 525 760
Operational commitments	<b>407 161</b>	166 062
Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.	<b>1 848 706</b>	1 691 822
<b>Commitments per category:</b>		
<b>Operational and Capital commitments</b>		
Inventory commitments	<b>553</b>	2 563
Other operating commitments	<b>406 608</b>	163 499
<b>Total</b>	<b>407 161</b>	166 062
<b>Capital Commitments</b>		
PPE: Assets under construction	<b>580 785</b>	627 561
PPE: Computer equipment	<b>3 520</b>	5 147
PPE: Equipment	<b>678</b>	26 377
PPE: Furniture	<b>215</b>	883
PPE: Motor vehicle	<b>3 300</b>	
PPE: Infrastructure assets (including TCTA)	<b>853 048</b>	865 793
	<b>1 441 545</b>	1 525 760
<b>Grand total</b>	<b>1 848 706</b>	1 691 822

The amounts disclosed above for capital commitments exclude VAT. These commitments excludes lease commitments

Commitment amount includes contracts of more than three years which work still to be done and the contract for spec, which was awarded by the court, the duration of this contract has been increased further by court with another 18 months to end 31 December 2022.

<b>31</b>	<b>Operating lease commitments</b>	<b>2022</b>	2021
		<b>R'000</b>	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 2022** are as follows:

<b>Residential buildings:</b>	<b>11 652</b>	12 168
Due within 1 year	<b>11 652</b>	12 168
<b>Total minimum lease payments</b>	<b>11 652</b>	12 168

32	<b>Contingent liabilities</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000
<b>32.1</b>	<b>Claims against the State</b>		
	<b>Legal claims against the Department of Water &amp; Sanitation.</b>		
<b>32.1.1</b>	JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd	<b>1 006</b>	1 006
<b>32.1.2</b>	Neethling N. O. and Others vs. Department of Water and Sanitation	<b>16 647</b>	16 647
<b>32.1.3</b>	Mogotleng Kgophane v DWS	<b>1 000</b>	1 000
<b>32.1.4</b>	Londiwe Nokuphiwa Ngcambu /DWS and Bicanon (Pty) Ltd	<b>13 121</b>	13 121
<b>32.1.5</b>	Roelof Jacobs vs DWS and Bloemwater	<b>1 862</b>	1 862
<b>32.1.6</b>	Seeletso v DWS	<b>8 307</b>	8 307
<b>32.1.7</b>	Old Mutual Insureobo of their client /DWS	<b>223 647</b>	223 647
<b>32.1.8</b>	Basfour 2944 (Pty) Ltd T/A Hamba Nathi Travel v DWS	<b>1 722</b>	1 722
<b>32.1.9</b>	A.J Lottering & DWA (Ref:Nc)	<b>6 000</b>	6 000
<b>32.1.10</b>	Showuso OBO of Johannes and others vs DWS	-	2 119
<b>32.1.11</b>	Geldenhuis J Mulder VS Minister of Water and Sanitation	-	1 100
<b>32.1.12</b>	Pengi Consulting engineers and Land Surveyor// DWS	<b>15 000</b>	15 000
<b>32.1.13</b>	Hilmer Kruger v DWS	<b>4 705</b>	4 705
<b>32.1.14</b>	Surface Preparations Equipment and Coatings Pty Ltd v DWS	-	130 000
<b>32.1.15</b>	Bigen Africa v DWS	<b>5 926</b>	5 926
<b>32.1.16</b>	Siyani Mhlongo and Others	<b>10 000</b>	-
<b>32.1.17</b>	Pyramid Investment V Minister of Water and Sanitation and Others	<b>10 000</b>	-
<b>32.1.18</b>	Other claims against the state	<b>4 335</b>	4 043
		<b>323 279</b>	436 206

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:

- 32.1.1** JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd where the Plaintiff sues both Defendants (RBF Engineering and the Department) for services rendered in terms of a contract for the supply, manufacture, delivery, installation, testing and commissioning by the Plaintiff and RBF of MV and LV Electrical installation for Tugela-Mhlathuze Emergency Transfer following a tender process. The matter pertains to 1998, the department is defending the matter. The instructions to the State Attorney sent on 18/12/2014 to advise whether the Department should bring an application for dismissal for the delay in prosecuting this matter and to have this matter finalized. The State Attorney advised that DWS should pend this matter until such time there is a reaction from the Plaintiff.
- 32.1.2** Neethling N. O. and Others vs Department of Water and Sanitation. The Department has been joined as 3rd Party. The claim relates to misrepresentation of water rights and the 1st & 2nd Respondents have conceded to the merits of the case. Matter postponement for the settling of the quantum. Matter originated in 2013. The 1st & 2nd Defendants have conceded to the merits of the case and matter postponed sine die to determine quantum. The matter is set down for argument of the quantum from 11-15 September 2017 in the Kimberley High Court.
- 32.1.3** Mogotleng Kgophane v DWS Matter originated in 2016. Motor vehicle collision involving DWS employee. DWS is defending the matter, notice of intention to defend filed and consultation with Counsel, State Attorney and DWS officials confirmed for 6 April 2017 to prepare to draft our plea.
- 32.1.4** 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 at Msinga District 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.
- 32.1.5** Old Mutual legal claim for damages due fire that started in Cypherfontein farm no (T74351/2007). The farm is owned by DWS and its situated west of the city of Port Elizabeth. The fire spread to several properties of their clients.
- 32.1.6** Seeletso vs DWS. The Plaintiff served the Department with summons claiming damages following cancellation of contract due to non-performance.
- 32.1.7** 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.
- 32.1.8** Basfour 2944 (Pty) Ltd T/A Hamba Nathi Travel claim for payment of invoices in respect of services allegedly rendered to the DWS by the plaintiff and the DWS is still investigating the matter.
- 32.1.9** The applicant was dismissed from as an employee of the Department. He took the matter to the Labour Court on the basis that he was unfairly dismissed as he was absent from work because of medical reason. The Department failed to reply within the specified time frame, as a result default judgement application has now been made against the department.
- 32.1.10** The applicant file an application at bargaining counsel seeking the DWS to compensate overtime during their employment period between February 2000 to May 2007. The employees are/were employed as water control officer at the department. The matter has been finalised.
- 32.1.11** The plaintiff claim a compensation as a result 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/DWS. The matter has been finalised.
- 32.1.12** The service provider issued summons against the Department claiming the amount emanating from an alleged contractual agreement with the Department.
- 32.1.13** The Minister expropriated land belonging to the Applicant. The applicant instituted legal proceedings against the department for compensation of the expropriation plus interest.
- 32.1.14** Urgent application was granted against the department to comply with the settlement agreement (court order) of 2017 and issue RFQ and purchase orders to the applicant. The Department has filed a notice to oppose the court order settlement. The matter has been finalised.
- 32.1.15** The applicant has a contract with the Department for the construction monitoring works and defects liability. The applicant submitted invoices for the work done and the department is requesting the proof for work done.
- 32.1.16** The applicant is claiming damages for trauma and suffering sustained as a result of the death of a minor child who died on the main half of the Giyani water pipeline project.

- 32.1.17** The plaintiff lodged a complaint with the department regarding the mining processing of waste rock dump for gold and industrial minerals on the plaintiff property without water use license in contravention of (NWA), the plaintiff alleged further that the department had informed the applicant that the said defendants did not have any license to use water for mining processing related activities on the plaintiff property but the DWS failed to prevent the defendants from continuing with the activities on the plaintiff property.
- 32.1.18** Other claims against the state - WTE is the defendant to various small claims below an amount of R1 million each instituted by various companies.

Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R323.279 million excluding interest of approximately R29.095 million at current lending rate of 9.00%

<b>33</b>	<b>Contingent assets</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000
	<b>Legal claims and possible receivables</b>		
<b>33.1</b>	Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane	<b>2 843</b>	2 843
<b>33.2</b>	Department of Water and Sanitation vs. Metrics Industrial Supplies CC	-	30 000
<b>33.3</b>	Department of Water and Sanitation vs Martin Nero	<b>82</b>	82
<b>33.4</b>	Department of Water and Sanitation vs Bicacon	<b>1 461</b>	1 461
		<b>4 386</b>	34 368



**The WTE have legal claims against several companies of which the outcome is still uncertain:**

- 33.1** 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.
- 33.2** 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. The matter has been finalised.
- 33.3** DWS vs Martin Nero - The department has issued a letter of demand demanding an amount to be paid for petrol, toll gates and kilometres for the misuse of state vehicle.
- 33.4** The service provider quoted the Department an amount of R3 252 892,02 for the supply and delivery of 2000 metre (m) of 11KV cable at Sterkfontein Dam. The cable was supplied and installed by the service provider and the invoice to the amount quoted was subsequently paid. The Department did an investigation for the work done and found out that the length of the cable supplied and installed was in fact approximately 332m and not 2000m as stated on the quotation.

It is worthy of noting that the treaty between Governments of Lesotho and RSA states that in the event of adjustments to the minimum annual quantities of water specified in annexure 2 of the Treaty, the net benefit shall be recomputed. However, the minimum annual quantities of water have been adjusted to an amount other than that which is specified in Annexure 2 of the Treaty, and there was no re-computation of the net benefit, which is a base of determining the royalties amounts payable. As a result, there is a probable receivable emanating from a possible overpayment to date of the fixed portion of the royalties paid and payable by RSA to Lesotho.

In the prior year the Lesotho Highlands Development Authority (LHDA) had made advances to its contractors which had been invoiced to TCTA but had not been utilised by its contractors amounting to R80 million. These amounts, which are still to be determined by LHDA (if any), are not available due to differences in trans-boundary reporting period and processes, but will included in the Financial Models, if material, once the related invoices are received from LHDA during the AFS Adjustment process.

<b>34</b>	<b>Irregular expenditure</b>	<b>2022</b>	<b>2021</b>
		<b>R'000</b>	<b>R'000</b>
<b>34.1</b>	<b>Reconciliation</b>		
	Opening balance	<b>7 909 028</b>	7 729 033
	<b>As restated</b>	<b>7 909 028</b>	7 729 033
	Add: Irregular expenditure - current year	<b>239 865</b>	179 933
	Add: Irregular expenditure - prior year	-	62
	Less: Condoned or written off by relevant authority	<b>(540 352)</b>	-
	<b>Irregular expenditure awaiting condonation</b>	<b>7 608 541</b>	7 909 028
	Analysis of expenditure awaiting condonation per age classification		
	Current year	<b>239 865</b>	179 933
	Prior years	<b>7 368 676</b>	7 729 095
	<b>Total</b>	<b>7 608 541</b>	7 909 028
<b>34.2</b>	<b>Details of irregular expenditure</b>		
		<b>Disciplinary steps taken /criminal proceedings</b>	
	<b>Incident</b>		
	TCTA Procurement that did not follow the correct SCM process	Under investigation	- 1 639
	Bid award not in line with the advertised evaluation criteria/wrongful awarded in contravention of sec 217 of SA constitution	Under investigation	<b>175 138</b> 162 077
	Procurement not in accordance with the regulation and proper authority	Disciplinary action to be taken	<b>8 954</b> -
	Payment related to purchase order issued after the contract expired and work was completed after the expiry of the contract without proper extension authorised.	Disciplinary action to be taken	- 16 217
	Delay in implementation of emergency procurement	The official has since left the department	<b>55 773</b> -
			<b>239 865</b> 179 933

The irregular expenditure amount was adjusted with prior year expenditure incurred in 2017/2018 of payments made through sundry. Included on the irregular expenditure above is an amount of R130m (VAT excluded) emanating from overpayments made to service provider on infrastructure project, thus they may be no value for money received by the Water Trading Entity emanating from this overpayment.

35	<b>Fruitless and wasteful expenditure</b>	<b>2022</b>	2021
		<b>R'000</b>	R'000
<b>Reconciliation</b>			
	Opening balance	<b>197 988</b>	65 577
	<b>As restated</b>	<b>197 988</b>	65 577
	Add: Fruitless and wasteful expenditure - current year	<b>140 786</b>	132 411
	Less: Condoned or written off by relevant authority	<b>(131 966)</b>	
	<b>Fruitless and wasteful expenditure closing balance</b>	<b>206 808</b>	<b>197 988</b>
	<b>Details of irregular expenditure</b>		
		<b>Disciplinary steps taken /criminal proceedings</b>	
	Losses incurred relating to external projects	<b>114 869</b>	78 908
	Abnormal costs incurred relating to internal projects	<b>23 521</b>	51 766
	Interest expenditure incurred on overdue accounts paid to Eskom, municipalities, etc.	<b>150</b>	303
	Interest expenditure incurred on overdue accounts paid to banks	<b>8</b>	51
	Interest expenditure incurred on pension pay-out	-	36
	Mopani emergency project	<b>1 880</b>	1 322
	Interest expenditure incurred on overdue accounts paid to Professional Service Providers (PSP), Licenses and other 3rd parties	<b>358</b>	25
		<b>140 786</b>	132 411

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.

### 36 Adjustments from prior period errors

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 2022. As a result of these errors WTE has adjusted all affected comparative amounts presented in the current period's Annual Financial Statements as affected by these prior year accounting errors.

#### The nature of the prior period errors mainly relates to the following items:

**Property, Plant and Equipment (PPE): infrastructure assets and intangibles: enduring benefits** - The infrastructure projects were completed in prior years cost and depreciation relating to these were not transferred from AUC to the asset register due to insufficient documentation available to inform the necessary transfer and as such cost of these assets could not be measured reliably. These costs and depreciation amounts were included as additions in the current financial period and then classified in the correct accounting period using adjustment journals.

This resulted in the increase in Property, Plant and Equipment (PPE) cost by R216 million where R187 million was for the 2018/19 financial year, R1.8million was for the 2019/20 financial year and R4.4 million was for the 2020/21 and also an increase in Depreciation for R44 million on PPE of where R21 million was for the 2018/19 financial year, R7.1million was for the 2019/20 financial year and another R7.3million was for the 2020/21 financial year.

The Impairment loss amount was reversed in prior periods at a net amount of R1.6 billion, where R1 billion was the impairment loss for the 2018/19 financial year (accumulated with other prior year impairment losses as only comparative three years can be presented on the face of the Annual Financial Statements), impairment loss for the financial year 2019/20 was R23 million, and the impairment loss for the 2020/21 financial year was R571 million.

In the prior year the Lesotho Highlands Development Authority (LHDA) had outstanding accruals of R224 million which had not been invoiced to TCTA. These amounts, which are still to be determined by LHDA (if any), are not available due to differences in trans-boundary reporting period and processes, but will be included in the Financial Models, if material, once the related invoices are received from LHDA during the AFS Adjustment process.

**Provision other** - relates to compensation payments being made on the Lesotho Highlands Water Project (LHWP) over fifty years, this arose due to the relocation of the communal land users/recipients during the construction of the LHWP2 which RSA is sharing the benefits of, the amount of R82.685 million for 2020/21 and the amount of R364.919 million for 2019/20.

**The impact of these errors is summarised below, and the details are as follows**

	2021	2020
	R'000	R'000
Increase/(Decrease) in assets	( 651 082)	(793 196)
(Increase)/Decrease in liabilities	<u>267 141</u>	<u>35 200</u>
<b><i>Increase/(Decrease) in net assets</i></b>	<b><u>(383 941)</u></b>	<b><u>(757 996)</u></b>
 <b><i>Represented by:</i></b>		
<i>(Increase)/Decrease in accumulated surplus:</i>		
(Increase)/Decrease in revenue	(41 410)	59 805
Increase/(Decrease) in expenses	<u>508 036</u>	<u>1 063 110</u>
<b><i>Effect on surplus/deficit</i></b>	<b>466 626</b>	1 122 915
<b><i>Effect on opening reserves</i></b>	<b>1 122 915</b>	-
	<b><u>1 589 541</u></b>	<b><u>1 122 915</u></b>

**36.1 The following is the summary of corrections made in prior years to correct errors discovered to ensure completeness and accuracy of Annual Financial Statements:**

Intangible assets	<b>(55 333)</b>	364 919
Other financial liabilities: non-current	<b>230 832</b>	-
Payables from exchange transactions: current	<b>21 861</b>	49 647
Property, plant and equipment	<b>(577 929)</b>	(1 098 310)
Provisions: current	<b>(82 685)</b>	(364 919)
Employee benefits - current liability	<b>14 447</b>	(14 447)
Receivables from exchange transactions current	<b>(17 820)</b>	(59 805)
	<b>(466 626)</b>	(1 122 915)
Depreciation, amortisation and impairment	<b>577 929</b>	1 098 310
Employee benefit costs	<b>(14 447)</b>	14 447
Operating expenditure	<b>(55 417)</b>	(49 647)
Repairs and Maintenance - PPE	<b>(29)</b>	-
Revenue from exchange transactions	<b>(41 410)</b>	59 805
Revenue from non-exchange transactions	-	26 394
Profit/Loss on disposal of fixed assets	-	(26 394)
	<b>466 626</b>	(1 122 915)
Effect on opening reserves	<b>1 122 915</b>	-
	<b>1 589 541</b>	1 122 915

**37 Events after reporting date**

On Tuesday, the 7th of June 2022, the National Treasury condoned the irregular expenditure previously incurred by the Department's Water Trading Entity in the amount of R 540.352 Million, this was after the entity complied with paragraph 56 (a-h) of the Irregular Expenditure Framework and section 38(1)(e)(iii) of the Public Finance Management Act.

Except for the above, management is not aware of any other material reportable event which occurred after the reporting date and up to the date of this report.





PHYSICAL ADDRESS	185 Francis Baard Street Pretoria 0001
POSTAL ADDRESS	Private Bag X313 Pretoria 0001
TELEPHONE NUMBER	(012) 336 7500

LAYOUT AND DESIGN BY THE  
DEPARTMENT OF WATER AND SANITATION  
COMMUNICATION SERVICES